
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1632 Session of
2005

INTRODUCED BY KENNEY, CORNELL, GINGRICH, MACKERETH, REICHLEY,
BEBKO-JONES, BELARDI, BISHOP, BOYD, BUNT, CALTAGIRONE,
CAPPELLI, CREIGHTON, DeLUCA, DeWEESE, EACHUS, FREEMAN, GEIST,
GOOD, GOODMAN, JAMES, KOTIK, LEACH, LEDERER, LEVDANSKY, MANN,
MUNDY, NICKOL, PHILLIPS, ROSS, RUBLEY, SAINATO, SATHER,
SCAVELLO, SCHRODER, B. SMITH, STABACK, E. Z. TAYLOR,
J. TAYLOR, TIGUE, TRUE, WALKO, WATSON AND YOUNGBLOOD,
JUNE 6, 2005

REFERRED TO COMMITTEE ON HEALTH AND HUMAN SERVICES, JUNE 6, 2005

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 defining "abuse," "unfair methods of competition" and
6 "unfair or deceptive acts or practices."

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. The definition of "abuse" in section 3 of the act
10 of July 22, 1974 (P.L.589, No.205), known as the Unfair
11 Insurance Practices Act, added April 4, 1996 (P.L.100, No.24),
12 is amended to read:

13 Section 3. Definitions.--As used in this act:

14 "Abuse" has the meaning given in 23 Pa.C.S. § 6102(a)
15 (relating to definitions), notwithstanding the limited
16 applicability provision in paragraph (5) of the definition of

1 "abuse" in 23 Pa.C.S. § 6102(a). The term also means attempting
2 to cause or intentionally, knowingly or recklessly causing
3 damage to property so as to intimidate or attempt to control the
4 behavior of another person.

5 * * *

6 Section 2. Section 5(a)(14) of the act, added April 4, 1996
7 (P.L.100, No.24), is amended to read:

8 Section 5. Unfair Methods of Competition and Unfair or
9 Deceptive Acts or Practices Defined.--(a) "Unfair methods of
10 competition" and "unfair or deceptive acts or practices" in the
11 business of insurance means:

12 * * *

13 (14) (i) Taking any of the following actions because the
14 insured or applicant for an insurance policy or insurance
15 contract is a victim of abuse:

16 (A) Denying, refusing to issue, refusing to renew, refusing
17 to reissue or cancelling or terminating an insurance policy or
18 insurance contract or restricting coverage under an insurance
19 policy or insurance contract.

20 (B) Adding a surcharge, applying a rating factor or using
21 any other underwriting standard or practice which adversely
22 takes into account a history or status of abuse.

23 (C) Excluding or limiting benefits or coverage under an
24 insurance policy or insurance contract for losses incurred.

25 (D) Refusing to pay losses arising out of abuse to an
26 innocent insured under a property and casualty insurance policy
27 or contract to the extent of the insured's legal interest in the
28 covered property if the loss is caused by the intentional act of
29 an insured or using other exclusions or limitations on coverage
30 which the commissioner has determined unreasonably restrict the

1 ability of victims of abuse to be indemnified for such losses.

2 (E) Failing to develop and adhere to written policies
3 specifying procedures to be followed by employees and by
4 insurance professionals it contracts with, for the purpose of
5 protecting the safety and privacy of a victim of abuse when
6 investigating a claim, pursuing subrogation or taking any other
7 action relating to a claim involving a victim of abuse.

8 (F) Failing to distribute its written policies to employees
9 and insurance professionals.

10 (ii) Nothing in this paragraph shall be construed as:

11 (A) requiring that a person issue, renew or reissue an
12 insurance policy or insurance contract solely because the
13 insured or applicant is a victim of abuse; or

14 (B) requiring a person to provide benefits or coverage for
15 losses incurred solely because the insured or applicant is a
16 victim of abuse.

17 (iii) A person shall not be in violation of this paragraph
18 if any action taken is permissible by law and applies to the
19 same extent to all applicants and insureds without regard to
20 whether an applicant or insured is a victim of abuse.

21 * * *

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