

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 263

Session of
1987

INTRODUCED BY ITKIN, SEVENTY, RYBAK, VAN HORNE, JOHNSON,
BELARDI, VEON, TIGUE, TRELLO, MERRY, PRESTON, CALTAGIRONE,
WOGAN, OLASZ, McCALL, FARGO, PUNT, MORRIS, BLAUM, BATTISTO,
COLAFELLA, McVERRY, REBER, WOZNIAK AND COWELL,
FEBRUARY 9, 1987

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, JANUARY 25, 1988

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as
2 amended, "An act relating to insurance; establishing an
3 insurance department; and amending, revising, and
4 consolidating the law relating to the licensing,
5 qualification, regulation, examination, suspension, and
6 dissolution of insurance companies, Lloyds associations,
7 reciprocal and inter-insurance exchanges, and certain
8 societies and orders, the examination and regulation of fire
9 insurance rating bureaus, and the licensing and regulation of
10 insurance agents and brokers; the service of legal process
11 upon foreign insurance companies, associations or exchanges;
12 providing penalties, and repealing existing laws,"
13 authorizing the licensing of lending institutions, public
14 utilities, bank holding companies and savings and loan
15 holding companies to sell credit unemployment insurance.

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

18 Section 1. Section 641 of the act of May 17, 1921 (P.L.789,
19 No.285), known as The Insurance Department Act of one thousand
20 nine hundred and twenty-one, added December 30, 1974 (P.L.1148,
21 No.365), is amended to read:

22 Section 641. Lending Institutions, Public Utilities and

1 Holding Companies Not to be Licensed.--(a) As used in this
2 section:

3 (1) "Lending institution" means any institution that accepts
4 deposits OR, IN THE CASE OF CREDIT UNIONS AND FEDERAL CREDIT <—
5 UNIONS, PAYMENTS ON SHARES, and lends money in the Commonwealth
6 of Pennsylvania, including banks, CREDIT UNIONS AND FEDERAL <—
7 CREDIT UNIONS and savings and loan associations, but excluding
8 insurance companies.

9 (2) "Public utility" means a private employer subject to the
10 jurisdiction of the Pennsylvania Public Utility Commission and
11 engaged in the business of rendering electric, gas, water and
12 steam heat services to the public in this Commonwealth:
13 Provided, however, That the term "public utility" shall not
14 include rural electrification cooperatives.

15 (3) The terms "subsidiary" and "affiliate" shall be defined
16 in the regulations promulgated by the Insurance Commissioner,
17 except that "affiliate" shall not apply to an entity which owns
18 an interest in another company or corporation where the
19 ownership interest is not sufficient to permit exercise of
20 effective control, and does not involve direct or indirect
21 ownership or control of five per centum or more of the voting
22 stock of such company or corporation. Nor shall it apply to an
23 entity whose stock is owned by another, provided that the amount
24 of stock owned by any one company or corporation does not permit
25 effective control and does not exceed five per centum of the
26 voting stock of the entity. The term "affiliate" shall, subject
27 to the provisions to invest in stock contained in this
28 subsection, include bank holding company, savings and loan
29 holding company, and public utility holding company as
30 hereinafter defined.

1 (4) "Bank holding company" shall mean and include the
2 definition of such term in section two of an act of Congress
3 entitled the "Bank Holding Company Act of 1956," as amended:
4 Provided, however, That if on or before the effective date of
5 this act, a bank holding company has been granted an exemption
6 by the Board of Governors of the Federal Reserve System pursuant
7 to section 4(d) of the Bank Holding Company Act of 1956, as
8 amended, such bank holding company shall not be held to be a
9 bank holding company within the meaning of section 2 of the Bank
10 Holding Company Act of 1956, as amended.

11 (5) "Credit life, health, and accident insurance" means
12 insurance on the life and health of a borrower from a lending
13 institution to secure the repayment of the amount borrowed, in
14 accordance with regulations promulgated by the Insurance
15 Commissioner.

16 (5.1) "Credit unemployment insurance" means insurance on the
17 employment of a borrower from a lending institution to secure
18 the repayment of the amount borrowed, in accordance with the
19 regulations promulgated by the Insurance Commissioner.

20 (6) "Title insurance" shall mean and include the definition
21 of such term in section seven hundred and one of the act of May
22 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law
23 of 1921."

24 (7) A "savings and loan holding company" shall mean and
25 include the definition of such term as defined in Title 12,
26 United States Code, sections 1730a (a) (1) (D) (E) (F).

27 (8) "Public utility holding company" shall mean and include
28 the definition of such term as defined in Title 15, United
29 States Code, sections 79b (a) (7), including electric, gas,
30 water and steam heat services.

1 (9) "Deposits" shall mean and include the definition of such
2 term as set forth in Title 12, United States Code, section 1813
3 (1), (1), (2), (3), (4), (5).

4 (b) No lending institution, public utility, bank holding
5 company, savings and loan holding company or any subsidiary or
6 affiliate of the foregoing, or officer or employe thereof, may,
7 directly or indirectly, be licensed or admitted as an insurer or
8 be licensed to sell insurance in this State either as a broker
9 or as an agent except that a lending institution or bank holding
10 company, subsidiary or affiliate of a lending institution may be
11 licensed to sell credit life, health and accident insurance and
12 credit unemployment insurance and to sell and underwrite title
13 insurance in accordance with regulations promulgated by the
14 Insurance Commissioner.

15 (c) The Insurance Commissioner is authorized to promulgate
16 regulations in order to effectuate the purposes of this section,
17 which are to help maintain the separation between lending
18 institutions and public utilities and the insurance business and
19 to minimize the possibilities of unfair competitive practices by
20 lending institutions and public utilities against insurance
21 companies, agents and brokers.

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