

Section 1. Section 809, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended to read:

Section 809. Loans to Companies.—Any director, officer, or member of any mutual insurance company, other than a mutual life company, or any other person, may advance to such company any sum or sums of money necessary for the purpose of its business or to enable it to comply with any of the requirements of the law. Such moneys, and such interest thereon as may have been agreed upon, not exceeding ten per centum (10%) per annum, shall not be a liability or claim against the company or any of its assets, and shall be repaid only out of the surplus earnings of such company. No commission or promotion expenses shall be paid in connection with the advance of any such money to the company, and the amount of such advance shall be reported in each annual statement.

Such company shall prior to making such advances provide the Insurance Commissioner with such evidence as he may by regulation prescribe concerning the making of any such advance or the making of any payments, whether of principal or interest, on account thereof.

APPROVED—The 17th day of April, A. D. 1968.

RAYMOND P. SHAFER

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No. 45

AN ACT

SB 959

Making unlawful the borrowing or rental of securities by insurance companies and affiliated companies or individuals, and providing penalties.

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

Section 1. Any member, officer, director, or attorney-in-fact of any company, association, or exchange licensed to do an insurance business in this Commonwealth, who, on behalf of such company, association, or exchange, borrows, rents, hires, leases, or otherwise engages the use of stocks, bonds, debentures, notes, investment certificates, securities, or other obligations or evidences of indebtedness owned or issued by any other corporation, company, association, or individual, or of any government, political subdivision or agency thereof, with intent to injure or defraud any other company, body politic or corporation, or person, or to deceive the Insurance Commissioner or other person legally authorized to examine the affairs of any such company, association, or exchange, is guilty of a felony.

Section 2. Any corporation organized under any law of this Commonwealth, or the laws of any other state, or which has an office or is transacting business in this Commonwealth, which is engaged in, or is claiming or advertising that it is engaged in, organizing or receiving subscriptions for or disposing of stocks of, or in any manner aiding or taking part in the formation or in the business of an insurance company, association, or exchange, either as agent or otherwise, or which is holding capital stock of one or more insurance companies for the purpose of controlling the management thereof as voting trustees or otherwise, or any employe, agent, or attorney thereof, that aids and abets such insurance company, association, or exchange in borrowing, renting, hiring, leasing, or engaging the use of such stocks, bonds, debentures, notes, investment certificates, securities, or other obligations or evidences of indebtedness, is guilty of a felony.

Section 3. Any individual who has been convicted under sections 1 or 2 of this act shall be sentenced to imprisonment for a term of not more than seven years, or be sentenced to pay a fine not exceeding ten thousand dollars (\$10,000), or both.

Section 4. Any corporation that has been convicted under section 2 of this act shall be sentenced to pay a fine not exceeding ten thousand dollars (\$10,000).

Section 5. If any insurance company, association, or exchange is found in possession of stocks, bonds, debentures, notes, investment certificates, securities, or other obligations or evidences of indebtedness acquired in violation of section 1 of this act, or if any of its officers, directors, members, or attorneys-in-fact have been convicted under section 1, such company, association, or exchange may be subject to suspension of its certificate of authority by the Insurance Commissioner. Nothing in this section shall be construed to prevent the Insurance Commissioner from bringing an action to dissolve such insurance company, association, or exchange, under the provisions of Article V of the act of May 17, 1921 (P. L. 789), known as "The Insurance Department Act of one thousand nine hundred and twenty-one."

APPROVED—The 17th day of April, A. D. 1968.

RAYMOND P. SHAFER

No. 46

AN ACT

SB 633

Amending the act of March 10, 1949 (P. L. 30), entitled "An act relating to the public school system, including certain provisions applicable as well to private and