

provide, by ordinance, for the election or appointment of the officers and companies belonging thereto, in accordance with civil service provisions where applicable. The minimum annual starting salary or compensation to be paid the officers and firemen by any city shall be four thousand five hundred dollars (\$4,500), with minimum annual increments of three hundred dollars (\$300) for the first three years of such employment. If the annual salary or compensation of any fireman employed by the city on the effective date of this amending act is less than four thousand five hundred dollars (\$4,500), such salary or compensation shall be increased to four thousand five hundred dollars (\$4,500), and such fireman shall receive minimum annual increments of three hundred dollars (\$300) for the next three years of such employment.

Section 2. This act shall take effect January 1, 1966.

APPROVED—The 9th day of November, A. D. 1965.

WILLIAM W. SCRANTON

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No. 329

AN ACT

HB 1426

Amending the act of May 17, 1921 (P. L. 682), entitled "An act relating to insurance; amending, revising and consolidating the law; providing for the incorporation of insurance companies, and the regulation, supervision and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," providing for filing of statement of ownership of shares of stock of insurance companies, prescribing certain limitations of rights thereunder and providing penalties.

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

Section 1. The act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended by adding after section 302 a new section to read:

Section 302.1. Filing of Statement of Ownership of Shares of Stock; Limitation of Rights.—

(1) Every person who is directly or indirectly the beneficial owner of more than ten percent of any class of any equity¹ security of a domestic stock insurance company, or who is a director or an officer of such company, shall file in the office of the Insurance Commissioner on or before the first day of July, nineteen hundred sixty-six, or thereafter within ten days after he becomes such beneficial owner, director or officer a statement, in such form as the Insurance Commissioner may prescribe, of the amount of all equity securities of such company of which he is the beneficial owner, and within ten days after the close of each calendar month thereafter, if there has been a change in such ownership during such month, shall file in the office of the Insurance Commissioner a statement, in such form as the Insurance Commissioner may prescribe, indicating his ownership at the close of the calendar month and such changes in his ownership as have occurred during such calendar month.

(2) For the purpose of preventing the unfair use of information which may have been obtained by such beneficial owner, director or officer by reason of his relationship to such company, any profit realized by him from any purchase and sale, or any sale and purchase, of any equity security of such company within any period of less than six months, unless such security was acquired in good faith in connection with a debt previously contracted, shall inure to and be recoverable by the company, irrespective of any intention on the part of such beneficial owner, director or officer in entering into such transaction of holding the security purchased or of not repurchasing the security sold for a period exceeding six months. Suit to recover such profit may be instituted at law or in equity in any court of competent jurisdiction by the company, or by the owner of any security of the company in the name and in behalf of the company if the company shall fail or refuse to bring such suit within sixty days after request or shall fail diligently to prosecute the same thereafter; but no such suit shall be brought

¹ "accruity" in original.

more than two years after the date such profit was realized. This paragraph shall not be construed to cover any transaction where such beneficial owner was not such both at the time of the purchase and sale, or the sale and purchase, of the security involved, or any transaction or transactions which the Insurance Commissioner by rules and regulations may exempt as not comprehended within the purpose of this paragraph.

(3) It shall be unlawful for any such beneficial owner, director or officer, directly or indirectly, to sell any equity security of such company if the person selling the security or his principal (i) does not own the security sold, or (ii) if owning the security, does not deliver it against such sale within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation; but no person shall be deemed to have violated this paragraph if he proves that notwithstanding the exercise of good faith he was unable to make such delivery or deposit within such time, or that to do so would cause undue inconvenience or expense.

(4) The provisions of paragraph (2) of this section shall not apply to any purchase and sale, or sale and purchase, and the provisions of paragraph (3) of this section shall not apply to any sale, of an equity security of a domestic stock insurance company not then or theretofore held by him in an investment account, by a dealer in the ordinary course of his business and incident to the establishment or maintenance by him of a primary or secondary market (otherwise than on an exchange as defined in the Securities Exchange Act of 1934) for such security. The Insurance Commissioner may, by such rules and regulations as he deems necessary or appropriate in the public interest, define and prescribe terms and conditions with respect to securities held in an investment account and transactions made in the ordinary course of business and incident to the establishment or maintenance of a primary or secondary market.

(5) The provisions of paragraphs (1), (2) and (3) of this section shall not apply to foreign or domestic arbitrage transactions unless made in contravention of such rules and regulations as the Insurance Commissioner may adopt in order to carry out the purposes of this section.

(6) The term "equity security" when used in this section means any stock or similar security; or any security ¹ convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the Insurance Commissioner shall deem to be of similar nature and consider necessary or appropriate, by such rules and regulations as he may prescribe in the public interest or for the protection of investors, to treat as an equity security.

(7) The provisions of paragraphs (1), (2) and (3) of this section shall not apply to equity securities of a domestic stock insurance company if (a) such securities shall be registered, or shall be required to be registered, pursuant to the Federal Securities Exchange Act of 1934, as amended, or if (b) such domestic stock insurance company shall not have any class of its equity securities held of record by one hundred or more persons on the last business day of the year next preceding the year in which equity securities of the company would be subject to the provisions of paragraphs (1), (2) and (3) of this section except for the provisions of this subparagraph (b).

(8) The Insurance Commissioner shall have the power to make such rules and regulations as may be necessary for the execution of the functions vested in him by paragraphs (1) through (7) of this section, and may for such purpose classify domestic stock insurance companies, securities, and other persons or matters within his jurisdiction. No provision of paragraphs (1), (2), and (3) of this section imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule or regulation of the Insurance Commissioner,

¹"convertible" in original.

notwithstanding that such rule or regulation may, after such act or omission, be amended or rescinded or determined by judicial or other authority to be invalid for any reason.

(9) Any person violating any provision of this section shall be guilty of a misdemeanor, and, upon conviction, shall be sentenced to pay a fine not exceeding five hundred dollars (\$500.00) for each such violation.

Section 2. This act shall take effect January 1, 1966.

APPROVED—The 9th day of November, A. D. 1965.

WILLIAM W. SCRANTON

No. 330

AN ACT

HB 1427

Amending the act of May 17, 1921 (P. L. 682), entitled "An act relating to insurance; amending, revising and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," providing for the regulation of proxies, consents and authorizations in respect of any voting security issued by a domestic stock insurance company.

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

Section 1. The act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended by adding after section 309, a new section to read:

Section 309.1. Proxies, Consents and Authorizations in Respect of Any Voting Security Issued by a Domestic Stock Insurance Company.—

(a) The commissioner may, by regulation, prescribe the form, content and manner of solicitation of any proxy, consent or authorization in respect of any voting security issued by a domestic stock insurance company as necessary or appropriate in the public interest or for the proper protection of investors in the voting securities issued by such insurance company, or to insure the fair dealing in such voting securities.