



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

MEMO

April 30, 1975

SUBJECT. HB-794 (PN 897) Amending the act... entitled "An act relating to insurance; amending, revising, and consolidating the law providing for incorporation of insurance companies, and..."

TO

Honorable C. L. Schmitt, Chairman, Consumer Protection Committee

FROM

Jake Myers, Counsel

HB-794 amends the Insurance Company Law of 1921 (Act of May 17, 1921 (P.L.682 No.284) to add a new Section 619.1 to provide the following:

Reduction for cost of living increase prohibited. In the case of benefits due for loss of time from an insured person's occupation, this section would prohibit any reduction in benefits by reason of any cost-of-living increase, designated as such under the Federal Social Security Act. This would apply to any group or individual accident and health insurance policy issued or renewed in Pennsylvania.

Comment: The Insurance Department has informed us that we would be giving legislative sanction to something that is presently done by regulation. They are of the opinion, however, that legislative enactment would provide a more clear statutory mandate for such a prohibition and the Department supports the bill.