

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2585 Session of
1986

INTRODUCED BY ACOSTA, TRELLO, KUKOVICH, JOSEPHS, TRUMAN,
DONATUCCI, KOSINSKI, ROEBUCK AND LINTON, JUNE 10, 1986

REFERRED TO COMMITTEE ON INSURANCE, JUNE 10, 1986

AN ACT

1 Amending Title 75 (Vehicles) of the Pennsylvania Consolidated
2 Statutes, further providing for vehicle insurance;
3 establishing the Vehicle Owners Protection Board and the
4 Vehicle Owners Protection Fund; and providing penalties.

5 The General Assembly finds that automobile insurance premiums
6 are prohibitively high and that private insurance companies are
7 unwilling or unable to provide adequate motor vehicle insurance
8 coverage at reasonable rates.

9 The General Assembly further finds that unavailability of
10 coverage and high insurance premiums impose severe hardships
11 upon owners of registered vehicles and in some instances compel
12 motorists to operate motor vehicles without insurance at great
13 financial risk to themselves and others.

14 In order to protect the interests of millions of vehicle
15 owners and the general public, the General Assembly finds it is
16 desirable to fully implement the principle of insurance whereby
17 the risk of loss to each individual is minimized by the extent
18 to which the number of individuals covered can be increased.

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 Section 1. Title 75 of the Pennsylvania Consolidated
4 Statutes is amended by adding a chapter to read:

5 CHAPTER 18
6 VEHICLE OWNERS PROTECTION

7 Sec.

8 1801. Definitions.

9 1802. Vehicle Owners Protection Fund.

10 1803. Vehicle Owners Protection Board.

11 1804. Administrator.

12 1805. Penalties.

13 § 1801. Definitions.

14 The following words and phrases when used in this chapter
15 shall have the meanings given to them in this section unless the
16 context clearly indicates otherwise:

17 "Administrator." The Insurance Commissioner, or his
18 designee.

19 "Board." The Vehicle Owners Protection Board.

20 "Claim." A claim for payment for a loss.

21 "Fund." The Vehicle Owners Protection Fund.

22 "Insurance premium." A premium in an amount to be determined
23 annually in accordance with the provisions of this chapter to be
24 paid at the time a vehicle is registered with the department.

25 "Loss." An expense caused by damage to property or persons
26 arising from the maintenance or use of a registered motor
27 vehicle in the United States or its possessions or Canada.

28 "Vehicle owner." A resident of this Commonwealth in whose
29 name a motor vehicle is registered with the department.

30 § 1802. Vehicle Owners Protection Fund.

1 (a) Establishment and purpose.--There shall be a separate
2 fund in the Treasury Department known as the Vehicle Owners
3 Protection Fund. The purpose of the fund shall be to pay all
4 claims for losses as defined in this chapter.

5 (b) Premiums.--Every vehicle owner shall pay an insurance
6 premium to the fund. Payment shall be made to the department at
7 the time a vehicle is registered. No motor vehicle shall be
8 registered unless the insurance premium is paid.

9 (c) Amount of premium.--The amount of the annual premium to
10 be paid by each motor vehicle owner for the ensuing year shall
11 be determined by the board on or before November 1 of each year.
12 The premium, as proposed by the administrator and set by the
13 board, shall be sufficient to reimburse the fund for all claims
14 paid from the fund in the preceding year as well as the costs of
15 administration.

16 (d) Determination of rates.--Prior to determination of
17 annual premium rates, the board shall conduct a public hearing
18 on the premium rates proposed by the administrator at which time
19 any vehicle owner or representative thereof shall be entitled to
20 be heard. In determining the level of premium rates, the
21 administrator may make adjustments for loss experience in
22 various sections of this Commonwealth for safe driving records
23 and for other factors affecting the amount of claims paid by the
24 fund in the preceding year.

25 (e) Assets, earnings and annual statement.--Assets of the
26 fund shall be maintained in banks of this Commonwealth or
27 invested under regulations established by the board. Earnings
28 from portions of the fund maintained in banks or invested shall
29 be used for payment of administrative expenses of the fund and
30 shall be considered by the administrator in determining the

1 level of premiums to be paid by vehicle owners in the ensuing
2 year. The administrator shall publish an annual statement
3 showing the amount of premiums collected, the amount of claims
4 paid, the administrative costs and earnings of the fund and the
5 balance and location of fund assets.

6 § 1803. Vehicle Owners Protection Board.

7 (a) Establishment and purpose.--There shall be a Vehicle
8 Owners Protection Board which shall establish regulations
9 governing administration of the fund and supervise the
10 administration of the fund.

11 (b) Composition and terms.--The board shall consist of five
12 members who shall serve for five-year terms and until their
13 successors take office.

14 (c) Election of members.--Vacancies occurring on the board
15 due to the expiration of a member's term shall be filled by
16 Statewide election at the next succeeding general or municipal
17 election for which the time limits prescribed by the act of June
18 3, 1937 (P.L.1333, No.320), known as the Pennsylvania Election
19 Code, can be met. Members of the board shall be eligible for
20 reelection.

21 (d) Compensation.--The salary of members of the board shall
22 be \$50,000 a year.

23 (e) Employees.--The board shall employ the necessary legal,
24 technical and expert personnel so as to enable it to properly
25 regulate and supervise the administration of the fund.

26 § 1804. Administrator.

27 (a) Employees.--The administrator shall employ the necessary
28 agents, adjusters, attorneys, insurance experts and other
29 personnel so as to enable him to determine the amount of each
30 claim to be paid from the fund and the premium rates to be paid

1 by vehicle owners.

2 (b) Records.--The administrator shall compile records of
3 claims and losses as to enable him to determine the amount to be
4 reimbursed to the fund each year and factors to be used in
5 adjusting premium levels to be paid by vehicle owners.

6 (c) Proposal of rates.--The administrator shall propose to
7 the board the premium rates to be collected in the ensuing year.

8 (d) Loss experience, etc.--In determining the level of
9 premium rates, the administrator may propose that the board make
10 adjustments for loss experience in various sections of this
11 Commonwealth for accident records of vehicle owners and for
12 other factors affecting the occurrence and amount of loss and
13 the amount of claims incurred. The administrator may propose to
14 the board limitations of financial coverage of specific items of
15 insurance.

16 (e) Rules and regulations.--The administrator shall, in the
17 manner provided by law, promulgate rules and regulations for
18 determining the amount of loss incurred and claims to be paid by
19 the fund. These regulations shall include a method whereby
20 individuals suffering injury to property or person may appeal
21 the determination of the administrator as to the amount of loss
22 incurred.

23 § 1805. Penalties.

24 (a) Interference with board, etc.--A person who willfully
25 resists, prevents, impedes or interferes with a member of the
26 board or its agents, or the administrator or his agents, commits
27 a misdemeanor of the third degree punishable by a fine not to
28 exceed \$5,000, or imprisonment for not more than one year, or
29 both.

30 (b) False statements.--A person who issues a false statement

1 or performs a deceptive act for the purpose of increasing the
2 amount of loss incurred or claim paid by the fund commits a
3 misdemeanor of the third degree punishable by a fine not to
4 exceed \$5,000, or imprisonment for not more than one year, or
5 both.

6 Section 2. The initial members of the Vehicle Owners
7 Protection Board shall be appointed as follows:

8 (1) One member shall be appointed for one year by the
9 Governor and shall serve as chairperson of the board.

10 (2) One member shall be appointed for two years by the
11 President pro tempore of the Senate.

12 (3) One member shall be appointed for three years by the
13 Speaker of the House of Representatives.

14 (4) One member shall be appointed for four years by the
15 Minority Leader of the Senate.

16 (5) One member shall be appointed for five years by the
17 Minority Leader of the House of Representatives.

18 Section 3. This act shall take effect immediately.