

MODEL ACT FOR THE REGULATION OF CREDIT LIFE INSURANCE AND CREDIT  
ACCIDENT AND HEALTH INSURANCE - PREMIUMS AND REFUNDS  
Act of Mar. 29, 2010, P.L. 172, No. 17 Cl. 40  
Session of 2010  
No. 2010-17

HB 526

AN ACT

Amending the act of September 2, 1961 (P.L.1232, No.540), entitled "An act providing for the regulation of credit life insurance and credit accident and health insurance; conferring powers and imposing duties on the Insurance Commissioner and prescribing penalties," further providing for premiums and refunds.

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

Section 1. Section 8(b) of the act of September 2, 1961 (P.L.1232, No.540), known as the Model Act for the Regulation of Credit Life Insurance and Credit Accident and Health Insurance, is amended to read:

Section 8. Premiums and Refunds.--\* \* \*

(b) **The following shall apply:**

(1) Each individual policy or group certificate **paid by single premium** shall provide a **notice** that in the event of termination of the insurance, **including by renewing or refinancing the covered indebtedness**, prior to the scheduled maturity date of the indebtedness [any refund of an amount paid by the debtor for insurance] **that:**

(i) **the debtor may be entitled to a refund of unearned premium;**

(ii) **the person who is the holder of the underlying debt instrument on the date the debt terminates shall provide notice to the insurer of the termination of the debt no later than sixty days after the termination, which notice shall include the name of the debtor and the payoff date of the underlying debt and any relevant contact information for the debtor known to the holder, or may alternatively provide notice directly to the debtor with instructions on how to obtain a refund from the insurer; and**

(iii) **any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto[: Provided, however, That the commissioner shall prescribe a minimum refund and no] after receipt of notice by the insurer.**

(2) **No refund [which would be less than such minimum] for any amount less than five dollars (\$5) need be made. The formula to be used in computing such refund shall be filed with and approved by the commissioner.**

\* \* \*

Section 2. The amendment of section 8(b) of the act shall apply to individual policies or group certificates of credit insurance delivered, issued for delivery or renewed on and after the effective date of this section.

Section 3. This act shall take effect in 120 days.

APPROVED--The 29th day of March, A.D. 2010.

EDWARD G. RENDELL