

No. 1988-97

AN ACT

SB 831

Amending the act of June 5, 1968 (P.L.140, No.78), entitled "An act regulating the writing, cancellation of or refusal to renew policies of automobile insurance; and imposing powers and duties on the Insurance Commissioner therefor;" further prohibiting policy cancellation, refusal to write or renew insurance and imposition of a surcharge; providing for a statement of the components of insurance premiums; and further providing for notice of cancellation or refusal to renew policies.

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

Section 1. Section 3(e) of the act of June 5, 1968 (P.L.140, No.78), entitled "An act regulating the writing, cancellation of or refusal to renew policies of automobile insurance; and imposing powers and duties on the Insurance Commissioner therefor," amended October 5, 1978 (P.L.1060, No.248), is amended to read:

Section 3. * * *

(e) No insurer shall cancel or refuse to renew a policy of automobile insurance for two or fewer moving violations in any jurisdiction or jurisdictions during a twenty-four month period when the operator's record indicates that the named insured presently bears five points or fewer. However, this provision shall not apply under the following conditions:

(1) All five points were incurred from one violation.

(2) The driver's license or motor vehicle registration of the named insured has been suspended or revoked *except as provided in paragraph (3)*.

(3) The driver's license has been suspended under 75 Pa.C.S. § 1533 (relating to suspension of operating privilege for failure to respond to citation), unless the insured is able to produce proof that he or she has responded to all citations and paid all fines and penalties imposed under that section and that he or she has done so on or before the termination date of the policy.

* * *

Section 2. Section 4.1 of the act, added October 5, 1978 (P.L.1060, No.248), is amended to read:

Section 4.1. (a) No insurer shall increase an individual insured's premium or assess a premium surcharge on the basis of any moving traffic violation records, or any revocation or suspension records, or any accident records, if [the] *any of the following occurs*:

(1) The insured establishes that the records are erroneous or inaccurate.

(2) The citation is imposed under 75 Pa.C.S. § 1533 (relating to suspension of operating privilege for failure to respond to citation) and the insured is able to produce proof that he or she has responded to the citation; and paid the fines and penalties imposed under that section. An increase or surcharge

imposed prior to the date when an insured provides this proof shall terminate as of the date the insured responded to the citation which is the subject of the increase or surcharge.

(b) At the time an increase or surcharge is applied, the insurer shall notify the insured that the increase or surcharge will be terminated if the insured is able to provide the insurer with proof that the insured has responded to all citations imposed under 75 Pa.C.S. § 1533 and paid any fines and penalties imposed under that section.

(c) All insurers shall provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of a surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance or as a result of any other factors.

Section 3. Section 5 of the act, amended October 5, 1978 (P.L.1060, No.248), is amended to read:

Section 5. No cancellation or refusal to renew by an insurer of a policy of automobile insurance shall be effective unless the insurer shall deliver or mail, to the named insured at the address shown in the policy a written notice of the cancellation or refusal to renew. Such notice shall:

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

(2) State the date, not less than **[thirty] sixty** days after the date of such mailing or delivering on which such cancellation or refusal to renew shall become effective, except that such effective date may be fifteen days from the date of mailing or delivery when it is being cancelled or not renewed for the reasons set forth in clauses (1) and (2) of section 4;

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

(4) Advise the insured of his right to request in writing, within **[twenty] thirty** days of the receipt of the notice of cancellation or intention not to renew, and of the receipt of the reason or reasons for the cancellation or refusal to renew as stated in the notice of cancellation or of intention not to renew, that the Insurance Commissioner review the action of the insurer;

(5) Either in the notice or in an accompanying statement advise the insured of his possible eligibility for insurance through the automobile assigned risk plan;

(6) Advise the insured that he must obtain compulsory automobile insurance coverage if he operates or registers a motor vehicle in the Commonwealth, *that the insurer is notifying the Department of Transportation that the insurance is being cancelled or not renewed*, and that the insured must notify the Department of Transportation that he has replaced said coverage.

(7) Clearly state that, when coverage is to be terminated due to non-response to a citation imposed under 75 Pa.C.S. § 1533 (relating to suspension of operating privilege for failure to respond to citation) or nonpayment of a fine or penalty imposed under that section, coverage shall not terminate if the insured provides the insurer with proof that the insured has responded to all citations and paid all fines and penalties and that he or she has done so on or before the termination date of the policy.

Section 4. This act shall take effect in 60 days.

APPROVED—The 14th day of July, A. D. 1988.

ROBERT P. CASEY