

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1680 Session of
2021

INTRODUCED BY PICKETT, JUNE 23, 2021

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, NOVEMBER 15, 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 ON A POLICY OF <--
14 INSURANCE COVERING OWNER-OCCUPIED PRIVATE RESIDENTIAL PROPERTIES
15 OR PERSONAL PROPERTY OF INDIVIDUALS at renewal that reduce those
16 contained in the policy being superseded if the insurer has met
17 the requirements of this section.

18 (b) An insurer may change the types and limits of coverage
19 at renewal that reduce those contained in the policy being

1 superseded if the insurer has filed with the commissioner a
2 request for the proposed policy changes no fewer than ninety
3 days prior to the effective date of the proposed changes. The
4 request shall, at a minimum, include the following:

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

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

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

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

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

15 (6) The reasons for requesting the changes.

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

18 (c) The commissioner shall approve or deny the proposed
19 changes. In reviewing filings made under this section, the

20 commissioner ~~may consider whether~~ SHALL CONSIDER WHETHER THE <--

21 RENEWAL POLICY PROVIDES TYPES AND LIMITS OF COVERAGE THAT ARE

22 SUBSTANTIALLY SIMILAR TO THOSE CONTAINED IN THE POLICY BEING

23 SUPERSEDED AND WHETHER the proposed changes are in the public

24 interest. In ~~determining whether the proposed changes are in~~ <--

25 ~~the public interest~~, MAKING THIS DETERMINATION, the commissioner <--

26 may consider, but shall not be limited to, the following:

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

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

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

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

6 (5) Whether the proposed changes are consistent with policy
7 language found in the insurance market.

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

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

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

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

17 (d) Notwithstanding subsection (b), an insurer may not
18 change a provision in a policy that reimburses an insured for a
19 loss based upon replacement cost to a provision that reimburses
20 an insured for actual cost value.

21 (e) No changes made in accordance with this section shall be
22 effective until the insurer provides the insured with notice of
23 the changes at least thirty days prior to the effective date of
24 the changes. The notice shall be on a form prescribed and
25 approved by the Insurance Department and shall, at a minimum,
26 meet the following standards:

27 (1) The notice shall be IN TWELVE-POINT FONT AND clearly
28 labeled "Notice of Policy Changes."

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

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

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

5 (5) The notice shall clearly describe, in narrative form,
6 the changes being made to the policy-, INCLUDING, BUT NOT <--
7 LIMITED TO, SPECIFYING HOW THE CHANGE DECREASES COVERAGE AND TO
8 WHAT EXTENT.

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

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

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

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

22 (G) ANY FILING APPROVED BY THE INSURANCE DEPARTMENT UNDER <--
23 THIS SECTION SHALL BE POSTED ON THE PUBLICLY ACCESSIBLE INTERNET
24 WEBSITE OF THE INSURANCE DEPARTMENT NO LATER THAN SEVEN DAYS
25 AFTER APPROVAL AND SHALL REMAIN AVAILABLE ON THAT WEBSITE FOR
26 ONE YEAR AFTER THE RENEWAL EFFECTIVE DATE OF THE FILING.

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