

No. 184

AN ACT

HB 2064

Amending the act of May 17, 1921 (P.L.682, No.284), 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," making workmen's compensation insurance a separate underwriting power and providing for capital stock and other financial requirements to write such insurance.

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

Section 1. Clause (4) of subsection (c) of section 202, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended November 27, 1968 (P.L.1118, No.349), is amended and said subsection is also amended by adding a clause to read:

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

(c) Stock casualty 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,] any 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; 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. *Further, nothing contained in this paragraph shall apply to any kind of workmen's compensation insurance against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by an employe for which the person insured is liable or against medical, hospital, surgical and funeral expenses incurred by or on behalf of the employe accidentally injured as provided for in clause (14), subdivision (c) of section 202.*

* * *

(14) To insure against loss or damage resulting from accident to, or injury, fatal or non-fatal, suffered by an employe for which the person insured is liable and to insure against medical, hospital, surgical and funeral expenses incurred by or on behalf of the employe accidentally injured, including the person insured.

* * *

Section 2. Clause (1) of subsection (d) of section 202 and subsection (c) and the introductory paragraph and clause (3) of subsection (e) of section 206 of the act, amended November 27, 1968 (P.L.1118, No.349), are 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 (11) ***or for workmen's compensation under clause (14)***, 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 (11), subsection (c) of section 202 of this act, write non-assessable policies for any such class 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.

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

(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 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); ***(iii) companies organized for the purpose of workmen's compensation insurance as provided for in clause (14) subdivision (c) of section two hundred and two (202) of the act, which must have a paid up capital stock***

*of not less than seven hundred fifty thousand dollars (\$750,000); and [(iii)] (iv) 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) **and except in case workmen's compensation insurance as provided for in clause (14) subdivision (c) of section two hundred and two (202) of the act is added to any other line or lines in which case the additional paid up capital stock shall be seven hundred fifty thousand dollars (\$750,000).** 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) **and except workmen's compensation insurance as provided for in clause (14) thereof;** and a company with a paid up capital stock of **[one million two hundred thousand dollars (\$1,200,000)] one million nine hundred fifty thousand dollars (\$1,950,000)** 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.*

* * *

(e) Mutual companies, other than mutual life companies and other than title insurance companies, hereafter organized under this act, **and existing mutual companies which determine to add a line or lines of insurance business** 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) (4), **[and] (11) and (14)**, 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). In the case of companies authorized to issue non-assessable policies of insurance for the purposes mentioned in clause (11) **or clause (14)**, subdivision (c) of section two hundred and two (202) of **[this] the** 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) **except paragraph (14)** unless the cash premiums so collected and the sum or sums of money so advanced shall amount to not less than three hundred fifty thousand dollars (\$350,000).

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Section 3. Existing insurance companies presently writing workmen's compensation insurance policies shall be required to meet the minimum capital stock and other financial requirements of this act within five years from the effective date hereof.

Section 4. Existing insurance companies presently authorized to write workmen's compensation insurance pursuant to section 202(c)(4) amended by this act shall continue to retain such authority hereafter, subject to compliance with section 3 of this amendatory act.

Section 5. This act shall take effect immediately.

APPROVED—The 9th day of July, A. D. 1976.

MILTON J. SHAPP