

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

HOUSE BILL

No. 1308 Session of  
2011

---

INTRODUCED BY SANTARSIERO, DeLUCA, V. BROWN, CALTAGIRONE,  
FABRIZIO, FRANKEL, FREEMAN, GEORGE, JOSEPHS, MATZIE, MUNDY,  
QUINN, STABACK AND SWANGER, APRIL 7, 2011

---

REFERRED TO COMMITTEE ON INSURANCE, APRIL 7, 2011

---

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

1 insurance, including annuities.

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

4 Section 4. Disclosure requirements.

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

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

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

23 Section 5. Cumulative premiums.

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

27 Section 6. Insurer duties.

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

1 Section 7. Applicability.

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

4 (1) variable life insurance;

5 (2) individual and group annuity contracts;

6 (3) credit life insurance;

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

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

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

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

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

20 Section 20. Effective date.

21 This act shall take effect in 60 days.