

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1595 Session of 2023

INTRODUCED BY BOYLE, PICKETT, HILL-EVANS, VENKAT, SANCHEZ AND NEILSON, JULY 25, 2023

REFERRED TO COMMITTEE ON INSURANCE, JULY 25, 2023

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," in surplus lines, providing for  
 12 surplus lines fees and further providing for monthly reports.

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

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

18 Section 1616.1. Surplus Lines Fees.--(a) Notwithstanding  
 19 section 674-A of the act of May 17, 1921 (P.L.789, No.285),  
 20 known as "The Insurance Department Act of 1921," a surplus lines  
 21 licensee may charge a service fee for the placement of a surplus  
 22 lines insurance policy in addition to a commission received from  
 23 a surplus lines insurer in accordance with the following

1 requirements:

2 (1) For personal lines insurance policies, the service fee  
3 shall not exceed two hundred (\$200) dollars or five per centum  
4 (5%) of the policy premium, whichever is greater. The following  
5 apply:

6 (i) The commissioner may increase these amounts by  
7 transmitting notice of the increase to the Legislative Reference  
8 Bureau for publication in the next available issue of the  
9 Pennsylvania Bulletin. The increase shall become effective upon  
10 publication of the notice in the Pennsylvania Bulletin.

11 (ii) The service fee may be charged for each policy.

12 (2) The service fee shall be reasonable in relation to the  
13 cost of underwriting, issuing and processing the policy.

14 (3) In advance of placement of the policy, the surplus lines  
15 licensee shall make clear and conspicuous disclosure in writing  
16 of the following:

17 (i) The total amount of the service fee, if any.

18 (ii) The total amount of the inspection fee, if any.

19 (iii) The amount of premium tax due on the policy.

20 (b) A surplus lines licensee may recoup from the prospective  
21 insured the actual cost of any inspection required for the  
22 placement of surplus lines insurance with a surplus lines  
23 insurer if:

24 (1) The inspection is required.

25 (2) The cost of the inspection is:

26 (i) actually incurred by the surplus lines licensee;

27 (ii) not retained by the surplus lines licensee; and

28 (iii) documented and verifiable.

29 Section 2. Section 1620 of the act is amended to read:

30 Section 1620. Monthly Reports.--Within thirty (30) days

1 following the end of each month, each surplus lines licensee  
2 shall file with the department, on forms prescribed by the  
3 department, a verified report of all surplus lines insurance  
4 transacted during the preceding month. Each report shall include  
5 the amount of service fees charged for each surplus lines  
6 insurance policy issued.

7 Section 3. This act shall take effect in 60 days.