
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

 HOUSE BILL

 No. 526 Session of
2009

INTRODUCED BY DeLUCA, BELFANTI, BRENNAN, COHEN, DALEY,
DONATUCCI, FAIRCHILD, GOODMAN, W. KELLER, KORTZ, KOTIK,
MANDERINO, MANN, MELIO, MILLARD, MILLER, MOUL, READSHAW,
SIPTROTH, THOMAS, VULAKOVICH, WALKO, YOUNGBLOOD, CALTAGIRONE,
MATZIE AND MURT, FEBRUARY 19, 2009

SENATOR D. WHITE, BANKING AND INSURANCE, IN SENATE, AS AMENDED,
FEBRUARY 2, 2010

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~~

1 ~~indebtedness, prior to the [scheduled maturity date of the~~
2 ~~indebtedness any refund of an amount paid by the debtor for~~
3 ~~insurance] original expiration date of that insurance coverage:~~

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

6 ~~(ii) that the person who is the holder of the underlying~~
7 ~~debt instrument on the date the debt terminates shall provide~~
8 ~~notice to the insurer of the termination of the debt no later~~
9 ~~than sixty days after the termination, which notice shall~~
10 ~~include the name of the debtor and the payoff date of the~~
11 ~~underlying debt and any relevant contact information for the~~
12 ~~debtor known to the holder; and~~

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

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

26 * * *

27 Section 2. ~~The amendment of section 8(b) of the act shall~~
28 ~~apply to individual policies or group certificates of credit~~
29 ~~insurance delivered, issued for delivery or renewed no more than~~
30 ~~120 days after the effective date of this act.~~

1 ~~Section 3. This act shall take effect January 1, 2010.~~

2 (1) EACH INDIVIDUAL POLICY OR GROUP CERTIFICATE PAID BY
3 SINGLE PREMIUM SHALL PROVIDE A NOTICE THAT IN THE EVENT OF
4 TERMINATION OF THE INSURANCE, INCLUDING BY RENEWING OR
5 REFINANCING THE COVERED INDEBTEDNESS, PRIOR TO THE SCHEDULED
6 MATURITY DATE OF THE INDEBTEDNESS [ANY REFUND OF AN AMOUNT PAID
7 BY THE DEBTOR FOR INSURANCE] THAT:

8 (I) THE DEBTOR MAY BE ENTITLED TO A REFUND OF UNEARNED
9 PREMIUM;

10 (II) THE PERSON WHO IS THE HOLDER OF THE UNDERLYING DEBT
11 INSTRUMENT ON THE DATE THE DEBT TERMINATES SHALL PROVIDE NOTICE
12 TO THE INSURER OF THE TERMINATION OF THE DEBT NO LATER THAN
13 SIXTY DAYS AFTER THE TERMINATION, WHICH NOTICE SHALL INCLUDE THE
14 NAME OF THE DEBTOR AND THE PAYOFF DATE OF THE UNDERLYING DEBT
15 AND ANY RELEVANT CONTACT INFORMATION FOR THE DEBTOR KNOWN TO THE
16 HOLDER, OR MAY ALTERNATIVELY PROVIDE NOTICE DIRECTLY TO THE
17 DEBTOR WITH INSTRUCTIONS ON HOW TO OBTAIN A REFUND FROM THE
18 INSURER; AND

19 (III) ANY REFUND OF AN AMOUNT PAID BY THE DEBTOR FOR
20 INSURANCE SHALL BE PAID OR CREDITED PROMPTLY TO THE PERSON
21 ENTITLED THERETO[: PROVIDED, HOWEVER, THAT THE COMMISSIONER
22 SHALL PRESCRIBE A MINIMUM REFUND AND NO] AFTER RECEIPT OF NOTICE
23 BY THE INSURER.

24 (2) NO REFUND [WHICH WOULD BE LESS THAN SUCH MINIMUM] FOR
25 ANY AMOUNT LESS THAN FIVE DOLLARS (\$5) NEED BE MADE. THE FORMULA
26 TO BE USED IN COMPUTING SUCH REFUND SHALL BE FILED WITH AND
27 APPROVED BY THE COMMISSIONER.

28 * * *

29 SECTION 2. THE AMENDMENT OF SECTION 8(B) OF THE ACT SHALL
30 APPLY TO INDIVIDUAL POLICIES OR GROUP CERTIFICATES OF CREDIT

1 INSURANCE DELIVERED, ISSUED FOR DELIVERY OR RENEWED ON AND AFTER
2 THE EFFECTIVE DATE OF THIS SECTION.

3 SECTION 3. THIS ACT SHALL TAKE EFFECT IN 120 DAYS.