
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1320 Session of
2013

INTRODUCED BY SANTARSIERO, CALTAGIRONE, V. BROWN, MILLARD,
DeLUCA, SIMS, FRANKEL AND COHEN, MAY 6, 2013

REFERRED TO COMMITTEE ON INSURANCE, MAY 6, 2013

AN ACT

1 Providing for the Consumer Education in Small Face Amount Life
2 Insurance Policies Act.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Consumer
7 Education in Small Face Amount Life Insurance Policies Act.

8 Section 2. Purpose.

9 The purpose of this act is to establish rules that ensure
10 meaningful information is provided to the purchasers of small
11 face amount policies.

12 Section 3. Definitions.

13 The following words and phrases when used in this act shall
14 have the meanings given to them in this section unless the
15 context clearly indicates otherwise:

16 "Insurance producer." A person required to be licensed under
17 the laws of this Commonwealth to sell, solicit or negotiate
18 insurance, including annuities.

1 "Small face amount policy." A life insurance policy or
2 certificate with an initial face amount of \$15,000 or less.

3 Section 4. Disclosure requirements.

4 (a) Length of time.--An insurer issuing a small face amount
5 policy, where over the term of the policy the cumulative policy
6 premiums paid may exceed the face amount of the policy, shall
7 clearly and prominently disclose, on or before policy delivery,
8 the length of time until the cumulative policy premiums paid may
9 exceed the face amount of the policy.

10 (b) Alternatives.--If an insurer is required to provide a
11 disclosure under subsection (a), the insurer shall clearly and
12 prominently disclose, on or before policy delivery, available
13 premium payment plan and product alternatives. If no
14 alternatives exist, the insurer shall clearly and prominently
15 disclose that there are no alternatives.

16 (c) Free look period.--A policy subject to the disclosure
17 requirements of this section shall contain a provision allowing
18 the policyholder to cancel the policy within ten days following
19 the delivery of the policy with full premium refund to the
20 consumer and with no charge or penalty. The free look period
21 shall be clearly and prominently disclosed to the consumer.

22 Section 5. Cumulative premiums.

23 Cumulative premiums shall include premiums paid for riders.
24 The face amount, however, shall not include the benefit
25 attributable to the riders.

26 Section 6. Insurer duties.

27 The insurer and its producers shall have a duty to provide
28 information to policyholders or certificate holders that ask
29 questions about the disclosure statement.

30 Section 7. Applicability.

1 The provisions of this act shall apply to group and
2 individual life insurance policies and certificates except:

3 (1) variable life insurance;

4 (2) individual and group annuity contracts;

5 (3) credit life insurance;

6 (4) policies and certificates where an illustration has
7 been provided under the requirements of Article IV-A of the
8 act of May 17, 1921 (P.L.682, No.284), known as The Insurance
9 Company Law of 1921; or

10 (5) group or individual policies of life insurance
11 issued to members of an employer group or other permitted
12 group where:

13 (i) Every plan of coverage was selected by the
14 employer or other group representative.

15 (ii) Some portion of the premium is paid by the
16 group or through payroll deduction.

17 (iii) Group underwriting or simplified underwriting
18 is used.

19 Section 20. Effective date.

20 This act shall take effect in 60 days.