

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 293 Session of
1993

INTRODUCED BY LESCOVITZ, BELFANTI, LaGROTTA, OLASZ, COLAFELLA,
BATTISTO AND VEON, FEBRUARY 8, 1993

REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 8, 1993

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," further providing for group
12 policies.

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
17 sections to read:

18 Section 354.1. Out-of-State Coverage.--(a) No insurer shall
19 issue in this Commonwealth group property and casualty insurance
20 coverage provided under a group policy issued in another state,
21 or deliver or issue for delivery in this Commonwealth a
22 certificate of group property and casualty insurance evidencing

coverage under a group policy issued in another state unless the coverage is in compliance with the requirements of this act or any other applicable act.

(b) (1) For group property and casualty insurance coverage provided in this Commonwealth under a policy issued in another state, all group policies, certificates, amendments, endorsements and enrollment forms shall be filed with the Insurance Commissioner for approval. The insurer shall also file with the Insurance Commissioner evidence of approval in the state where the group policy is issued.

(2) Forms filed for approval shall be deemed approved at the expiration of sixty (60) days after filing, unless earlier approved or disapproved by the Insurance Commissioner. The Insurance Commissioner, by written notice to the insurer, may within the sixty-day period extend the period for approval or disapproval for an additional sixty (60) days.

(3) An approval shall become void upon any subsequent notice of disapproval from the Insurance Commissioner, or upon any subsequent withdrawal of license or refusal of the Insurance Commissioner to relicense any company, association or exchange, or upon the subsequent passage of an act which would no longer make the group policies a fit subject for approval, except that this provision shall not affect group policies issued prior to the effective date of this section.

(4) Upon any disapproval, the Insurance Commissioner shall notify the insurer, in writing, specifying the reason for the disapproval; and within thirty (30) days from the date of mailing of notice to the insurer, the insurer may make written application to the Insurance Commissioner for a hearing on the disapproval. The hearing shall be scheduled within a reasonable

period of time following receipt of the application. The procedure before the Insurance Commissioner shall be in accordance with the adjudication procedure set forth in Title 2 of the Pennsylvania Consolidated Statutes (relating to administrative law and procedure), and the insurer shall be entitled to judicial review as provided for in Title 2.

(5) Upon satisfactory evidence of the violation of this section by any person, corporation, insurance company or exchange, the Insurance Commissioner may, discretionally pursue any one or more of the following courses of action:

(i) Suspend or revoke the license of the offending person, corporation, insurance company or exchange.

(ii) Refuse, for a period not to exceed the year thereafter, to issue a new license to the person, corporation, insurance company or exchange.

(iii) Impose a fine of not more than one thousand dollars (\$1,000) for each and every violation of this subsection.

Section 354.2. Notice of Compensation.--(a) In the case of a policy issued on a group basis, if compensation of any kind will or may be paid to a policyholder or a sponsoring or endorsing entity, the insurer shall cause to be distributed to prospective insureds, in writing, notice that compensation will or may be paid.

(b) The notice shall be distributed:

(1) Whether compensation is direct or indirect; and

(2) Whether compensation is paid to or retained by the policyholder or sponsoring or endorsing entity, or paid to or retained by a third party at the direction of the policyholder or a sponsoring or endorsing entity, or any entity affiliated with a sponsoring or endorsing entity by way of ownership,

1 contract or employment.

2 (3) The notice required by this section shall be placed on
3 or accompany any application or enrollment form provided to
4 prospective insureds.

5 (4) For purposes of this section, a "sponsoring or endorsing
6 entity" means an organization which has arranged for the
7 offering of a program of insurance in a manner which
8 communicates that eligibility for participation in the program
9 is dependent upon affiliation with the organization or which
10 encourages participation in the program.

11 Section 354.3. Existing Policy and Existing Certificate.--
12 The provisions of sections 354.1 and 354.2 shall not invalidate
13 or otherwise affect any group policy legally issued prior to the
14 effective date of this section or certificate in effect prior to
15 the effective date of this section. The group policies or
16 certificates may remain in full force and effect until renewed,
17 notwithstanding the fact that they do not comply with the
18 provisions of this act.

19 Section 354.4. Newly Issued Group Policy.--Any group policy
20 issued on or after the effective date of this section shall
21 comply with the provisions of this act.

22 Section 354.5. Newly Issued Certificate.--Any certificate
23 issued on or after the effective date of this section under a
24 group policy issued prior to the effective date of this section
25 or certificate issued under a group policy issued on or after
26 the effective date of this section, shall comply with the
27 provisions of this act.

28 Section 2. This act shall take effect in 90 days.