

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2064

Session of
1976

INTRODUCED BY MESSRS. A. K. HUTCHINSON, SCHMITT, TRELLO,
ABRAHAM, STAPLETON, COHEN AND TAYLOR, JANUARY 21, 1976

AS REPORTED FROM COMMITTEE ON CONSUMER PROTECTION, HOUSE OF
REPRESENTATIVES, AS AMENDED, FEBRUARY 25, 1976

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," making workmen's compensation
12 insurance a separate underwriting power and providing for
13 capital stock and other financial requirements to write such
14 insurance.

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

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

22 Section 202. Purposes for Which Companies May Be
23 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

1 incurred by or on behalf of the employe accidentally injured,
2 including the person insured.

3 * * *

4 Section 2. Clause (1) of subsection (d) of section 202, and
5 subsection (c) and clause (3) of subsection (e) of section 206
6 of the act, amended or added November 27, 1968 (P.L.1149 1118, <—
7 No.349), are amended to read:

8 Section 202. Purposes for Which Companies May Be
9 Incorporated; Underwriting Powers.--* * *

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

13 (1) To make contracts of insurance, or to reinsure and
14 accept reinsurance, for any and all kinds of insurance, other
15 than life insurance, which are not prohibited by statute or at
16 common law from being the subject of insurance, but no such
17 mutual company may transact any kind of insurance other than
18 such as may be transacted by a stock company writing the same
19 kinds of insurance. A mutual insurance company that writes non-
20 assessable policies upon automobiles under clause (2),
21 subsection (b) or motor vehicles under clause (11) or for
22 workmen's compensation under clause (14), subsection (c) of
23 section 202 of this act, shall not write assessable policies for
24 any such class of insurance, nor shall mutual insurance
25 companies that write assessable policies upon automobiles under
26 clause (2), subsection (b) or motor vehicles under clause (11),
27 ~~or for workmen's compensation under clause (14),~~ subsection (c) <—
28 of section 202 of this act, write non-assessable policies for
29 any such class of insurance. All assessable policies shall have
30 the words "This is an Assessable Policy" printed prominently on

1 the backer or policy panel, as well as on the face of the policy
2 in letters not less than sixteen point in size.

3 * * *

4 Section 206. Minimum Capital Stock and Financial
5 Requirements To Do Business.--* * *

6 (c) Stock casualty companies, organized under this act for
7 any of the purposes of insurance mentioned in subdivision (c) of
8 section two hundred and two (202) of this act, must have a paid
9 up capital stock of not less than one hundred thousand dollars
10 (\$100,000); except (i) companies organized for the purpose of
11 credit insurance, which must have a paid up capital stock of not
12 less than two hundred thousand dollars (\$200,000); (ii)
13 companies organized for the purposes mentioned in clause (11)
14 subdivision (c) of section two hundred and two (202) of this
15 act, which must have a paid up capital stock of not less than
16 five hundred thousand dollars (\$500,000); (iii) companies
17 organized for the purpose of workmen's compensation insurance as
18 provided for in clause (14) subdivision (c) of section two
19 hundred and two (202) of the act, which must have a paid up
20 capital stock of not less than seven hundred fifty thousand
21 dollars (\$750,000); and [(iii)] (iv) companies organized to
22 guarantee the fidelity of persons and contracts of suretyship,
23 which must have a paid up capital stock of at least two hundred
24 and fifty thousand dollars (\$250,000). Stock casualty companies
25 organized under this act may undertake two or more classes of
26 insurance mentioned in subdivision (c) of section two hundred
27 and two (202) of this act, by providing at least fifty thousand
28 dollars (\$50,000) additional paid up capital stock for each
29 additional class of insurance; except in case credit or fidelity
30 and surety insurance is added to any other line or lines, in

1 which case the additional paid up capital stock for credit
2 insurance shall be one hundred thousand dollars (\$100,000), and
3 the additional paid up capital stock for fidelity and surety
4 insurance shall be two hundred thousand dollars (\$200,000); and
5 except in case insurance for the purposes mentioned in clause
6 (11) subdivision (c) of section two hundred and two (202) of
7 this act is added to any other line or lines, in which case the
8 additional paid up capital stock shall be five hundred thousand
9 dollars (\$500,000) and except in case workmen's compensation
10 insurance as provided for in clause (14) subdivision (c) of
11 section two hundred and two (202) of the act is added to any
12 other line or lines in which case the additional paid up capital
13 stock shall be seven hundred fifty thousand dollars (\$750,000).
14 Any such stock casualty company with a paid up capital stock of
15 three hundred thousand dollars (\$300,000) may transact all of
16 the classes of insurance mentioned in subdivision (c) of section
17 two hundred and two (202) of this act, except credit, livestock,
18 and fidelity and surety insurance, and except insurance for the
19 purposes mentioned in clause (11) and except workmen's
20 compensation insurance as provided for in clause (14) thereof;
21 and a company with a paid up capital stock of [one million two
22 hundred thousand dollars (\$1,200,000)] one million nine hundred
23 fifty thousand dollars (\$1,950,000) may transact all of the
24 classes of insurance mentioned. Every such company shall, in
25 addition thereto, have a surplus paid in at least equal to fifty
26 per centum (50%) of the subscribed capital stock.

27 * * *

28 (e) Mutual companies, other than mutual life companies and
29 other than title insurance companies, hereafter organized under
30 this act, and existing mutual companies which determine to add a

1 ~~line or lines of insurance business to their present line or~~ <—
2 ~~lines of insurance,~~ shall comply with the following conditions:
3 * * *
4 (3) It shall have collected at least an annual cash premium
5 upon each of such applications, which premium shall be held in
6 cash or securities in which such insurance companies are
7 authorized to invest. In the case of companies organized for any
8 of the purposes mentioned in paragraphs (1) or (2) or (3) of
9 subdivision (b) of section two hundred two of ~~this~~ the act, <—
10 the said cash premiums, together with any sum or sums of money
11 which may be advanced under section eight hundred nine of ~~this~~ <—
12 the act, shall amount to not less than twenty-five thousand <—
13 dollars (\$25,000) for the purpose mentioned in each numbered
14 paragraph of subdivision (b). If organized for all of the
15 purposes mentioned in paragraphs (1), (2) and (3) of subdivision
16 (b) of section two hundred two of ~~this~~ the act, the said cash <—
17 premiums, together with any sum or sums of money which may be
18 advanced under section eight hundred nine of ~~this~~ the act, <—
19 shall amount to not less than fifty thousand dollars (\$50,000).
20 In the case of companies organized for any one of the purposes
21 mentioned in subdivision (c) of said section two hundred two,
22 except paragraphs (1) (4), [and] (11) and (14), the said cash
23 premiums collected, together with any sum or sums of money
24 advanced under the said section eight hundred nine, shall amount
25 to not less than ten thousand dollars (\$10,000) for the purpose
26 mentioned in each numbered paragraph of said subdivision (c). In
27 the case of companies authorized to issue non-assessable
28 policies of insurance for the purposes mentioned in clause (11)
29 or clause (14), subdivision (c) of section two hundred and two
30 (202) of [this] the act, the said cash premiums collected,

1 together with any sum or sums of money advanced under the said
2 section eight hundred nine, shall amount to not less than seven
3 hundred fifty thousand dollars (\$750,000), and in the case of
4 companies authorized to issue assessable policies of insurance
5 for the purposes mentioned in clause (11) ~~or clause (14),~~ <—
6 subdivision (c) of section two hundred and two (202) of ~~the~~ <—
7 ~~the~~ act, the said cash premiums collected, together with any sum <—
8 or sums of money advanced under the said section eight hundred
9 nine, shall amount to not less than two hundred thousand dollars
10 (\$200,000). ~~and in the case of companies authorized to issue~~ <—
11 ~~assessable policies of insurance for the purposes mentioned in~~
12 ~~clause (14) subdivision (c) of section two hundred and two (202)~~
13 ~~of the act, the said cash premium collected, together with any~~
14 ~~sum or sums of money advanced under the said section eight~~
15 ~~hundred nine, shall amount to not less than five hundred~~
16 ~~thousand dollars (\$500,000).~~ For the purpose mentioned in either
17 numbered paragraph (1) or (4) of said subdivision (c), such
18 amount shall be not less than twenty-five thousand dollars
19 (\$25,000): Provided, That in no event shall a company be
20 organized for any of the purposes mentioned in said subdivision
21 (c) unless the amount collected as premiums, together with the
22 sum or sums of money advanced under said section eight hundred
23 nine, shall amount to not less than fifty thousand dollars
24 (\$50,000) [; nor shall a company be organized for all of the
25 purposes mentioned in said subdivision (c) EXCEPT PARAGRAPH (14) <—
26 unless the cash premiums so collected and the sum or sums of
27 money so advanced shall amount to not less than three hundred
28 fifty thousand dollars (\$350,000).] ~~Provided further, That the~~ <—
29 ~~aforesaid amount of not less than fifty thousand dollars~~
30 ~~(\$50,000) shall not apply to required cash premiums collected,~~

~~together with any sum or sums of money advanced under said
section eight hundred nine for purposes mentioned in clause (11)
and clause (14), subdivision (c) of section two hundred and two
(202) of the act and such required premiums so collected and the
sum or sums of money so advanced for such purposes shall remain
as specified in this clause (3).~~

* * *

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 4 5. This act shall take effect immediately.