

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

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# HOUSE BILL

## No. 2063

Session of  
1976

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INTRODUCED BY MESSRS. A. K. HUTCHINSON, SCHMITT, TRELLO,  
ABRAHAM, COHEN, TAYLOR AND VROON, JANUARY 27, 1976

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AS AMENDED ON THIRD CONSIDERATION, HOUSE OF REPRESENTATIVES,  
MAY 12, 1976

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## 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," further regulating minimum capital  
12 stock and financial requirements of certain domestic  
13 insurance companies and the capital of certain foreign  
14 insurance companies.

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

17 Section 1. Subsection (b) of section 206, act of May 17,  
18 1921 (P.L.682, No.284), known as "The Insurance Company Law of  
19 1921," amended August 24, 1963 (P.L.1157, No.493), is amended to  
20 read:

21 Section 206. Minimum Capital Stock and Financial  
22 Requirements To Do Business.--\* \* \*

23 (b) Stock fire, stock marine, and stock fire and marine

1 insurance companies, organized under this act, for any of the  
2 purposes mentioned in [either clauses (1) or (2)] clause (1) of  
3 subdivision (b), section two hundred and two (202), of this act,  
4 must have a paid up capital stock of not less than one hundred  
5 thousand dollars (\$100,000); if organized for [all] the purposes  
6 mentioned in [clauses (1) and] clause (2) or in clause (3) of  
7 subdivision (b), section two hundred and two (202), of this act,  
8 [two hundred thousand dollars (\$200,000)] must have and maintain  
9 a paid up capital stock of not less than three hundred thousand  
10 dollars (\$300,000); if organized for the purposes mentioned in  
11 clause (1) and either clause (2) or clause (3) of subdivision  
12 (b), section two hundred two (202), of this act, must have and  
13 maintain a paid up capital stock of not less than four hundred  
14 thousand dollars (\$400,000); if organized for the purposes  
15 mentioned in clause (2) and in clause (3) of subdivision (b),  
16 section two hundred two (202), of this act, must have and  
17 maintain a paid up capital stock of not less than six hundred  
18 thousand dollars (\$600,000); and if organized for all the  
19 purposes mentioned in clauses (1), (2), and (3) of subdivision  
20 (b) of section two hundred and two (202) of this act, [four  
21 hundred thousand dollars (\$400,000)] must have and maintain a  
22 paid up capital stock of not less than seven hundred thousand  
23 dollars (\$700,000). Every such company shall, in addition  
24 thereto, have a surplus paid in at least equal to fifty per  
25 centum (50%) of the subscribed capital stock.

26 \* \* \*

27 Section 2. Section 516 of the act is amended to read:

28 Section 516. Capital of Foreign Companies.--Stock fire,  
29 stock marine, and stock fire and marine insurance companies, of  
30 other States and foreign governments, to be licensed to do, in

1 this Commonwealth, [any one of the classes of] the class of  
2 business mentioned in section two hundred and two (202),  
3 subdivision (b), clause (1) of this act, must have and maintain  
4 a paid up and safely invested capital, if a company of any other  
5 State, or a deposit in the United States, if a company of a  
6 foreign government, of not less than [two hundred thousand  
7 dollars (\$200,000)] one hundred thousand dollars (\$100,000),  
8 and, if to do the classes of business mentioned in section two  
9 hundred two (202), subdivision (b) either clause (2) or clause  
10 (3) of this act, must have and maintain such paid up capital or  
11 deposit of not less than three hundred thousand dollars  
12 (\$300,000) and if to do the classes of business mentioned in  
13 section two hundred two (202), subdivision (b) clause (1) and  
14 either clause (2) or clause (3) of this act, must have and  
15 maintain such paid up capital or deposit of not less than four  
16 hundred thousand dollars (\$400,000), and if to do the classes of  
17 business mentioned in section two hundred two (202), subdivision  
18 (b) clause (2) and clause (3) of this act, shall have and  
19 maintain such paid up capital or deposit of not less than six  
20 hundred thousand dollars (\$600,000); and if to do all of the  
21 classes of business mentioned in section two hundred and two  
22 (202), subdivision (b), clauses (1), (2) and (3) of this act,  
23 [a] shall have and maintain such paid up capital or deposit of  
24 not less than [four hundred thousand dollars (\$400,000)] seven  
25 hundred thousand dollars (\$700,000).

26 ~~Section 3. Existing insurance companies authorized to write~~ <—  
27 ~~coverage under this act shall be required to meet the minimum~~  
28 ~~capital stock and other financial requirements of this act~~  
29 ~~within five years from the effective date hereof.~~

30 SECTION 3. THIS ACT SHALL APPLY ONLY TO INSURANCE COMPANIES <—

1 ORGANIZED AFTER THE EFFECTIVE DATE OF THIS ACT: PROVIDED  
2 HOWEVER, THAT UPON CULMINATION OF ANY MERGER OR CONSOLIDATION  
3 AGREEMENT PURSUANT TO SECTION 333 THE SURVIVING COMPANY SHALL  
4 THEREAFTER BE REQUIRED TO MEET THE AFORESAID INCREASED CAPITAL  
5 AND SURPLUS REQUIREMENTS: AND, PROVIDED FURTHER, THAT IN THE  
6 EVENT THAT IN EXCESS OF FIFTY PER CENTUM (50%) OF THE CAPITAL  
7 STOCK OF ANY COMPANY PRESENTLY ORGANIZED TO DO THE BUSINESS OF  
8 INSURANCE IN THIS COMMONWEALTH PURSUANT TO A STOCK PLAN IS SOLD,  
9 DONATED, EXCHANGED, OR OTHERWISE TRANSFERRED TO ANY OTHER PERSON  
10 OR ENTITY, SUCH COMPANY SHALL THEREAFTER BE REQUIRED TO MEET THE  
11 AFORESAID INCREASED CAPITAL AND SURPLUS REQUIREMENTS: AND,  
12 PROVIDED FURTHER, THAT IN THE EVENT THAT ANY COMPANY PRESENTLY  
13 ORGANIZED TO WRITE THE BUSINESS OF INSURANCE ON A MUTUAL PLAN  
14 CAUSES IN EXCESS OF FIFTY PER CENTUM (50%) OF OUTSTANDING  
15 CERTIFICATES OF INDEBTEDNESS ISSUED PURSUANT TO SECTION 809 TO  
16 BE IN ANY WAY TRANSFERRED, EXCHANGED OR REISSUED, SUCH COMPANY  
17 SHALL THEREAFTER BE REQUIRED TO MEET THE AFORESAID INCREASED  
18 CAPITAL AND SURPLUS REQUIREMENTS: AND FURTHER PROVIDED, THAT IN  
19 THE EVENT THAT ANY COMPANY PRESENTLY ORGANIZED TO WRITE THE  
20 BUSINESS OF INSURANCE PARTICIPATES IN A TOTAL REINSURANCE  
21 ASSUMPTION AGREEMENT PURSUANT TO SECTION 319(A), SUCH COMPANY  
22 SHALL THEREAFTER BE REQUIRED TO MEET THE AFORESAID INCREASED  
23 CAPITAL AND SURPLUS REQUIREMENTS.

24 Section 4. This act shall take effect immediately.