

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2355 Session of
1976

INTRODUCED BY WILSON AND SCHMITT, MAY 11, 1976

REFERRED TO COMMITTEE ON CONSUMER PROTECTION, MAY 11, 1976

AN ACT

1 Amending the act of July 22, 1974 (P.L.589, No.205), entitled
2 "An act relating to unfair insurance practices; prohibiting
3 unfair methods of competition and unfair or deceptive acts
4 and practices; and prescribing remedies and penalties,"
5 requiring the disclosure by life insurance companies of the
6 advantages and disadvantages of paying premiums for a year or
7 more in advance.

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

10 Section 1. Subsection (a) of section 5, act of July 22, 1974
11 (P.L.589, No.205), known as the "Unfair Insurance Practices
12 Act," is amended by adding a clause to read:

13 Section 5. Unfair Methods of Competition and Unfair or
14 Deceptive Acts or Practices Defined.--(a) "Unfair methods of
15 competition" and "unfair or deceptive acts or practices" in the
16 business of insurance means:

17 * * *

18 (13) Failing to disclose to a prospective insured the
19 economic advantages and disadvantages of paying a life insurance
20 premium for one or more years in advance and, if the life
21 insurer fails to make such disclosure, refusing to refund, upon

1 the request of the insured and upon surrender of the life
2 insurance policy, the unearned pro-rata premium paid in advance
3 for one year or more.

4 * * *

5 Section 2. Section 9 of the act is amended to read:

6 Section 9. Administrative Penalty.--(a) Upon a determination
7 by hearing that this act has been violated, the commissioner may
8 issue an order requiring the person to cease and desist from
9 engaging in such violation or, if such violation is a method of
10 competition, act or practice defined in section 5 of this act,
11 the commissioner may suspend or revoke the person's license.

12 (b) Upon a determination by hearing that clause (13) of
13 section 5 has been violated the commissioner shall require the
14 insurer to pay to the insured the proper unearned premium,
15 together with costs of the proceedings and interest at the rate
16 of 1 1/2% per month and may impose a civil penalty of not less
17 than \$100 nor more than \$500 for each offense.

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