

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1866 Session of
1997

INTRODUCED BY BUNT, MANDERINO, D. W. SNYDER, E. Z. TAYLOR,
TIGUE, BELARDI, OLASZ, MELIO, LAUGHLIN, GIGLIOTTI, BROWN,
WALKO, ZIMMERMAN, BELFANTI, PRESTON, RAMOS, CLARK, STABACK,
ITKIN, CURRY, YOUNGBLOOD, JOSEPHS, CIVERA, STEELMAN, BOSCOLA,
TRELLO, MAITLAND, BROWNE, BENNINGHOFF AND C. WILLIAMS,
OCTOBER 6, 1997

REFERRED TO COMMITTEE ON INSURANCE, OCTOBER 6, 1997

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 issuers of life insurance
12 policies to provide written, detailed reasons to applicants
13 who are denied life insurance policies.

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

16 Section 1. The act of May 17, 1921 (P.L.682, No.284), known
17 as The Insurance Company Law of 1921, is amended by adding a
18 section to read:

19 Section 412.1. Reasons for Denial of Life Insurance.--(a)
20 Within thirty days after receipt of a completed application for
21 life insurance, an insurer subject to the provisions of this

1 article shall notify the applicant of its action on the
2 application.

3 (b) Each applicant against whom adverse action is taken
4 shall be entitled to a statement of reasons for such action from
5 the insurer. An insurer satisfies this obligation by:

6 (1) providing statements of reasons in writing as a matter
7 of course to applicants against whom adverse action is taken; or

8 (2) giving written notification of adverse action which
9 discloses:

10 (i) the applicant's right to a statement of reasons within
11 thirty days after receipt by the insurer of a request made
12 within sixty days after such notification; and

13 (ii) the identity of the person or office from which such
14 statement may be obtained.

15 (c) A statement of reasons meets the requirements of this
16 section only if it contains the specific reasons for the adverse
17 action taken.

18 (d) For purposes of this section, "adverse action" means a
19 denial or revocation of life insurance, a change in the terms of
20 an existing life insurance policy or a refusal to grant life
21 insurance in substantially the amount or on substantially the
22 terms requested.

23 (e) The Insurance Commissioner shall promulgate regulations
24 to implement and administer the provisions of this section.

25 Section 2. This act shall apply to all applications filed on
26 or after the effective date of this act.

27 Section 3. This act shall take effect January 1, 1998.