

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 471 Session of
1997

INTRODUCED BY MELLOW, BODACK AND MUSTO, FEBRUARY 12, 1997

REFERRED TO BANKING AND INSURANCE, FEBRUARY 12, 1997

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as
2 amended, "An act relating to insurance; establishing an
3 insurance department; and amending, revising, and
4 consolidating the law relating to the licensing,
5 qualification, regulation, examination, suspension, and
6 dissolution of insurance companies, Lloyds associations,
7 reciprocal and inter-insurance exchanges, and certain
8 societies and orders, the examination and regulation of fire
9 insurance rating bureaus, and the licensing and regulation of
10 insurance agents and brokers; the service of legal process
11 upon foreign insurance companies, associations or exchanges;
12 providing penalties, and repealing existing laws," providing
13 for notice of intent to reduce agent commissions.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. The act of May 17, 1921 (P.L.789, No.285), known
17 as The Insurance Department Act of 1921, is amended by adding a
18 section to read:

19 Section 643. Notice of Intent to Reduce Agent Commissions.--

20 (a) No insurer licensed to write private passenger automobile
21 or residential property insurance coverages shall effect any
22 reduction in the rate of commission payments to an individual,
23 partnership or corporation holding a license or certificate of

1 qualification issued by the Insurance Department, who contracts
2 with an insurer to sell such coverages on behalf of the insurer
3 without first providing not less than one hundred twenty (120)
4 days' written notice to the certificate holder.

5 (b) The provisions of subsection (a) shall not apply in
6 situations of mutual termination of relationship or to any
7 certificate holder whose certificate has been suspended or
8 revoked by the Insurance Department or whose contract has been
9 terminated for insolvency, abandonment, gross incompetence,
10 gross or wilful misconduct, or failure to pay over to the
11 insurer moneys due to the insurer following receipt of a written
12 demand thereof.

13 Section 2. This act shall take effect immediately.