



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 152

PRINTERS NO. 3556

PRIME SPONSOR: M. Quinn

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	\$0

SUMMARY:

House Bill 152 amends the Insurance Company Law of 1921 concerning a repeal, a life insurance database, and modernizing the annuity suitability section. It would take effect in 180 days.

ANALYSIS:

House Bill 152 amends the Insurance Company Law of 1921 by repealing section 429 concerning a surplus or safety fund. The section imposed a cap on the surplus fund of a domestic mutual life insurance company not to exceed 10% of its reserve, or \$100,000, whichever is greater, and the excess of the market value of its securities over its book value.

House Bill 152 requires the Pennsylvania Insurance Department to maintain an electronic database of contact information for each life insurer that has life insurance policies or annuity contracts in force in this Commonwealth. These life insurers must also provide a valid e-mail address to the Insurance Department. The Insurance Department and all life insurers, through the contact information provided, must participate in the Life Insurance Policy Locator Service adopted by the National Association of Insurance Commissioners (NAIC) in providing for and responding to search requests for life insurance policies or annuities in force in the Commonwealth covering a decedent.

The bill also modernizes the annuity suitability law, which is the product of the NAIC updating its model law. Numerous definitions are added or modified to reflect the update. The bill will require insurance producers to inquire and document specific financial information of the consumer providing suitability for a financial product recommendation. The purpose is to inform the consumer of the various features of the annuity, including surrender charges, tax penalties, and other financial information that may impact the consumer. The bill requires insurers to implement monitoring procedures. In addition, the insurance producers are required to undergo annuity-specific education.

FISCAL IMPACT:

Enactment of this legislation will have no fiscal impact on Commonwealth funds. The legislation requires the Insurance Department to maintain a database of life insurance providers operating in the Commonwealth, and participate in the Life Insurance Policy Locator Service currently maintained by the NAIC, which the Department already does. The Department passes on requests

and processes them through the NAIC database. In addition, any other duties imposed as a result of this legislation can be accomplished within existing funding provided to the Department.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 18, 2018

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.