

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL**No. 1407** Session of
2003

INTRODUCED BY PETRI, CAPPELLI, FAIRCHILD, GEORGE, R. MILLER,
O'NEILL, YOUNGBLOOD, E. Z. TAYLOR, J. TAYLOR, CORRIGAN,
HORSEY, BELFANTI, DENLINGER AND MELIO, MAY 7, 2003

AS REPORTED FROM COMMITTEE ON FINANCE, HOUSE OF REPRESENTATIVES,
AS AMENDED, JUNE 10, 2003

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled,
2 as amended, "An act relating to the finances of the State
3 government; providing for the settlement, assessment,
4 collection, and lien of taxes, bonus, and all other accounts
5 due the Commonwealth, the collection and recovery of fees and
6 other money or property due or belonging to the Commonwealth,
7 or any agency thereof, including escheated property and the
8 proceeds of its sale, the custody and disbursement or other
9 disposition of funds and securities belonging to or in the
10 possession of the Commonwealth, and the settlement of claims
11 against the Commonwealth, the resettlement of accounts and
12 appeals to the courts, refunds of moneys erroneously paid to
13 the Commonwealth, auditing the accounts of the Commonwealth
14 and all agencies thereof, of all public officers collecting
15 moneys payable to the Commonwealth, or any agency thereof,
16 and all receipts of appropriations from the Commonwealth,
17 authorizing the Commonwealth to issue tax anticipation notes
18 to defray current expenses, implementing the provisions of
19 section 7(a) of Article VIII of the Constitution of
20 Pennsylvania authorizing and restricting the incurring of
21 certain debt and imposing penalties; affecting every
22 department, board, commission, and officer of the State
23 government, every political subdivision of the State, and
24 certain officers of such subdivisions, every person,
25 association, and corporation required to pay, assess, or
26 collect taxes, or to make returns or reports under the laws
27 imposing taxes for State purposes, or to pay license fees or
28 other moneys to the Commonwealth, or any agency thereof,
29 every State depository and every debtor or creditor of the
30 Commonwealth," further providing for escheat of property held
31 by insurers.

1 The General Assembly of the Commonwealth of Pennsylvania
2 hereby enacts as follows:

3 Section 1. Section 1301.4 of the act of April 9, 1929
4 (P.L.343, No.176), known as The Fiscal Code, amended June 29,
5 2002 (P.L.614, No.91), is amended to read:

6 Section 1301.4. Property Held by Insurers.--(a) In the case
7 of life insurance, the following property held or owing by an
8 insurer is presumed abandoned and unclaimed:

9 1. Any moneys held or owing by an insurer as established by
10 its records under any contract of annuity or policy of life
11 insurance including premiums returnable or dividends payable,
12 unclaimed and unpaid for more than five (5) years after the
13 moneys have or shall become due and payable under the provisions
14 of such contract of annuity or policy of insurance. A life
15 insurance policy not matured by actual proof of the death of the
16 insured is deemed to be matured and the proceeds thereof are
17 deemed to be due and payable if such policy was in force when
18 the insured attained the limiting age under the mortality table
19 on which the reserve is based, unless the person appearing
20 entitled thereto has within the preceding five (5) years, (i)
21 assigned, readjusted or paid premiums on the policy, or
22 subjected the policy to loan, or (ii) corresponded in writing
23 with the insurer concerning the policy.

24 2. If a person other than the insured or annuitant is
25 entitled to the funds and no address of such person is known to
26 the insurer or if it is not definite and certain from the
27 records of the insurer what person is entitled to the funds, it
28 is presumed that the last known address of the person entitled
29 to the funds is the same as the last known address of the
30 insured or annuitant according to the records of the insurer.

1 3. Moneys otherwise payable according to the records of the
2 insurer are deemed due and payable although the policy or
3 contract has not been surrendered as required.

4 ~~4. Property payable or distributable in the course of a~~ <—
5 ~~demutualization, rehabilitation or related reorganization of a~~
6 ~~mutual insurance company, five (5) years after the earlier of~~
7 ~~the date of last contact with the policyholder or the date the~~
8 ~~property became payable or distributable.~~

9 4. PROPERTY DISTRIBUTABLE IN THE COURSE OF A DEMUTUALIZATION <—
10 OR RELATED REORGANIZATION OF AN INSURANCE COMPANY IS DEEMED
11 ABANDONED TWO YEARS AFTER THE DATE OF THE DEMUTUALIZATION OR
12 REORGANIZATION IF INSTRUMENTS OR STATEMENTS REFLECTING THE
13 DISTRIBUTION ARE EITHER MAILED TO THE OWNER AND RETURNED BY THE
14 POST OFFICE AS UNDELIVERABLE, OR NOT MAILED TO THE OWNER BECAUSE
15 OF A KNOWN BAD ADDRESS ON THE BOOKS AND RECORDS OF THE HOLDER;
16 AND WITHIN TWO (2) YEARS AFTER THE DATE OF THE DEMUTUALIZATION
17 OR REORGANIZATION:

18 (I) THE OWNER HAS NOT COMMUNICATED IN WRITING WITH THE
19 HOLDER OR ITS AGENT REGARDING THE PROPERTY; OR

20 (II) THE OWNER HAS NOT OTHERWISE COMMUNICATED WITH THE
21 HOLDER OR ITS AGENT REGARDING THE PROPERTY AS EVIDENCED BY A
22 MEMORANDUM OR OTHER RECORD ON FILE WITH THE HOLDER OR ITS AGENT.

23 5. PROPERTY DISTRIBUTABLE IN THE COURSE OF DEMUTUALIZATION
24 OR RELATED REORGANIZATION OF AN INSURANCE COMPANY NOT SUBJECT TO
25 PARAGRAPH 4 WITHIN TWO (2) YEARS OF THE DISTRIBUTION SHALL
26 REMAIN REPORTABLE AND DELIVERED AS OTHERWISE PROVIDED BY THIS
27 ACT.

28 (b) In the case of insurance other than life insurance, the
29 following property held or owing by an insurer is presumed
30 abandoned and unclaimed:

1 1. Any moneys held or owing by an insurer as established by
2 its records under any contract of insurance other than annuity
3 or life insurance, including premiums or deposits returnable or
4 dividends payable to policy or contract holders or other persons
5 entitled thereto, unclaimed and unpaid for more than five (5)
6 years after the moneys have or shall become due and payable
7 under the provisions of such contracts of insurance.

8 2. If a person other than the insured, the principal or the
9 claimant is entitled to the funds and no address of such person
10 is known to the insurer or if it is not definite and certain
11 from the records of the insurer what person is entitled to the
12 funds, it is presumed that the last known address of the person
13 entitled to the funds is the same as the last known address of
14 the insured, the principal or the claimant according to the
15 records of the insurer.

16 ~~Section 2. The addition of paragraph 4 of section 1301.4(a)~~ <—
17 ~~of the act shall apply retroactively to property which became~~
18 ~~subject to the custody and control of the Commonwealth during~~
19 ~~2002 as follows:~~

20 ~~(1) The insurer shall, by December 31, 2003, file a~~
21 ~~report in accordance with section 1301.11 of the act~~
22 ~~concerning property subject to paragraph 4 of section~~
23 ~~1301.4(a) of the act.~~

24 ~~(2) The insurer shall, by December 31, 2003, pay or~~
25 ~~deliver to the Commonwealth in accordance with section~~
26 ~~1301.13 of the act property subject to paragraph 4 of section~~
27 ~~1301.4(a) of the act.~~

28 SECTION 2. PROPERTY SUBJECT TO PARAGRAPH 4 OF SECTION <—
29 1301.4(A) OF THE ACT SHALL BE REPORTED AND DELIVERED NO LATER
30 THAN APRIL 15 AS OF THE PRECEDING DECEMBER 31; HOWEVER THE

- 1 INITIAL REPORT UNDER PARAGRAPH 4 SHALL BE REPORTED AND DELIVERED
- 2 NO LATER THAN NOVEMBER 1, 2003, AS OF DECEMBER 31, 2002.
- 3 Section 3. This act shall take effect immediately.