

# STATEMENTS OF POLICY

## Title 31—INSURANCE

### INSURANCE DEPARTMENT

[31 PA. CODE CH. 68]

#### Insurance Availability and Consumer Protection

The Insurance Department (Department) hereby deletes §§ 68.301—68.304 to read as set forth in Annex A. The Department deletes this statement of policy under sections 206, 506, 1501 and 1502 of The Administrative Code of 1929 (71 P. S. §§ 66, 186, 411 and 412), The Insurance Department Act of 1921 (40 P. S. §§ 1—321), The Insurance Company Law of 1921 (40 P. S. §§ 341—991) and the Motor Vehicle Financial Responsibility Law, 75 Pa.C.S. §§ 1701—1799.7 (MVFRL). This statement of policy provided notice to Department staff, insurers, agents and consumers of the Department's position on implementing the amendments to the MVFRL made by the act of February 7, 1990 (P. L. 11, No. 6) (Act 6).

#### *Purpose*

The purpose of this action is to delete §§ 68.301—68.304, to eliminate an outdated statement of policy which does not serve any compelling public purpose. The statement of policy was adopted in 1990 to guide the Department's staff in administering implementation of Act 6, to facilitate insurer and agent compliance with the provisions of the new law and make consumers aware of the ways in which the statute addresses their need to access and maintain mandatory financial responsibility.

A new statutory definition of a "clean risk" was established by 75 Pa.C.S. § 1702 (relating to definitions), and if met by an applicant or insured, guarantees that the person will be written by an insurer at a voluntary market rate. To ensure all clean risk drivers access to a voluntary market rate, 75 Pa.C.S. §§ 1702 and 1742 were amended to provide a new rate structure within the Assigned Risk Plan. The Assigned Risk Plan provides a clean risk rate to ensure that insureds and applicants who satisfy the law's "clean risk" standard are assigned to an insurer at a voluntary market rate. These provisions took effect for insurance applicants and policyholders on July 1, 1990. The provisions relating to the Pennsylvania Assigned Risk Plan and the Clean Risk Program took effect August 6, 1990, for new business and September 5, 1990, for renewal business.

Following careful review, the Department decided to delete this statement of policy for the following reasons. First, the statutory framework for ensuring that consumers have greater access to the voluntary market and receive protections from inappropriate insurer refusals to write, policy terminations and unreasonable surcharges, remains under the authority of the statute. Therefore, the deletion of this statement of policy in no manner affects the insurance availability and consumer protections afforded by the statute. Second, the Assigned Risk Plan has adopted mechanisms and procedures to ensure that applicants meeting the clean risk definition are issued coverage at the clean risk rate. Therefore, guidance from the Department with regard to the application of the clean risk definition is no longer necessary. Finally, the Department's ongoing market conduct examinations and random

field surveys of producers and insurers have not revealed that the notice and guidance offered by this statement of policy is necessary.

Since this statement of policy does not affect the insurance availability and consumer protections afforded by the statute, in no manner enhances the statute, and has served its purpose, it is outdated and obsolete. Therefore, it is no longer necessary to include this statement of policy within the body of the Department's regulations.

#### *Affected Parties*

The deletion of this statement of policy affects insurers, producers and consumers.

#### *Fiscal Impact*

There is no fiscal impact as a result of the deletion of this statement of policy.

#### *Paperwork*

The deletion of this statement of policy will not impose additional paperwork requirements on the Department or its licensees.

#### *Effectiveness/Sunset Date*

The deletion of this statement of policy will become effective upon publication in the *Pennsylvania Bulletin*. Because the Department is deleting an outdated statement of policy, no sunset date has been assigned.

#### *Contact Person*

Information regarding this matter may be directed to Carolyn Montgomery, Director of the Bureau of Consumer Services, 1321 Strawberry Square, Harrisburg, PA 17120, (717) 783-2153.

M. DIANE KOKEN,  
*Acting Insurance Commissioner*

(*Editors Note:* The regulations of the Department, 31 Pa. Code Chapter 68, are amended by deleting a statement of policy at §§ 68.301—68.304.)

**Fiscal Note:** 11-166. No fiscal impact; (8) recommends adoption.

#### **Annex A**

#### **TITLE 31. INSURANCE**

#### **PART II. AUTOMOBILE INSURANCE**

#### **CHAPTER 68. MOTOR VEHICLE FINANCIAL RESPONSIBILITY LAW AMENDMENTS—STATEMENTS OF POLICY**

#### **Subchapter D. INSURANCE AVAILABILITY AND CONSUMER PROTECTIONS**

#### **§§ 68.301—68.304. (Reserved).**

[Pa.B. Doc. No. 97-1699. Filed for public inspection October 24, 1997, 9:00 a.m.]