
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2365 Session of
2015

INTRODUCED BY MATZIE, GIBBONS, READSHAW, GERGELY, O'BRIEN,
McCARTER, McNEILL, THOMAS, COHEN, ROZZI AND BULLOCK,
SEPTEMBER 23, 2016

REFERRED TO COMMITTEE ON INSURANCE, SEPTEMBER 23, 2016

AN ACT

1 Providing for certain nonnatural earthquake insurance coverage;
2 conferring powers and imposing duties on the Insurance
3 Department; and providing for enforcement and penalties.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Nonnatural
8 Earthquake Insurance Coverage Act.

9 Section 2. Legislative intent.

10 The General Assembly finds and declares as follows:

11 (1) The increased drilling activity for natural gas in
12 this Commonwealth has provided an economic benefit to the
13 Commonwealth.

14 (2) Seismic testing is a process whereby an image of the
15 subsurface is created and the data obtained is then used by
16 an oil and gas company to locate the best place to drill.

17 (3) Seismic testing uses blasts of sound that can cause
18 earthquake-like effects.

1 (4) These seismic tests can result in damage to a
2 structure's foundation or cause other damage to property.

3 (5) Often times a homeowner purchases an earthquake
4 endorsement for an insurance policy with the understanding
5 that the homeowner's property will be covered in the event
6 that the property is damaged by all earth movement events,
7 but the homeowner then discovers that the policy does not
8 cover nonnatural or human activity that causes earth
9 movement.

10 Section 3. Definitions.

11 The following words and phrases when used in this act shall
12 have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Claim." A formal request to an insurance company asking for
15 a payment based on the terms of the insurance policy.

16 "Department." The Insurance Department of the Commonwealth.

17 "Earthquake." A shaking of a part of the earth's surface
18 that often causes damage.

19 "Endorsement." A written provision that adds to, deletes or
20 modifies the provisions of the insurance contract to which the
21 provision is attached.

22 Section 4. Nonnatural earthquake insurance coverage.

23 No insurance policy, or any endorsement thereto, covering
24 owner-occupied private residential property located in this
25 Commonwealth shall, for the purpose of payment of a claim or any
26 other benefit in the policy or endorsement, distinguish between
27 earthquakes occurring naturally and earthquakes caused by
28 nonnatural or human activity.

29 Section 5. Powers of the department.

30 The department shall ensure compliance with this act and

1 shall investigate potential violations of this act based upon
2 information received from homeowners, insurers and other sources
3 the department deems necessary.

4 Section 6. Enforcement.

5 Upon departmental determination of a violation of this act,
6 the department shall notify the homeowner and the insurer of the
7 department's finding. The notice shall specify the nature of the
8 violation and a remedy as determined by the department.

9 Section 7. Penalties.

10 A violation of this act shall also be a violation of the act
11 of July 22, 1974 (P.L.589, No.205), known as the Unfair
12 Insurance Practices Act.

13 Section 8. Retroactivity.

14 The provisions of this act shall apply to policies and
15 endorsements issued or executed after the effective date of this
16 section that offer earthquake insurance for naturally occurring
17 events.

18 Section 9. Effective date.

19 This act shall take effect immediately.