

Regulatory Analysis Form

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REVIEW COMMISSION



(1) Agency

Insurance Department

(2) I.D. Number (Governor's Office Use)

11-184

IRRC Number: 2143

(3) Short Title

Requirements for All Policies and Forms (and new "General Filing Requirements and General Contents of Forms.")

(4) PA Code Cite

31 Pa. Code, Chapter 89, §§89.3-89.5, 89.11, 89.17 and 89.21-89.23 and new 31 Pa. Code, Chapter 89a, §§89a.1-89a.6

(5) Agency Contacts & Telephone Numbers

Primary Contact: Peter J. Salvatore, Regulatory Coordinator,
1326 Strawberry Square, Harrisburg, PA 17120, (717) 787-4429
Secondary Contact:

(6) Type of Rulemaking (check one)

- ☒ Proposed Rulemaking
☐ Final Order Adopting Regulation
☐ Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- ☒ No
☐ Yes: By the Attorney General
☐ Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

These sections were intended to provide filing and content requirements for Life and Accident and Health insurance policy forms to insurers doing business in the Commonwealth of Pennsylvania. These requirements are necessary to assure the consistent and complete filing of policy forms by insurers. The Department is proposing to establish Chapter 89a to improve the readability of the deleted sections of Chapter 89, to add Annuities and Property and Casualty Insurance to the requirements of this section and to allow for filings via the Internet or electronically. This will also ensure the consistent application of filing requirements across all product lines filed with or reviewed by the Department. The Department is also revising these regulations to respond to changes in the insurance marketplace.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

The Insurance Department proposes to repeal 31 Pa. Code, Chapter 89, §§ 89.3 - 89.5, 89.11, 89.17 and 89.21 - 89.23 and to establish 31 Pa. Code, Chapter 89a, §§ 89a.1- 89a.6 to read as set forth in Annex A under the authority contained in sections 206, 506, 1501 and 1502 of the Administrative Code of 1929 (71 P.S. §§ 66, 186, 411, and 412), sections 510-514 of The Insurance Company Law (40 P.S. §§ 510-514), and section 3(a) of the act of December 18, 1996 (P.L. 1066, No. 159) known as the Accident and Health Filing Reform Act.

Regulatory Analysis Form

(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

No.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

The Insurance Department seeks to repeal Chapter 89, §§ 89.3 - 89.5, 89.11, 89.17 and 89.21 - 89.23 and to establish 31 Pa. Code, Chapter 89a, §§ 89a.1 - 89a.6 to be consistent with the authorizing statute. Moreover, it is in the public interest to delete or clarify redundant and confusing regulatory requirements.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

There are no public health, safety, environment or general welfare risks associated with this rulemaking.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

All insurers transacting business in the Commonwealth will benefit from the regulation to the extent that it will be consistent with the statute.

Regulatory Analysis Form

(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

There will be no adverse effects on any party as a result of the repeal of Chapter 89, §§ 89.3 - 89.5, 89.11, 89.17 and 89.21 - 89.23 and the establishment of 31 Pa. Code, Chapter 89a, §§ 89a.1- 89a.6.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

The regulation applies to all insurers licensed to do business in the Commonwealth.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Comments regarding the amendment of this regulation were not solicited from the various trade associations representing the insurance industry.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

The amendment of the regulation will not have any impact on costs associated with insurance companies.

Regulatory Analysis Form

(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

There are no costs or savings to local governments associated with this rulemaking.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

There are no costs or savings associated to state government associated with this rulemaking.

Regulatory Analysis Form

(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years. N/A

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

N/A.

Regulatory Analysis Form

(20b) Provide the past three year expenditure history for programs affected by the regulation.
N/A.

Program	FY -3	FY -2	FY -1	Current FY

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

No costs or adverse effects are anticipated as a result of this regulation.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

Repealing Chapter 89, §§ 89.3 - 89.5, 89.11, 89.17 and 89.21 - 89.23 and establishing 31 Pa. Code, Chapter 89a, §§ 89a.1- 89a.6 is the most efficient method to achieve consistency with the authorizing statute. No other alternatives were considered.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

No other regulatory schemes were considered. The amendment of the regulation is the most efficient method of updating the regulatory requirements.

Regulatory Analysis Form

(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

The rulemaking will not put Pennsylvania at a competitive disadvantage with other states. It merely provides for consistency with the statute.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

No.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No public hearings or informational meetings are anticipated.

Regulatory Analysis Form

(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

The amendment of the regulation imposes no additional paperwork requirements on the Department, insurers or the general public.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

The rulemaking will have no effect on special needs of affected parties.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

The rulemaking will undergo a 30-day public comment period and will take effect upon approval of the final form regulation by the legislative standing committees, the Office of the Attorney General, and the Independent Regulatory Review Commission and upon final publication in the *Pennsylvania Bulletin*.

(31) Provide the schedule for continual review of the regulation.

The Department reviews each of its regulations for continued effectiveness on a triennial basis.

<p>CDL-1</p> <p style="text-align: center;">FACE SHEET FOR FILING DOCUMENTS WITH THE LEGISLATIVE REFERENCE BUREAU</p> <p style="text-align: center;">(Pursuant to Commonwealth Documents Law)</p>		<p style="text-align: center;">RECEIVED</p> <p style="text-align: center;">2000 AUG 23 AM 11:27</p> <p style="text-align: center;">LEGISLATIVE COUNCIL REVIEW / COMMENT</p>
<p>243</p>		<p>DO NOT WRITE IN THIS SPACE</p>
<p>Copy below is hereby approved as to form and legality. Attorney General</p> <p><i>[Signature]</i></p> <p>By _____ (Deputy Attorney General)</p> <p style="text-align: center;">AUG 17 2000</p> <p style="text-align: center;">Date of Approval</p> <p>→ Check if applicable. Copy not approved. Objections attached.</p>	<p>Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:</p> <p style="text-align: center;">Insurance Department</p> <p style="text-align: center;">(AGENCY)</p> <p>DOCUMENT/FISCAL NOTE NO. <u>11-184</u></p> <p>DATE OF ADOPTION: _____</p> <p>BY: <i>[Signature]</i> M. Diane Koken</p> <p style="text-align: center;">Insurance Commissioner</p> <p>TITLE: _____ (EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)</p>	<p>Copy below is hereby approved as to form and legality. Executive or Independent Agencies</p> <p><i>[Signature]</i></p> <p>BY: _____</p> <p style="text-align: center;">7/25/00</p> <p style="text-align: center;">DATE OF APPROVAL</p> <p style="text-align: center;">(DEPUTY GENERAL COUNSEL) (CHIEF COUNSEL, INDEPENDENT AGENCY) (STRIKE INAPPLICABLE TITLE)</p> <p>→ Check if applicable. No Attorney General approval or objection within 30 days after submission.</p>

Insurance Department

Notice of Proposed Rulemaking

31 PA Code, Chapter 89

§§89.3-89.5, 89.11, 89.17 and 89.21-89.23

Requirements for All Policies and Forms

and

Chapter 89a,

§§89a.1-89a.6

General Filing Requirements and General Contents of Forms

PREAMBLE

By this notice, the Insurance Department ("Department") proposes to amend 31 Pa. Code, Chapter 89, §§ 89.3 - 89.5, 89.11, 89.17 and 89.21 - 89.23, General Filing Requirements and General Contents of Forms, and to establish 31 Pa. Code, Chapter 89a, §§ 89a.1- 89a.6, Approval for Life Insurance, Accident and Health Insurance and Property and Casualty Insurance, General Filing Requirements and General Contents of Forms, to read as set forth in Annex A. This regulation is proposed under the authority contained in sections 206, 506, 1501 and 1502 of the Administrative Code of 1929 (71 P.S. §§ 66, 186, 411, and 412), sections 510-514 of The Insurance Company Law (40 P.S. §§ 510-514), and section 3(a) of the act of December 18, 1996 (P.L. 1066, No. 159) known as the Accident and Health Filing Reform Act.

Purpose

Chapter 89 was adopted in 1969. This section was intended to provide filing and content requirements for Life and Accident and Health insurance forms to insurers doing business in the Commonwealth of Pennsylvania. These requirements are necessary to assure the consistent and complete filing of forms by insurers.

The Department is proposing to establish Chapter 89a to improve the readability of the sections of Chapter 89 that are proposed for deletion. These new sections of Chapter 89a set forth the requirements for the content and filing of Life Insurance and Annuities, Accident and Health Insurance and Property and Casualty Insurance form filings. In addition, requirements for Annuities and Property and Casualty Insurance and provisions to allow for filings via the Internet or electronically were also incorporated in Chapter 89a. This will ensure the consistent application of filing requirements across all product lines filed with the Department. The Department is also revising these regulations to respond to changes in the insurance marketplace.

Explanation of Regulatory Requirements

Section 89.3(a), relating to "form filing requirements", is being proposed for deletion. Sections of 89.3 will be incorporated in new § 89a.3.

Section 89.4, relating to "general filing procedures", is being proposed for deletion. Sections of 89.4 are being incorporated into new § 89a.4.

Section 89.5, relating to "letter of submission", is being proposed for deletion. Sections of 89.5 are being incorporated into new § 89a.5.

Section 89.11, relating to "general contents of forms", is being proposed for deletion. Sections of 89.11 are being incorporated into new § 89a.6.

Section 89.17, relating to "replacement of forms", is being proposed for deletion because it is not necessary for companies to inform the Department that a form or filing is obsolete or no longer being issued.

Section 89.21, relating to "general", is being proposed for deletion because tentative approval of filings is no longer necessary. Parts of § 89.21 are being incorporated into new § 89a.4.

Section 89.22, relating to "changes in forms", is being proposed for deletion because the section is obsolete and no longer applicable to the review of form filings by the Department.

Section 89.23, relating to "documents shall be complete", is being proposed for deletion.

Section 89a.1, relating to "definitions", sets forth the definitions to be utilized in this regulation. Two definitions have been added to the subsection, which were not in § 89.1, relating to definitions, to bring the regulation up-to-date with current market conditions and activities. "Filer" has been added to clarify the entity submitting forms to the Department. "Prominent type" has been added for clarification of certain form content requirements.

Section 89a.2, relating to "purpose", establishes the purpose of this regulation.

Section 89a.3, relating to "form filings", is being proposed to include Annuities and Property and Casualty Insurance forms to the requirements of the regulation as well as previous language contained in § 89.3. Section 89a.3(b) contains language that was previously found at § 89.4(c).

Section 89a.4, relating to "general filing procedure", includes the requirements found previously in § 89.4 and establishes the specific filing procedures and requirements that need to be followed. Section 89a.4(a) now allows for the filing of forms via the Internet and other electronic mediums and sets forth the specific filing requirements for this method of filing forms.

Section 89a.5, relating to "letter of submission", includes the requirements found previously at § 89.5 and establishes the specific filing procedures and requirements being used by the Department for letter of submissions.

Section 89a.6, relating to "general contents of forms", includes the requirements found previously at §§ 89.11 and 89.17 and establishes the specific form contents and requirements necessary for review by the Department. Section 89a.6 also has a readability section added. This paragraph is being added because the readability issue is a consumer protection.

Affected Parties

All insurance companies transacting business in the Commonwealth who must follow the Department's form and content requirements of form filings.

Fiscal Impact

State Government

The regulation will not have an impact on Department costs associated with monitoring industry compliance because this does not represent a major change from current policy.

General Public

The regulation is not expected to have any cost impact on premiums paid by consumers for insurance policies.

Political Subdivisions

The regulation has no impact on costs to political subdivisions.

Private Sector

The regulation will not have any major impact on private sector costs because this does not represent a major change from current policy.

Paperwork

This regulation imposes no additional paperwork requirements on the Department and modifies the paperwork requirements imposed on the insurance industry.

Effectiveness/Sunset Date

The proposed regulation will become effective upon final adoption and publication in the *Pennsylvania Bulletin* as final rulemaking. No sunset date has been assigned.

Contact Person

Questions or comments regarding the proposed rulemaking may be addressed in writing to Peter J. Salvatore, Regulatory Coordinator, Pennsylvania Insurance Department, 1326 Strawberry Square, Harrisburg, Pennsylvania 17120, **within 30 days** following the publication of this notice in the *Pennsylvania Bulletin*. Questions and comments may also be E-mailed to psalvato@ins.state.pa.us or faxed to (717) 772-1969.

Regulatory Review

Under section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a)), on August 23, 2000, the Department submitted a copy of this proposal to the Independent Regulatory Review Commission (IRRC) and to the Chairpersons of the Senate Banking and Insurance Committee and the House Insurance Committee. In addition to the submitted proposal, the Department has provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form prepared by the Department in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." A copy of that material is available to the public upon request.

If IRRC has any objections to any portion of the proposed rulemaking, it will notify the Department within 10 days of the close of the Committees' review period. The notification shall specify the regulatory review criteria that have not been met by that portion. The Regulatory Review Act (71 P.S. §§ 745.1-745.14) specifies detailed procedures for the agency, the Governor and the General Assembly to review these objections before final publication of the regulations.

M. Diane Koken
Insurance Commissioner

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CONTINUATION SHEET FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU
(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 31. Insurance. Chapter 89. Approval of Life, Accident and Health Insurance. Subchapter
A. Requirements for All Policies and Forms.

General Provisions

Sec.

- 89.1. Definitions.
- 89.2. Scope.
- 89.3. [Filing requirement.] **Reserved.**
- 89.4. [General filing procedure.] **Reserved.**
- 89.5. [Letter of submission.] **Reserved.**

Preparation of Forms

- 89.11. [General contents of forms.] **Reserved.**
- 89.12. Application forms.
- 89.13. Use of certain words and terms.
- 89.14. Dismemberment, death or surgical benefits.
- 89.15. Simultaneous sale of insurance and equity products.
- 89.16. Riders and endorsements.
- 89.17. [Replacement of forms.] **Reserved.**
- 89.18. Miscellaneous requirements.

Formal Approval

- 89.21. [General.] **Reserved.**
- 89.22. [Changes in forms.] **Reserved.**
- 89.23. [Documents shall be complete.] **Reserved.**

GENERAL PROVISIONS

§ 89.1. Definitions.

The following words and terms, when used in this Chapter, shall have the following meanings, unless the context clearly indicates otherwise:

Act -- The Insurance Company Law of 1921 (40 P.S. § 341-991).

Advertisement -- [Printed or audio visual material used in newspapers, magazines, on radio or television, billboards or similar displays; descriptive literature or sales items, including but not limited to, circulars, leaflets, booklets, depictions, illustrations and form letters; prepared sales talks, presentations or material for use by agents or brokers and representations made by an agent or broker in connection therewith.] As defined in 31 Pa. Code § 51.1.

Department -- The Insurance Department of the Commonwealth.

§ 89.2. Scope

This chapter contains the guidelines used by the Department in reviewing the policies, rates and related forms for individual and group life, accident and health insurance.

§ 89.3. [Filing requirement.]

(a) Policies, contracts, certificates, endorsements, riders, applications and related forms for life, accident and health insurance shall, prior to their use in this Commonwealth, be submitted to and formally approved by the Department for filing or approval, unless specifically excepted under section 354 of the act (40 P.S. § 477(b)).

(b) The filing letter accompanying a document which deviates from the guidelines in this chapter shall call attention to the deviation and explain how it meets the applicable requirements of the insurance laws of the Commonwealth.

(c) The submission of the documents shall be directed to the Director, Bureau of Regulation of Rates and Policies, Insurance Department, Harrisburg, Pennsylvania 17120.]

Reserved.

§ 89.4. [General filing procedure.

(a) *Number of copies.* Policies and related forms being submitted for either tentative or formal approval shall be submitted in duplicate. One copy will be retained by the Department in its files and the other copy will be returned to the insurer with the action taken by the Department noted thereon.

(b) *By whom submitted.* Submissions should be made by the home office of the company, association, exchange or society rather than by local representatives, bureaus, company, associations, or conferences, except if other arrangements have been specially made with and agreed to by the Department. Correspondence from the Department relating thereto and approvals or disapprovals of such submissions will be mailed to the home office of the company, association, exchange, or society.

(c) *Out-of-State delivery.* Where other jurisdictions require prior review by the Department, a single copy of each form (in duplicate for a group accident and health form) which is to be issued by a domestic insurer for delivery only outside of this Commonwealth, or to be used with policies or contracts delivered outside of this Commonwealth, may be filed with the Department.

(d) *Tentative approval.* In order that a form may be given due consideration and any defects therein pointed out and corrected before it is printed for formal submission, an insurer may submit printer's proofs of the form in two copies for tentative approval. If other than printer's proofs are submitted, the copies shall be clearly legible. Typewritten copies or copies prepared by a legible duplicating process may be submitted for documents to be used in connection only with single cases or when their use will be too infrequent to justify other preparation.] **Reserved.**

§ 89.5. [Letter of submission.

The letter of submission shall be in duplicate, signed by a representative of the company authorized to submit forms for filing or approval and shall contain at least all of the following information:

(1) The identifying form number of each form submitted. If the form is for a document other than a policy or contract, the form number of the policy or contract form or forms with

which it will be used shall be indicated or, if for more general use, the type or group of the forms shall be described.

(2) A brief statement of the coverage provided. If the form is a policy or contract submitted for approval, there shall be a statement appropriately identifying the specific type of coverage provided.

(3) If the form contains provisions, conditions, or concepts which depart from those generally used by the industry and which could be construed as uncommon or unusual, there shall be a statement to this effect which will point out the specific purpose and use of the form, provision, condition, or concept.

(4) If the form is a new one, not replacing an existing form, a statement to that effect.

(5) If the form is intended to supersede another approved or filed form, the form number of the approved or filed form which is to be superseded, the approval date of the form superseded, and a statement of the material changes made. If the previous form has not yet been formally acted upon by the Department, the form number and submission date shall be given.

(6) If the form being filed for formal approval has previously been submitted for preliminary review, a reference to the previous submission and a statement setting out either that the formal filing agrees precisely with the previous submission, or the specific changes made in the form since the time of preliminary review.

(7) If a form is intended to replace a very recently approved form because of an error found in the approved form, the insurer shall, if the approved form has not been issued, return the approved form with a statement in the submission letter that the form has not been issued. The insurer may, under these circumstances, use the same form number on the submitted corrected form. If, however, the form has been issued, the insurer shall place a new form number on the corrected form and need not return the previously approved form.

(8) A statement as to whether the form has been approved or authorized for use by the insurance department of the state of domicile of the insurer or that the form is not to be used in such state. If approval or authorization for use was sought but not granted, the reason for the action should be stated. This paragraph does not apply to group insurance.] **Reserved.**

PREPARATION OF FORMS

§ 89.11. [General contents of forms.

(a) *Title and address.* A policy form shall recite the full corporate or legal title of the company, association, exchange, or society. The official home office address (city and state or province) shall appear on the face, on the back, or on the specifications page. If administrative offices are maintained elsewhere, the other addresses may also be shown. For filing purposes, other forms filed should be identified with the name of the company by rubber stamp or other appropriate means.

(b) *Form number.* A form shall be designated by a suitable form number which may consist of numbers or letters, or both, and which shall appear in the lower left corner of the first page. The form number should be adequate to distinguish the form in question from others used by the insurer without reference to edition or printing date. The fact that various benefits are included in the policy by rider need not be reflected in the policy form number.

(c) *Hypothetical data.* Blank spaces of each policy form, except an application, shall be filled in and completed with hypothetical data to indicate the purpose and use of the form. In individual life insurance cases, it is suggested that forms be filled in as of age 35, except for forms to be used to insure juveniles, in which case the use of age 10 is suggested.

(d) *Description of policy.* A brief description of the nature of the policy shall be printed at the top or bottom of the first page of the policy and on the filing back, if any, or on the specifications page (where window-type policies or policies in booklet form are used). In the case of policies in booklet form, the plastic cover, if bulky, need not be filed. A statement shall be included in the brief description indicating whether the policy is participating or nonparticipating.] **Reserved.**

§ 89.12. Application forms.

(a) When submitting a policy form to which a copy of the application will be attached when the policy is issued, a copy of the application shall be attached to the policy form. If the form of the application has already been approved, the form number and date of approval shall be shown either on the form or in the transmittal letter.

(b) If it is the practice of the insurer to attach a reduced size reproduction of the application to a form when issued, the application should be attached to each copy of the form submitted. The application should be legibly reproduced in the size to be used in the contract.

(c) An application which includes a provision for home office endorsements or corrections may not be approved for use unless it is specifically stipulated therein that a change may not be made in the amount of insurance, the age at issue, the plan of insurance or benefits applied for by the endorsements or corrections. This subsection does not apply to group applications.

(d) Applications shall contain clear and direct questions by the insurer permitting answers by the applicant only in the form of direct statements of known facts. Applications may not contain questions or representations based on indefinite or ambiguous terms or which are inconsistent with policy provisions and may not require the making of warranties by the applicant.

(e) Questions as to race or color are not permitted on the application.

§ 89.13. Use of certain words and terms.

(a) The use of policy captions or descriptions such as "all coverage" or "complete coverage" is prohibited. The purpose of this section is to prevent misunderstanding in the minds of the insured public.

(b) A policy form bearing a caption or reference that this is a "Pennsylvania" policy or a "Standard" policy will not be considered for approval, except if the forms are so designated by statute or Departmental regulation. The purpose of this section is to prevent misunderstanding in the minds of the insured public. Use of words or abbreviations thereof as a part of the distinguishing form number are acceptable, however, if deemed necessary or convenient to the identification of the form.

(c) The word "special" may not be used which might reasonably cause the insured to believe that he is receiving preferential treatment.

(d) The word "compensation" may not be used which might reasonably cause the policyholder to be confused with workmen's compensation coverage.

§ 89.14. Dismemberment, death or surgical benefits.

(a) In contracts providing specified benefits for dismemberment, death or surgical operations, if the insurer limits its liability to one such loss as a result of a single accident, the contract shall provide that the insured is entitled to receive the largest amount applicable.

(b) Accidental death and dismemberment benefits shall be payable when the loss occurs within 90 days from the date of the accident, irrespective of total disability.

§ 89.15. Simultaneous sale of insurance and equity products.

A program which contemplates the simultaneous sale of insurance and equity products shall be submitted to the Department for review in accordance with the following guidelines:

(1) The prospective purchaser shall be given the option to purchase either the insurance product or the equity product completely independent of one another, and shall be clearly advised to this effect by the agent and in all sales material.

(2) The premium charged for the insurance product shall be a separate identifiable charge and be shown as such on sales material, bill, statement or draft used in connection with the program.

(3) Sales material or sales presentation shall separately set forth the matters pertaining to the insurance product.

(4) The premium rate for the insurance product may not be dependent upon the purchase of an equity product, fluctuate or vary with the investment experience of an equity product or vary with the amount of equity product purchased or contracted to be purchased.

(5) At any time subsequent to a simultaneous sale, the purchaser shall be given the right to divest himself of either the insurance or the equity product.

(6) A policy, contract or related form may not contain a provision which would automatically make payable insurance benefits to facilitate payment of an equity product, provided that with the consent of the insurer the beneficiary of the benefit may, by written instruction subsequent to the time he becomes eligible for the benefit, direct that all or part of the benefit be applied toward the purchase of an equity product.

(7) The term equity product as used herein may not include a variable annuity.

§ 89.16. Riders and endorsements.

(a) Endorsements, if printed on the form or to be applied by stamp, shall be separately submitted in duplicate on the letterhead of the insurer for approval or filing.

(b) "Open face" or "blank" amendment forms, riders or endorsements may be used to change variable or illustrative material without submission to the Department.

(c) A rider or endorsement which reduces or eliminates coverage under the policy shall provide for signed acceptance by the policy owner, except in the case of a rider or endorsement which is used only at the time of policy issue.

(d) With respect to impairment riders, a representative selection of the type of fill-in material shall be shown when submitting the form. Additional or alternative material which differs in fundamental approach should also be submitted at the time when the material is to be used. The material may not be used with forms delivered in this Commonwealth after receipt of nonacceptance by the Department.

§ 89.17. [Replacement of forms.

(a) A new filing which replaces a form previously approved shall state the form number of the form or forms to be replaced in each case.

(b) If an approved form or filing becomes obsolete and is no longer being issued, the insurer shall so inform the Department.] **Reserved.**

§ 89.18. Miscellaneous requirements.

[(a) *Marketing procedures.* If a form is submitted involving a method of marketing which departs from the direct agent approach or which employs a new concept, a complete explanation of the marketing procedures shall be provided, if requested by the Department.

(b) *Countersignature of agent.* In submitting forms to the Department, consideration should be given to sections 501 and 610 of the act (40 P.S. §§ 631 and 730), which provide for the countersignature of an authorized resident agent for insurers not incorporated or organized under the laws of the Commonwealth but authorized to transact business herein. It shall be necessary

to provide in the forms, when required by law, for the countersignature of the authorized resident agent or to explain its omission fully.

(c) ~~(a)~~ *Riot injuries*. If a policy contains an exception for injuries arising out of riots, the exception should be confined to those instances in which the insured is injured while participating in the riot.

~~[(d)]~~ ~~(b)~~ *Rate books*. Rate books and revisions thereof should be submitted for filing. The name of the insurer should appear on revision pages, supplements and the like, in order to facilitate proper filing in the Department. This subsection does not apply to group insurance.

FORMAL APPROVAL

§ 89.21. [General.

(a) Policy forms may be submitted for formal approval either after or without tentative approval.

(b) Policy forms submitted for formal approval should be submitted in the form intended for actual issue, generally, in printed form. If a policy form will not be printed, as in cases of single or infrequent use, it is important that the form, when reproduced, be clear and legible and in reasonably permanent form considering its probable period of use.] **Reserved.**

§ 89.22. [Changes in forms.

The Department may not consider for formal approval a form which has been modified by typewritten, ink or other insertions or deletions. The changes should be made by printed, multigraph or rubber stamp endorsement properly executed by an authorized representative of the company.] **Reserved.**

§ 89.23. [Documents shall be complete.

The Department is concerned with complete policies, endorsements, certificates, applications and related forms. If amendatory pages are submitted, the pages shall be properly executed as such. Otherwise, the complete revised form including the amendments shall be submitted with distinguishing form number.] **Reserved.**

CONTINUATION SHEET FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU
(Pursuant to Commonwealth Documents Law)

ANNEX A

Title 31. Insurance. Chapter 89a -- Approval for Life Insurance, Accident and Health Insurance and Property and Casualty Insurance. General Filing Requirements and General Contents of Forms.

Sec.

General Filing Provisions

89a.1. Definitions.

89a.2. Purpose.

89a.3. Form filings.

89a.4. General filing procedure.

89a.5. Letter of submission.

Preparation of Forms

89a.6. General contents of forms.

GENERAL FILING PROVISIONS

§ 89a.1. Definitions.

The following words and terms, when used in this Chapter, shall have the following meanings, unless the context clearly indicates otherwise:

Department -- The Insurance Department of the Commonwealth.

Filer -- A person or entity submitting an insurance or annuity form or forms to the Department.

Prominent type - Font or formatting techniques which differentiate selected text from other text. The term includes, for example, capital letters, contrasting color and underscoring.

§ 89a.2. Purpose.

The purpose of this subchapter is to provide the criteria for insurers to use in preparing specific form filings for Department review. Additionally, the subchapter provides requirements for the general content of forms.

§ 89a.3. Form filings.

(a) Submission of forms. Policies, contracts, certificates, endorsements, riders, applications, and related forms for life insurance and annuities, accident and health insurance, and property and casualty insurance, intended to be issued in this Commonwealth, shall be submitted to the Department in accordance with the following:

(1) Forms for life insurance and annuities issued by insurance companies shall be submitted for prior approval in accordance with section 354 of the Insurance Company Law of 1921 (40 P.S. § 477b), unless specifically excepted under section 354 of the Insurance Company Law. Forms for life insurance and annuities issued by Fraternal Benefit Societies shall be submitted for prior approval in accordance with section 404(f) of the Fraternal Benefit Societies Code (40 P.S. § 1142-404(f)), unless specifically excepted under section 354 of the Insurance Company Law.

(2) Forms for accident and health insurance shall be filed in accordance with section 3 of the Accident and Health Filing Reform Act. (P.L. 1066, No. 15).

(3) Forms for property and casualty insurance shall be submitted for prior approval in accordance with section 354 of the Insurance Company Law of 1921 (40 P. S. § 477b), unless specifically excepted under section 354 of the Insurance Company Law.

(b) Out-of-state delivery. Where other jurisdictions require prior approval or filing by the Department of forms to be issued in those jurisdictions by domestic Pennsylvania insurers, such insurers may submit the forms to the Department for approval or filing for issuance outside of the Commonwealth only.

§ 89a.4. General filing procedure.

(a) Number of copies.

(1) Forms intended to be issued in this Commonwealth shall be submitted in duplicate for hard copy filings. Filers submitting forms via the Internet or other electronic medium shall submit one electronic copy. One copy of each form may be retained by the Department.

(2) One copy of a form intended to be issued only outside this Commonwealth shall be submitted.

(b) Clearly legible forms. Forms intended to be issued in this Commonwealth shall be submitted in clearly legible form.

(c) Filing fee. A submission of forms shall include any filing fee as required by section 212 of the Insurance Department Act of 1921 (40 P.S. § 50.)

(d) Self-addressed stamped return envelope. A hard copy submission of forms shall include a self-addressed envelope bearing enough postage to permit the return to the filer of the duplicate copies of the forms and/or submission letter.

(e) Separate submissions. Forms for each line of insurance, life and annuities, accident and health, and property and casualty, shall be submitted separately to their respective bureaus within the Department: the Bureau of Life Insurance, the Bureau of Accident and Health Insurance, and the Bureau of Property and Casualty Insurance.

(f) By whom submitted. A submission of forms shall be made by the home office or an administrative office of the insurer, or by an attorney at law representing the insurer, unless the following applies:

(1) The submission includes, or is preceded by, a document from the insurer specifically authorizing the filer to make the submission on the insurer's behalf; or

(2) The submission is made by a rating organization, licensed in the Commonwealth, on behalf of its members and subscriber companies.

§ 89a.5. Letter of submission.

The letter of submission shall be in duplicate for hard copy filings, shall clearly identify the insurer whose name appears on the forms, and shall be sent to the appropriate bureau director in the Office of Rate and Policy Regulation per the requirements of § 89a.4(e). Only one copy of the letter of submission is necessary for Internet or other electronic submissions. The letter shall contain at least all of the following information for each form submitted:

(1) The identifying form number. Additionally, if the form is other than a policy, contract, or certificate, the form number of the policy, contract, or certificate with which it will be used, and the date approved by or filed with the Department, or if not approved or filed, the date last submitted to the Department, or if for more general use, the type or group of such forms shall be described. If the form is a group certificate, the form number of the group master policy

with which it will be used, and the date the group master policy was approved by or filed with the Department, or if not approved or filed, the date last submitted to the Department, or if the certificate is for general use, the type or types of group master policies with which it will be used.

(2) A designation of the general type of form submitted; for example, policy, contract, certificate, rider, endorsement, amendment, agreement, application, insert page or other general type.

(3) A brief statement of the specific type of insurance or annuity benefit coverage provided by the form. If the form does not provide insurance or annuity benefit coverage, a brief statement of the specific purpose of the form.

(4) If the form contains any provision, condition, feature or concept that departs from those generally used by the industry and that could be construed as new, innovative, uncommon, or unusual, a statement to this effect and an explanation of the specific purpose of the provision, condition, feature or concept.

(5) An explanation of the marketing method, if the method of marketing of the form departs from the direct sales approach or employs a new concept.

(6) If the form is a new one, not replacing an existing form, a statement to that effect.

(7) If the form is intended to replace another form, the form number of the form to be replaced, the date that the form was approved by or filed with the Department, and a statement of the change or changes made to the form to be replaced.

(8) For group insurance policy forms, a brief description of the type of entity to which the group policy will be issued; for example, discretionary group, association, out-of-state trust.

(9) The amount of the filing fee included with the submission or the amount that will be billed to the insurer.

PREPARATION OF FORMS

§ 89a.6. General contents of forms.

(a) Name and address. Each form shall state the full corporate or legal name of the company, association, exchange, or society. However, the name need appear for filing purposes only on a rider, endorsement, amendment, agreement, or insert page. If added for filing purposes only, the name may be added by any legible means. If more than one insurer is using an application, a multi-company application providing for the designation of the applicable insurer and available coverages, if applicable, may be used. A policy, contract, or fraternal certificate shall state a current address for the insurer, consisting of at least a city and state or province.

(b) Form number. Each form shall contain a form number consisting of numbers, letters or both. The form number shall be adequate to distinguish the form from all others used by the insurer. The form number may be the same as that of a form to be replaced. However, if the form to be replaced was approved by or filed with the Department, it must not have been issued in the Commonwealth and must be withdrawn from any issuance in the Commonwealth.

(c) Description or caption. Each form, except an insert page, shall contain a brief description or descriptive caption. This brief description or descriptive caption shall appear in prominent type on the first or cover page of the form, or, in the case of a policy, contract or certificate, on the specifications page if the brief description or descriptive caption is visible without opening the form. The brief description or descriptive caption shall contain at least all of the following information:

(1) A designation of the general type of the form, that is, policy, contract, certificate, rider, endorsement, amendment, agreement, application or other general type.

(2) A designation of the specific type of insurance or annuity coverage provided, or if the form does not provide insurance or annuity coverage, a designation of the purpose of the form.

(3) If the form is a policy, contract or certificate, an indication of whether the form is participating or nonparticipating.

(d) Required statement. A rider, endorsement, amendment or agreement designated by another term in its brief description or descriptive caption shall state that it is "attached to and made part of the (policy, contract or certificate)," as appropriate.

(e) Hypothetical data. All blank spaces of each form, except an application, shall be filled in with hypothetical data to indicate the purpose of the form. This data shall be realistic and consistent with the other contents of the form.

(f) Readability. A form:

(1) Shall be written in simple words and with sentences as short as possible. Such words and sentences should convey meanings clearly and directly. Words should be used in their commonly understood senses.

(2) Shall contain a definition or explanation of any terminology that would not be ordinarily understood by a person of average intelligence.

(3) May not contain inconsistent or contradictory language or provisions.

(4) That provides insurance coverage, shall accurately and completely explain the coverage and conditions of coverage.



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

OFFICE OF SPECIAL PROJECTS
1326 Strawberry Square
Harrisburg, PA 17120

Phone: (717) 787-4429
Fax: (717) 705-3873
E-mail: psalvato@ins.state.pa.us

August 23, 2000

Mr. Robert Nyce
Executive Director
Independent Regulatory Review Comm.
333 Market Street
Harrisburg, PA 17101

Re: Insurance Department Proposed
Regulation No. 11-184, Requirements
for All Policies and Forms and
General Filing Requirements and
General Content of Forms

Dear Mr. Nyce:

Pursuant to Section 5(a) of the Regulatory Review Act, enclosed for your information and review is proposed regulation 31 Pa. Code, Chapter 89 and 89a, Requirements for All Policies and Forms and General Filing Requirements and General Content of Forms.

Chapter 89 was intended to provide filing and content requirements for Life and Accident and Health insurance forms to insurers doing business in the Commonwealth of Pennsylvania. These requirements are necessary to assure the consistent and complete filing of forms by insurers.

The Department is proposing to establish Chapter 89a to improve the readability of the sections of Chapter 89 that are proposed for deletion. These new sections of Chapter 89a set forth the requirements for the content and filing of Life Insurance and Annuities, Accident and Health Insurance and Property and Casualty Insurance form filings. In addition, requirements for Annuities and Property and Casualty Insurance and provisions to allow for filings via the Internet or electronically were also incorporated in Chapter 89a. This will ensure the consistent application of filing requirements across all product lines filed with the Department. The Department is also revising these regulations to respond to changes in the insurance marketplace.

If you have any questions regarding this matter, please contact me at (717) 787-4429.

Sincerely yours,

A handwritten signature in cursive script, reading "Peter J. Salvatore".

Peter J. Salvatore
Regulatory Coordinator

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT TO THE
REGULATORY REVIEW ACT

RECEIVED

2000 AUG 23 AM 11:27

I.D. NUMBER: 11-184

SUBJECT: Requirements for all Policies & Forms; General Filing Requirements & General Contents of Forms

REGULATORY REVIEW COMMISSION

AGENCY: DEPARTMENT OF INSURANCE

TYPE OF REGULATION

X Proposed Regulation

Final Regulation

Final Regulation with Notice of Proposed Rulemaking Omitted

120-day Emergency Certification of the Attorney General

120-day Emergency Certification of the Governor

Delivery of Tolled Regulation

a. With Revisions

b.

Without Revisions

FILING OF REGULATION

DATE

SIGNATURE

DESIGNATION

8-23-00 Sheila E. Carhart

HOUSE COMMITTEE ON INSURANCE

8-23-00 Bruce M. Metzger

SENATE COMMITTEE ON BANKING & INSURANCE

8-23 J. Vaillancourt

INDEPENDENT REGULATORY REVIEW COMMISSION

ATTORNEY GENERAL

8-23-00 Wayne G. Sanders

LEGISLATIVE REFERENCE BUREAU

August 21, 2000