

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1680 Session of 2021

INTRODUCED BY PICKETT, JUNE 23, 2021

REFERRED TO COMMITTEE ON INSURANCE, JUNE 23, 2021

AN ACT

1 Amending the act of July 22, 1974 (P.L.589, No.205), entitled
 2 "An act relating to unfair insurance practices; prohibiting
 3 unfair methods of competition and unfair or deceptive acts
 4 and practices; and prescribing remedies and penalties,"
 5 providing for policy changes.

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

8 Section 1. The act of July 22, 1974 (P.L.589, No.205), known
 9 as the Unfair Insurance Practices Act, is amended by adding a
 10 section to read:

11 Section 5.1. Policy Changes.--(a) Notwithstanding the
 12 definition of "renewal" or "to renew" in section 3, an insurer
 13 may change the types and limits of coverage at renewal that
 14 reduce those contained in the policy being superseded if the
 15 insurer has met the requirements of this section.

16 (b) An insurer may change the types and limits of coverage
 17 at renewal that reduce those contained in the policy being
 18 superseded if the insurer has filed with the commissioner a
 19 request for the proposed policy changes no fewer than ninety
 20 days prior to the effective date of the proposed changes. The

1 request shall, at a minimum, include the following:

2 (1) The proposed effective date of the proposed changes.

3 (2) The number of insureds within this Commonwealth who will
4 be affected by the proposed changes.

5 (3) The number of claims, evaluated on an annual basis, that
6 the insurer anticipates might be impacted by the proposed
7 changes.

8 (4) The total dollar value of the losses and expenses
9 associated with the claims identified in paragraph (3).

10 (5) The overall average premium increase or decrease caused
11 by the proposed changes.

12 (6) The reasons for requesting the changes.

13 (7) A copy of the "Notice of Policy Changes" that will be
14 issued to the affected policyholders.

15 (c) The commissioner shall approve or deny the proposed
16 changes. In reviewing filings made under this section, the
17 commissioner may consider whether the proposed changes are in
18 the public interest. In determining whether the proposed changes
19 are in the public interest, the commissioner may consider, but
20 shall not be limited to, the following:

21 (1) The impact on the premiums and rates of the policy, with
22 and without the proposed changes.

23 (2) The number of insureds within this Commonwealth who will
24 be affected by the proposed changes.

25 (3) The number of claims, evaluated on an annual basis, that
26 the insurer anticipates might be impacted by the proposed
27 changes.

28 (4) The total dollar value of the losses and expenses
29 associated with the claims identified in paragraph (3).

30 (5) Whether the proposed changes are consistent with policy

1 language found in the insurance market.

2 (6) Whether the proposed changes are sought to reflect
3 changes in the insurer's reinsurance coverage.

4 (7) Whether the proposed changes are in response to a change
5 in the laws of this Commonwealth.

6 (8) Whether the proposed "Notice of Policy Changes" meets
7 the requirements of the notice under subsection (e).

8 (9) Whether and to what extent the benefits to be provided
9 under the new policy are lesser in quantity and quality than the
10 benefits provided in the policy being superseded.

11 (d) Notwithstanding subsection (b), an insurer may not
12 change a provision in a policy that reimburses an insured for a
13 loss based upon replacement cost to a provision that reimburses
14 an insured for actual cost value.

15 (e) No changes made in accordance with this section shall be
16 effective until the insurer provides the insured with notice of
17 the changes at least thirty days prior to the effective date of
18 the changes. The notice shall be on a form prescribed and
19 approved by the Insurance Department and shall, at a minimum,
20 meet the following standards:

21 (1) The notice shall be clearly labeled "Notice of Policy
22 Changes."

23 (2) The notice shall prominently state "Attention: Your
24 Coverage is Changing" immediately below the label.

25 (3) The notice shall include the name of the insurance
26 company that issued the policy.

27 (4) The notice shall include the policy number that is being
28 changed.

29 (5) The notice shall clearly describe, in narrative form,
30 the changes being made to the policy.

1 (6) The notice shall advise the insured of possible
2 eligibility for insurance under the act of July 31, 1968
3 (P.L.738, No.233), known as "The Pennsylvania Fair Plan Act."

4 (7) The notice shall advise of the change in premium, if
5 any, caused by the changes made to the policy.

6 (8) The notice shall provide a telephone number and email
7 address that the insured may use to contact the insurer to
8 obtain further information on the changes in terms and
9 conditions of the policy or reduction in coverage.

10 (f) An insurer who has filed a proposed change request may
11 request an administrative hearing if the commissioner denies the
12 filing. The hearing shall be conducted in accordance with 2
13 Pa.C.S. (relating to administrative law and procedure).

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