

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 2065 Session of  
1976

INTRODUCED BY A. K. HUTCHINSON, GILLETTE, TOLL, ABRAHAM, PYLES  
AND YOHN, JANUARY 27, 1976

REFERRED TO COMMITTEE ON CONSUMER PROTECTION, JANUARY 27, 1976

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," requiring notification of group  
12 life insurance and group accident and health insurance  
13 certificate holders in the event of cancellation of master  
14 policies.

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

17 Section 1. Subsection (b) of section 621.2, act of May 17,  
18 1921 (P.L.682, No.284), known as "The Insurance Company Law of  
19 1921," is amended by adding clauses to read:

20 Section 621.2. Group Accident and Sickness Insurance.--\* \* \*

21 (b) Each group accident and sickness policy shall contain in  
22 substance the following provisions:

23 \* \* \*

24 (4) A provision that the insurer will not cancel a policy of

group insurance defined in subsection (a)(1), (2) and (3)  
whether for nonpayment of premiums or because the policyholder  
has requested such cancellation or for any other reason unless  
such cancellation becomes effective at least thirty days after  
written notice of such cancellation is given to the certificate  
holders in a form to be prescribed by regulations promulgated by  
the Insurance Commissioner or until thirty days after a notice  
of termination is published in a newspaper of general  
circulation in each locality of the employer's place or places  
of business in this Commonwealth, which notice shall be  
published in accordance with regulations promulgated by the  
Insurance Commissioner.

(5) A provision that if the insurance or any portion of it  
on a person insured under the policy ceases because the insured  
person is no longer a member of the group or groups eligible for  
coverage under the policy such person shall be entitled to have  
issued to him or her by the insurer, without evidence of  
insurability, an individual policy of accident and sickness  
insurance, if application for the individual policy is made, and  
the first premium paid to the insurer; and:

(i) The individual policy shall provide benefits identical  
with benefits under the certificate of group insurance that  
covered such insured person, his or her spouse and any  
dependents.

(ii) The premium on the individual policy shall be at the  
insurer's then customary rate applicable to the form and amount  
of the individual policy, to the class of risk to which such  
person then belongs and to his age attained on the effective  
date of the individual policy.

(iii) The Insurance Commissioner shall specify by rule or

1 regulation the minimum benefit standard which shall be afforded  
2 to a certificate holder applying for an individual converted  
3 policy.

4 The individual converted policy may exclude any physical or  
5 mental condition previously excluded under the group policy;  
6 however, the individual converted policy shall not exclude any  
7 preexisting physical or mental condition which developed  
8 subsequent to initial issuance of the group policy. Any hospital  
9 or surgical benefits payable under the group policy shall not be  
10 duplicated under payment provision of an individual converted  
11 conversion.

12 (iv) The effective date of the individual converted policy  
13 shall be the date of termination of the group policy.

14 (6) If any person insured under a group accident and  
15 sickness policy hereafter delivered in this State becomes  
16 entitled under the terms of such policy to have an individual  
17 policy of accident and sickness insurance issued to him without  
18 evidence of insurability, subject to making of application and  
19 payment of the first premium within the period specified in such  
20 policy, and if such person insured is not given notice of the  
21 existence of such right at least thirty days prior to the  
22 expiration date of such period, then, in such event the person  
23 insured shall have an additional period within which to exercise  
24 such right, but nothing herein contained shall be construed to  
25 continue any insurance beyond the period provided in such  
26 policy. This additional period to apply for a conversion policy  
27 shall expire thirty days next after the person insured is given  
28 such notice but in no event shall such additional period extend  
29 beyond ninety days next after the expiration date of the period  
30 provided in such policy. Written notice must be given by the

1 insurer to each person eligible for a converted policy under  
2 this section at a time within thirty days before and thirty days  
3 after each insured person is eligible to be issued such  
4 converted policy because of the termination of his or her  
5 membership in the insured group. Such written notice shall be in  
6 a form prescribed by the Insurance Commissioner in accordance  
7 with regulations promulgated by him.

8 \* \* \*

9 Section 2. This act shall take effect immediately.