

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 467 Session of  
2015

INTRODUCED BY RAFFERTY, FONTANA, BROWNE, TARTAGLIONE, YUDICHAK  
AND SCHWANK, FEBRUARY 12, 2015

REFERRED TO BANKING AND INSURANCE, FEBRUARY 12, 2015

AN ACT

1 Amending the act of July 3, 1986 (P.L.396, No.86), entitled "An  
2 act requiring notice of rate increases, policy cancellations  
3 and nonrenewals by property and casualty insurers," further  
4 providing for notices.

5 The General Assembly of the Commonwealth of Pennsylvania  
6 hereby enacts as follows:

7 Section 1. Section 1 of the act of July 3, 1986 (P.L.396,  
8 No.86), entitled "An act requiring notice of rate increases,  
9 policy cancellations and nonrenewals by property and casualty  
10 insurers," amended June 13, 1995 (P.L.60, No.10), is amended to  
11 read:

12 Section 1. Notice of increase in premium.

13 Notwithstanding any other provision of law, a policy of  
14 insurance covering commercial property or casualty risks in this  
15 Commonwealth shall provide for not less than [30] 60 days'  
16 advance notice to the named insured of an increase in renewal  
17 premium. This section shall not apply to policies written on a  
18 retrospective rating plan.

19 Section 2. Section 3(a) of the act is amended to read:

1 Section 3. Notice requirements for midterm cancellations and  
2 nonrenewals.

3 (a) Requirements.--Notices of midterm cancellation and  
4 nonrenewal shall meet the following requirements:

5 (1) The midterm cancellation or nonrenewal notice shall  
6 be forwarded by registered or first class mail or delivered  
7 by the insurance company directly to the named insured or  
8 insureds.

9 (2) Written notice of nonrenewal in the manner  
10 prescribed in this section must be forwarded directly to the  
11 named insured or insureds at least [60] 90 days in advance of  
12 the effective date of termination.

13 (3) Written notice of cancellation in the manner  
14 prescribed in this section must be forwarded directly to the  
15 named insured or insureds at least [60] 90 days in advance of  
16 the effective date of termination unless one or more of the  
17 following exist:

18 (i) The insured has made a material  
19 misrepresentation which affects the insurability of the  
20 risk, in which case the prescribed written notice of  
21 cancellation shall be forwarded directly to the named  
22 insured at least 15 days in advance of the effective date  
23 of termination.

24 (ii) The insured has failed to pay a premium when  
25 due, whether the premium is payable directly to the  
26 company or its agents or indirectly under a premium  
27 finance plan or extension of credit, in which case the  
28 prescribed written notice of cancellation shall be  
29 forwarded directly to the named insured at least 15 days  
30 in advance of the effective date of termination.

1 (iii) The policy was canceled by the named insured,  
2 in which case written notice of cancellation shall not be  
3 required and coverage shall be terminated on the date  
4 requested by the insured.

5 Nothing in this paragraph shall restrict the insurer's right  
6 to rescind an insurance policy ab initio upon discovery that  
7 the policy was obtained through fraudulent statements,  
8 omissions or concealment of fact material to the acceptance  
9 of the risk or to the hazard assumed by the company.

10 (4) The notice shall be clearly labeled "Notice of  
11 Cancellation" or "Notice of Nonrenewal."

12 (5) A midterm cancellation or nonrenewal notice shall  
13 state the specific reasons for the cancellation or  
14 nonrenewal. The reasons shall identify the condition, factor  
15 or loss experience which caused the midterm cancellation or  
16 nonrenewal. The notice shall provide sufficient information  
17 or data for the insured to correct the deficiency.

18 (6) A midterm cancellation or nonrenewal notice shall  
19 state that, at the insured's request, the insurer shall  
20 provide loss information to the insured for at least three  
21 years or the period of time during which the insurer has  
22 provided coverage to the insured, whichever is less. Loss  
23 information on the insured shall consist of the following:

24 (i) Information on closed claims, including date and  
25 description of occurrence, and amount of payments, if  
26 any.

27 (ii) Information on open claims, including date and  
28 description of occurrence, amount of payment, if any, and  
29 amount of reserves, if any.

30 (iii) Information on notices of occurrence,

1 including date and description of occurrence and amount  
2 of reserves, if any.

3 (7) The insured's written request for loss information  
4 must be made within ten days of the insured's receipt of the  
5 midterm cancellation or nonrenewal notice. The insurer shall  
6 have 30 days from the date of receipt of the insured's  
7 written request to provide the requested information.

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9 Section 3. This act shall take effect in 60 days.