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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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**HOUSE BILL**  
**No. 2064** Session of  
1976

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

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REFERRED TO COMMITTEE ON CONSUMER PROTECTION, JANUARY 27, 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," 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.--\* \* \*

24 (c) Stock casualty insurance companies may be incorporated

1 for any or all of the following purposes:

2 \* \* \*

3 (4) To insure any one against loss or damage resulting from  
4 accident to, or injury, fatal or non-fatal, suffered by[, an  
5 employe or other person,] any person for which the person  
6 insured is liable; to insure against medical, hospital, surgical  
7 and funeral expenses incurred by or on behalf of the persons  
8 accidentally injured, including the person insured; to insure  
9 against loss or damage to property caused by horses, or by any  
10 vehicle drawn by animal power, for which loss or damage the  
11 person insured is liable; and to insure against loss or damage  
12 to property, for which loss or damage the person insured is  
13 liable, but not including any kind of property damage insurance  
14 specified in other paragraphs of this section. Nothing in this  
15 paragraph shall apply to any kind of insurance against loss or  
16 damage resulting from the ownership, maintenance or use of a  
17 motor vehicle. Further, nothing contained in this paragraph  
18 shall apply to any kind of workmen's compensation insurance  
19 against loss or damage resulting from accident to, or injury,  
20 fatal or non-fatal, suffered by an employe for which the person  
21 insured is liable or against medical, hospital, surgical and  
22 funeral expenses incurred by or on behalf of the employe  
23 accidentally injured as provided for in clause (14), subdivision  
24 (c) of section 202.

25 \* \* \*

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

1 including the person insured.

2 \* \* \*

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

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

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

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

1 in letters not less than sixteen point in size.

2 \* \* \*

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

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

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

26 \* \* \*

27 (e) Mutual companies, other than mutual life companies and  
28 other than title insurance companies, hereafter organized under  
29 this act, and existing mutual companies which determine to add a  
30 line or lines of insurance business to their present line or

1 lines of insurance, shall comply with the following conditions:

2 \* \* \*

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

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

1 for purposes mentioned in clause (11) and clause (14),  
2 subdivision (c) of section two hundred and two (202) of the act  
3 and such required premiums so collected and the sum or sums of  
4 money so advanced for such purposes shall remain as specified in  
5 this clause (3).

6 \* \* \*

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

11 Section 4. This act shall take effect immediately.