

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1682 Session of
1991

INTRODUCED BY FREIND, GERLACH, KOSINSKI, LAWLESS, FARGO, PITTS,
NICKOL, NAHILL, HALUSKA, CIVERA, DeLUCA, GEIST, J. TAYLOR,
HARPER, BUNT, CLARK, JOHNSON, STABACK, JAROLIN, SCHEETZ,
VEON, MELIO, LEH, VROON, TRELLO, KASUNIC, OLASZ, NOYE,
KENNEY, SEMMEL, RAYMOND, ITKIN, BARLEY, PETRONE, KING,
MARKOSEK, ACOSTA, E. Z. TAYLOR, DEMPSEY, KRUSZEWSKI, THOMAS
AND TOMLINSON, JUNE 17, 1991

REFERRED TO COMMITTEE ON INSURANCE, JUNE 17, 1991

AN ACT

1 Amending the act of July 22, 1974 (P.L.589, No.205), entitled
2 "An act relating to unfair insurance practices; prohibiting
3 unfair methods of competition and unfair or deceptive acts
4 and practices; and prescribing remedies and penalties,"
5 further providing for fire insurance coverage for property of
6 deceased insureds.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Section 5(a)(9) of the act of July 22, 1974
10 (P.L.589, No.205), known as the Unfair Insurance Practices Act,
11 is amended to read:

12 Section 5. Unfair Methods of Competition and Unfair or
13 Deceptive Acts or Practices Defined.--(a) "Unfair methods of
14 competition" and "unfair or deceptive acts or practices" in the
15 business of insurance means:

16 * * *

17 (9) Cancelling any policy of insurance covering owner-

1 occupied private residential properties or personal property of
2 individuals that has been in force for sixty days or more or
3 refusing to renew any such policy unless the policy was obtained
4 through material misrepresentation, fraudulent statements,
5 omissions or concealment of fact material to the acceptance of
6 the risk or to the hazard assumed by the company; or there has
7 been a substantial change or increase in hazard in the risk
8 assumed by the company subsequent to the date the policy was
9 issued; or there is a substantial increase in hazards insured
10 against by reason of wilful or negligent acts or omissions by
11 the insured except it shall not be considered a substantial
12 change or increase in hazard in the risk assumed by the company
13 or in hazards insured against if insurance is continued after
14 the death of the named insured for one hundred eighty days or
15 until the sale of the property, whichever occurs first; or the
16 insured has failed to pay any premium when due whether such
17 premium is payable directly to the company or its agent or
18 indirectly under any premium finance plan or extension of
19 credit; or for any other reasons approved by the commissioner
20 pursuant to rules and regulations promulgated by the
21 commissioner. No cancellation or refusal to renew by any person
22 shall be effective unless a written notice of the cancellation
23 or refusal to renew is received by the insured either at the
24 address shown in the policy or at a forwarding address. Such
25 notice shall:

26 (i) Be approved as to form by the Insurance Commissioner
27 prior to use.

28 (ii) State the date, not less than thirty days after the
29 date of delivery or mailing on which such cancellation or
30 refusal to renew shall become effective.

1 (iii) State the specific reason or reasons of the insurer
2 for cancellation or refusal to renew.

3 (iv) Advise the insured of his right to request, in writing,
4 within ten days of the receipt of the notice of cancellation or
5 intention not to renew that the Insurance Commissioner review
6 the action of the insurer.

7 (v) Advise the insured of his possible eligibility for
8 insurance under the act of July 31, 1968 (P.L.738, No.233),
9 known as "The Pennsylvania Fair Plan Act," or the Pennsylvania
10 Assigned Risk Plan.

11 (vi) Advise the insured in a form commonly understandable of
12 the provisions of subparagraphs (ii), (iii) and (iv) of this
13 paragraph as they limit permissible time and reasons for
14 cancellation.

15 (vii) Advise the insured of the procedures to be followed in
16 prosecuting an appeal.

17 * * *

18 Section 2. This act shall take effect immediately.