

THE GENERAL ASSEMBLY OF PENNSYLVANIA

# HOUSE BILL

No. 63

Session of  
1991

INTRODUCED BY LESCOVITZ, CAWLEY AND COLAIZZO, JANUARY 15, 1991

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 15, 1991

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as  
2 amended, "An act relating to insurance; establishing an  
3 insurance department; and amending, revising, and  
4 consolidating the law relating to the licensing,  
5 qualification, regulation, examination, suspension, and  
6 dissolution of insurance companies, Lloyds associations,  
7 reciprocal and inter-insurance exchanges, and certain  
8 societies and orders, the examination and regulation of fire  
9 insurance rating bureaus, and the licensing and regulation of  
10 insurance agents and brokers; the service of legal process  
11 upon foreign insurance companies, associations or exchanges;  
12 providing penalties, and repealing existing laws," further  
13 providing for transactions in this Commonwealth involving  
14 group or blanket insurance or group annuities; prohibiting  
15 certain advertisements; and providing penalties.

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

18 Section 1. Section 208(e)(5) and (5.1) of the act of May 17,  
19 1921 (P.L.789, No.285), known as The Insurance Department Act of  
20 one thousand nine hundred and twenty-one, amended or added July  
21 9, 1976 (P.L.912, No.166), are amended to read:

22 Section 208. Certificates of Authority To Do Business.--\* \*

23 \*

24 (e) The provisions of this section shall not apply to the

1 following:

2 \* \* \*

3 (5) [Transactions in this Commonwealth, except group credit  
4 life or group credit accident and health insurance transactions,  
5 involving group or blanket insurance policies or group annuity  
6 contracts where the group policy or contract is issued and  
7 delivered pursuant to the group or blanket insurance or group  
8 annuity laws of a jurisdiction in which the insurer is  
9 authorized to do an insurance business and in which the  
10 policyholder is domiciled or has its principal place of business  
11 or otherwise has a bona fide situs.] (i) Transactions in this  
12 Commonwealth where:

13 (A) The master policy was lawfully issued and delivered in  
14 and pursuant to the laws of the state in which the insurer was  
15 authorized to do an insurance business and in which the  
16 policyholder was domiciled or otherwise had a bona fide situs.

17 (B) The insurer complies with clause (5.1).

18 (C) The insurer does not comply with clause (5.1) but shall  
19 be required to submit certificates to the Insurance Department  
20 thirty days in advance of their offer for sale in this  
21 Commonwealth if the insured is a group insurance trust or any  
22 other entity owned, established by, affiliated with or  
23 controlled by an insurer solely for marketing a master policy  
24 underwritten by an insurer.

25 (ii) For the purposes of this clause, insurer shall include  
26 any group insurance trust or any other entity owned, established  
27 by, affiliated with or controlled by an insurer marketing a  
28 master policy underwritten by an insurer.

29 (5.1) [Transactions in this Commonwealth, except group  
30 credit life or group credit accident and health insurance

1 transactions, involving a group or blanket insurance policy or  
2 group annuity contract not exempt under the provisions of clause  
3 (5) of this subsection, shall nonetheless be exempt from the  
4 provisions of this section if:

5 (i) they involve a group which conforms to one of the  
6 definitions of eligibility for group coverage contained in the  
7 laws of this Commonwealth; and,

8 (ii) the group policy or contract is lawfully issued without  
9 this Commonwealth in a jurisdiction in which the insurer is  
10 authorized to do an insurance business.

11 It shall be the responsibility of the insurer claiming exemption  
12 under this subsection to demonstrate compliance with each of the  
13 above conditions.] Transactions in this Commonwealth involving  
14 any group life, group accident and health insurance, or blanket  
15 accident and health insurance offered, delivered or issued for  
16 delivery by any insurer to residents of this Commonwealth under  
17 a policy of group life or accident and health insurance or  
18 blanket accident and health insurance issued outside this  
19 Commonwealth which comply with all laws relating to group  
20 insurance issued within this Commonwealth, except:

21 (i) As those laws include a definition of group.

22 (ii) Group insurance issued to ten or more members or  
23 employees of the same employer, or employees or members of any  
24 trade or professional association, or members of a labor union,  
25 or members of any other similar association, where such  
26 association or union has a constitution or bylaws and is formed  
27 and operated in good faith for purposes other than that of  
28 obtaining insurance, provides significant benefits to the  
29 membership other than insurance, and which is not owned by,  
30 established by, affiliated with or controlled by the insurer.

1     (iii) Particular policies if the commissioner determines,  
2 pursuant to regulation, that application of this section to such  
3 policies is inappropriate and not consistent with the purposes  
4 of this section.

5       \* \* \*

6       Section 2. The act is amended by adding sections to read:

7       Section 208.1. Improper Advertising.--No insurer shall  
8 advertise policies as being at "group rates" or "low group  
9 rates" unless such policies are less expensive than the same  
10 policy if sold to individuals without the group mass marketing  
11 technique.

12       Section 223. Additional Fines.--Notwithstanding any  
13 enforcement or penalty provisions under this act or the act of  
14 July 22, 1974 (P.L.589, No.205), known as the "Unfair Insurance  
15 Practices Act," the Insurance Commissioner, upon a determination  
16 that any provision of section 208(e)(5) or (5.1) or section  
17 208.1 has been violated, may fine the violator a sum not to  
18 exceed five thousand dollars (\$5,000) for each offense.

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