

COMMONWEALTH OF PENNSYLVANIA  
HOUSE OF REPRESENTATIVES  
SUB-COMMITTEE ON INSURANCE  
COMMITTEE ON CONSUMER PROTECTION

\* \* \* \* \*

Minutes of Meeting

July 30, 1975  
Wednesday at 2:00 p.m.  
Room 115A

Honorable Amos Hutchinson, Chairman

MEMBERS OF SUB-COMMITTEE ON INSURANCE

Michael Schweder  
Samuel Ross  
James Romanelli  
Rose Toll  
Fred Taylor  
C. L. Schmitt

Herbert Zearfoss, Minority Chairman  
John Scheaffer  
Lee Taddonio  
John Stahl

Louis Kozloff, Executive Director  
Jacob Myers, Legal Counsel

The Sub-Committee on Insurance (Consumer Protection Committee) was called to order on July 30, 1975 at 2:00 p.m. in Room 115A by the Chairman, Representative Amos Hutchinson.

Chairman Hutchinson introduced Ben Prybutok who in turn named those representatives from the Insurance Department present to answer questions on the legislation to be presented: John Drawbaugh, Paul Ninner and Thomas Shepel. Also present was a representative for Lloyds of U.S., an attorney with the firm of Lamb, LeBeouff, Leiby and MacCrae.

The Sub-Committee on Insurance recommends that Senate Bill 529 (PN 553) be returned to the standing Committee to be considered by the full Committee with the Sub-Committee's recommendation that the bill be reported to the House Floor. Representative Zearfoss so moved, seconded by Representative Taylor. The motion passed unanimously by a voice vote.

The Sub-Committee on Insurance recommends that House Bill 646 (PN 725) be tabled.

The Sub-Committee recommends that House Bill 647 (PN 726) and House Bill 648 (PN 727) be returned to the standing Committee to be considered by the full Committee with the Sub-Committee's recommendation that the bill be reported to the House. Representative Taylor moved, seconded by Representative Sheaffer. The motion was passed unanimously by a voice vote.

The Sub-Committee recommends that House Bill 649 (PN 728) be returned to the standing Committee to be considered by the full Committee with the recommendation that the bill be reported to the House. Representative Hutchinson moved, seconded by Representative Taylor and the motion was passed by a unanimous voice vote.

The Sub-Committee recommends that House Bill 650 (PN 775) be returned to the standing Committee to be considered by the full Committee with the recommendation that the bill be reported to the House. Representative Schmitt moved, seconded by Representative Ross and the motion passed unanimously by a voice vote.

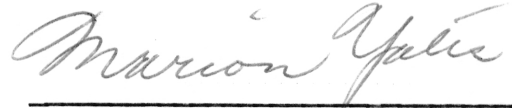
The Sub-Committee recommends that House Bill 651 (PN 730) be tabled. Motion by Representative Zearfoss seconded by Representative Ross and the motion was passed unanimously by a voice vote.

The Sub-Committee recommends that House Bill 652 (PN 731) be returned to the standing Committee to be considered by the full Committee with the Sub-Committee's recommendation that the bill be reported to the House. Representative Zearfoss moved, seconded by Representative Romanelli and the motion passed unanimously by a voice vote.

The Sub-Committee recommends that House Bill 653 (PN 732) be returned to the standing Committee to be considered by the full Committee with the recommendation that the bill be reported to the House. Representative Zearfoss moved, seconded by Representative Amos Hutchinson and the motion passed unanimously by a voice vote.

The Sub-Committee recommends that House Bill 656 (PN 735) be returned to the standing Committee to be considered by the full Committee with the Sub-Committee's recommendation that the bill be reported to the House. Representative Taylor moved, seconded by Representative Zearfoss and the motion passed unanimously by a voice vote.

The meeting was adjourned.



Marion Yates, Recording Secretary  
July 30, 1975

OK C.L.S.

*my file*

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Attendance Report

Insurance Sub-Committee (Consumer Protection)  
Name of Committee

July 30, 1975 - Room 115A  
Date and Place of Meeting

2:15 p.m.  
Time Meeting Started

5:00 p.m.  
Time of Adjournment

MAJORITY MEMBERS	Present	Absent	Excused (reason must be given)
MR. CHAIRMAN Amos K. Hutchinson	✓		
Michael Schweder			
Samuel Ross	✓		
James Romanelli	✓		
Rose Toll			✓
Fred Taylor	✓		
C. L. Schmitt	✓		
<u>MINORITY MEMBERS</u>			
Herbert Zearfoss, Minority Chm.	✓		
John Scheaffer	✓		
Lee Taddonio			
John Stahl			✓

Signed *C. L. Schmitt Chm*

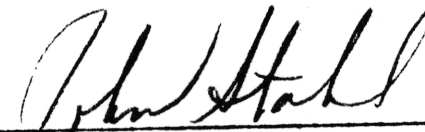
OFFICIAL LEAVE REQUEST

I John Stahl ask for official leave of absence from attending the meeting  
of the Member's Name Consumer Protection Committee on 7/30/75 for the following reason:  
Date

Health & Welfare Conflicting committee meeting (name committee)

Conflicting legislative duties (specify)

Other reasons (specify)

  
\_\_\_\_\_  
Signed

OFFICIAL LEAVE REQUEST

I J. MICHAEL SCHWEDER ask for official leave of absence from attending the meeting  
Member's Name  
of the \_\_\_\_\_ Committee on July 30 & 31, 1975 for the following reason:  
Date

\_\_\_\_\_ Conflicting committee meeting (name committee)

\_\_\_\_\_ Conflicting legislative duties (specify)

\_\_\_\_\_ Other reasons (specify)

*Meeting with constituents*

J. Michael Schweder  
Signed

OFFICIAL LEAVE REQUEST

I J. MICHAEL SCHNEIDER ask for official leave of absence from attending the meeting  
Member's Name  
of the \_\_\_\_\_ Committee on July 30 & 31, 1975 for the following reason:  
Date

\_\_\_\_\_ Conflicting committee meeting (name committee)

Conflicting legislative duties (specify)

\_\_\_\_\_ Other reasons (specify)

*meeting with constituents*

*J. Michael Schneider*  
Signed \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee)

SB 529 (PN 5533)

Committee \_\_\_\_\_  
Date 7/30/75  
Representative Zearfoss Rep. Taylor  
Sponsor of Motion \_\_\_\_\_  
Seconded by \_\_\_\_\_

Bill or Resolution Number  
Recommends that Bill be returned to the  
standing Committee to be considered by the

Type of Motion (If amendment, copy must be  
attached)  
full Committee with the Sub-Committee's  
recommendation that the bill be reported  
to the House Floor.  
Passed UNANIMOUSLY Failed

Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>	_____	<u>Herbert Zearfoss, Minority Chm.</u>	_____
Michael Schweder	_____	John Scheaffer	_____
Samuel Ross	_____	Lee Taddonio	_____
James Romanelli	_____	John Stahl	_____
Rose Toll	_____	John Renninger (Ex-Officio)	_____
Fred Taylor	_____	_____	_____
C. L. Schmitt (Ex-Officio)	_____	_____	_____
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SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	5/8/75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS: OF:

AN OPINION  A PROPOSED AMENDMENT

A JUSTIFICATION  PROPOSED LEGISLATION

PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: Senate Bill 529 (Pr.#553); Sponsors: Hankins, Smith, et.al.  
 OR BILL NUMBER:

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

A bill providing for low cost group life insurance for dependents of low income people.

C. PREVIOUS HISTORY

Referred to Senate Committee on Insurance, 4/9/75; Reported out 4/22/75.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This bill would provide low cost life insurance to dependents of low income people. Many of these individuals have very little or no insurance at all.

Group dependent life insurance could be considered as a bargaining tool for employee benefits. In many situations the insurance is paid for by the employer without cost to the low income employee.

The majority of group life insurance programs issued out of state for large corporations include dependent life insurance. Therefore, with no authority to write this insurance in the Commonwealth, we are severely restricting the domestic corporations from providing equal employee benefits.

SIGNATURE

SUBMITTED BY:	DATE FILED:

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

HB-646 (PN 725)

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee)

Committee \_\_\_\_\_ Date 7/30/75 Bill or Resolution Number \_\_\_\_\_

HOLD

Sponsor of Motion \_\_\_\_\_ Seconded by \_\_\_\_\_ Type of Motion (If amendment, copy must be attached)

Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_ Passed \_\_\_\_\_ Failed \_\_\_\_\_

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>	_____	<u>Herbert Zearfoss, Minority Chm.</u>	_____
<u>Michael Schweder</u>	_____	<u>John Scheaffer</u>	_____
<u>Samuel Ross</u>	_____	<u>Lee Taddonio</u>	_____
<u>James Romanelli</u>	_____	<u>John Stahl</u>	_____
<u>Rose Toll</u>	_____	<u>John Renninger (Ex-Officio)</u>	_____
<u>Fred Taylor</u>	_____	_____	_____
<u>C. L. Schmitt (Ex-Officio)</u>	_____	_____	_____
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_____	_____	_____	_____

Signed \_\_\_\_\_  
SECRETARY

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:  
 AN OPINION  
 A JUSTIFICATION

OF:  
 A PROPOSED AMENDMENT  
 PROPOSED LEGISLATION  
 PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 646 (Pr.# 725)

OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

An act to provide reasonable standardization and simplification of terms and coverages of individual accident and health insurance policies and subscriber contracts of health plan corporations, nonprofit health service plans and certificates issued by fraternal benefit societies to facilitate public understanding and comparison, to eliminate provisions contained in individual accident and health insurance policies and sub- (over)

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Stahl, Schmitt, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY — USE ADDITIONAL SHEETS IF NECESSARY)

This Bill constitutes an important piece of umbrella legislation and is one of the Insurance Department's highest priorities. The Bill is basically enabling in its content, granting the Insurance Commissioner the power to promulgate regulations determining minimum standards in accident and health coverage, benefits, and policy provisions. In the area of policy provisions the Insurance Commissioner would be given the power to standardize:

- (1) terms of renewability,
- (2) initial and subsequent conditions of eligibility,
- (3) non-duplication of coverage provisions,
- (4) coverage of dependents,
- (5) pre-existing conditions,
- (6) termination of insurance,
- (7) probationary periods,
- (8) limitations,
- (9) exceptions,
- (10) reductions,
- (11) elimination periods,
- (12) requirements for replacement,
- (13) recurrent conditions,
- (14) standardizing the definition of terms relating to accident and health policies.

(over)

SIGNATURE

SUBMITTED BY:	DATE FILED:

B. (Content, purpose and function - continued)

scriber contracts of health plan corporations and nonprofit health service plans and certificates issued by fraternal benefit societies which may be misleading or unreasonably confusing in connection either with the purchase of such coverages or with the settlement of claims, and to provide for full disclosure in the sale of accident and health coverages.

D. Department Position - continued.

In the area of accident and health benefits themselves, the Insurance Commissioner would be empowered to standardize:

- (1) basic hospital expense coverage,
- (2) basic medical-surgical expense coverage,
- (3) hospital confinement indemnity coverage,
- (4) major medical expense coverage,
- (5) disability income protection coverage,
- (6) accident only coverage,
- (7) specified disease or specified accident coverage.

Generally, the Insurance Commissioner would be able to determine standards of readability and disclosure.

In addition to overall standardization in this branch of the insurance industry, the Bill will enable the Insurance Department to deal with numerous pressing issues such as discrimination in coverage, availability and convertibility, based on race, sex, geography, or other unwarranted factors. Similarly, the Bill will enable the Insurance Department to deal more effectively with much neglected areas of coverage such as payments for mental illness hospitalization and rehabilitation.

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee)

HB-648 (PN 727)

HB-647 (PN 726)

Committee \_\_\_\_\_ Date \_\_\_\_\_ Bill or Resolution Number \_\_\_\_\_  
Rep. Taylor \_\_\_\_\_ Rep. Sheaffer \_\_\_\_\_ Recommends that Bill be returned to the standing Committee to be considered by the full Committee.

Sponsor of Motion \_\_\_\_\_ Seconded by \_\_\_\_\_ Type of Motion (If amendment, copy must be attached) \_\_\_\_\_  
Unanimous \_\_\_\_\_ Recommendation that the bill be reported to the House Floor.

Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_ Passed \_\_\_\_\_ Failed \_\_\_\_\_

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>	_____	Herbert Zearfoss, Minority Chm.	_____
Michael Schweder	_____	John Scheaffer	_____
Samuel Ross	_____	Lee Taddonio	_____
James Romanelli	_____	John Stahl	_____
Rose Toll	_____	John Renninger (Ex-Officio)	_____
Fred Taylor	_____	_____	_____
C. L. Schmitt (Ex-Officio)	_____	_____	_____
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_____	_____	_____	_____

Signed \_\_\_\_\_

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:  
 AN OPINION  
 A JUSTIFICATION

OF:  
 A PROPOSED AMENDMENT  
 PROPOSED LEGISLATION  
 PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 647 (Pr.#726)  
 OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Amending the act of May 17, 1921 (P.L. 789, No.285) entitled, as amended, empowering and authorizing the Insurance Commissioner or a deputy to proceed to prohibit and restrain certain persons and entities from transacting business as an agent or solicitor without being properly licensed and providing for the procedure and conditions for an injunction or other process.

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Toll, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This Bill is intended to augment the Insurance Department's jurisdiction over certain unlicensed activities and to act as a deterrent against such activities. The proposed "injunction or other process" provisions are very similar to those under which other Commonwealth Department's can proceed against unlicensed activities in other professional and occupational sectors.

The Bill enables the Insurance Commissioner to seek a temporary restraining order or injunction from the Court of Common Pleas in any county where alleged unlicensed activities have been conducted, and relieves the Commissioner from bonding and other costs which might otherwise be involved in such action.

SIGNATURE

SUBMITTED BY:	DATE FILED:

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:  
 AN OPINION  
 A JUSTIFICATION

OF:  
 A PROPOSED AMENDMENT  
 PROPOSED LEGISLATION  
 PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 648 (Pr.#727)  
 OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as amended, authorizing the Insurance Commissioner or a duly designated deputy to institute prosecution under certain penalty sections.

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Toll, Zearfoss, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This Bill, similarly, will serve to augment the Insurance Department's jurisdiction over unlicensed activities, and will additionally, serve as a deterrent against such activities.

In the past, the Insurance Department has encountered lethargic and sometimes uncooperative local criminal enforcement officials in attempting to stop certain unlicensed activities. The Department, therefore, believes that the passage of legislation permitting the Insurance Commissioner or a duly designated deputy to institute prosecution when necessary, is urgently needed.

There are statutory precedents for this proposal in the provisions under which other Commonwealth Departments may bring legal action against unlicensed activities in other professional, occupation, or trade sectors.

SIGNATURE

SUBMITTED BY:	DATE FILED:

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-649 (PN 728)

Committee \_\_\_\_\_ Date 7/30/75 Bill or Resolution Number \_\_\_\_\_

Rep. Hutchinson \_\_\_\_\_ Rep. Taylor \_\_\_\_\_  
Sponsor of Motion \_\_\_\_\_ Seconded by \_\_\_\_\_

Recommends that Bill be returned to the standing Committee to be considered by the full Committee

Type of Motion (If amendment, copy must be attached)  
with the Sub-Committee's recommendation that the bill be reported to the House Floor.

Unanimous

Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_ Passed \_\_\_\_\_ Failed \_\_\_\_\_

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>	_____	<u>Herbert Zearfoss, Minority Chm.</u>	_____
Michael Schweder	_____	John Scheaffer	_____
Samuel Ross	_____	Lee Taddonio	_____
James Romanelli	_____	John Stahl	_____
Rose Toll	_____	John Renninger (Ex-Officio)	_____
Fred Taylor	_____		_____
C. L. Schmitt (Ex-Officio)	_____		_____
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Signed \_\_\_\_\_



SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION: LEGISLATIVE SECRETARY GOVERNOR'S OFFICE COMMONWEALTH OF PENNSYLVANIA	THIS SUMMARY IS:	OF:	<input type="checkbox"/> A PROPOSED AMENDMENT
	<input type="checkbox"/> AN OPINION		<input type="checkbox"/> PROPOSED LEGISLATION
	<input checked="" type="checkbox"/> A JUSTIFICATION		<input checked="" type="checkbox"/> PENDING LEGISLATION

FROM: Benn Prybutok, Legislative Liaison Insurance Department Tier 4, Finance Building  Telephone: 787-3485 and 787-6174	FOR OFFICIAL USE ONLY	
	APPROVED BY	DATE
	ATTORNEY GENERAL	
	BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 649 (Pr.#728)  
OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Repealing clause (5) of subsection (e) of section 208, act of May 17, 1921 (P.L. 789, No. 285), deleting the provision relating to nonapplicability of section 208 to transactions in this Commonwealth involving group or blanket insurance or group annuities where the master policy of such group was lawfully issued and delivered in a state in which the company was authorized to do insurance business.

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Toll, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

A growing concern of the Insurance Department over a period of years has been master policies which are lawfully issued and delivered in a state other than Pennsylvania, and Certificates of Insurance issued to Pennsylvania residents in conjunction with such master policies. These master policies and their related Certificates of Insurance are associated with (1) trust agreements entered into in a state other than Pennsylvania; (2) large nationwide consumer service businesses such as Speigle, Montgomery Ward and similar corporations; (3) agreements between large inter-state business corporations or multi-state unions on the one hand, and individual employers or union members on the other.

A trust agreement can be of various types. For example, (1) a state or national bank in Pennsylvania can enter into a trust agreement affecting its various individual customer and debtor services when the agreement originated in a state other than Pennsylvania; or (2) a national or state School Teachers Association could enter into a trust agreement for individual active or retired school teachers. Subsequent to the establishment of such a trust itself, and accompanying Certificates of Insurance to the eligible Pennsylvania resident.

(over)

SIGNATURE

SUBMITTED BY:	DATE FILED:

D. Department Position - continued.

The danger or risk to such Pennsylvania residents lies in the fact that very few, if any, states regulated or concern themselves with these private trust agreements. The master policy and the accompanying Certificates of Insurance need not be submitted to the Pennsylvania Insurance Department for approval under existing law. Therefore, depending upon the regulatory attitude of the state or origin, a master policy and Certificates of Insurance issued thereunder may be subject to very little scrutiny.

Furthermore, there are substantial numbers of individual Certificates of Insurance issued under such terms, resulting in a substantial loss of revenues to those insurance companies which are authorized to transact business in Pennsylvania and which are subject to supervision and regulation by the Pennsylvania Insurance Department.

The Insurance Department considers the passage of this Bill to be of utmost importance for the following reasons:

- (1) in conjunction with certain insurance carriers, large nationwide businesses such as Speigle, Montgomery Ward and similar corporations, have been providing credit insurance at twice the premium rates that are permitted under the Department's regulations.
- (2) Certificates of Insurance issued under such out-of-state master policies do not necessarily conform to the requirements set down by Pennsylvania statutes, and the benefits conferred under many such certificates do not meet our minimum standards.
- (3) Those credit life insurance companies and credit health & accident insurance companies which are regulated by this Department are put at a competitive disadvantage by the unregulated carriers providing similar coverage. The latter can charge higher premium rates for the same benefits.
- (4) Insurance Department regulation of such group credit insurance certificates will permit inter-related regulation of the premium rates debtors.

The proposed Bill repeals clause (5) of subsection (e) of section 208 of the Insurance Department Act of 1921.

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-650 (PN 775)

Committee \_\_\_\_\_ Date 7/30/75 Bill or Resolution Number \_\_\_\_\_  
Recommends that Bill be returned to the standing  
Committee to be considered by the full Committee  
Rep. Schmitt \_\_\_\_\_ Rep. Ross \_\_\_\_\_  
Sponsor of Motion \_\_\_\_\_ Seconded by \_\_\_\_\_  
Type of Motion (If amendment, copy must be attached)  
with the Sub-Committee's recommendation that the bill be reported to the House Floor.  
Unanimous \_\_\_\_\_  
Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_ Passed \_\_\_\_\_ Failed \_\_\_\_\_

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>		Herbert Zearfoss, Minority Chm.	
Michael Schweder		John Scheaffer	
Samuel Ross		Lee Taddonio	
James Romanelli		John Stahl'	
Rose Toll		John Renninger (Ex-Officio)	
Fred Taylor			
C. L. Schmitt (Ex-Officio)			

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
LEGISLATIVE SECRETARY  
GOVERNOR'S OFFICE  
COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS: OF:  A PROPOSED AMENDMENT  
 AN OPINION  PROPOSED LEGISLATION  
 A JUSTIFICATION  PENDING LEGISLATION

FROM:  
Benn Prybutok, Legislative Liaison  
Insurance Department  
Tier 4, Finance Building  
  
Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 650 (Pr.#729)  
OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Amending the act of January 24, 1966 (1965 P.L.1509, No.531), changing conditions related to an unlicensed insurer being or becoming an eligible surplus lines insurer.

C. PREVIOUS HISTORY

Sponsors: Hutchinson, Toll, Romanelli, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This proposed legislation creates a requirement that an insurance company be licensed for a period of at least three years for eligibility as a surplus line insurer. Similarly, it stipulates a three year interim period before a parent company can delete a previously existing surplus line subsidiary.

The type and amount of insurance risks associated with the Surplus Lines Insurance Act of 1966 make it mandatory that eligible surplus lines insurer already have a substantial degree of stability. There has been a notable increase in the formation of subsidiary companies which at times may only be "paper shells", but under presently enacted statutory provisions could be declared eligible surplus insurers. The National Association of Insurance Commissioners has conducted a comprehensive review of insurance company examination procedures. Its report has indicated the need for stricter surveillance of potential problem companies in order to protect creditors and the general public. This proposed legislation should provide some guarantee of the financial stability of the company, the business acumen and trustworthiness of its directors and officers, and its compliance with statutory and regulatory requirements. Other states, including Louisiana, Alabama, and Florida have seen the need and have made similar amendments to their Surplus Lines Insurance Statutes.

The proposed Bill amends section 7, subsection (a) of the S.L. Insurance Act of January 24, 1966 P.L. 1509, 1965 Session.

SIGNATURE

SUBMITTED BY:	DATE FILED:

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-651 (PN 730)

Committee

Date 7/30/75 Bill or Resolution Number  
Recommends that Bill be returned to the standing

Rep. Zearfoss

Rep. Ross

Committee to be considered by the full Committee

Sponsor of Motion

Seconded by

Type of Motion (If amendment, copy must be attached)

with the Sub-Committee's recommendation that the bill be reported to the House Floor.

Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_  
Unanimous \_\_\_\_\_ Passed \_\_\_\_\_ Failed \_\_\_\_\_

MAJORITY MEMBERS

- Mr. Chairman Amos Hutchinson
- Michael Schweder
- Samuel Ross
- James Romanelli
- Rose Toll
- Fred Taylor
- C. L. Schmitt (Ex-Officio)

VOTE

*[Handwritten signature]*

MINORITY MEMBERS

- Herbert Zearfoss, Minority Chm.
- John Scheaffer
- Lee Taddonio
- John Stahl
- John Renninger (Ex-Officio)

VOTE

*[Handwritten signature]*

Signed \_\_\_\_\_

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS: OF:  A PROPOSED AMENDMENT  
 AN OPINION  PROPOSED LEGISLATION  
 A JUSTIFICATION  PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 651 (Pr.#730)  
 OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)  
 Amending the act of November 25, 1970 (P.L.716, NO.232), furthering defining the word "insurer."

C. PREVIOUS HISTORY  
 Sponsors: Hutchinson, Toll, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY — USE ADDITIONAL SHEETS IF NECESSARY)

There does not appear to be any reasonable explanation for the exclusion of alien and foreign eligible surplus lines insurers from the provision, terms and conditions of the Pennsylvania Insurance Guaranty Association Act, as they are engaged in writing property and casualty insurance as defined in Section 103 Clause (3) of the said Act. The inclusion of foreign and alien eligible surplus lines insurers within the purview of this Act would help effectuate the purposes of the Act as provided in Section 102. Namely:

- (1) To provide a means for the payment of covered claims under certain property and casualty insurance policies, to avoid excessive delay in the payment of such claims and to avoid financial loss to claimants or policyholders as a result of the insolvency of an insurer;
- (2) to assist in the detection and prevention of insurer insolvencies;
- (3) and, to provide for the formulation and administration by the Pennsylvania Insurance Guaranty Association of a plan of operation necessary to effectuate the provisions of this Act.

Other states having insurance guaranty association statutes have seen fit to include designated surplus lines insurers as well as unlicensed companies.

The Bill is amendatory of clause (2) of section 103 of the Pennsylvania Insurance Guaranty Association Act of November 25, 1970 (P.L. 716).

SIGNATURE

SUBMITTED BY:	DATE FILED:

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-652 (PN 731)

Committee \_\_\_\_\_ Date 7/30/75 Bill or Resolution Number \_\_\_\_\_  
 Sponsor of Motion Rep. Zearfoss Seconded by Rep. Romanelli Type of Motion (If amendment, copy must be attached) Recommend that Bill be returned to the sta Committee to be considered by the full Committe  
 with the Sub-Committee's recommendation that th bill be reported to the House Floor.  
 Yeas \_\_\_\_\_ Nays \_\_\_\_\_ Not Voting \_\_\_\_\_ Unanimous Failed \_\_\_\_\_  
 Passed

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>		<u>Herbert Zearfoss, Minority Chm.</u>	
<u>Michael Schweder</u>		<u>John Scheaffer</u>	
<u>Samuel Ross</u>		<u>Lee Taddonio</u>	
<u>James Romanelli</u>		<u>John Stahl</u>	
<u>Rose Toll</u>		<u>John Renninger (Ex-Officio)</u>	
<u>Fred Taylor</u>			
<u>C. L. Schmitt (Ex-Officio)</u>			
	<i>[Signature]</i>		<i>[Signature]</i>

Signed \_\_\_\_\_

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:  
 AN OPINION  
 A JUSTIFICATION

OF:  
 A PROPOSED AMENDMENT  
 PROPOSED LEGISLATION  
 PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill #652 (Pr.#731)

OR BILL NUMBER: Insurance Department - Sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

Amending the act of May 17, 1921 (P.L. 789, No. 285), entitled, as amended, further providing for the insolvency of or the impairment of the reserves of an assessable mutual insurance company.

C. PREVIOUS HISTORY

Sponsors: Representatives Hutchinson, Schmitt, Gillette, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This piece of legislation is intended to prevent assessable mutual insurance companies from declaring "assessments receivable" as admitted assets. This practice has been used in the past by impaired companies to obscure their true financial condition from the Department. The lack of a clear prohibition against this practice under current statutes has complicated the Commissioner's task in suspending or revoking the licenses of such companies, and has opened the door to lengthy court proceedings.

Assessments receivable are at best, difficult to estimate and have been the subject of uncontrollable conjecture and overestimation. Vast discrepancies exist between such estimates and the amounts which are actually collectible.

The Bill amends Section 502 of the Insurance Department Act of 1921.

SIGNATURE

SUBMITTED BY:	DATE FILED:



HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-653 (PN 732)

Committee

Date 7/30/75

Bill or Resolution Number

Recommends that Bill be returned to the standing Committee to be considered by the full Committee

Rep. Zearfoss  
Sponsor of Motion

Rep. Hutchinson  
Seconded by

Type of Motion (If amendment, copy must be attached)

with the Sub-Committee's recommendation that the bill be reported to the House Floor.

Unanimous

Ayes

Nays

Not Voting

Passed

Failed

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>	_____	<u>Herbert Zearfoss, Minority Chm.</u>	_____
Michael Schweder	_____	John Scheaffer	_____
Samuel Ross	_____	Lee Taddonio	_____
James Romanelli	_____	John Stahl	_____
Rose Toll	_____	John Renninger (Ex-Officio)	_____
Fred Taylor	_____	_____	_____
C. L. Schmitt (Ex-Officio)	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION: LEGISLATIVE SECRETARY GOVERNOR'S OFFICE COMMONWEALTH OF PENNSYLVANIA	THIS SUMMARY IS:	OF:	<input type="checkbox"/> A PROPOSED AMENDMENT
	<input type="checkbox"/> AN OPINION		<input type="checkbox"/> PROPOSED LEGISLATION
	<input checked="" type="checkbox"/> A JUSTIFICATION		<input checked="" type="checkbox"/> PENDING LEGISLATION

FROM: Benn Prybutok, Legislative Liaison Insurance Department Tier 4, Finance Building Telephone: 787-3485 and 787-6174	FOR OFFICIAL USE ONLY	
	APPROVED BY	DATE
	ATTORNEY GENERAL	
	BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 653 (Pr.#732)  
OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)  
Amending the act of May 17, 1921 (P.L.789, No.285) altering the method of computation of unearned premium liability and reserve, the distribution of unallocated liability loss expense payments, the distribution of unallocated compensation loss expense payments, and removing a requirement specifying certain information to be furnished in an annual report or statement.

C. PREVIOUS HISTORY  
Sponsors: Hutchinson, Schmitt, Gillete, et. al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)  
This Bill corrects discrepancies between the standards set by the NAIC for the preparation of "Schedule P" of an insurer's annual statement, and the provisions of Pennsylvania law. Such discrepancies have accumulated over the years leaving our present provisions outmoded, outdated and below standard.

This Bill alters the method of computing unearned premium liability and reserve, and alters the method of allocation and distributing unallocated liability loss expense payments and unallocated compensation loss expense payments.

In addition, the Bill will permit future revision of "Schedule P" guidelines by the Commissioner as such need arises, without requiring further legislative amendment of the passages concerned.

SIGNATURE

SUBMITTED BY:	DATE FILED:

HOUSE OF REPRESENTATIVES  
Commonwealth of Pennsylvania  
Roll Call

SUB-COMMITTEE ON INSURANCE (Consumer Protection Committee) HB-656 (PN 735)

Committee Date 7/30/75 Bill or Resolution Number  
Rep. Taylor Rep. Zearfoss Recommends that Bill be returned to the standing Committee to be considered by the full Committee

Sponsor of Motion Seconded by Type of Motion (If amendment, copy must be attached)  
with the Sub-Committee's recommendation that the bill be reported to the House Floor.

Yeas Nays Not Voting Unanimous Passed Failed

MAJORITY MEMBERS	VOTE	MINORITY MEMBERS	VOTE
Mr. Chairman <u>Amos Hutchinson</u>		Herbert Zearfoss, Minority Chm.	
Michael Schweder		John Scheaffer	
Samuel Ross		Lee Taddonio	
James Romanelli		John Stahl	
Rose Toll		John Renninger (Ex-Officio)	
Fred Taylor			
C. L. Schmitt (Ex-Officio)			

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION: LEGISLATIVE SECRETARY GOVERNOR'S OFFICE COMMONWEALTH OF PENNSYLVANIA	THIS SUMMARY IS:	OF:	<input type="checkbox"/> A PROPOSED AMENDMENT
	<input type="checkbox"/> AN OPINION		<input type="checkbox"/> PROPOSED LEGISLATION
	<input checked="" type="checkbox"/> A JUSTIFICATION		<input checked="" type="checkbox"/> PENDING LEGISLATION

FROM: Benn Prybutok, Legislative Liaison Insurance Department Tier 4, Finance Building  Telephone: 787-3485 and 787-6174	FOR OFFICIAL USE ONLY	
	APPROVED BY	DATE
	ATTORNEY GENERAL	
	BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 656 (Pr.#735)  
OR BILL NUMBER: Insurance Department - sponsored

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)  
Amending the act of May 17, 1921 (P.L.682, No. 284) further regulating reinsurance.

C. PREVIOUS HISTORY  
Sponsors: Hutchinson, Schmitt, Gillette, et.al.; Referred to House Committee on Consumer Protection, March 5, 1975; Introduced, March 4, 1975.

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY — USE ADDITIONAL SHEETS IF NECESSARY)  
This piece of legislation is needed to remedy certain abuses associated with reinsurance by domestic stock or mutual insurance companies. It will only permit such domestic insurance companies to reinsure all or any part of its liability with an insurer authorized to transact the same or similar kind of business in Pennsylvania. The Bill amends section 319 of the Insurance Company Law of 1921.  
As presently enacted, section 319 permits reinsurance with any domestic or foreign insurance company which is of equal solvency standard. This has permitted reinsurance by domestic insurance companies with foreign insurance companies which have not been or would not be authorized to transact an insurance business in Pennsylvania.  
Also, the proposed amendment would bring the Pennsylvania Law into conformity with the existing provision of a majority of other states and make uniform reported entries in the annual financial statement blank used in all fifty states.

SIGNATURE

SUBMITTED BY:	DATE FILED:

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	7/30/75

ATTENTION:  
 LEGISLATIVE SECRETARY  
 GOVERNOR'S OFFICE  
 COMMONWEALTH OF PENNSYLVANIA

THIS SUMMARY IS:  
 AN OPINION  
 A JUSTIFICATION

OF:  
 A PROPOSED AMENDMENT  
 PROPOSED LEGISLATION  
 PENDING LEGISLATION

FROM:  
 Benn Prybutok, Legislative Liaison  
 Insurance Department  
 Tier 4, Finance Building  
  
 Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill #1118 (Pr.#1286) Sponsors: Reps. M. E. Miller, Jr., Seltzer  
 OR BILL NUMBER:

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)

C. PREVIOUS HISTORY

None

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

This Bill would provide for coverage of employees' spouses under group life insurance policies. The Insurance Department recognizes the need for dependent coverage under such group life insurance policies, but believes that coverage should be extended to dependent children as well. House Bill #1118 fails to do this.

On the other hand, while the Insurance Department believes that the scope of available coverage under such policies should be broadened, it also deems it advisable that the amount of such coverage be limited. House Bill 1118 also fails to do this.

Limited coverage through group dependent life insurance would provide a stable foundation on which families could build. We do not believe that unlimited coverage under such policies would be advisable, since:

1. Even with conversion privileges, such policies have a high incidence of nonrenewal upon termination of employment;
2. Excessive levels of coverage through group life insurance programs would discourage flexibility in family insurance planning;

(over)

SIGNATURE

SUBMITTED BY:	DATE FILED:

D. Department position continued.

3. Excessive coverage through such group life insurance programs would be unfair to independent agents who depend on the sale of individual policies for their livelihoods.

While the Insurance Department supports the intent of House Bill #1118, we recommend the passage of Senate Bill #529 (Pr.#553) as a more desirable alternative.

SUMMARY OF LEGISLATIVE PROPOSALS

DEPT. CODE	DATE
	3-17-75

ATTENTION: LEGISLATIVE SECRETARY GOVERNOR'S OFFICE COMMONWEALTH OF PENNSYLVANIA	THIS SUMMARY IS:	OF:	<input type="checkbox"/> A PROPOSED AMENDMENT
	<input checked="" type="checkbox"/> AN OPINION		<input type="checkbox"/> PROPOSED LEGISLATION
	<input type="checkbox"/> A JUSTIFICATION		<input checked="" type="checkbox"/> PENDING LEGISLATION

FROM:  
Benn Prybutok  
Legislative Liaison  
Tier 4, Finance Building  
  
Telephone: 787-3485 and 787-6174

FOR OFFICIAL USE ONLY	
APPROVED BY	DATE
ATTORNEY GENERAL	
BUDGET SECRETARY	

A. PENDING LEGISLATION: House Bill 95 (Pr.#97) Permitting Group Dependent Life Insurance Referred to House Committee on Consumer Protection, January 27, OR BILL NUMBER: 1975

B. PROPOSED LEGISLATION: (GIVE CONTENT, PURPOSE AND FUNCTION)  
There is a great need for low cost life insurance to dependents of low income people. Many people in low income brackets have very little or no life insurance at all.

Group dependent life insurance would be considered as a bargaining (over)

C. PREVIOUS HISTORY

D. DEPARTMENT POSITION: (EXPRESS SUPPORT, OPPOSITION, PROBLEM OR NEED AND JUSTIFY -- USE ADDITIONAL SHEETS IF NECESSARY)

While the Insurance Department supports the intent of House Bill 95, and the wording is nearly identical, we can not support it unless the policy limitations are raised to a more realistic level.

SIGNATURE

SUBMITTED BY:	DATE FILED:

B. (Content, purpose and function - continued)

tool for employee benefits and in many situations the insurance would be paid for by the employer without cost to low income employees.

The majority of group life insurance programs issued out of state for large corporations include dependent life insurance. Therefore, with no authority to write this insurance in the Commonwealth, we are severely restricting the domestic corporations from providing equal employee benefits.

However, it is the Insurance Department's position that the coverage limits stipulated in House Bill 95 are altogether inadequate and unrealistic. House Bill 95 limits insurance upon the life of a spouse to not more than \$5,000, or one-half of the amount of insurance on the life of the insured employee or member, him or herself. The Bill also limits insurance upon the life of a dependent child to \$1,000 or less.

The Insurance Department, on the other hand, has introduced its own dependent group life insurance bill which sets the limit on insurance of a spouse at \$10,000. The limit on insurance of a dependent child is set at \$5,000, or one-third of the amount of insurance on the life of the insured employee, whichever is less. This is to provide additional protection to the spouse.