

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL**

**No. 1074** Session of  
2004

INTRODUCED BY STACK, KUKOVICH, EARLL, MUSTO, TARTAGLIONE, LOGAN,  
COSTA, WOZNIAK, FERLO, O'PAKE, M. WHITE, BOSCOLA, KASUNIC AND  
C. WILLIAMS, MARCH 25, 2004

REFERRED TO BANKING AND INSURANCE, MARCH 25, 2004

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," providing for the return of  
12 unearned premium.

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

15 Section 1. The act of May 17, 1921 (P.L.682, No.284), known  
16 as The Insurance Company Law of 1921, is amended by adding a  
17 section to read:

18 Section 353.1. Return of Unearned Premium.--(a) Unearned  
19 premium must be returned to the insured not later than ten (10)  
20 business days after the effective date of termination of a  
21 policy when canceled in midterm by the insurer.

22 (b) Unearned premium must be returned to the insured not

1 later than thirty (30) days after the effective date of  
2 termination of a policy when canceled in midterm by the insured.

3 (c) The unearned premium shall be returned to the insured on  
4 an estimated basis where the amount of premium to be returned  
5 cannot be calculated precisely within the required time period  
6 for return of premium because the policy was written on the  
7 basis of an estimated premium or the policy was issued subject  
8 to a premium audit. Upon the insurer's completion of computation  
9 of the exact premium to be returned, an additional return  
10 premium or charge shall be made to the named insured or insureds  
11 within fifteen (15) days of the final computation.

12 (d) This section shall not apply to policies written on a  
13 retrospective rating plan.

14 (e) Insurers failing to comply with this section shall be  
15 subject to a fine of two hundred fifty dollars (\$250) or the  
16 amount of the unearned premium, whichever is greater.

17 (f) The term "insurance company" as used in this section  
18 shall mean an insurance company, association or exchange or any  
19 other entity subject to the jurisdiction of the Insurance  
20 Department.

21 Section 2. The addition of section 353.1 of the act shall  
22 apply to policies canceled on or after the effective date of  
23 this act.

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