
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 620 Session of
2017

INTRODUCED BY RAFFERTY, GREENLEAF, YUDICHAK, COSTA, SCHWANK AND
BROWNE, APRIL 13, 2017

REFERRED TO BANKING AND INSURANCE, APRIL 13, 2017

AN ACT

1 Amending the act of July 3, 1986 (P.L.396, No.86), entitled "An
2 act requiring notice of rate increases, policy cancellations
3 and nonrenewals by property and casualty insurers," further
4 providing for notices.

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

7 Section 1. Sections 1 and 3(a) of the act of July 3, 1986
8 (P.L.396, No.86), entitled "An act requiring notice of rate
9 increases, policy cancellations and nonrenewals by property and
10 casualty insurers," are amended to read:

11 Section 1. Notice of increase in premium.

12 Notwithstanding any other provision of law, a policy of
13 insurance covering commercial property or casualty risks in this
14 Commonwealth shall provide for not less than [30] 60 days'
15 advance notice to the named insured of an increase in renewal
16 premium. This section shall not apply to policies written on a
17 retrospective rating plan.

18 Section 3. Notice requirements for midterm cancellations and
19 nonrenewals.

1 (a) Requirements.--Notices of midterm cancellation and
2 nonrenewal shall meet the following requirements:

3 (1) The midterm cancellation or nonrenewal notice shall
4 be forwarded by registered or first class mail or delivered
5 by the insurance company directly to the named insured or
6 insureds.

7 (2) Written notice of nonrenewal in the manner
8 prescribed in this section must be forwarded directly to the
9 named insured or insureds at least [60] 90 days in advance of
10 the effective date of termination.

11 (3) Written notice of cancellation in the manner
12 prescribed in this section must be forwarded directly to the
13 named insured or insureds at least [60] 90 days in advance of
14 the effective date of termination unless one or more of the
15 following exist:

16 (i) The insured has made a material
17 misrepresentation which affects the insurability of the
18 risk, in which case the prescribed written notice of
19 cancellation shall be forwarded directly to the named
20 insured at least 15 days in advance of the effective date
21 of termination.

22 (ii) The insured has failed to pay a premium when
23 due, whether the premium is payable directly to the
24 company or its agents or indirectly under a premium
25 finance plan or extension of credit, in which case the
26 prescribed written notice of cancellation shall be
27 forwarded directly to the named insured at least 15 days
28 in advance of the effective date of termination.

29 (iii) The policy was canceled by the named insured,
30 in which case written notice of cancellation shall not be

1 required and coverage shall be terminated on the date
2 requested by the insured.

3 Nothing in this paragraph shall restrict the insurer's right
4 to rescind an insurance policy ab initio upon discovery that
5 the policy was obtained through fraudulent statements,
6 omissions or concealment of fact material to the acceptance
7 of the risk or to the hazard assumed by the company.

8 (4) The notice shall be clearly labeled "Notice of
9 Cancellation" or "Notice of Nonrenewal."

10 (5) A midterm cancellation or nonrenewal notice shall
11 state the specific reasons for the cancellation or
12 nonrenewal. The reasons shall identify the condition, factor
13 or loss experience which caused the midterm cancellation or
14 nonrenewal. The notice shall provide sufficient information
15 or data for the insured to correct the deficiency.

16 (6) A midterm cancellation or nonrenewal notice shall
17 state that, at the insured's request, the insurer shall
18 provide loss information to the insured for at least three
19 years or the period of time during which the insurer has
20 provided coverage to the insured, whichever is less. Loss
21 information on the insured shall consist of the following:

22 (i) Information on closed claims, including date and
23 description of occurrence, and amount of payments, if
24 any.

25 (ii) Information on open claims, including date and
26 description of occurrence, amount of payment, if any, and
27 amount of reserves, if any.

28 (iii) Information on notices of occurrence,
29 including date and description of occurrence and amount
30 of reserves, if any.

1 (7) The insured's written request for loss information
2 must be made within ten days of the insured's receipt of the
3 midterm cancellation or nonrenewal notice. The insurer shall
4 have 30 days from the date of receipt of the insured's
5 written request to provide the requested information.

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7 Section 2. This act shall take effect in 60 days.