

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1858 Session of
2007

INTRODUCED BY DeLUCA, BELFANTI, BIANCUCCI, CLYMER, CALTAGIRONE,
FABRIZIO, FREEMAN, GEORGE, HENNESSEY, HERSHEY, HORNAMAN,
KOTIK, KULA, O'NEILL, MAHONEY, MANN, MARKOSEK, MURT, MELIO,
OLIVER, READSHAW, REICHLEY, SAYLOR, SIPTROTH AND SOLOBAY,
SEPTEMBER 27, 2007

REFERRED TO COMMITTEE ON INSURANCE, SEPTEMBER 27, 2007

AN ACT

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

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

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

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

14 (b) The following shall apply:

15 (1) Each individual policy or group certificate shall
16 provide a notice that in the event of termination of the
17 insurance, including by renewing or refinancing the covered
18 indebtedness, prior to the [scheduled maturity date of the

indebtedness any refund of an amount paid by the debtor for insurance] original expiration date of that insurance coverage:

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

(ii) that 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; and

(iii) that any refund of an amount paid by the debtor for insurance shall be paid or credited promptly to the person entitled thereto after receipt of the notice required under paragraph (1)(ii): Provided, however, That [the commissioner shall prescribe a minimum refund and] no refund [which would be] less than [such minimum] five dollars (\$5) need be made. The formula to be used in computing such refund shall be filed with and approved by the commissioner.

(2) In any claim or action asserted by an insured against an insurer for failure to refund any unearned premium in accordance with this section, the insurer shall be entitled to indemnity from a holder of a debt instrument who failed to provide the notice required under paragraph (1)(ii).

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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 no more than 120 days after the effective date of this act.

Section 3. This act shall take effect January 1, 2008.