

No. 284.

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.

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Section 1. Be it enacted, &c., That the laws 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, are hereby amended, revised, and consolidated as follows:

ARTICLE I.

PRELIMINARY PROVISIONS.

Section 101. *Certain Words Defined.*—The word "company," as used in this act, shall be construed to include incorporated insurance companies only, whether incorporated under the laws of this Commonwealth, or of any other State, Territory, or district, or under the laws of any foreign country.

Except as used in connection with employers' mutual liability insurance associations, or where clearly used in its general sense, the word "association," as used in this act, shall be construed to include only individuals, partnerships, or associations of individuals, authorized to engage in the business of insurance in the Commonwealth as insurers on the Lloyds plan.

The word "exchange," as used in this act, shall be construed to include only individuals, partnerships, and corporations, authorized by the laws of the Commonwealth to exchange with each other inter-insurance or reciprocal insurance contracts.

Wherever used in this act, unless a contrary intention is evident from the context, the singular shall include the plural, and the masculine shall include the feminine and neuter.

Section 102. *Short Title.*—This act shall be known and may be cited as "The Insurance Company Law of 1921."

Section 103. *Scope of Act.*—Except as in this act otherwise provided, the provisions of this act, in so far as they are applicable, shall apply: (a) To all domestic insurance companies incorporated under the provisions of this act; (b) to all domestic insurance companies incorporated under general or special laws since the thirteenth day of October, one thousand eight hundred and fifty-seven; (c) to all domestic insurance companies, heretofore incorporated, which have accepted the provisions of the Constitution and the general insurance laws enacted since the thirteenth day of October, one thousand eight hundred and fifty-seven; (d) to all domestic insurance companies, incorporated under any general or special law prior to the thirteenth day of October, one thousand eight hundred and fifty-seven, which, by the terms of their charters or the acts under which they were incorporated, hold charters subject to alteration or revocation; (e) to all other domestic insurance companies, incorporated by general or special law prior to the thirteenth day of October, one thousand eight hundred and fifty-seven, which accept the provisions of this act as hereinafter provided; (f) to all foreign insurance companies doing business in this Commonwealth; (g) to all domestic and foreign associations and exchanges doing insurance business in this Commonwealth; and (h) to all domestic and foreign fire rating bureaus doing business in this Commonwealth.

All insurance companies to which this act applies and which have the required capital and reserve may transact any one or more of the classes of insurance authorized by section two hundred and two (202) of this act in the same manner and to the same extent as insurance companies incorporated under the provisions of this act.

No insurance company heretofore created and to which this act applies shall be deprived of any right which it enjoys under its charter to engage in any business other than insurance. Nothing in this act shall be construed to interfere with the charter provisions or operations of any domestic mutual fire insurance company heretofore organized under any general or special law of this Commonwealth.

Section 104. *Acceptance of Act.*—Any insurance company heretofore organized under any general or special law of this Commonwealth to transact any of the classes of insurance authorized herein, and to which this act does not apply, may transact any one or more of the classes of insurance authorized by section two hundred and two (202) of this act to be transacted by any such insurance company, and become subject to the provisions of this act, by providing the capital and reserve required for such companies organ-

ized hereunder, and by filing with the Insurance Commissioner a resolution of the board of directors or trustees, approved by the stockholders or members at a meeting specially called for that purpose, accepting the provisions of the Constitution and of this act, and agreeing to be governed thereby as fully as though organized hereunder. The charters of all insurance companies accepting the provisions of this act shall, after such acceptance, be repealed and of no effect in so far as the same may be inconsistent with the provisions of this act. Any domestic mutual fire company or association may elect to adopt and become subject to the provisions of this act, in lieu of any act or acts heretofore governing such company or association, by resolution of its board of directors, duly approved by a majority of the members present at any annual meeting or special meeting called for that purpose, of which all members shall be given at least two weeks notice by mail. These resolutions, and the vote approving them, duly certified to by the president and secretary, shall be filed with the Insurance Commissioner, and, when approved by him, the company shall then and thereafter become subject to the provisions of this act.

Section 105. *Act Not To Apply to Certain Societies, Orders, and Associations.*—This act shall not apply to assessment associations or to fraternal benefit societies, orders, or associations, having a lodge system with ritualistic form of work and representative form of government; or to beneficial and relief associations formed by churches, societies, copartnerships, associations, or corporations, with or without ritualistic form of work, the privileges and membership in which are confined to the members of such churches, societies, and to members and employes of such copartnerships, associations, or corporations.

Section 106. *Power of General Assembly To Alter, Revoke, or Annul Charters.*—The General Assembly reserves the power to alter, revoke, or annul any charter granted or accepted under this act whenever, in the opinion of the General Assembly, it may be injurious to the citizens of this Commonwealth, in such manner, however, that no injustice shall be done to the incorporators or their successors.

Section 107. *Individuals, Associations, and Partnerships Prohibited from Doing Insurance Business.*—Except as herein provided, the doing of any insurance business in this Commonwealth, as prescribed in this act, for insurance companies, by any private individual, association, or partnership, is prohibited. Any person who solicits or obtains, within this Commonwealth, applications for insurance by any such private individual, association, or partnership, contrary to the provisions of this act, shall be liable to a penalty of

one hundred dollars (\$100.00), for the use of the Commonwealth, for every application obtained, to be sued for and recovered by the Attorney General or district attorney of the proper county, either by action of debt or criminal prosecution. Any person who has paid to any agent of such unauthorized individual, association, or partnership any premium moneys for insurance granted or to be granted shall be entitled to recover the same by an action at law from such agent or from the person, association, or partnership for which he acted. This section does not prohibit the doing of insurance business by associations known as Lloyds, nor the exchange of inter-insurance or reciprocal contracts of insurance authorized by this act, nor shall the same prevent any one from becoming and being accepted as personal surety or guarantor.

Section 108. *Effect of Act on Existing Laws.*—The provisions of this act, so far as they are the same as those of existing laws, shall be construed as a continuation of such laws and not as new enactments. The repeal by this act of any provision of law shall not revive any law heretofore repealed or superseded, nor shall such repeal affect any act done, liability incurred, or any right accrued or vested, or any suit or prosecution pending or to be instituted to enforce any right or penalty or punish any offense under the authority of the repealed laws.

Section 109. *Constitutionality.*—The provisions of this act shall be severable, and, if any of its provisions shall be held to be unconstitutional, the decision of the court shall not affect the validity of the remaining provisions of this act. It is hereby declared as a legislative intent that this act would have been adopted by the General Assembly had such unconstitutional provision not been included therein.

ARTICLE II.

INCORPORATION OF INSURANCE COMPANIES.

Section 201. *Classes of Insurance Companies.*—Subject to the provisions of this act, insurance companies of any of the following classes may be incorporated: (a) Stock Life Insurance Companies; (b) Mutual Life Insurance Companies; (c) Stock Fire, Stock Marine, and Stock Fire and Marine Insurance Companies; (d) Stock Casualty Insurance Companies; and (e) Mutual Insurance Companies of any kind other than mutual life insurance companies.

Section 202. *Purposes for Which Companies May Be Incorporated.*—(a) Stock or mutual life insurance companies may be incorporated for any or all of the following purposes:

(1) To insure the lives of persons, and every insurance appertaining thereto; to grant and dispose of

annuities; and to insure against personal injury, disablement, or death resulting from traveling or general accidents, and against disablement resulting from sickness, and every insurance appertaining thereto.

(b) Stock fire insurance companies may be incorporated for any or all of the purposes mentioned in paragraphs (1) and (2) of this subdivision; stock marine insurance companies may be incorporated for any or all of the purposes mentioned in paragraphs (2) and (3); and stock fire and marine insurance companies may be incorporated for any or all of the purposes mentioned in paragraphs (1), (2), and (3).

For making insurances—

(1) On dwelling houses, stores, and all kinds of buildings, and household furniture and other property, —against loss or damage, including loss of use or occupancy, by fire, lightning, and explosion, whether fire ensue or not, except explosion on risks specified in paragraph (5) of subdivision (c), and by tornadoes, cyclones, windstorms, earthquakes, hail, frost, sleet, snow, or flood; against loss or damage by water to any goods or premises, arising from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, and of water pipes; against accidental injury to such sprinklers, pumps, or other apparatus; against loss or damage caused by the caving in of the surface of the earth above coal-mines; and against loss or damage caused by bombardment, invasion, insurrection, riot, civil war, or commotion, and military or usurped power; and to effect reinsurance of any risk provided for in this clause.

(2) Upon vessels, boats, cargoes, goods, merchandise, freight and other property, —against loss or damage by all or any of the risks of lake, river, canal, and inland navigation and transportation; upon automobiles, airplanes, seaplanes, dirigibles, or other aircraft, whether stationary or in operation or in transit, against loss or damage by fire, explosion, transportation, collision, or by burglary, larceny, or theft; not including, in any case, insurances against loss by reason of bodily injury to the person; and to effect reinsurance of any risk provided for in this clause.

(3) Upon vessels, freight, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidence of debt, bottomry and respondentia interests, and every insurance appertaining to or connected with marine risks, and risks of transportation and navigation; and to effect reinsurance of any risk provided for in this clause.

(c) Stock casualty insurance companies may be incorporated for any or all of the following purposes:

(1) Guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the per-

formance of contracts, other than insurance policies; guaranteeing the performance of insurance contracts, where surety bonds are accepted from insurance companies by States or municipalities in lieu of actual deposits; executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; and indemnifying banks, bankers, brokers, financial or moneyed associations, or financial or moneyed corporations, against the loss of any bills of exchange, notes, drafts, acceptances of drafts, bonds, securities, evidences of debt, deeds, mortgages, documents, currency, and money, except against loss caused by marine risks or risks of transportation or navigation. Also guaranteeing any Federal Land Bank against loss by reason of defective title or incumbrances on real property on which any such Federal Land Bank may make a loan secured by a mortgage.

(2) To insure against injury, disablement, or death resulting from traveling or general accident, and against disablement resulting from sickness, and every insurance appertaining thereto, including a funeral benefit to an amount not exceeding one hundred dollars.

(3) To insure glass against breakage.

(4) To insure any one against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by, an employe or other person, for which the person insured is liable; or against loss or damage to property caused by horses, or by any vehicle drawn by animal power, for which loss or damage the person insured is liable.

(5) To insure steam boilers, and pipes, flywheels, engines, and machinery connected therewith or operated thereby, against loss caused by explosion or accident; and against loss of or damage to life, person, or property resulting therefrom; and against loss of use and occupancy caused thereby; and to make inspection of, and issue certificates of inspection upon, such boilers, pipes, flywheels, engines, and machinery.

(6) To insure against loss by burglary or larceny or theft or forgery.

(7) To carry on the business of credit insurance or guaranty, either by agreeing to purchase uncollectible debts or otherwise; and to insure against loss or damage from the failure of persons indebted to the insured to meet their liabilities.

(8) To insure any goods or premises against loss or damage by water, caused by the breakage or leakage of sprinklers, pumps, or other apparatus, erected for extinguishing fires, and of water pipes; and against accidental injury, from causes other than fire or lightning, to such sprinklers, pumps, water pipes, or other appa-

ratus; and against damage from use or occupancy of premises by reason of such breakage or leakage.

(9) To insure against loss or damage to elevators or other property, except loss or damage by fire, caused by the maintenance, operation, or use of elevators and machinery; loss or legal liability for damage to property resulting from such operation, maintenance, or use of elevators.

(10) To insure horses, cattle, and other live stock.

(11) To insure against loss or damage to automobiles and airplanes, seaplanes, dirigibles, or other aircraft (except loss or damage by fire or while being transported in any conveyance by land or water), including loss by legal liability for damage to property resulting from the maintenance and use of automobiles and airplanes, seaplanes, dirigibles, or other aircraft.

(d) Mutual insurance companies of any kind, other than life insurance companies, may be incorporated for the following purposes:

(1) To make contracts of insurance, or to reinsure and accept reinsurance, for any and all kinds of insurance, other than life insurance, which are not prohibited by statute or at common law from being the subject of insurance, but no such mutual company may transact any kind of insurance other than such as may be transacted by a stock company writing the same kinds of insurance.

(e) Domestic stock and mutual insurance companies, other than life, and, if their charters permit, foreign companies, may transact any form of insurance not included in this section, if such insurance is not contrary to law, and is allied or in harmony with the classes of insurance herein provided. Such additional insurance shall be transacted only on express license by the Insurance Commissioner and upon such terms and conditions as are from time to time prescribed by him.

Section 203. *Articles of Agreement.*—Any ten or more natural persons, citizens of this Commonwealth, may associate in accordance with the provisions of this act, and form an incorporated company of any of the classes enumerated in section two hundred and one (201) of this article. Such persons shall associate by articles of agreement in writing, which agreement shall specify:

(a) The name by which the company shall be known.

(b) The class of insurance for the transaction of which it is constituted.

(c) The plan or principle upon which the business is to be conducted.

(d) The place in which it is to be established or located.