
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 561

Session of
1973

INTRODUCED BY HANKINS, ARLENE, CIANFRANI, SMITH, MAZZEI, ROVNER,
McCREESH AND MELLOW, MARCH 26, 1973

REFERRED TO INSURANCE, MARCH 26, 1973

AN ACT

1 Regulating the writing, cancellation of or refusal to renew
2 policies of fire or casualty insurance; and imposing powers
3 and duties on the Insurance Commissioner therefor.

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

6 Section 1. As used in this act:

7 (1) "Policy" or "Policy of Fire and Casualty Insurance"
8 means any contract, including any endorsement, rider, binder
9 (written or oral), cover note, certificate or other instrument
10 of insurance attached or relating thereto, without regard to the
11 nature of the form of the same, delivered or issued for delivery
12 in this Commonwealth, which provides any of the coverages
13 enumerated in:

14 (i) Clause (1) of subsection (b) of section 202, act of May
15 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law
16 of 1921," as amended, except insurance against perils to
17 property arising from the ownership or maintenance or from the
18 use of aircraft, automobiles, or other motor vehicles.

1 (ii) Clauses (4) and (6) of subsection (c) of said section
2 202 of "The Insurance Company Law of 1921," when such coverages
3 are written in conjunction with coverage provided under
4 subsection (i) of this section.

5 (iii) Clause (13) of subsection (c) of said section 202 of
6 "The Insurance Company Law of 1921."

7 (2) "Renewal" or "to renew" means the issuance and delivery
8 by an insurer of a policy superseding at the end of the policy
9 period a policy previously issued and delivered by the same
10 insurer, such renewal policy to provide types and limits of
11 coverage at least equal to those contained in the policy being
12 superseded, or the issuance and delivery of a certificate or
13 notice extending the term of a policy beyond its policy period
14 or term with types and limits of coverage at least equal to
15 those contained in the policy being extended: Provided, however,
16 That any policy with a policy period or term of less than twelve
17 months or any period with no fixed expiration date shall for the
18 purpose of this act be considered as if written for successive
19 policy periods or terms of twelve months.

20 (3) "Insurer" means any insurance company, association or
21 exchange authorized to transact the business of fire or casualty
22 insurance in the Commonwealth of Pennsylvania, including
23 eligible unlicensed insurers under the act of January 24, 1966
24 (P.L.1509, No.531).

25 (4) "Nonpayment of premium" means failure of the named
26 insured to discharge when due any of his obligations in
27 connection with the payment of premiums on a policy, or any
28 installment of such premium, whether the premium is payable
29 directly to the insurer or its agent or indirectly under any
30 premium finance plan or extension of credit.

1 Section 2. No insurer shall cancel or refuse to write or
2 renew a policy of fire and casualty insurance because of any one
3 or more of the following grounds: the age, residence, race,
4 color, creed, national origin, ancestry, marital status or
5 lawful occupation (including the military service) of any person
6 who has or seeks a policy; the location of the property; another
7 insurer has refused to write a policy, or has cancelled or has
8 refused to renew an existing policy in which that person was the
9 named insured.

10 Section 3. No insurer shall cancel a policy except for
11 nonpayment of premium.

12 Section 4. No cancellation or refusal to renew by an insurer
13 of a policy of fire and casualty insurance shall be effective
14 unless a written notice of the cancellation or refusal to renew
15 is received by the insured either at the address shown in the
16 policy or at a forwarding address. Such notice shall:

17 (1) Be approved as to form by the Insurance Commissioner
18 prior to use;

19 (2) State the date, not less than thirty days after the date
20 of delivery or mailing on which such cancellation or refusal to
21 renew shall become effective;

22 (3) State the specific reason or reasons of the insurer for
23 cancellation or refusal to renew;

24 (4) Advise the insured of his right to request, in writing,
25 within ten days of the receipt of the notice of cancellation or
26 intention not to renew that the Insurance Commissioner review
27 the action of the insurer;

28 (5) Advise the insured of his possible eligibility for
29 insurance under the act of July 31, 1968 (P.L.738, No.233),
30 known as "The Pennsylvania Fair Plan Act."

1 (6) Advise the insured in a form commonly understandable of
2 the provisions of sections 2, 3, and 4 of this act as they limit
3 permissible time and reasons for cancellation.

4 (7) Advise the insured of the procedures to be followed in
5 prosecuting an appeal.

6 Section 5. Except as otherwise provided in this section
7 nothing in this act shall apply:

8 (1) If the insurer has manifested its willingness to renew
9 by issuing or offering to issue a renewal policy, certificate or
10 other evidence of renewal, including the mailing of a renewal
11 premium notice to the insured not less than thirty days in
12 advance of the expiration date of the policy;

13 (2) If the named insured has demonstrated by some overt
14 action to the insurer or its agent other than mere nonpayment of
15 premium that he wishes the policy to be cancelled or that he
16 does not wish the policy to be renewed;

17 (3) To any policy of fire and casualty insurance which has
18 been in effect less than sixty days, including any notice of
19 termination period, unless it is a renewal policy, except that
20 no insurer shall decline to continue in force such a policy of
21 fire or casualty insurance solely on the basis of the grounds
22 set forth in section 3 hereof. Any declination of coverage
23 within the sixty-day period provided in this clause shall, for
24 purposes of review by the Insurance Commissioner, be deemed a
25 refusal to write and shall be subject to the provisions of
26 section 6 and of subsection (b) of section 7 of this act. Notice
27 of any such declination shall:

28 (i) Be approved as to form by the Insurance Commissioner
29 prior to use;

30 (ii) Advise the insured of his rights under subsection (b)

1 of section 7 of this act;

2 (iii) Advise the insured of his possible eligibility for
3 insurance under "The Pennsylvania Fair Plan Act."

4 Section 6. There shall be no liability on the part of and no
5 cause of action of any nature shall arise against the Insurance
6 Commissioner, any insurer, the authorized representatives,
7 agents and employes of either or any firm, person or corporation
8 furnishing to the insurer information as to reasons for
9 cancellation or refusal to write or renew for any statement made
10 by any of them in complying with this act or for the providing
11 of information pertaining thereto.

12 Section 7. (a) Any insured may within ten days of the
13 receipt by the insured of notice of cancellation or notice of
14 intention not to renew, request in writing to the Insurance
15 Commissioner that he review the action of the insurer in
16 cancelling or refusing to renew the policy of such insured.

17 (b) Any applicant for a policy who is refused such policy by
18 an insurer may, in writing, within ten days of notice of such
19 refusal request the insurer to supply the reasons for such
20 refusal. The insurer shall supply such reasons within five days
21 of receipt by it of such request. Within ten days of the receipt
22 of such reasons, the applicant may request, in writing, to the
23 Insurance Commissioner that he review the action of the insurer
24 in refusing to write a policy for the applicant.

25 Section 8. On receipt of a request for review, the Insurance
26 Commissioner or his designated representative shall notify the
27 insurer thereof and shall review the matter to determine whether
28 the cancellation or refusal to renew or to write was in
29 violation of this act, and shall within forty days of the
30 receipt of such request either order the policy written or

1 reinstated or uphold the cancellation or refusal to renew. In
2 the case of a cancellation of or refusal to renew a policy, such
3 policy shall remain in effect until the conclusion of such
4 review except for appeals from cancellations for nonpayment of
5 premiums in which case the policy shall terminate as of the date
6 the policy would otherwise end, unless the appeal is upheld or
7 the policy reinstated.

8 Section 9. The Insurance Commissioner shall promulgate rules
9 and regulations necessary for the administration of this act.
10 The commissioner may provide in such rules and regulations for
11 the establishment of a filing fee not exceeding fifteen dollars
12 (\$15), to accompany the request for review. Should the Insurance
13 Commissioner decide the appeal in favor of the insured, the
14 filing fee shall be returned immediately and the fee shall be
15 paid by the insurer. No part of the review by the Insurance
16 Commissioner or his designated representative shall be subject
17 to the provisions of sections 31 through 36 of the act of June
18 4, 1945 (P.L.1388, No.442), known as the "Administrative Agency
19 Law." The decision of the Insurance Commissioner or his
20 designated representative shall be subject to appeal in
21 accordance with sections 41 through 46 of that act: Provided,
22 however, That the court hearing such appeal shall not decline to
23 affirm such decision on the ground that the requirements of
24 sections 31 through 36 of that act have not been complied with.

25 Section 10. Each insurer shall maintain records in such form
26 as the Insurance Commissioner shall require of the numbers of
27 cancellations and refusals to write or renew policies and the
28 reasons therefor and shall supply to the Insurance Commissioner
29 such information as he may request.

30 Section 11. Upon failure by an insurer to comply with any

1 order of the Insurance Commissioner or his designated
2 representatives under section 9 of this act, or upon
3 satisfactory evidence of the violation by any insurer or agent
4 of an insurer, of any of the provisions of this act, or of any
5 rules or regulations promulgated hereunder by the Insurance
6 Commissioner, the Insurance Commissioner may in his discretion
7 pursue any one or more of the following courses of action:

8 (1) Suspend or revoke or refuse to renew the certificate of
9 authority or license to transact the business of insurance of
10 such insurer or agent.

11 (2) For failure of an insurer to comply with any order of
12 the Insurance Commissioner or his designated representatives
13 under section 9 of this act, impose a penalty not to exceed the
14 greater of one thousand dollars (\$1,000) or one hundred dollars
15 (\$100) per day for each day that such insurer fails to comply
16 with any such order.

17 (3) Impose a penalty of not more than one thousand dollars
18 (\$1,000) for each and every act in violation of any of said
19 provisions, rules or regulations by said insurer or agent.

20 Any proceeding by the Insurance Commissioner under this
21 section shall be subject to the provisions of "Administrative
22 Agency Law."

23 Section 12. All acts and parts of acts are repealed in so
24 far as they are inconsistent herewith.

25 Section 13. This act shall take effect immediately.