

No. 1981-116

AN ACT

SB. 608

Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," allowing policyholders at least ten days in which to examine certain contracts before being bound thereby and requiring a certain notice be a part thereof.

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

Section 1. The act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," is amended by adding sections to read:

Section 410D. Notice of Policyholder's Right to Examine Life and Endowment Insurance Policies.—*No policy of individual life insurance or endowment insurance shall be delivered in the Commonwealth of Pennsylvania after January 1, 1982 unless it shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least ten (10) days of its delivery and to have the premium paid refunded if after examination of the policy, the policyholder is not satisfied with it for any reason. If a policyholder pursuant to such notice, returns the policy to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued.*

Section 410E. Notice of Contractholder's Right to Examine Annuity or Pure Endowment Contracts.—*No individual fixed dollar annuity or pure endowment contract shall be entered into in the Commonwealth of Pennsylvania after January 1, 1982 unless it shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contractholder shall be permitted to return the contract within at least ten (10) days of its delivery and to have the stipulated payment or premium paid refunded if after examination of the contract, the contractholder is not satisfied with it for any reason. If a contractholder pursuant to such notice, returns the contract to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no contract had been entered into. No individual variable annuity contract shall be entered into in the Commonwealth of*

Pennsylvania after January 1, 1982 unless it shall have prominently printed on the first page of such contract or attached thereto a notice stating in substance that the contractholder shall be permitted to return the contract within at least ten (10) days of its delivery if after examination of the contract, the contractholder is not satisfied with it for any reason, and in such event, the insurer will pay to the contractholder an amount equal to the sum of (i) the difference between the premiums paid including any contract fees or other charges and the amounts, if any, allocated to any separate accounts under the contract and (ii) the cash value of the contract, or, if the contract does not have a cash value, the reserve for the contract, on the date of surrender attributable to the amounts so allocated. If a contractholder, pursuant to such notice, returns the contract to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no contract had been entered into.

Section 420E. Notice of Policyholder's Right to Examine Industrial Life or Industrial Endowment Insurance Policies.—No policy of industrial life or industrial endowment insurance shall be delivered in the Commonwealth of Pennsylvania after January 1, 1982 unless it shall have prominently printed on the first page of such policy or attached thereto a notice stating in substance that the policyholder shall be permitted to return the policy within at least ten (10) days of its delivery and to have the premium paid refunded if after examination of the policy, the policyholder is not satisfied with it for any reason. If a policyholder pursuant to such notice returns the policy to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy had been issued.

Section 2. This act shall take effect immediately.

APPROVED—The 5th day of November, A. D. 1981.

DICK THORNBURGH