

son, corporation, or insurance company, association or exchange has issued, or caused to be issued, any policy or contract of fire insurance on property situated in this Commonwealth contrary to the provisions of section 506 of this act, the Insurance Commissioner may, in his discretion, take, against the offending party, any one or more of the following courses of actions: (1) Suspend or revoke the license of such offending person, corporation, or insurance company, association or exchange; (2) refuse, for a period of not to exceed one year thereafter, to issue a new license to such offending person, corporation, or insurance company, association or exchange; (3) impose a penalty of not more than one thousand dollars (\$1,000) for each act of violation of said section. When the Insurance Commissioner shall have taken any action as above set forth, the party aggrieved may appeal to the court of common pleas of Dauphin County. Any person, corporation, or insurance company, association or exchange that shall, either as principal or agent, wilfully issue, or cause to be issued, any policy or contract of fire insurance on property situated within this Commonwealth contrary to the provisions of section 506 of this act, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding five hundred dollars (\$500). Any policy issued in violation of this act shall nevertheless be construed in accordance with the provisions of this act.

Specific repeals.

Section 2. Sections 522 and 524 of the act are repealed.

APPROVED—The 23rd day of August, A. D. 1961.

DAVID L. LAWRENCE

No. 489

AN ACT

Amending the act of June 1, 1959 (P. L. 392), entitled "An act relating to the retirement of State employes; amending, revising, consolidating and changing the laws relating thereto," clarifying the provisions relating to the computation of allowances payable to members of the joint coverage group and to the filing of applications for withdrawal allowances.

State Employes' Retirement Code of 1959.

Paragraphs (a) and (i), subsection (1), section 403, act of June 1, 1959, P. L. 392, amended.

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

Section 1. Paragraphs (a) and (i) of subsection (1) of section 403, act of June 1, 1959 (P. L. 392), known as the "State Employes' Retirement Code of 1959," are amended to read:

Section 403. Reduction of Superannuation Retirement Allowances and Withdrawal Allowances on Account of Social Security Old Age Insurance Benefits (Primary Insurance Amount).—

(1) The superannuation retirement allowance or the withdrawal allowance provided for in section 401 or section 402, as the case may be, of this article payable to a member of the joint coverage group after the age at which social security old age insurance benefits become payable shall be reduced by an amount equal to forty (40) percent of the primary insurance amount of social security paid or payable to him. Such reduction shall be subject to the following provisions:

(a) The eligibility of such member for the old age insurance benefit (primary insurance amount) and the amount of such old age insurance benefit upon which the reduction in his allowance shall be based, shall be [computed] *determined* by the retirement board in [the manner specified in] *accordance with the provisions of the Federal Social Security Act in effect on the effective date of superannuation retirement or withdrawal of the member*, except that in determining such eligibility and such amount only wages or compensation for services covered by the retirement system shall be included.

* * * * *

(i) Whenever the amount of the reduction from the superannuation retirement allowance *or the withdrawal allowance* shall have been once determined, it shall remain fixed for the duration of the allowance, except that any decrease in the old age insurance benefit under the Federal Social Security Act shall result in a corresponding decrease in the amount of the reduction from the allowance.

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Section 2. Subsection (1) section 506 of the act, amended August 4, 1959 (P. L. 621), is amended to read:

Section 506. Duties of State Employees.—

(1) Each State employe who has reached superannuation retirement age *or who is eligible to receive a withdrawal allowance*, and who desires to receive a superannuation retirement allowance *or a withdrawal allowance*, shall file with the retirement board a written application, duly attested.

Said application shall make the superannuation allowance *or the withdrawal allowance* effective from the first scheduled work day following the last date for which compensation was paid: Provided, however, That the application is filed within ninety (90) days after the last date for which compensation was paid. In the event that

the contributor files his application subsequent to the expiration of ninety (90) days, the said application shall make the superannuation retirement allowance effective as of the date the application was filed in the offices of the retirement board.

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Act effective immediately.

Section 3. This act shall become effective immediately.

APPROVED—The 23rd day of August, A. D. 1961.

DAVID L. LAWRENCE

No. 490

AN ACT

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 insuring 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," requiring certain domestic mutual insurance companies to accumulate unearned premium reserves within a prescribed period.

The Insurance Company Law of 1921.

Section 807, act of May 17, 1921, P. L. 682, amended July 17, 1959, P. L. 544, further amended.

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

Section 1. Section 807, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," amended July 17, 1959 (P. L. 544), is amended to read:

Section 807. Reserves.—A mutual insurance company, other than a mutual life company, shall maintain unearned premium and other reserves separately, for each kind of insurance, upon the same basis as that required of domestic stock insurance companies transacting the same kind of insurance, except that the Insurance Commissioner may, by written order, fix a different basis of reserve for losses and claim in workmen's compensation insurance. Any reserve for losses or claims based upon the premium income shall be computed upon the net premium income, after deducting any so-called dividend or premium returned or credited to the member. Except when cash premiums are payable in advance, the provisions relating to unearned premium reserve shall not apply to policies issued by a domestic mutual fire insurance company which policies set forth therein,

* "association" in original.