

Section 1. Subsection (c) of section 3, act of July 20, 1968 (P. L. 560), known as the "Capital Budget Act for the 1968-1969 Fiscal Year," is amended by adding, at the end thereof, a new capital project to read:

Section 3. Capital Budget—Itemization of Projects.—

* * *

(c) The capital projects in the category of transportation assistance projects to be financed by the incurring of debt and to be constructed by the Pennsylvania Transportation Assistance Authority, its successors or assigns, are hereby itemized, together with their respective estimated financial costs as follows:

Project No. P.T.A.A.	Description of Each Such Project * * *	Estimated Financial Cost To Authority
	<u>Purchase of 17 new buses to be used by the Transportation and Motor Buses for Public Use Au- thority of the City of Altoona and the Township of Logan, Blair County.</u>	<u>\$130,743</u>

Section 2. This act shall take effect immediately.

APPROVED—The 27th day of November, A. D. 1968.

RAYMOND P. SHAFER.

No. 349

AN ACT

HB 2353

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 increased capital stock, surplus, and other financial requirements for certain insurance companies to do business, further regulating the writing of certain kinds of insurance by life insurance companies, consolidating the authority to write all forms of motor vehicle insurance in one section, further regulating the qualifications of directors, trustees, and officers to remain in office, further regulating the investments of certain mutual companies, and making uniform certain phraseology.

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

Section 1. Subsection (a) of section 202, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," amended January 19, 1968 (P. L. 1020), is amended to read:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.—(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; including variable annuity contracts under which values or payments or both vary in relation to the investment experience of the issuer or a separate account or accounts maintained by the issuer 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, when written as a part of a policy of life insurance.

(2) 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: Provided, That no life insurance company may be incorporated for the purposes mentioned in this clause unless it is also incorporated for the purposes mentioned in clause (1) of this subsection.

* * *

Section 2. Clauses (4) and (11) of subsection (c) of section 202 of the act, clause (11) amended May 6, 1943 (P. L. 181), and clause (4) reenacted and amended May 11, 1955 (P. L. 52), are amended to read:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.— * * *

(c) Stock casualty ¹ insurance companies may be incorporated for any or all of the following purposes:

* * *

(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; to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the persons accidentally injured, including the person insured [, and in the case of automobile liability insurance, including also an obligation of the insurer to pay disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, irrespective of the legal

¹ "insurance" not in original.

liability of the insured when such insurance is issued with and supplemental to such liability insurance]; to insure 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; and to insure against loss or damage to property, for which loss or damage the person insured is liable, but not including any kind of property damage insurance specified in other paragraphs of this section. Nothing in this paragraph shall apply to any kind of insurance against loss or damage resulting from the ownership, maintenance or use of a motor vehicle.

* * *

(11) To insure against loss or damage to [automobiles] motor vehicles 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] motor vehicles and airplanes, seaplanes, dirigibles, or other aircraft, to insure anyone against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by another person, for which the person insured is liable resulting from the ownership, maintenance or use of a motor vehicle, to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the persons accidentally injured as a result of the ownership, maintenance or use of a motor vehicle, including the person insured, and in the case of motor vehicle liability insurance, including also an obligation of the insurer to pay disability benefits to injured persons and death benefits to dependents, beneficiaries or personal representatives of persons who are killed, irrespective of the legal liability of the insured when such insurance is issued with and supplemental to such liability insurance.

* * *

Section 3. Subsection (d) of section 202 of the act, is amended to read:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.— * * *

(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. A mutual insurance company that writes non-assessable policies upon automobiles under clause (2), subsection (b) or motor vehicles under clause (1), subsection (c) of section 202 of this act, shall not write assessable policies for any such class of insurance, nor shall mutual insurance companies that write assessable policies upon automobiles under clause (2), subsection (b) or motor vehicles under clause (1), subsection (c) of section 202 of this act, write non-assessable policies for any such class¹ of insurance. All assessable policies shall have the words "This is an Assessable Policy" printed prominently on the backer or policy panel, as well as on the face of the policy in letters not less than sixteen point in size.

* * *

Section² 4. Subsections (a) and (c) of section 206 of the act, amended August 24, 1963 (P. L. 1157), are amended to read:

Section 206. Minimum Capital Stock and Financial Requirements To Do Business.—(a) Stock life insurance companies organized under [this act to insure lives and to grant and dispose of annuities] clause (1) of subdivision (a) of section two hundred and two (202) of this act must have a paid up capital stock of not less than [two hundred thousand dollars (\$200,000)] one million dollars (\$1,000,000). Stock life insurance companies, organized under this act, for all of the purposes mentioned in [clause (1)] subdivision (a) of section two hundred and two (202), must have a paid up capital stock of at least [three hundred thousand dollars (\$300,000)] one million one hundred thousand dollars (\$1,100,000). Every such company shall, in addition thereto, have a surplus paid in at least equal to fifty per centum of the subscribed capital stock.

* * *

(c) Stock casualty companies, organized under this act for any of the purposes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, must have a paid up capital stock of not less than one hundred thousand dollars (\$100,000); except (i) companies organized for the purpose of credit insurance, which must have a paid up capital stock of not less than two hundred

¹ "in" in original.

² "3." in original.

thousand dollars (\$200,000); (ii) companies organized for the purposes mentioned in clause (11) subdivision (c) of section two hundred and two (202) of this act, which must have a paid up capital stock of not less than five hundred thousand dollars (\$500,000); and (iii) companies organized to guarantee the fidelity of persons and contracts of suretyship, which must have a paid up capital stock of at least two hundred and fifty thousand dollars (\$250,000). Stock casualty companies organized under this act may undertake two or more classes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, by providing at least fifty thousand dollars (\$50,000) additional paid up capital stock for each additional class of insurance; except in case credit or fidelity and surety insurance is added to any other line or lines, in which case the additional paid up capital stock for credit insurance shall be one hundred thousand dollars (\$100,000), and the additional paid up capital stock for fidelity and surety insurance shall be two hundred thousand dollars (\$200,000); and except in case insurance for the purposes mentioned in clause (11) subdivision (c) of section two hundred and two (202) of this act is added to any other line or lines, in which case the additional paid up capital stock shall be five hundred thousand dollars (\$500,000). Any such stock casualty company with a paid up capital stock of three hundred thousand dollars (\$300,000) may transact all of the classes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, except credit, livestock, and fidelity and surety insurance, and except insurance for the purposes mentioned in clause (11) thereof; and a company with a paid up capital stock of [seven hundred and fifty thousand dollars (\$750,000)] one million two hundred thousand dollars (\$1,200,000) may transact all of the classes of insurance mentioned. Every such company shall, in addition thereto, have a surplus paid in at least equal to fifty per centum (50%) of the subscribed capital stock.

* * *

Section 15. Subsection (d) and clause (3) of subsection (e) of section 206 of the act, amended July 2, 1953 (P. L. 331), are amended to read and said subsection (e) of section 206 is also amended by adding at the end thereof, a new clause to read:

Section 206. Minimum Capital Stock and Financial Requirements To Do Business.—* * *

(d) Companies organized under this act to insure lives on the mutual plan must have applications for insurance, to the amount of one million dollars (\$1,000,000), by not less than four hundred per-

¹ "4." in original.

sons. Companies organized under this act to insure lives on the mutual plan must also have a guarantee capital, before commencing business, of not less than [two hundred thousand dollars (\$200,000)] five hundred thousand dollars (\$500,000), and shall maintain unimpaired a policyholders' surplus of two hundred fifty thousand dollars (\$250,000) out of guarantee capital, surplus, or any combination thereof.

(e) Mutual companies, other than mutual life companies and other than title insurance companies, hereafter organized under this act, shall comply with the following conditions:

* * *

(3) It shall have collected at least an annual cash premium upon each of such applications, which premium shall be held in cash or securities in which such insurance companies are authorized to invest. In the case of companies organized for any of the purposes mentioned in paragraphs (1) or (2) or (3) of subdivision (b) of section two hundred two of this act, the said cash premiums, together with any sum or sums of money which may be advanced under section eight hundred nine of this act, shall amount to not less than twenty-five thousand dollars (\$25,000) for the purpose mentioned in each numbered paragraph of subdivision (b). If organized for all of the purposes mentioned in paragraphs (1), (2) and (3) of subdivision (b) of section two hundred two of this act, the said cash premiums, together with any sum or sums of money which may be advanced under section eight hundred nine of this act, shall amount to not less than fifty thousand dollars (\$50,000). In the case of companies organized for any one of the purposes mentioned in subdivision (c) of said section two hundred two, except paragraphs (1), [and] 4, and (11), the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than ten thousand dollars (\$10,000) for the purpose mentioned in each numbered paragraph of said subdivision (c) [; for]. In the case of companies authorized to issue non-assessable policies of insurance for the purposes mentioned in clause (11) subdivision (c) of section two hundred and two (202) of this act, the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than seven hundred fifty thousand dollars (\$750,000), and in the case of companies authorized to issue assessable policies of insurance for the purposes mentioned in clause (11) subdivision (c) of section two hundred and

two (202) of this act, the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than two hundred thousand dollars (\$200,000). For the purpose mentioned in either numbered paragraph (1) or (4) of said subdivision (c), such amount shall be not less than twenty-five thousand dollars (\$25,000): Provided, That in no event shall a company be organized for any of the purposes mentioned in said subdivision (c) unless the amount collected as premiums, together with the sum or sums of money advanced under said section eight hundred nine, shall amount to not less than fifty thousand dollars (\$50,000); nor shall a company be organized for all of the purposes mentioned in said subdivision (c) unless the cash premiums so collected and the sum or sums of money so advanced shall amount to not less than [one hundred sixty thousand dollars (\$160,000)] three hundred fifty thousand dollars (\$350,000).

* * *

(6) Each company writing non-assessable policies shall maintain unimpaired so much of its surplus as is equal to the minimum capital required for stock companies authorized to transact the same class or classes of insurance; each company writing assessable policies shall maintain unimpaired fifty per centum (50%) of its required surplus.

* * *

Section ' 6. Section 208 of the act is amended to read:

Section 208. Officers and Directors.—The subscribers to the articles of agreement shall choose from their number a president, a secretary, and a treasurer. The subscribers shall also choose from their number such number of directors or trustees as they may deem advisable, but in no event shall such number be less than seven (7). Any person chosen, elected or appointed as director, trustee, president, secretary or treasurer by the subscribers shall continue in office unless the Insurance Commissioner, after such investigation as he deems proper, shall determine that the responsibility, character, and general fitness for the business, of such individual are not such as to command the confidence of the public, and to warrant the belief that the business of the company will be honestly and efficiently conducted in accordance with the intent and purpose of this act. The

officers and directors so chosen shall continue in office until the first annual meeting of the stockholders or, in the case of a mutual com-

¹ "5." in original.

pany, of the members, and until their successors are duly chosen and qualified as hereinafter provided. Any adjudication by the Insurance Commissioner pursuant to this section shall be subject to the provisions of the "Administrative Agency Law," act of June 4, 1945 (P. L. 1388).

Section ¹7. Section 308 of the act, amended July 2, 1953 (P. L. 336) and July 2, 1953 (P. L. 337), is amended to read:

Section 308. Election of Directors and Trustees; Terms; Vacancies.—At the annual meeting, the stockholders or members shall elect by ballot, from their own number, not less than seven directors or trustees, who shall be natural persons of full age, and who need not be residents of this Commonwealth unless the articles or by-laws so require: Provided, however, That at least two-thirds of the said directors or trustees shall be citizens of the United States or its territories or possessions. Such persons shall serve for one year and until their successors are duly chosen and qualified.

Any insurance company may provide in its by-laws for the division of its board of directors or trustees into two, three, or four classes, and may provide for the election thereof at its annual meetings in such manner that the members of one class only shall retire, and their successors be chosen, each year. Vacancies, including vacancies resulting from an increase in the number of directors or from failure of the stockholders to fill any class of directors, may be filled by an election by the board of directors or trustees for the unexpired term.

Any stockholder or member elected to the post of director or trustee shall continue in office unless the Insurance Commissioner, after such investigation as he deems proper, shall determine that the responsibility, character, and general fitness for the business, of such individual are not such as to command the confidence of the public, and to warrant the belief that the business of the company will be honestly and efficiently conducted in accordance with the intent and purpose of this act. Any adjudication by the Insurance Commissioner pursuant to this section shall be subject to the provisions of the "Administrative Agency Law," act of June 4, 1945 (P. L. 1388).

Section ²8. Sections 314, 802 and 806 of the act, are amended to read:

Section 314. Officers and Employes; Salaries; Vacancies.—The directors or trustees shall annually choose, by ballot, a president, who shall be a member of the board, [and] a secretary, [also] and a treasurer, who may also be either the president or the secretary, and

¹ "6." in original.

² "7." in original.

such other officers as the by-laws may provide. They shall fix the salaries of the president, secretary, and treasurer, and the salaries or compensation of such other officers and agents as the by-laws prescribe. The treasurer shall give bond in such sum and with such sureties as shall be prescribed by the by-law. Vacancies in any office may be filled by the directors or trustees, or by the stockholders or members, as the by-laws shall prescribe.

Any person chosen, either annually or to fill a vacancy, as president, secretary, treasurer, or for any other office provided for in the by-laws, shall continue to serve in such office unless the Insurance Commissioner, after such investigation as he deems proper, shall determine that the responsibility, character, and general fitness for the business, of such individual are not such as to command the confidence of the public, and to warrant the belief that the business of the company will be honestly and efficiently conducted in accordance with the intent and purpose of this act. Any adjudication by the Insurance Commissioner pursuant to this section shall be subject to the provisions of the "Administrative Agency Law," act of June 4, 1945 (P. L. 1388).

Section 802. Investment of Assets.—No domestic mutual insurance company other than a mutual life insurance company shall invest any of its assets except in accordance with the laws of this Commonwealth relating to the investment of the [assets] capital and surplus of domestic stock insurance companies [transacting] authorized to transact the same [kinds] class or classes of insurance, and in accordance with the following provisions:

(1) A domestic mutual insurance company, other than a mutual life insurance company, that writes assessable policies, shall invest its assets only in accordance with the laws of this Commonwealth relating to the investment of the capital of domestic stock insurance companies authorized to transact the same class or classes of insurance.

(2) A domestic mutual insurance company, other than a mutual life insurance company, that writes non-assessable policies, shall

invest its assets in accordance with the laws of this Commonwealth relating to the investment of the capital of domestic stock insurance companies authorized to transact the same class or classes of insurance, and may invest any of its excess over and above an amount equal to the minimum capital requirements of such stock companies in accordance with the laws of this Commonwealth relating to the investment of the surplus of domestic stock insurance companies authorized to transact the same class or classes of insurance.

Section 806. Premiums.—The “maximum premium” payable by any member of a mutual insurance company, other than a mutual life insurance company, shall be expressed in the policy, or in the application for the insurance if attached to the policy. Such maximum premium shall be a cash premium and an additional contingent premium not less than the cash premium, or may be solely a cash premium. No policy shall be issued for a cash premium without an additional contingent premium, unless the company has and maintains a surplus which is not less in amount than the minimum capital required of domestic stock insurance companies [transacting] authorized to transact the same [kind] class or classes of insurance [: Provided, That this section shall not be construed to require a surplus in excess of an amount equal to the unearned premiums on the policies without contingent premiums].

Section ¹9. No insurance company existing on the effective date of this act, except those writing policies upon automobiles under clause (2), subsection (b) or motor vehicles under clause (11), subsection (c) of section 202 of this act, shall be required to meet the minimum capital stock, surplus and other financial requirements of this act. Insurance companies writing policies upon automobiles or motor vehicles under the above referred to clauses in this section shall be required to meet the minimum capital stock, surplus and other financial requirements of this act within five years from the effective date hereof.

Section ²10. Mutual insurance companies existing on the effective date of this act shall comply with the investment requirements of this act within three years from the effective date hereof.

Section ³11. This act shall take effect immediately.

APPROVED—The 27th day of November, A. D. 1968.

RAYMOND P. SHAFER.

¹ “7.” in original.

² “8.” in original.

³ “9.” in original.