

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2862 Session of  
1996

INTRODUCED BY WALKO, TRELLO, BELARDI, ITKIN, GANNON, VAN HORNE,  
M. N. WRIGHT, STABACK, COLAFELLA, MANDERINO, PETRARCA,  
CORPORA, KIRKLAND, SURRA, WOGAN, SHANER, TRAVAGLIO,  
HENNESSEY, TIGUE, PETRONE, ROBINSON, ARMSTRONG, KUKOVICH,  
CURRY, JOSEPHS AND GIGLIOTTI, AUGUST 27, 1996

REFERRED TO COMMITTEE ON INSURANCE, AUGUST 27, 1996

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 unfair methods of competition and  
6 unfair or deceptive acts or practices defined.

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-  
18 occupied private residential properties or personal property of

1 individuals that has been in force for sixty days or more or  
2 refusing to renew any such policy unless the policy was obtained  
3 through material misrepresentation, fraudulent statements,  
4 omissions or concealment of fact material to the acceptance of  
5 the risk or to the hazard assumed by the company; or there has  
6 been a substantial change or increase in hazard in the risk  
7 assumed by the company subsequent to the date the policy was  
8 issued; or there is a substantial increase in hazards insured  
9 against by reason of wilful or negligent acts or omissions by  
10 the insured; or the insured has failed to pay any premium when  
11 due whether such premium is payable directly to the company or  
12 its agent or indirectly under any premium finance plan or  
13 extension of credit; or for any other reasons approved by the  
14 commissioner pursuant to rules and regulations promulgated by  
15 the commissioner. No cancellation or refusal to renew by any  
16 person shall be effective unless a written notice of the  
17 cancellation or refusal to renew is received by the insured  
18 either at the address shown in the policy or at a forwarding  
19 address. Such notice shall:

20 (i) Be approved as to form by the Insurance Commissioner  
21 prior to use.

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

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

27 (iv) Advise the insured of his right to request, in writing,  
28 within [ten] thirty days of the receipt of the notice of  
29 cancellation or intention not to renew that the Insurance  
30 Commissioner review the action of the insurer.

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

5       (vi) Advise the insured in a form commonly understandable of  
6 the provisions of subparagraphs (ii), (iii) and (iv) of this  
7 paragraph as they limit permissible time and reasons for  
8 cancellation.

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

11       \* \* \*

12       Section 2. This act shall take effect in 60 days.