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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2379 Session of  
2024

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INTRODUCED BY FRIEL, HILL-EVANS, SANCHEZ, PIELLI, GIRAL,  
DONAHUE, KHAN AND OTTEN, JUNE 4, 2024

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REFERRED TO COMMITTEE ON INSURANCE, JUNE 4, 2024

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AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An  
2 act relating to insurance; amending, revising, and  
3 consolidating the law providing for the incorporation of  
4 insurance companies, and the regulation, supervision, and  
5 protection of home and foreign insurance companies, Lloyds  
6 associations, reciprocal and inter-insurance exchanges, and  
7 fire insurance rating bureaus, and the regulation and  
8 supervision of insurance carried by such companies,  
9 associations, and exchanges, including insurance carried by  
10 the State Workmen's Insurance Fund; providing penalties; and  
11 repealing existing laws," providing for homeowner's insurance  
12 issuance, renewal, cancellation and refusal; and imposing a  
13 penalty.

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

16 Section 1. The act of May 17, 1921 (P.L.682, No.284), known  
17 as The Insurance Company Law of 1921, is amended by adding an  
18 article to read:

19 ARTICLE XIX

20 HOMEOWNER'S INSURANCE ISSUANCE,

21 RENEWAL, CANCELLATION AND REFUSAL

22 Section 1901. Definitions.

23 The following words and phrases when used in this article

1 shall have the meanings given to them in this section unless the  
2 context clearly indicates otherwise:

3 "Affiliated insurer." An insurer that is an "affiliate" as  
4 defined in section 1401.

5 "Commissioner." The Insurance Commissioner of the  
6 Commonwealth.

7 "Homeowner's insurance policy" or "policy." A policy  
8 delivered or issued for delivery in this Commonwealth insuring a  
9 property, dwelling and contents of a property or dwelling.

10 "Insurer." An insurance company, association or exchange  
11 authorized to transact the business of homeowner's insurance in  
12 this Commonwealth.

13 "Nonpayment of premium." Failure of the named insured to  
14 discharge when any obligation is due in connection with the  
15 payment of premiums on a policy or any installment of the  
16 premium, whether the premium is payable directly to the insurer  
17 or an agent or indirectly under any premium finance plan,  
18 extension or credit.

19 "Renewal" or "to renew." To issue and deliver at the end of  
20 an insurance policy period a policy which supersedes a policy  
21 previously issued and delivered by the same insurer or  
22 affiliated insurer and which provides types and limits of  
23 coverage at least equal to those contained in the policy being  
24 superseded. The term includes the issuance and delivery of a  
25 certificate or notice extending the term of a policy beyond the  
26 policy period or term with types and limits of coverage at least  
27 equal to those contained in the policy being extended. For the  
28 purpose of this article, any policy with a policy period or term  
29 of less than 12 months or any period with no fixed expiration  
30 date shall be considered as if written for successive policy

1 periods or terms of 12 months.

2 Section 1902. Applicability.

3 (a) General rule.--This article shall only apply to that  
4 portion of a homeowner's insurance policy providing for peril  
5 coverage, dwelling coverage, coverage of other structures,  
6 personal property coverage, loss of use coverage, personal  
7 liability coverage and medical payments to others coverage.

8 (b) Exception.--Nothing in this article shall apply:

9 (1) If the insurer has manifested a willingness to renew  
10 by issuing or offering to issue a renewal policy, certificate  
11 or other evidence of renewal or has manifested an intention  
12 by any other means.

13 (2) If the named insured has demonstrated by an overt  
14 action to the insurer or agent that the named insured wishes  
15 the policy to be canceled or not renewed.

16 (3) To any policy of homeowner's insurance which has  
17 been in effect less than 60 days, unless the policy is a  
18 renewal policy, except that no insurer shall decline to  
19 continue in force such a policy of homeowner's insurance on  
20 the basis of the grounds set forth in section 1903(a) and  
21 except that if an insurer cancels a policy of homeowner's  
22 insurance in the first 60 days, the insurer shall supply the  
23 insured with a written statement of the reason for  
24 cancellation.

25 Section 1903. Discrimination prohibited.

26 (a) Prohibition.--An insurer may not cancel or refuse to  
27 write or renew a homeowner's insurance policy for any of the  
28 following reasons:

29 (1) Age.

30 (2) Residence in a specific geographic area.

- 1           (3) Race.
- 2           (4) Color.
- 3           (5) Creed.
- 4           (6) National origin.
- 5           (7) Ancestry.
- 6           (8) Marital status.
- 7           (9) Sex.
- 8           (10) Lawful occupation, including military service.
- 9           (11) The refusal of another insurer to write a policy or  
10 the cancellation or refusal to renew an existing policy by  
11 another insurer.
- 12           (12) Disability.
- 13       (b) Issuance or cancellation.--An insurer may not cancel or  
14 refuse to renew a homeowner's insurance policy on the basis of  
15 two or fewer claims within the 36-month period prior to the  
16 upcoming anniversary date of the policy.
- 17       (c) Limitation.--For a period 12 months after notice of  
18 termination is given to an agent:
- 19           (1) Except as provided in paragraph (2), an insurer may  
20 not cancel or refuse to renew existing policies written  
21 through the terminated agent because of termination.
- 22           (2) An insurer may cancel or refuse to renew only  
23 policies as could have been canceled or nonrenewed had the  
24 agency relationship continued.
- 25           (3) An insurer shall be obligated to pay commissions for  
26 policies that are continued or renewed through the terminated  
27 agent except where:
- 28               (i) the insurer retained ownership of the  
29 expirations of the policies; or
- 30               (ii) the agent has misappropriated funds or property

1 of the insurer, has failed to remit to the insurer funds  
2 due promptly upon demand, has been terminated for  
3 insolvency, abandonment, gross or willful misconduct or  
4 has had a license suspended or revoked.

5 (d) Coverage.--Subsequent to the 12-month period after  
6 notice of termination is given to an agent, an insurer may not  
7 cancel or refuse to renew existing policies written through the  
8 terminated agent without offering each insured coverage on a  
9 direct basis or offering to refer the insured to one or more new  
10 agents in the event the terminated agent could not find a  
11 suitable insurer acceptable to the policyholder for business.  
12 The offer under this subsection need not be made if the insurer  
13 could have canceled or not renewed the policy had the agency  
14 relationship continued. If the insurer retains ownership of the  
15 expirations of policies, the insurer need not offer a new agent.  
16 Section 1904. Initiating a policy.

17 An agent issuing a homeowner's insurance policy shall notify  
18 the insured, in writing and verbally, of the following  
19 information:

20 (1) A homeowner's insurance policy undergoes  
21 underwriting for a period of 60 days, during which the  
22 insured is covered by the policy and the policy may be  
23 declined for any reason.

24 (2) The insured may retain other homeowner's insurance  
25 during the underwriting period, subject to the terms of the  
26 insurer.

27 Section 1905. Valid reasons to cancel policy.

28 An insurer may not cancel a policy except for one or more of  
29 the following specified reasons:

30 (1) Nonpayment of premium.

1           (2) A determination that the insured has concealed a  
2 material fact, has made a material allegation contrary to  
3 fact or has made a misrepresentation of a material fact and  
4 that concealment, allegation or misrepresentation was  
5 material to the acceptance of the risk by the insurer.

6 Section 1906. Policy premium increases.

7           Insurers shall provide to the insured a detailed statement of  
8 the components of a premium and shall specifically show the  
9 amount of a surcharge or other additional amount that is charged  
10 as a result of a claim having been made under a homeowner's  
11 insurance policy or as a result of any other factors.

12 Section 1907. Proper notification of intention to cancel.

13           A cancellation or refusal to renew by an insurer shall not be  
14 effective unless the insurer delivers or mails to the named  
15 insured at the address shown in the policy a written notice of  
16 the cancellation or refusal to renew. The notice shall:

17           (1) Be in a form acceptable to the commissioner.

18           (2) State the date, not less than 60 days after the date  
19 of the mailing or delivery, on which cancellation or refusal  
20 to renew shall become effective. If the policy is not renewed  
21 or canceled for reasons specified in section 1905(1), the  
22 effective date may be 15 days from the date of mailing or  
23 delivery.

24           (3) State the specific reasons of the insurer for  
25 cancellation or refusal to renew.

26           (4) Advise the insured of his right to request, in  
27 writing, within 30 days of the receipt of the notice of  
28 cancellation or intention not to renew and of the receipt of  
29 the reason or reasons for the cancellation or refusal to  
30 renew as stated in the notice of cancellation or of intention

1 not to renew, that the commissioner review the action of the  
2 insurer.

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

6 Section 1908. Exemption from liability.

7 There shall be no liability on the part of and no cause of  
8 action of any nature shall arise against the commissioner, any  
9 insurer, the authorized representatives, agents and employees of  
10 any firm, person or corporation furnishing to the insurer  
11 information as to reasons for cancellation or refusal to write  
12 or renew under this article. The insurer must furnish the  
13 insured the notification required by 15 U.S.C. Ch. 41 Subch. III  
14 (relating to credit reporting agencies) when a cancellation or  
15 refusal to write or renew occurs.

16 Section 1909. Request for review.

17 (a) Review.--Any insured may, within 30 days of the receipt  
18 by the insured of notice of cancellation or notice of intention  
19 not to renew under this article, request in writing that the  
20 commissioner review the action of the insurer in canceling or  
21 refusing to renew the policy of the insured.

22 (b) Notice.--Any applicant for a policy who is refused a  
23 policy by an insurer shall be given a written notice of refusal  
24 to write by the insurer. The notice shall state the specific  
25 reason or reasons of the insurer for refusal to write a policy  
26 for the applicant. Within 30 days of the receipt of the notice  
27 reasons, the applicant may request in writing that the  
28 commissioner review the action of the insurer in refusing to  
29 write a policy for the applicant.

30 Section 1910. Review procedure.

1 (a) General rule.--On receipt of a request for review, the  
2 commissioner shall notify the insurer that a review has been  
3 requested. The commissioner shall review the matter to determine  
4 whether the cancellation or refusal to renew or to write was in  
5 violation of this article and shall, within 40 days of the  
6 receipt of a request, either order the policy written or  
7 reinstated or uphold the cancellation or refusal to renew.

8 (b) Policy.--After a review under subsection (a), if the  
9 commissioner finds the insurer not to be in violation of this  
10 article, the policy shall remain in effect until the date  
11 referred to under section 1907(2) or 30 days following the  
12 conclusion of the review provided for in subsection (a),  
13 whichever is later. Notwithstanding any other provision of law,  
14 for review of cancellations under section 1905(1), the policy  
15 shall terminate as of the date provided in the notice under  
16 section 1907(2) unless the policy is reinstated. Nothing in this  
17 subsection shall be construed to prevent the insurer, at the  
18 insurer's discretion, from continuing coverage after the initial  
19 review period until the commissioner has issued a final order.

20 (c) Order.--After review under subsection (a), if the  
21 commissioner finds the insurer to be in violation of this  
22 article and the insurer requests a hearing in accordance with  
23 subsection (d), the policy shall remain in effect until the  
24 commissioner has issued a final order.

25 (d) Hearing request.--If either party disputes the  
26 commissioner's findings, both parties shall have the right to a  
27 formal hearing. In the event a hearing is requested, the  
28 commissioner shall issue notice of the hearing which shall state  
29 the time and place for the hearing to be not less than 30 days  
30 from the date of notice under this subsection.



1 (e) Appearance.--Upon good cause shown, the commissioner  
2 shall permit any person to intervene, appear and be heard at the  
3 hearing in person or by counsel.

4 (f) Process.--The commissioner may administer oaths, examine  
5 and cross-examine witnesses, receive oral and documentary  
6 evidence and subpoena witnesses, compel attendance and require  
7 the production of books, papers, records or other documents  
8 which the commissioner deems relevant to the hearing. A record  
9 shall be kept of all evidence and all proceedings at the  
10 hearings.

11 (g) Process.--The insurer shall bear the burden at the  
12 hearing to prove that the cancellation or refusal to renew  
13 complies with this article. If the insured requested the hearing  
14 and fails to appear at the time and place for the hearing, the  
15 commissioner may consider a motion to dismiss and may not be  
16 compelled to take evidence at the scheduled hearing. In addition  
17 to any remedy under subsection (h), the commissioner shall have  
18 the authority to order an insurer to cease and desist from acts  
19 constituting a violation of this article.

20 (h) Order.--Following a hearing under this section, the  
21 commissioner shall issue a written order resolving the factual  
22 issues presented at the hearing and stating what remedial  
23 action, if any, is required. If the commissioner finds the  
24 cancellation or refusal to renew violates this article, the  
25 remedial action ordered by the commissioner shall include at  
26 least one of the following:

27 (1) The insurer reimburse the insured for any increase  
28 in the cost of insurance and any short-term cancellation fees  
29 which are incurred.

30 (2) The insurer reinstate the original policy

1 prospectively.

2 (3) If an insurer has elected to continue coverage under  
3 this section, the coverage shall remain in full force and  
4 effect under the terms of the policy. Reimbursement shall be  
5 in the amount incurred by the insured to secure replacement  
6 coverage during the pendency of the hearing process, which  
7 cost exceeds the cost which would have been incurred had the  
8 policy under review remained in effect. The reimbursement  
9 shall be based on the difference of the cost of the policies  
10 to the extent that the coverage and limits of the replacement  
11 coverage does not exceed the original coverage. The insured  
12 shall bear the burden to request reimbursement and prove any  
13 increase in the cost of insurance. If a prospective  
14 reinstatement of the original policy is ordered, the  
15 reinstatement shall take effect on the next policy  
16 anniversary date unless the insured requests that the  
17 reinstatement take effect at an earlier date.

18 (i) Notice.--The commissioner shall send a copy of the order  
19 to the parties participating in the hearing.

20 (j) Designee.--All actions which may be performed by the  
21 commissioner under this section may be performed by the  
22 designated representative of the commissioner.

23 Section 1911. Regulations.

24 The commissioner shall promulgate rules and regulations  
25 necessary for the administration of this article. The  
26 commissioner may provide for the establishment of a filing fee  
27 not to exceed \$30 to accompany the request for review, as  
28 specified under section 1909, to be refunded to the insured  
29 under a favorable decision under section 1909 by the insurer. No  
30 part of the review by the commissioner shall be subject to the

1 provisions of 2 Pa.C.S. Ch. 5 Subch. A (relating to practice and  
2 procedure of Commonwealth agencies).

3 Section 1912. Appeal.

4 (a) Appeal.--The decision of the commissioner shall be  
5 subject to appeal in accordance with 2 Pa.C.S. Ch. 7 Subch. A  
6 (relating to judicial review of Commonwealth agency action).  
7 Notwithstanding any other provision of law, a court hearing an  
8 appeal may not decline to affirm a decision on the ground that  
9 the requirements of 2 Pa.C.S. Ch. 5 Subch. A (relating to  
10 practice and procedure of Commonwealth agencies) were not  
11 fulfilled.

12 (b) Cease and desist.--Upon a determination that this  
13 article has been violated, the commissioner may issue an order  
14 requiring the insurer to cease and desist from engaging in the  
15 violation. The commissioner may cause an action for injunction  
16 to be filed in court, regardless of whether an insurer is  
17 licensed by the commissioner, if an insurer fails to comply with  
18 an order of the commissioner to cease and desist.

19 Section 1913. Information and report.

20 (a) Retain records.--Each insurer shall maintain records of  
21 the numbers of and reasons for cancellations and refusals to  
22 write or renew policies and shall supply the information under  
23 this subsection to the commissioner if requested.

24 (b) Annual report.--By January 31 of each year, an insurer  
25 shall report the following information from the previous year to  
26 the commissioner:

27 (1) The number of homeowner's insurance policies that  
28 were issued during the year.

29 (2) The number of homeowner's insurance policies that  
30 were canceled during the previous year within the first 60

1 days and the reason for cancellation.

2 (3) The number of homeowner's insurance policies that  
3 were canceled during the previous year, not during the  
4 underwriting period, and the reason for cancellation.

5 (c) Submission.--The Insurance Department shall submit an  
6 annual report with the information under subsection (b) to the  
7 chairperson and minority chairperson of the Banking and  
8 Insurance Committee of the Senate and the chairperson and  
9 minority chairperson of the Insurance Committee of the House of  
10 Representatives.

11 Section 1914. Penalty.

12 Any individual or insurer who violates any of the provisions  
13 of this article may be sentenced to pay a fine not to exceed  
14 \$5,000.

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