

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2063

Session of
1976

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

AS REPORTED FROM COMMITTEE ON CONSUMER PROTECTION, HOUSE OF
REPRESENTATIVES, AS AMENDED, FEBRUARY 23, 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," 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] ~~either in clause~~ (2) or in clause <—
7 (3) of subdivision (b), section two hundred and two (202), of
8 this act, [two hundred thousand dollars (\$200,000)] must have
9 and maintain a paid up capital stock of not less than three
10 hundred thousand dollars (\$300,000); if organized for the
11 purposes mentioned in clause (1) and either clause (2) or clause
12 (3) of subdivision (b) section two hundred two (202), of this
13 act, must have and maintain a paid up capital stock of not less
14 than four hundred thousand dollars (\$400,000); if organized for
15 the purposes mentioned in clause (2) and in clause (3) of
16 subdivison (b) section two hundred two (202), of this act, must
17 have and maintain a paid up capital stock of not less than six
18 hundred thousand dollars (\$600,000); and if organized for all
19 the purposes mentioned in clauses (1), (2), and (3) of
20 subdivision (b) of section two hundred and two (202) of this
21 act, [four hundred thousand dollars (\$400,000)] must have and
22 maintain a paid up capital stock of not less than seven hundred
23 thousand dollars (\$700,000). 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 Section 2. Section 516 of the act is amended to read:

27 Section 516. Capital of Foreign Companies.--Stock fire,
28 stock marine, and stock fire and marine insurance companies, of
29 other States and foreign governments, to be licensed to do, in
30 this Commonwealth, [any one of the classes of] the class of

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

25 SECTION 3. EXISTING INSURANCE COMPANIES AUTHORIZED TO WRITE <—
26 COVERAGE UNDER THIS ACT SHALL BE REQUIRED TO MEET THE MINIMUM
27 CAPITAL STOCK AND OTHER FINANCIAL REQUIREMENTS OF THIS ACT
28 WITHIN FIVE YEARS FROM THE EFFECTIVE DATE HEREOF.

29 Section ~~3~~ 4. This act shall take effect immediately. <—