

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

## No. 2519

 Session of 1992

INTRODUCED BY OLIVER, MURPHY, ROEBUCK, COWELL, BISHOP, THOMAS  
AND BUTKOVITZ, MARCH 18, 1992

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF  
REPRESENTATIVES, AS AMENDED, APRIL 7, 1992

## AN ACT

1 ~~Amending the act of June 5, 1968 (P.L.140, No.78), entitled "An~~ <—  
2 ~~act regulating the writing, cancellation of or refusal to~~  
3 ~~renew policies of automobile insurance; and imposing powers~~  
4 ~~and duties on the Insurance Commissioner therefor," further~~  
5 ~~providing for premium payments.~~  
6 AMENDING TITLE 75 (VEHICLES) OF THE PENNSYLVANIA CONSOLIDATED <—  
7 STATUTES, FURTHER PROVIDING FOR REQUIRED FINANCIAL  
8 RESPONSIBILITY AND FOR SELF-INSURANCE.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 ~~Section 1. Section 3(a) of the act of June 5, 1968 (P.L.140,~~ <—  
12 ~~No.78), entitled "An act regulating the writing, cancellation of~~  
13 ~~or refusal to renew policies of automobile insurance; and~~  
14 ~~imposing powers and duties on the Insurance Commissioner~~  
15 ~~therefor," amended October 5, 1978 (P.L.1060, No.248), is~~  
16 ~~amended to read:~~

17 ~~Section 3. (a) No insurer shall cancel or refuse to write~~  
18 ~~or renew a policy of automobile insurance for one or more of the~~  
19 ~~following reasons:~~

20 ~~(1) Age.~~

~~(2) Residence or operation of a motor vehicle in a specific geographic area.~~

~~(3) Race.~~

~~(4) Color.~~

~~(5) Creed.~~

~~(6) National origin.~~

~~(7) Ancestry.~~

~~(8) Marital status.~~

~~(9) Sex.~~

~~(10) Lawful occupation (including military service).~~

~~(11) The refusal of another insurer to write a policy, or the cancellation or refusal to renew an existing policy by another insurer.~~

~~(12) Illness or permanent or temporary disability, where the insured can medically document that such illness or disability will not impair his ability to operate a motor vehicle. Failure to provide such documentation shall be proper reason for the insurer to amend the policy of the named insured to exclude such disabled insured from coverage under the policy while operating a motor vehicle after the effective date of such policy amendment, but shall not be proper reason to cancel or refuse to write or renew the policy. Nothing in this provision shall be construed to effect such excluded individual's eligibility for coverage under the named insured's policy for any injury sustained while not operating a motor vehicle. Illness, or permanent or temporary disability, on the part of any insured shall not be proper reason for cancelling the policy of the named insured.~~

~~(13) Any accident which occurred under the following circumstances:~~

~~(i) auto lawfully parked (if the parked vehicle rolls from the parked position then any such accident is charged to the person who parked the auto);~~

~~(ii) the applicant, owner or other resident operator is reimbursed by, or on behalf of, a person who is responsible for the accident or has judgement against such person;~~

~~(iii) auto is struck in the rear by another vehicle and the applicant or other resident operator has not been convicted of a moving traffic violation in connection with this accident;~~

~~(iv) operator of the other auto involved in the accident was convicted of a moving traffic violation and the applicant or resident operator was not convicted of a moving traffic violation in connection with the accident;~~

~~(v) auto operated by the applicant or any resident operator is struck by a "hit and run" vehicle, if the accident is reported to the proper authority within twenty four hours by the applicant or resident operator;~~

~~(vi) accident involving damage by contact with animals or fowl;~~

~~(vii) accident involving physical damage, limited to and caused by flying gravel, missiles, or falling objects;~~

~~(viii) accident occurring when using auto in response to any emergency if the operator of the auto at the time of the accident was a paid or volunteer member of any police or fire department, first aid squad, or any law enforcement agency. This exception does not include an accident occurring after the auto ceases to be used in response to such emergency; or~~

~~(ix) accidents which occurred more than thirty six months prior to the later of the inception of the insurance policy or the upcoming anniversary date of the policy.~~

1     ~~(14) Any claim under the comprehensive portion of the policy~~  
2     ~~unless such loss was intentionally caused by the insured.~~

3     ~~(15) Failure to make payments within thirty days of the due~~  
4     ~~date of the premium.~~

5     \* \* \*

6     ~~Section 2. The act is amended by adding a section to read:~~

7     ~~Section 3.1. An insurer may not assess a penalty against an~~  
8     ~~insured who makes his premium payments within thirty days of the~~  
9     ~~due date.~~

10    ~~Section 3. This act shall take effect in 60 days.~~

11    SECTION 1. SECTIONS 1786 AND 1787 OF TITLE 75 OF THE  
12    PENNSYLVANIA CONSOLIDATED STATUTES ARE AMENDED TO READ:

13    § 1786. REQUIRED FINANCIAL RESPONSIBILITY.

14    (A) GENERAL RULE.--EVERY MOTOR VEHICLE OF THE TYPE REQUIRED  
15    TO BE REGISTERED UNDER THIS TITLE WHICH IS OPERATED OR CURRENTLY  
16    REGISTERED SHALL BE COVERED BY FINANCIAL RESPONSIBILITY.

17    (B) SELF-CERTIFICATION.--THE DEPARTMENT OF TRANSPORTATION  
18    SHALL REQUIRE THAT EACH MOTOR VEHICLE REGISTRANT CERTIFY THAT  
19    THE REGISTRANT IS FINANCIALLY RESPONSIBLE AT THE TIME OF  
20    REGISTRATION OR RENEWAL THEREOF. THE DEPARTMENT SHALL REFUSE TO  
21    REGISTER OR RENEW THE REGISTRATION OF A VEHICLE FOR FAILURE TO  
22    COMPLY WITH THIS REQUIREMENT OR FALSIFICATION OF SELF-  
23    CERTIFICATION.

24    (C) CONSENT TO PRODUCE PROOF OF FINANCIAL RESPONSIBILITY.--  
25    UPON REGISTERING A MOTOR VEHICLE OR RENEWING A MOTOR VEHICLE  
26    REGISTRATION, THE OWNER OF THE MOTOR VEHICLE SHALL BE DEEMED TO  
27    HAVE GIVEN CONSENT TO PRODUCE PROOF, UPON REQUEST, TO THE  
28    DEPARTMENT OF TRANSPORTATION OR A POLICE OFFICER THAT THE  
29    VEHICLE REGISTRANT HAS THE FINANCIAL RESPONSIBILITY REQUIRED BY  
30    THIS CHAPTER.

1 (D) SUSPENSION OF REGISTRATION AND OPERATING PRIVILEGE.--THE  
2 DEPARTMENT OF TRANSPORTATION SHALL SUSPEND THE REGISTRATION OF A  
3 VEHICLE IF IT DETERMINES THE REQUIRED FINANCIAL RESPONSIBILITY  
4 WAS NOT SECURED AS REQUIRED BY THIS CHAPTER AND SHALL SUSPEND  
5 THE OPERATING PRIVILEGE OF THE OWNER OR REGISTRANT FOR A PERIOD  
6 OF THREE MONTHS IF THE DEPARTMENT DETERMINES THAT THE OWNER OR  
7 REGISTRANT HAS OPERATED OR PERMITTED THE OPERATION OF THE  
8 VEHICLE WITHOUT THE REQUIRED FINANCIAL RESPONSIBILITY. THE  
9 OPERATING PRIVILEGE SHALL NOT BE RESTORED UNTIL THE RESTORATION  
10 FEE FOR OPERATING PRIVILEGE PROVIDED BY SECTION 1960 (RELATING  
11 TO REINSTATEMENT OF OPERATING PRIVILEGE OR VEHICLE REGISTRATION)  
12 IS PAID. WHENEVER THE DEPARTMENT REVOKES OR SUSPENDS THE  
13 REGISTRATION OF ANY VEHICLE UNDER THIS CHAPTER, THE DEPARTMENT  
14 SHALL NOT RESTORE THE REGISTRATION UNTIL THE VEHICLE OWNER  
15 FURNISHES PROOF OF FINANCIAL RESPONSIBILITY IN A MANNER  
16 DETERMINED BY THE DEPARTMENT AND SUBMITS AN APPLICATION FOR  
17 REGISTRATION TO THE DEPARTMENT, ACCOMPANIED BY THE FEE FOR  
18 RESTORATION OF REGISTRATION PROVIDED BY SECTION 1960. THIS  
19 SUBSECTION SHALL NOT APPLY IN THE FOLLOWING CIRCUMSTANCES:

20 (1) THE OWNER OR REGISTRANT PROVES TO THE SATISFACTION  
21 OF THE DEPARTMENT THAT THE LAPSE IN FINANCIAL RESPONSIBILITY  
22 COVERAGE WAS FOR A PERIOD OF LESS THAN [21] 31 DAYS AND THAT  
23 THE OWNER OR REGISTRANT DID NOT OPERATE OR PERMIT THE  
24 OPERATION OF THE VEHICLE DURING THE PERIOD OF LAPSE IN  
25 FINANCIAL RESPONSIBILITY.

26 (2) THE OWNER OR REGISTRANT IS A MEMBER OF THE ARMED  
27 SERVICES OF THE UNITED STATES, THE OWNER OR REGISTRANT HAS  
28 PREVIOUSLY HAD THE FINANCIAL RESPONSIBILITY REQUIRED BY THIS  
29 CHAPTER, FINANCIAL RESPONSIBILITY HAD LAPSED WHILE THE OWNER  
30 OR REGISTRANT WAS ON TEMPORARY, EMERGENCY DUTY AND THE

1 VEHICLE WAS NOT OPERATED DURING THE PERIOD OF LAPSE IN  
2 FINANCIAL RESPONSIBILITY. THE EXEMPTION GRANTED BY THIS  
3 PARAGRAPH SHALL CONTINUE FOR 30 DAYS AFTER THE OWNER OR  
4 REGISTRANT RETURNS FROM DUTY AS LONG AS THE VEHICLE IS NOT  
5 OPERATED UNTIL THE REQUIRED FINANCIAL RESPONSIBILITY HAS BEEN  
6 ESTABLISHED.

7 (E) OBLIGATIONS UPON TERMINATION OF FINANCIAL  
8 RESPONSIBILITY.--

9 (1) AN OWNER OF A MOTOR VEHICLE WHO CEASES TO MAINTAIN  
10 FINANCIAL RESPONSIBILITY ON A REGISTERED VEHICLE SHALL NOT  
11 OPERATE OR PERMIT OPERATION OF THE VEHICLE IN THIS  
12 COMMONWEALTH UNTIL PROOF OF THE REQUIRED FINANCIAL  
13 RESPONSIBILITY HAS BEEN PROVIDED TO THE DEPARTMENT OF  
14 TRANSPORTATION.

15 (2) AN INSURER WHO HAS ISSUED A CONTRACT OF MOTOR  
16 VEHICLE LIABILITY INSURANCE, OR ANY APPROVED SELF-INSURANCE  
17 ENTITY, SHALL NOTIFY THE DEPARTMENT IN A TIMELY MANNER AND IN  
18 A METHOD PRESCRIBED BY THE DEPARTMENT'S REGULATIONS.

19 (3) AN INSURER WHO HAS ISSUED A CONTRACT OF MOTOR  
20 VEHICLE LIABILITY INSURANCE AND KNOWS OR HAS REASON TO  
21 BELIEVE THAT THE CONTRACT IS ONLY FOR THE PURPOSE OF  
22 PROVIDING PROOF OF FINANCIAL RESPONSIBILITY SHALL NOTIFY THE  
23 DEPARTMENT IF THE INSURANCE HAS BEEN CANCELED OR TERMINATED  
24 BY THE INSURED OR BY THE INSURER. THE INSURER SHALL NOTIFY  
25 THE DEPARTMENT NOT LATER THAN TEN DAYS FOLLOWING THE  
26 EFFECTIVE DATE OF THE CANCELLATION OR TERMINATION.

27 (4) A PERSON WHO, AFTER MAINTAINING FINANCIAL  
28 RESPONSIBILITY ON THE VEHICLE OF ANOTHER PERSON, CEASES TO  
29 MAINTAIN SUCH FINANCIAL RESPONSIBILITY SHALL IMMEDIATELY  
30 NOTIFY THE VEHICLE'S OWNER WHO SHALL NOT OPERATE, OR PERMIT

1 OPERATION OF, THE VEHICLE IN THIS COMMONWEALTH.

2 (5) IN THE CASE OF A PERSON WHO LEASES ANY MOTOR VEHICLE  
3 FROM A PERSON ENGAGED IN THE BUSINESS OF LEASING MOTOR  
4 VEHICLES, THE LESSEE SHALL SIGN A STATEMENT INDICATING THAT  
5 THE REQUIRED FINANCIAL RESPONSIBILITY HAS BEEN PROVIDED  
6 THROUGH THE LESSOR OR THROUGH THE LESSEE'S MOTOR VEHICLE  
7 LIABILITY INSURANCE POLICY COVERAGE. THE LESSEE SHALL SUBMIT  
8 THE STATEMENT TO THE LESSOR.

9 (F) OPERATION OF A MOTOR VEHICLE WITHOUT REQUIRED FINANCIAL  
10 RESPONSIBILITY.--ANY OWNER OF A MOTOR VEHICLE FOR WHICH THE  
11 EXISTENCE OF FINANCIAL RESPONSIBILITY IS A REQUIREMENT FOR ITS  
12 LEGAL OPERATION SHALL NOT OPERATE THE MOTOR VEHICLE OR PERMIT IT  
13 TO BE OPERATED UPON A HIGHWAY OF THIS COMMONWEALTH WITHOUT THE  
14 FINANCIAL RESPONSIBILITY REQUIRED BY THIS CHAPTER. IN ADDITION  
15 TO THE PENALTIES PROVIDED BY SUBSECTION (D), ANY PERSON WHO  
16 FAILS TO COMPLY WITH THIS SUBSECTION COMMITS A SUMMARY OFFENSE  
17 AND SHALL, UPON CONVICTION, BE SENTENCED TO PAY A FINE OF \$300.

18 (G) DEFENSES.--

19 (1) NO PERSON SHALL BE CONVICTED OF FAILING TO PRODUCE  
20 PROOF OF FINANCIAL RESPONSIBILITY UNDER THIS SUBCHAPTER OR  
21 SECTION 3743 (RELATING TO ACCIDENTS INVOLVING DAMAGE TO  
22 ATTENDED VEHICLE OR PROPERTY) OR 6308 (RELATING TO  
23 INVESTIGATION BY POLICE OFFICERS) IF THE PERSON PRODUCES, AT  
24 THE OFFICE OF THE ISSUING AUTHORITY WITHIN FIVE DAYS OF THE  
25 DATE OF THE VIOLATION, PROOF THAT HE POSSESSED THE REQUIRED  
26 FINANCIAL RESPONSIBILITY AT THE TIME OF THE VIOLATION.

27 (2) NO PERSON SHALL BE PENALIZED FOR MAINTAINING A  
28 REGISTERED MOTOR VEHICLE WITHOUT FINANCIAL RESPONSIBILITY  
29 UNDER SUBSECTION (D) IF THE REGISTRATION AND LICENSE PLATES  
30 WERE SURRENDERED TO THE DEPARTMENT OF TRANSPORTATION AT THE

1 TIME INSURANCE COVERAGE TERMINATED OR FINANCIAL  
2 RESPONSIBILITY LAPSED.

3 § 1787. SELF-INSURANCE.

4 (A) GENERAL RULE.--SELF-INSURANCE IS EFFECTED BY FILING WITH  
5 THE DEPARTMENT OF TRANSPORTATION, IN SATISFACTORY FORM, EVIDENCE  
6 THAT RELIABLE FINANCIAL ARRANGEMENTS, DEPOSITS, RESOURCES OR  
7 COMMITMENTS EXIST SUCH AS WILL SATISFY THE DEPARTMENT THAT THE  
8 SELF-INSURER WILL:

9 (1) PROVIDE THE BENEFITS REQUIRED BY SECTION 1711  
10 (RELATING TO REQUIRED BENEFITS), SUBJECT TO THE PROVISIONS OF  
11 SUBCHAPTER B (RELATING TO MOTOR VEHICLE LIABILITY INSURANCE  
12 FIRST PARTY BENEFITS), EXCEPT THE ADDITIONAL BENEFITS AND  
13 LIMITS PROVIDED IN SECTIONS 1712 (RELATING TO AVAILABILITY OF  
14 BENEFITS) AND 1715 (RELATING TO AVAILABILITY OF ADEQUATE  
15 LIMITS).

16 (2) MAKE PAYMENTS SUFFICIENT TO SATISFY JUDGMENTS AS  
17 REQUIRED BY SECTION 1774 (RELATING TO PAYMENTS SUFFICIENT TO  
18 SATISFY JUDGMENTS).

19 (3) PROVIDE UNINSURED MOTORIST COVERAGE UP TO THE LIMITS  
20 SET FORTH IN SECTION 1774.

21 (A.1) SPECIAL RULE.--A STATEMENT OF ACCOUNT FROM A FEDERAL  
22 RESERVE BANK WHICH HOLDS SUFFICIENT COLLATERAL OF THE SELF-  
23 INSURANCE IS SUFFICIENT TO SATISFY THE GENERAL RULE SET FORTH IN  
24 SUBSECTION (A) IF BOTH THE FOLLOWING REQUIREMENTS ARE SATISFIED:

25 (1) THE COLLATERAL IS SUFFICIENT TO ENABLE THE SELF-  
26 INSURED TO COMPLY WITH SUBSECTION (A)(1), (2) AND (3).

27 (2) THE SELF-INSURED NOTIFIES THE DEPARTMENT PROMPTLY OF  
28 A CHANGE IN THE STATUS OF THE ACCOUNT.

29 (B) STACKING LIMITS PROHIBITED.--ANY RECOVERY OF UNINSURED  
30 MOTORIST BENEFITS UNDER THIS SECTION ONLY SHALL NOT BE INCREASED



1 BY STACKING THE LIMITS PROVIDED IN SECTION 1774, IN  
2 CONSIDERATION OF THE OWNERSHIP OR OPERATION OF MULTIPLE VEHICLES  
3 OR OTHERWISE.

4 (C) ASSIGNED RISK AND ASSIGNED CLAIMS PLANS.--SELF-INSURERS  
5 SHALL NOT BE REQUIRED TO ACCEPT ASSIGNED RISKS PURSUANT TO  
6 SUBCHAPTER D (RELATING TO ASSIGNED RISK PLAN) OR CONTRIBUTE TO  
7 THE ASSIGNED CLAIMS PLAN PURSUANT TO SUBCHAPTER E (RELATING TO  
8 ASSIGNED CLAIMS PLAN).

9 (E) PROMULGATION OF REGULATIONS, ETC.--THE DEPARTMENT OF  
10 TRANSPORTATION MAY, JOINTLY WITH THE INSURANCE DEPARTMENT,  
11 PROMULGATE RULES, REGULATIONS, GUIDELINES, PROCEDURES OR  
12 STANDARDS FOR REVIEWING AND ESTABLISHING THE FINANCIAL  
13 ELIGIBILITY OF SELF-INSURERS.

14 SECTION 2. THIS ACT SHALL TAKE EFFECT IN 60 DAYS.