

THE GENERAL ASSEMBLY OF PENNSYLVANIA

**HOUSE BILL**  
**No. 1288** Session of  
1977

INTRODUCED BY J. L. WRIGHT AND BURNS, JUNE 13, 1977

REFERRED TO COMMITTEE ON INSURANCE, JUNE 13, 1977

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," adding certain requirements before  
12 which members of certain mutual insurance companies shall be  
13 liable to assessment.

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

16 Section 1. Section 808, act of May 17, 1921 (P.L.682,  
17 No.284), known as "The Insurance Company Law of 1921," amended  
18 December 30, 1974 (P.L.1045, No.342), is amended to read:

19 Section 808. Assessments.--A mutual insurance company, other  
20 than a mutual life company, not possessed of assets at least  
21 equal to the unearned premium reserve and other liabilities,  
22 shall make an assessment upon its members liable to assessment  
23 to provide for such deficiency. Such assessment shall be against  
24 each member in proportion to such liability as expressed in his

1 policy. No member shall be assessed unless the insurance  
2 salesman shall, prior to purchase, explain the definition and  
3 responsibilities of purchasing an assessable policy, and shall  
4 have received a signed statement from the purchaser that he  
5 understands, nor shall any member be assessed for any loss that  
6 occurred when his policy was not in effect and no assessment  
7 shall be made after two years from the expiration or  
8 cancellation date of a policy and no such assessment shall be  
9 made without the prior written approval of the Insurance  
10 Commissioner. For each year the policy is in force, such  
11 assessment shall be an amount not greater than the annual or the  
12 average yearly cost or premium of the policy for the period it  
13 has been in effect. Such assessment shall not exceed two times  
14 the average yearly cost or premium of the policy for the period  
15 it has been in effect. The Insurance Commissioner may, by  
16 written order, relieve the company from an assessment or other  
17 proceedings to restore such assets during the time fixed in such  
18 order. Any domestic company which shall be deficient in  
19 providing the unearned premium reserve required hereby may,  
20 notwithstanding such deficiency, come under this act on the  
21 condition that it shall each year thereafter reduce such  
22 deficiency at least fifteen per centum (15%) of the original  
23 amount thereof, and in such case it may increase its assessments  
24 accordingly.

25 The provisions of this section are not applicable to  
26 assessments made upon the members of a company by the Insurance  
27 Commissioner pursuant to the authority granted him by Article V,  
28 act of May 17, 1921 (P.L.789, No.285), known as "The Insurance  
29 Department Act of one thousand nine hundred and twenty-one."

30 Section 2. This act shall take effect in 60 days.