
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1996 Session of
2018

INTRODUCED BY BERNSTINE, BARRAR, MURT, WARD, IRVIN, SIMMONS,
DRISCOLL, GILLEN, D. COSTA, WATSON, HEFFLEY, TOEPEL, PYLE,
HAGGERTY, MILLARD, RAPP, HELM, D. MILLER AND PHILLIPS-HILL,
JANUARY 5, 2018

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 5, 2018

AN ACT

1 Amending Title 40 (Insurance) of the Pennsylvania Consolidated
2 Statutes, in general provisions, providing for limitation on
3 payment due to furtherance of terrorism.

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

6 Section 1. Title 40 of the Pennsylvania Consolidated
7 Statutes is amended by adding a section to read:

8 § 102. Limitation on payment due to furtherance of terrorism.

9 (a) Beneficiaries.--Notwithstanding a provision in an
10 insured's policy or contract, the following shall govern the
11 receipt of proceeds under the deceased insured's policy or
12 contract, based on the availability of proceeds payable under
13 the policy or contract:

14 (1) Payments to a beneficiary shall be limited to the
15 amount of premiums that have been paid to the insurer under
16 the policy or contract if the insured's death occurs directly
17 or indirectly as a result of the insured's furtherance of

1 terrorism.

2 (2) Each victim of the insured's furtherance of
3 terrorism shall receive the proceeds first on a proportional
4 basis. If a victim is deceased as a result of the insured's
5 furtherance of terrorism, the individual or individuals
6 entitled to the victim's estate under the intestate laws of
7 this Commonwealth shall receive the victim's share of the
8 proceeds.

9 (3) The determination of whether an individual is a
10 victim under this section shall be made in coordination with
11 the Pennsylvania Victims Compensation Assistance Program.

12 (b) Definitions.--As used in this section, the following
13 words and phrases shall have the meanings given to them in this
14 subsection unless the context clearly indicates otherwise:

15 "Beneficiary." A person designated to receive the proceeds
16 from a policy or retained asset account.

17 "Contract." An annuity contract. The term shall not include
18 an annuity used to fund an employment-based retirement plan or
19 program where:

20 (1) the insurer does not perform the recordkeeping
21 services; or

22 (2) the insurer is not committed by terms of the annuity
23 contract to pay death benefits to the beneficiaries of
24 specific plan participants.

25 "Insured." An individual covered by a policy or contract.

26 "Insurer." A person licensed in this Commonwealth to sell
27 policies or contracts as any of the following:

28 (1) A single insurance entity.

29 (2) An insurer under a parent organization that sells
30 annuities using a different charter.

1 "Policy." A policy or certificate of life insurance that
2 provides a death benefit. The term shall not include any of the
3 following:

4 (1) A policy or certificate of life insurance that
5 provides a death benefit under an employee benefit plan
6 subject to the Employee Retirement Income Security Act of
7 1974 (Public Law 93-406, 88 Stat. 829) or under a Federal
8 employee benefits program.

9 (2) A policy or certificate of life insurance that is
10 purchased in conjunction with a preneed funeral contract or
11 prearrangement.

12 (3) A policy or certificate of credit life or accidental
13 death insurance.

14 (4) A policy issued to a group master policyholder for
15 which the insurer does not provide recordkeeping services.

16 "Recordkeeping services." Services performed by an insurer
17 for obtaining, maintaining and administering, in the system of
18 the insurer or the insurer's agents, at a minimum, the following
19 information about each insured under the insured's contract or a
20 line of coverage under the contract:

21 (1) Social Security number or name and date of birth.

22 (2) Beneficiary designation information.

23 (3) Coverage eligibility.

24 (4) Benefit amount.

25 (5) Premium payment status.

26 "Retained asset account." A mechanism whereby the settlement
27 of proceeds payable under a policy or contract is accomplished
28 by the insurer or an entity acting on behalf of the insurer
29 depositing the proceeds into an account with check or draft
30 writing privileges, where those proceeds are retained by the

1 insurer or the insurer's agent, pursuant to a supplementary
2 contract not involving annuity benefits other than death
3 benefits.

4 "Terrorism." As described under 18 Pa.C.S. § 2717 (relating
5 to terrorism).

6 Section 2. This act shall apply to a policy or contract
7 delivered or issued for delivery before, on or after the
8 effective date of this act.

9 Section 3. This act shall take effect in 60 days.