

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 162 Session of  
2001

INTRODUCED BY CURRY, BEBKO-JONES, BELARDI, COLAFELLA, HARHAI,  
LAUGHLIN, McILHINNEY, SHANER, SURRA, WASHINGTON AND  
YOUNGBLOOD, JANUARY 23, 2001

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 23, 2001

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An  
2 act relating to insurance; amending, revising, and  
3 consolidating the law providing for the incorporation of  
4 insurance companies, and the regulation, supervision, and  
5 protection of home and foreign insurance companies, Lloyds  
6 associations, reciprocal and inter-insurance exchanges, and  
7 fire insurance rating bureaus, and the regulation and  
8 supervision of insurance carried by such companies,  
9 associations, and exchanges, including insurance carried by  
10 the State Workmen's Insurance Fund; providing penalties; and  
11 repealing existing laws," further providing for cancellation  
12 and refusal to write or renew automobile insurance policies.

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

15 Section 1. Section 2003 of the act of May 17, 1921 (P.L.682,  
16 No.284), known as The Insurance Company Law of 1921, added June  
17 17, 1998 (P.L.464, No.68), is amended to read:

18 Section 2003. Discrimination Prohibited.--(a) An insurer  
19 may not cancel or refuse to write or renew a policy of  
20 automobile insurance for any of the following reasons:

21 (1) Age.

22 (2) Residence or operation of a motor vehicle in a specific

1 geographic area.

2 (3) Race.

3 (4) Color.

4 (5) Creed.

5 (6) National origin.

6 (7) Ancestry.

7 (8) Marital status.

8 (9) Sex.

9 (10) Lawful occupation, including military service.

10 (11) The refusal of another insurer to write a policy or the

11 cancellation or refusal to renew an existing policy by another

12 insurer.

13 (12) Illness or permanent or temporary disability where the

14 insured can medically document that such illness or disability

15 will not impair his ability to operate a motor vehicle. Failure

16 to provide such documentation shall be proper reason for the

17 insurer to amend the policy of the named insured to exclude such

18 disabled insured from coverage under the policy while operating

19 a motor vehicle after the effective date of such policy

20 amendment but shall not be proper reason to cancel or refuse to

21 write or renew the policy. Nothing in this provision shall be

22 construed to effect such excluded individual's eligibility for

23 coverage under the named insured's policy for any injury

24 sustained while not operating a motor vehicle. Illness or

25 permanent or temporary disability on the part of any insured

26 shall not be proper reason for cancelling the policy of the

27 named insured.

28 (13) Any accident which occurred under the following

29 circumstances:

30 (i) automobile lawfully parked (if the parked vehicle rolls

1 from the parked position, then any such accident is charged to  
2 the person who parked the automobile);

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

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

10 (iv) operator of the other automobile involved in the  
11 accident was convicted of a moving traffic violation and the  
12 applicant or resident operator was not convicted of a moving  
13 traffic violation in connection with the accident;

14 (v) automobile operated by the applicant or any resident  
15 operator is struck by a "hit-and-run" vehicle if the accident is  
16 reported to the proper authority within twenty-four (24) hours  
17 by the applicant or resident operator;

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

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

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

28 (ix) accidents which occurred more than thirty-six (36)  
29 months prior to the later of the inception of the insurance  
30 policy or the upcoming anniversary date of the policy[.]; or

1     (x) accidents caused by road conditions over which the  
2     operator of the automobile has no control.

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

5     (b) (1) An insurer may not cancel or refuse to renew a  
6 policy of automobile insurance on the basis of [one accident]  
7 three accidents within the [thirty-six-month] twelve-month  
8 period prior to the upcoming anniversary date of the policy[.]  
9 unless the accident was caused by any of the following on the  
10 part of the named insured:

11     (i) Negligence.

12     (ii) Driving under the influence of alcohol or controlled  
13 substance.

14     (iii) Violating a law of this Commonwealth.

15     (2) The applicability of this subsection to an individual  
16 who is either a resident in the same household or who  
17 customarily operates an automobile insured under the policy  
18 shall be proper reason for the insurer thereafter excluding such  
19 individual from coverage, but not for cancelling or refusing to  
20 renew the policy.

21     (c) For a period twelve (12) months after notice of  
22 termination given to an agent:

23     (1) An insurer may not cancel or refuse to renew existing  
24 policies written through the terminated agent because of such  
25 termination except as provided in paragraph (2).

26     (2) An insurer may cancel or refuse to renew only such  
27 policies as could have been cancelled or nonrenewed had the  
28 agency relationship continued.

29     (3) An insurer shall be obligated to pay commissions for  
30 such policies that are continued or renewed through the

1 terminated agent except where:

2 (i) the insurer retained ownership of the expirations of  
3 such policies; or

4 (ii) the agent has misappropriated funds or property of the  
5 insurer or has failed to remit to the insurer funds due it  
6 promptly upon demand or has been terminated for insolvency,  
7 abandonment, gross and wilful misconduct or has had his license  
8 suspended or revoked.

9 (d) Subsequent to the twelve-month period after notice of  
10 termination given to an agent, an insurer may not cancel or  
11 refuse to renew existing policies written through the terminated  
12 agent without offering each such insured coverage on a direct  
13 basis or offering to refer the insured to one or more new agents  
14 in the event the terminated agent could not find a suitable  
15 insurer acceptable to the policyholder for such business. The  
16 offer need not be made if the insurer could have cancelled or  
17 nonrenewed the policy had the agency relationship continued. If  
18 the insurer retains ownership of the expirations of such  
19 policies, the insurer need not offer a new agent.

20 (e) An insurer may not cancel or refuse to renew a policy of  
21 automobile insurance for two or fewer moving violations in any  
22 jurisdiction or jurisdictions during a twenty-four-month period  
23 when the operator's record indicates that the named insured  
24 presently bears five points or fewer, unless:

25 (1) All five points were incurred from one violation.

26 (2) The driver's license or motor vehicle registration of  
27 the named insured has been suspended or revoked.

28 (3) If, however, the driver's license has been suspended  
29 under 75 Pa.C.S. § 1533 (relating to suspension of operating  
30 privilege for failure to respond to citation) and the insured is

1 able to produce proof that he or she has responded to all  
2 citations and paid all fines and penalties imposed under that  
3 section and that he or she has done so on or before the  
4 termination date of the policy, this suspension shall not be  
5 grounds for cancellation or for refusal to renew.

6 (f) The applicability of subsection (e) to one, other than  
7 the named insured, who either is a resident in the same  
8 household or who customarily operates an automobile insured  
9 under the policy shall be proper reason for the insurer to  
10 exclude that individual from coverage under the policy but not  
11 for cancelling the policy.

12 (g) As used in subsection (e), "points" shall mean points as  
13 set forth in 75 Pa.C.S. Ch. 15 (relating to licensing of  
14 drivers).

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