

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 764

Session of
1987

INTRODUCED BY LAUGHLIN AND PETRONE, MARCH 10, 1987

REFERRED TO COMMITTEE ON INSURANCE, MARCH 10, 1987

AN ACT

1 Amending the act of June 11, 1947 (P.L.538, No.246), entitled
2 "An act relating to the regulation of rates for insurance
3 which may be written by stock or mutual casualty insurance
4 companies, associations or exchanges, including fidelity,
5 surety and guaranty bonds and all other forms of motor
6 vehicle insurance, and title insurance; to rating and
7 advisory organizations; conferring on the Insurance
8 Commissioner the power and duty of supervising and regulating
9 persons, associations, companies and corporations, and of
10 enforcing the provisions of this act; prescribing and
11 regulating the practice and procedure before the
12 commissioner, and procedure for review by the courts; giving
13 the Court of Common Pleas of Dauphin County exclusive
14 jurisdiction over certain proceedings; prescribing penalties
15 and providing for enforcement thereof, and repealing
16 inconsistent acts," further providing for the approval of
17 rate filings.

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

20 Section 1. Sections 4(d), 5 and 7 of the act of June 11,
21 1947 (P.L.538, No.246), known as The Casualty and Surety Rate
22 Regulatory Act, are amended to read:

23 Section 4. Rate Filings.

24 * * *

25 (d) Subject to the exception specified in subsection (e) of

1 this section, each filing shall be on file for a waiting period
2 of thirty (30) days [before it becomes effective], which period
3 may be extended by the commissioner for an additional period not
4 to exceed thirty (30) days upon written notice within such
5 waiting period to the insurer or rating organization which made
6 the filing. Upon written application by such insurer or rating
7 organization, the commissioner may authorize a filing or a part
8 thereof which he has reviewed to become effective before the
9 expiration of the waiting period or any extension thereof. [A
10 filing shall be deemed to meet the requirements of this act and
11 to become effective unless disapproved, as hereinafter provided,
12 by the commissioner within the waiting period or any extension
13 thereof.] At any time during the waiting period or extension
14 thereof, the insurer or rating organization which made the
15 filing may, by registered mail, notify the commissioner that if
16 the filing is not approved or disapproved within said thirty
17 (30) day waiting period or extension thereof it will, after an
18 additional thirty (30) days from the expiration of the waiting
19 period or extension thereof, deem the filing approved. If the
20 commissioner does not approve or disapprove the filing within
21 the additional thirty (30) day period, the filing shall be
22 deemed to meet the requirements of this act and become
23 effective.

24 * * *

25 Section 5. Disapproval of Filings.--

26 (a) Upon the review at any time by the commissioner of a
27 filing he shall, before issuing an order of disapproval, hold a
28 hearing upon not less than ten (10) days written notice,
29 specifying the matters to be considered at such hearing, to
30 every insurer and rating organization which made such filing,

1 and if, after such hearing, he finds that such filing or a part
2 thereof does not meet the requirements of this act he shall
3 issue an order specifying in what respects he finds that it so
4 fails, and stating when, within a reasonable period thereafter,
5 such filing or a part thereof shall be deemed no longer
6 effective if the filing or a part thereof has become effective
7 under the provisions of section four: Provided, however, That an
8 insurer or rating organization shall have the right at any time
9 to withdraw a filing or a part thereof, subject to the
10 provisions of section seven in the case of a deviation filing.
11 Copies of said order shall be sent to every such insurer and
12 rating organization. Said order shall not affect any contract or
13 policy made or issued prior to the expiration of the period set
14 forth in said order.

15 (b) Any person or organization aggrieved with respect to any
16 filing which is in effect may make written application to the
17 commissioner for a hearing thereon: Provided, however, That the
18 insurer or rating organization that made the filing shall not be
19 authorized to proceed under this [subsection] section. Such
20 application shall specify the grounds to be relied upon by the
21 applicant. If the commissioner shall find that the application
22 is made in good faith, that the applicant would be so aggrieved
23 if his grounds are established, and that such grounds otherwise
24 justify holding such a hearing, he shall, within thirty (30)
25 days after receipt of such application, hold a hearing upon not
26 less than ten (10) days written notice to the applicant and to
27 every insurer and rating organization which made such filing.

28 (c) If at any time the commissioner considers any filings or
29 parts thereof which are in effect not to meet the requirements
30 of this act, in that they are excessive, inadequate or unfairly

1 discriminatory, he shall hold a hearing upon not less than ten
2 (10) days written notice to every insurer and rating
3 organization which made the filing.

4 (d) At any hearing commenced pursuant to this section the
5 burden of proof to show that the filing or parts thereof which
6 are in question meet the requirements of this act and are not
7 excessive, inadequate or unfairly discriminatory shall be upon
8 the insurer or rating organization which made the filing.

9 (e) If, after such hearing, the commissioner finds that the
10 filing or a part thereof does not meet the requirements of this
11 act, he shall issue an order specifying in what respects he
12 finds that such filing or a part thereof fails to meet the
13 requirements of this act, and stating when, within a reasonable
14 period thereafter, such filing or a part thereof shall be deemed
15 no longer effective. Copies of said order shall be sent to the
16 applicant and to every such insurer and rating organization.
17 Said order shall not affect any contract or policy made or
18 issued prior to the expiration of the period set forth in said
19 order.

20 ~~[(c)]~~ (f) No filing nor any modification thereof shall be
21 disapproved if the rates in connection therewith meet the
22 requirements of this act.

23 Section 7. Deviations.--Every member of, or subscriber to, a
24 rating organization shall adhere to the filings made on its
25 behalf by such organization except that any such insurer may
26 file with the commissioner a uniform percentage decrease or
27 increase to be applied to the premiums produced by the rating
28 system so filed for a kind of insurance, or for a class of
29 insurance which is found by the commissioner to be a proper
30 rating unit for the application of such uniform percentage

1 decrease or increase, or for a subdivision of a kind of
2 insurance (1) comprised of a group of manual classifications
3 which is treated as a separate unit for rate making purposes, or
4 (2) for which separate expense provisions are included in the
5 filings of the rating organization. Such deviation filing shall
6 specify the basis for the modification and shall be accompanied
7 by the data upon which the applicant relies. A copy of the
8 filing and data shall be sent simultaneously to such rating
9 organization. Any such deviation filing shall be on file for a
10 waiting period of thirty (30) days [before it becomes
11 effective], unless the commissioner reviews and authorizes the
12 filing to become effective before the expiration of such
13 period[, and shall be subject to the provisions of section
14 five]. At any time during the waiting period, the insurer or
15 rating organization which made the deviation filing may, by
16 registered mail, notify the commissioner that if the deviation
17 filing is not approved or disapproved within said thirty (30)
18 day waiting period or extension thereof, it will, after an
19 additional thirty (30) days from the expiration of the waiting
20 period or extension thereof deem the filing approved. If the
21 commissioner does not approve or disapprove the filing within
22 the additional thirty (30) day period, the deviation filing
23 shall be deemed to meet the requirements of this act and become
24 effective. Such deviation filings shall be subject to the
25 provisions of section five. Each deviation shall be effective
26 for a period of not less than one (1) year from the date such
27 deviation is filed unless terminated sooner with the approval of
28 the commissioner or in accordance with the provisions of section
29 five.

30 Section 2. The act is amended by adding a section to read:

1 Section 17.1. New Term of Office.--Notwithstanding any other
2 provisions of this act, any filings made and remaining
3 unapproved at the time a new Governor takes office shall not
4 become effective during the sixty (60) day period following the
5 time the new Governor takes office unless formally approved by
6 the commission.

7 Section 3. This act shall take effect immediately.