

THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 526 Session of  
2009

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INTRODUCED BY DeLUCA, BELFANTI, BRENNAN, COHEN, DALEY,  
DONATUCCI, FAIRCHILD, GOODMAN, W. KELLER, KORTZ, KOTIK,  
MANDERINO, MANN, MELIO, MILLARD, MILLER, MOUL, READSHAW,  
SIPTROTH, THOMAS, VULAKOVICH, WALKO AND YOUNGBLOOD,  
FEBRUARY 19, 2009

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REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 19, 2009

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AN ACT

1 Amending the act of September 2, 1961 (P.L.1232, No.540),  
2 entitled "An act providing for the regulation of credit life  
3 insurance and credit accident and health insurance;  
4 conferring powers and imposing duties on the Insurance  
5 Commissioner and prescribing penalties," further providing  
6 for premiums and refunds.

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

9 Section 1. Section 8(b) of the act of September 2, 1961  
10 (P.L.1232, No.540), known as the Model Act for the Regulation of  
11 Credit Life Insurance and Credit Accident and Health Insurance,

12 is amended to read:

13 Section 8. Premiums and Refunds.--\* \* \*

14 (b) The following shall apply:

15 (1) Each individual policy or group certificate shall  
16 provide a notice that in the event of termination of the  
17 insurance, including by renewing or refinancing the covered  
18 indebtedness, prior to the [scheduled maturity date of the  
1 indebtedness any refund of an amount paid by the debtor for  
2 insurance] original expiration date of that insurance coverage:

3 (i) that the debtor may be entitled to a refund of unearned  
4 premium;

5 (ii) that the person who is the holder of the underlying  
6 debt instrument on the date the debt terminates shall provide  
7 notice to the insurer of the termination of the debt no later  
8 than sixty days after the termination, which notice shall  
9 include the name of the debtor and the payoff date of the  
10 underlying debt and any relevant contact information for the  
11 debtor known to the holder; and

12 (iii) that any refund of an amount paid by the debtor for  
13 insurance shall be paid or credited promptly to the person  
14 entitled thereto after receipt of the notice required under  
15 paragraph (1)(ii): Provided, however, That [the commissioner  
16 shall prescribe a minimum refund and] no refund [which would be]  
17 less than [such minimum] five dollars (\$5) need be made. The

18 formula to be used in computing such refund shall be filed with  
19 and approved by the commissioner.

20 (2) In any claim or action asserted by an insured against an  
21 insurer for failure to refund any unearned premium in accordance  
22 with this section, the insurer shall be entitled to indemnity  
23 from a holder of a debt instrument who failed to provide the  
24 notice required under paragraph (1)(ii).

25 \* \* \*

26 Section 2. The amendment of section 8(b) of the act shall  
27 apply to individual policies or group certificates of credit  
28 insurance delivered, issued for delivery or renewed no more than  
29 120 days after the effective date of this act.

30 Section 3. This act shall take effect January 1, 2010.