

109TH CONGRESS
1ST SESSION

H. R. 3639

To establish minimum standards relating to a factor for life insurance eligibility and rates, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 29, 2005

Ms. WASSERMAN SCHULTZ (for herself, Ms. ROS-LEHTINEN, Mr. FRANK of Massachusetts, Mr. BACHUS, Mr. WEXLER, Mr. CROWLEY, Mr. ISRAEL, Ms. BEAN, Mrs. LOWEY, Mr. FILNER, Mr. MILLER of Florida, Ms. SCHAKOWSKY, Mr. FITZPATRICK of Pennsylvania, Mr. CLEAVER, Ms. BERKLEY, Mr. BERMAN, Mr. WAXMAN, Mr. HASTINGS of Florida, Mr. DAVIS of Alabama, Mrs. MALONEY, Mr. PRICE of Georgia, and Ms. HERSETH) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish minimum standards relating to a factor for life insurance eligibility and rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Life Insurance Fair-
5 ness for Travelers Act of 2005”.

1 **SEC. 2. AMENDMENTS TO TRIA.**

2 The Terrorism Risk Insurance Act of 2002 (Public
3 Law 107–297; 116 Stat. 2322) is amended by adding at
4 the end the following new title:

5 **“TITLE IV—FAIRNESS FOR LIFE**
6 **INSURANCE PURCHASERS**

7 **“SEC. 401. CONGRESSIONAL FINDINGS AND PURPOSES.**

8 “(a) FINDINGS.—The Congress finds that—

9 “(1) life insurance companies are increasingly
10 using the future plans of Americans to engage in
11 lawful foreign travel as a reason to either deny per-
12 sons life insurance or to charge premiums that are
13 not commensurate with the risk of such travel; and

14 “(2) that such denials of insurance and dis-
15 proportionate premiums may deter Americans from
16 purchasing insurance that they and their families
17 may need.

18 “(b) PURPOSE.—The purpose of this title is to estab-
19 lish uniform rules relating to the use of foreign travel as
20 a factor in setting life insurance eligibility and rating.

21 **“SEC. 402. PROHIBITION AGAINST DISCRIMINATION IN LIFE**
22 **INSURANCE POLICIES BASED ON FUTURE**
23 **FOREIGN TRAVEL PLANS.**

24 “(a) IN GENERAL.—It shall be unlawful for any in-
25 surer to deny any person life insurance, or to otherwise
26 discriminate in the issuance, cancellation, amount of cov-

1 erage, or conditions of life insurance, based upon the in-
 2 tent of such person to engage in future lawful foreign trav-
 3 el.

4 “(b) INSURANCE RATES.—It shall be unlawful for
 5 any insurer to charge rates for life insurance which are
 6 excessive or unfairly discriminatory in relation to the actu-
 7 arial risk associated with future lawful foreign travel of
 8 such person.

9 **“SEC. 403. ADMINISTRATIVE ENFORCEMENT.**

10 “(a) STATE ENFORCEMENT.—In addition to such
 11 other remedies as are provided under State law, the chief
 12 law enforcement officer of a State, or an official or agency
 13 designated by a State, may bring an action to enjoin any
 14 person who has violated or is violating this title.

15 “(b) ENFORCEMENT BY THE SECRETARY.—The Sec-
 16 retary shall enforce this Act in any State that the Sec-
 17 retary determines does not have a comparable State law
 18 or a law that the Secretary has determined is not incon-
 19 sistent under section 405.

20 **“SEC. 404. EFFECT ON STATE LAWS.**

21 “(a) IN GENERAL.—This title does not annul, alter,
 22 or affect, or exempt any insurer subject to the provisions
 23 of this title from complying with the laws of any State
 24 with respect to the use of prospective lawful foreign travel
 25 for the purposes of underwriting or rating life insurance

1 except to the extent that such laws are inconsistent with
2 any provision of this title and then only to the extent of
3 the inconsistency. The Secretary is authorized to deter-
4 mine whether such inconsistencies exist. The Secretary
5 may not determine that any State law is inconsistent with
6 any provision of this title if the Secretary determines that
7 such law gives greater protection to the insured.

8 “(b) STATE EXEMPTIONS.—The Secretary shall, by
9 regulation, exempt from the requirements of this title any
10 class of insurance transactions within any State if the Sec-
11 retary determines that under the law of that State that
12 class of transaction is subject to requirements substan-
13 tially similar to those imposed under this title or that such
14 law gives greater protection to the consumer, and that
15 there is adequate provision for enforcement.

16 **“SEC. 405. DEFINITIONS.**

17 “In this title, the following definitions shall apply:

18 “(1) INSURER.—The term ‘insurer’ means any
19 entity, including any affiliate thereof, that is licensed
20 or admitted to engage in the business of providing
21 life insurance in any State.

22 “(2) INSURED.—The term ‘insured’ means any
23 natural person who purchases, or attempts to pur-
24 chase, life insurance.

25 “(3) LIFE INSURANCE.—

1 “(A) IN GENERAL.—The term ‘life insur-
2 ance’ means insurance for which the prob-
3 abilities of the duration of human life or the
4 rate of mortality are an element or condition of
5 insurance.

6 “(B) INCLUDED INSURANCE.—Such term
7 includes the granting of—

8 “(i) endowment benefits;

9 “(ii) additional benefits in the event of
10 death by accident or accidental means;

11 “(iii) disability income benefits;

12 “(iv) additional disability benefits that
13 operate to safeguard the contract from
14 lapse or to provide a special surrender
15 value, or special benefit in the event of
16 total and permanent disability;

17 “(v) benefits that provide payment or
18 reimbursement for long-term home health
19 care, or long-term care in a nursing home
20 or other related facility;

21 “(vi) burial insurance; and

22 “(vii) optional modes of settlement of
23 proceeds of life insurance.

1 “(C) EXCLUSIONS.—Such term does not
2 include property and casualty insurance, health
3 insurance or workers compensation insurance.

4 “(4) SECRETARY.—The term ‘Secretary’ means
5 the Secretary of the Treasury.

6 **“SEC. 406. REGULATIONS.**

7 “The Secretary shall issue regulations to carry out
8 the purposes of this title.

9 **“SEC. 407. APPLICABILITY.**

10 “This title shall apply to any policy for life insurance
11 coverage issued, renewed, altered, or modified or canceled
12 after the expiration of the 6-month period beginning on
13 the date of the enactment of the Life Insurance Fairness
14 for Travelers Act of 2005.”.

15 **SEC. 3. TIMING OF REGULATIONS.**

16 The Secretary of the Treasury shall issue the regula-
17 tions required by section 406 of the Terrorism Risk Insur-
18 ance Act of 2002, as added by section 2 of this Act, not
19 later than the expiration of the 6-month period beginning
20 on the date of the enactment of this Act.

21 **SEC. 4. TECHNICAL AMENDMENT.**

22 The table of contents in section 1(b) of the Terrorism
23 Risk Insurance Act of 2002 (15 U.S.C. 6701 note) is
24 amended by adding at the end the following new items:

“TITLE IV—FAIRNESS FOR LIFE INSURANCE PURCHASERS

“Sec. 401. Congressional findings and purposes.

“Sec. 402. Prohibition against discrimination in life insurance policies based on
future foreign travel plans.

“Sec. 403. Administrative enforcement.

“Sec. 404. Effect on State laws.

“Sec. 405. Definitions.

“Sec. 406. Regulations.

“Sec. 407. Applicability.”.

