

## THE GENERAL ASSEMBLY OF PENNSYLVANIA

**SENATE BILL****No. 748** Session of  
1991

INTRODUCED BY CORMAN, HOLL, STOUT, HOPPER, ROBBINS, FISHER,  
MADIGAN, HELFRICK, SCHWARTZ, BORTNER, SCANLON, ANDREZESKI,  
REIBMAN, MUSTO, BAKER, JUBELIRER, PUNT, STEWART, LEMMOND,  
MELLOW, HART, WENGER, O'PAKE AND AFFLERBACH, MARCH 19, 1991

SENATOR TILGHMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
JUNE 24, 1991

## 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," further  
13 providing for the licensing and regulation of agents and  
14 brokers; and imposing penalties.

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

17 Section 1. Section 601 of the act of May 17, 1921 (P.L.789,  
18 No.285), known as The Insurance Department Act of one thousand  
19 nine hundred and twenty-one, amended June 5, 1947 (P.L.439,  
20 No.200), is amended to read:

21 Section 601. [Insurance Agents Defined.--An agent is an  
22 individual, copartnership or corporation, authorized in writing

1 by a company, association, or exchange--

2 (a) To solicit risks and collect premiums, and to issue or  
3 countersign policies in its behalf; or

4 (b) To solicit risks and collect premiums in its behalf.

5 A person, copartnership, association, or corporation, not a  
6 duly licensed insurance broker, who, for or without  
7 compensation, solicits insurance on behalf of any insurance  
8 company, association, or exchange, or transmits for a person,  
9 copartnership, association, or corporation, other than himself  
10 or itself, an application for a policy of insurance to or from  
11 such company, association, or exchange, or offers or assumes to  
12 act in the negotiation of such insurance, or in any manner aids  
13 in transacting the insurance business of any such company,  
14 association, or exchange, by negotiating for or placing risks or  
15 delivering policies or collecting premiums for such company,  
16 association, or exchange, shall be an insurance agent within the  
17 intent of this act, and shall thereby become liable to all the  
18 duties, requirements, liabilities, and penalties to which an  
19 agent of such company, association, or exchange is subject:

20 Provided, however, That the word "agent" shall not include non-  
21 resident salaried employes of foreign exchanges which maintain  
22 no offices in this Commonwealth and pay no commissions to such  
23 employes, or officers or salaried employes of any insurance  
24 company, association or exchange, which is authorized to  
25 transact business in this Commonwealth, who do not solicit,  
26 negotiate or place risks or as to title insurance, duly admitted  
27 attorneys-at-law, licensed real estate agents, or real estate  
28 brokers.] Certain Words Defined.--The word "agent," as used in  
29 this article, means any of the following:

30 (1) Any person authorized in writing by an entity:

1 (i) to solicit risks and collect premiums and to issue or  
2 countersign policies on its behalf; or

3 (ii) to solicit risks and collect premiums on its behalf.

4 (2) A person, not a licensed insurance broker, who, whether  
5 or not for compensation:

6 (i) solicits insurance on behalf of any insurance entity;

7 (ii) transmits for a person other than himself an  
8 application for a policy of insurance to or from the entity;

9 (iii) offers or assumes to act in the negotiation of such  
10 insurance; or

11 (iv) in any manner aids in transacting the insurance  
12 business of any entity by negotiating for or placing risks or  
13 delivering policies or collecting premiums for the entity.

14 The term "agent" does not include:

15 (1) Nonresident salaried employes of foreign exchanges which  
16 maintain no offices in this Commonwealth and pay no commissions  
17 to such employes.

18 (2) Officers or salaried employes of any insurance entity  
19 authorized to transact business in this Commonwealth who do not  
20 solicit, negotiate or place risks.

21 (3) Individuals employed and used by agents, brokers or any  
22 entity exclusively for the performance of clerical, stenographic  
23 or similar office duties.

24 (4) This section does not apply to title insurance agents.

25 The word "appointment," as used in this article, is a written  
26 agreement between an agent and an entity under which the agent  
27 may solicit, negotiate, make, or procure insurance policies, for  
28 compensation, which are issued by the appointing insurer or  
29 insurers.

30 The term "certificate of qualification" or "certificate," as

1 used in this article, is a document issued by the Insurance  
2 Department attesting that an agent has met the standards set  
3 forth under this subarticle to act as an agent in this  
4 Commonwealth.

5 The term "entity," as used in this article, means any person  
6 doing the business of insurance, including, but not limited to:

7 (1) the issuance or delivery of contracts or certificates of  
8 insurance to persons resident in this Commonwealth;

9 (2) the solicitation of applications for such contracts or  
10 other negotiations preliminary to the execution of such  
11 contracts;

12 (3) the collection of premiums, membership fees, assessments  
13 or other considerations for such contracts; or

14 (4) the transaction of matters subsequent to execution of  
15 such contracts arising out of them,  
16 whether or not such person has obtained a certificate of  
17 authority, license or certificate of qualification.

18 The term "nonresident agent," as used in this article, is an  
19 applicant or certificate holder with both business address and  
20 legal residence outside this Commonwealth.

21 The term "person," as used in this article, means any  
22 individual, corporation, association, partnership, reciprocal  
23 exchange, inter-insurer, Lloyds insurer, fraternal benefit  
24 society, beneficial association and any other legal entity  
25 engaged in the business of insurance, including agents, brokers  
26 and adjusters and also means health care plans as defined in 40  
27 Pa.C.S. Chs. 61 (relating to hospital plan corporations), 63  
28 (relating to professional health services plan corporations), 65  
29 (relating to fraternal benefit societies) and 67 (relating to  
30 beneficial societies) and the act of December 29, 1972

1 (P.L.1701, No.364), known as the "Health Maintenance  
2 Organization Act." For purposes of this article, health care  
3 plans, fraternal benefit societies and beneficial societies  
4 shall be deemed to be engaged in the business of insurance.

5 Section 2. Section 602 of the act is amended to read:

6 Section 602. [Insurance Companies, Et Cetera, To Certify  
7 Names of Agents.--Insurance companies, associations, and  
8 exchanges, authorized by law to transact business within this  
9 Commonwealth, shall, from time to time, certify to the Insurance  
10 Commissioner the names of all agents appointed by them to  
11 solicit insurance in this Commonwealth.] Requirements to Act as  
12 an Agent.--(a) A person may not act as an agent unless he  
13 complies with all of the following:

14 (1) That person has obtained a certificate from the  
15 Insurance Department reflecting the lines of authority for the  
16 kinds of insurance for which that person intends to act as  
17 agent.

18 (2) That person has a current appointment or appointments  
19 from an insurer or insurers.

20 (3) That person with a valid license to sell insurance  
21 issued after December 31, 1970 has complied with any continuing  
22 education requirements set forth in the regulations promulgated  
23 by the Insurance Department.

24 (b) A certificate to act as an agent shall not be granted to  
25 any corporation unless by provisions of its charter it is  
26 authorized to engage in the business of insurance or real estate  
27 and unless individual certificates are also secured for each  
28 active officer of such corporation. A certificate shall not be  
29 granted to a partnership unless individual certificates are also  
30 secured for each active member of the partnership.

1 Section 3. Section 603 of the act, amended or added August  
2 21, 1961 (P.L.1018, No.457), July 31, 1968 (P.L.1029, No.310),  
3 June 16, 1972 (P.L.436, No.131) and repealed in part April 28,  
4 1978 (P.L.202, No.53), is amended to read:

5 Section 603. [Agent's Licenses.--(a) The Insurance  
6 Commissioner may issue, upon certification as aforesaid by any  
7 company, association, or exchange, authorized by law to transact  
8 business within this Commonwealth, an agent's license to any  
9 person of at least eighteen years of age and to any  
10 copartnership or corporation. No license as agent shall be  
11 granted to any corporation unless by provisions of its charter  
12 it is authorized to engage in the business of insurance or real  
13 estate, and unless individual licenses are also secured for each  
14 active officer of such corporation; and no license shall be  
15 granted to a copartnership or firm unless individual licenses  
16 are also secured for each active member of such copartnership or  
17 firm. Before any such license is granted, the applicant shall  
18 first make answer, in writing and under oath, to interrogatories  
19 on forms and supplements such as the Insurance Commissioner  
20 shall prepare and submit, which answers shall be vouched for by  
21 indorsement of the company, association, or exchange interested,  
22 and to the effect that the applicant is of good business  
23 reputation, and of experience in underwriting, other than  
24 soliciting, and is worthy of a license: Provided, That any  
25 applicant who shall have held, for any period during the five  
26 years immediately preceding the application, a license to  
27 transact, as agent, any class or kind of insurance business for  
28 any company, association, or exchange, authorized to transact  
29 business within this Commonwealth, shall be entitled, upon  
30 proper application, to receive a license to transact, as agent,

1 the same class or kind of insurance business for any other  
2 company, association, or exchange, so authorized to transact  
3 business, without the necessity of submitting to an examination.  
4 When the Insurance Commissioner is satisfied that the applicant  
5 is worthy of license, and that he is reasonably familiar with  
6 provisions of the insurance law of this Commonwealth, he shall  
7 issue a license stating that the company, association, or  
8 exchange, represented by the agent, has complied with the  
9 requirements of law and has been authorized by the Insurance  
10 Commissioner to transact business within this Commonwealth, and  
11 that the agent has been duly appointed by the company,  
12 association, or exchange named in the license. Licenses of life  
13 insurance agents shall expire annually at midnight of March  
14 thirty-first, licenses of fire insurance agents shall expire  
15 annually at midnight of September thirtieth, and the licenses of  
16 casualty and health and accident insurance agents shall expire  
17 annually at midnight of December thirty-first, unless sooner  
18 terminated as the result of severance of business relations  
19 between the company, association, or exchange and the agent, or  
20 unless revoked by the Insurance Commissioner for cause. The  
21 provisions of this section shall apply to domestic mutual fire  
22 insurance companies, but no agent of a domestic mutual fire  
23 insurance company acting or authorized to act as such on the  
24 effective date of this act shall be required to take an  
25 examination for licensure.

26 (b) Nothing in subsection (a) of this section shall be  
27 construed as requiring agents of domestic mutual fire insurance  
28 companies which agents write only coverages other than insurance  
29 upon automobiles authorized by clauses (1), (2) and (3) of  
30 subsection (b) of section 202 of the act of May 17, 1921 (P.L.

1 682), known as "The Insurance Company Law of 1921," to submit to  
2 examination prior to licensure by the Insurance Commissioner.

3 (c) The examination provided for in subsection (a) shall not  
4 be required of any person who has received the designation of  
5 Chartered Life Underwriter, (C.L.U.) from the American College  
6 of Life Underwriters, except, that such person may be examined  
7 on pertinent provisions of the insurance laws as determined by  
8 the Insurance Commissioner.] Requirements to Obtain a  
9 Certificate of Qualification.--(a) In order to obtain a  
10 certificate to act as an agent a person shall comply with all of  
11 the following:

12 (1) Be at least eighteen years of age.

13 (2) Have successfully passed an examination required by the  
14 Insurance Department demonstrating reasonable familiarity with  
15 insurance laws and the business of insurance in general.

16 (3) Complete a verified application on a form approved by  
17 the Insurance Department.

18 (4) Have secured on the application a verified statement by  
19 the sponsoring entity that the applicant is of good business  
20 reputation and is worthy of a certificate.

21 (5) Pay in full all appropriate fees.

22 (b) The Insurance Department may, upon proper and acceptable  
23 application, exempt from the requirement to successfully pass an  
24 examination for such appropriate line or lines of authority any  
25 person who has met at least one of the following:

26 (1) Has held, for any period during the two years  
27 immediately preceding the application, a certificate of  
28 qualification from the Insurance Department reflecting at least  
29 one of the same lines of authority for which he is now applying.

30 (2) Received the designation of Chartered Life Underwriter



1 (C.L.U.) from the American College of Life Underwriters, the  
2 designation of Chartered Property and Casualty Underwriter  
3 (C.P.C.U.) from the American Institute for Property and  
4 Liability Underwriters, the designation of Certified Insurance  
5 Counselor (C.I.C.) from the Society of Certified Insurance  
6 Counselors, or any other professional designation approved by  
7 the Insurance Commissioner.

8 (3) Is an agent of a domestic mutual fire insurance company,  
9 whose agents write only coverages other than insurance upon  
10 automobiles authorized by paragraphs (1), (2) and (3) of  
11 subdivision (b) of section 202 of the act of May 17, 1921  
12 (P.L.682, No.284), known as "The Insurance Company Law of 1921."

13 (4) Is qualified to apply for and receive authorization from  
14 the Insurance Department to act as an agent on the effective  
15 date of this act.

16 (5) Is an agent of a fraternal benefit society who, under  
17 section 706 of the act of July 29, 1977 (P.L.105, No.38), known  
18 as the "Fraternal Benefit Society Code," is not required to take  
19 an examination.

20 Section 4. Section 604 of the act, amended December 3, 1975  
21 (P.L.471, No.137), is amended to read:

22 Section 604. [Penalty for Acting as Agent Without License.--  
23 Any individual, copartnership, or corporation transacting  
24 business within this Commonwealth as the agent of an insurance  
25 company, association, or exchange, without a license as required  
26 by this act, shall be guilty of a misdemeanor, and, upon  
27 conviction thereof, shall be sentenced to pay a fine not  
28 exceeding one thousand dollars. Prosecution for any violation  
29 under this section may be instituted by the Insurance  
30 Commissioner or a duly designated deputy.] Issuance of

1 Certificate of Qualification.--(a) When the Insurance  
2 Department is satisfied that the applicant is worthy of a  
3 certificate of qualification and has successfully passed an  
4 examination and otherwise complied with this article, it shall  
5 issue a certificate. The certificate shall state that the agent  
6 has complied with this article and has been authorized by the  
7 Insurance Department to transact business in specific lines of  
8 authority in this Commonwealth.

9 (b) A person who was licensed to act as an agent on the  
10 effective date of this act may obtain a certificate to act as an  
11 agent reflecting the lines of authority for which that person  
12 was previously licensed or qualified by filing the appropriate  
13 application for an original certificate of qualification with  
14 the Insurance Department and paying the fee for an original  
15 agent's certificate as specified under this subarticle.

16 (c) A certificate of qualification shall state that a person  
17 is empowered to act as an insurance agent under the laws of the  
18 Commonwealth for specified lines of authority. The agent shall  
19 display his certificate of qualification in the agent's place of  
20 business.

21 (d) (1) All agents licensed on the effective date of this  
22 act shall complete and submit a conversion application in  
23 accordance with Insurance Department instructions. For the  
24 purpose of conversion each person shall pay a fee not to exceed  
25 six dollars and fifty cents. Such fee shall accompany the  
26 conversion application and be returned to the Insurance  
27 Department no later than three months from date of receipt. The  
28 fees collected by the Insurance Department shall be placed in an  
29 Insurance Department Restricted Revenue Account dedicated to  
30 fund the conversion to the single license system established by

1 this act.

2 (2) Those persons who have complied with subsection (d)(1)  
3 shall receive, complete, and submit a single license application  
4 to convert their existing licenses to a certificate of  
5 qualification in accordance with Insurance Department  
6 regulation. The regulation shall provide for, but not be limited  
7 to, timeliness of compliance, amount of fee, if any, to be  
8 charged, and any late fee penalties for noncompliance.

9 (3) Persons in compliance with subsection (d)(2) shall  
10 receive a certificate of qualification from the Insurance  
11 Department. A person receiving a valid certificate of  
12 qualification will be able to solicit additional appointments  
13 immediately. However, a licensed agent who fails to comply with  
14 subsection (d)(2) as of the transition date to a single license  
15 system shall have his license or licenses terminated.

16 (4) Insurers will be deemed to have appointed all their  
17 agents licensed on the transition date as provided for by  
18 Insurance Department regulation. The first appointment report  
19 shall be filed with the Insurance Department ninety days after  
20 the transition date and must include all existing agents and any  
21 new appointments. Appointment reports shall be filed on a  
22 monthly basis thereafter pursuant to Insurance Department  
23 regulation.

24 Section 5. Sections 605 and 606 of the act are amended to  
25 read:

26 Section 605. [Personal Liability of Agents Acting for  
27 Unauthorized Companies.--An insurance agent shall be personally  
28 liable on all contracts of insurance or suretyship unlawfully  
29 made by or through him, directly or indirectly, for or in behalf  
30 of any company, association, or exchange not authorized to do

1 business in this Commonwealth. Any person soliciting risks,  
2 forwarding premiums, or countersigning or delivering policies,  
3 shall be deemed to be the agent of the company, association, or  
4 exchange, within the meaning of this section.] Appointment.--(a)  
5 No agent shall do business on behalf of any entity without a  
6 written appointment from that entity.

7 (b) All appointments shall be obtained by procedures  
8 established by the Insurance Department's regulations.

9 (c) Insurance entities authorized by law to transact  
10 business in this Commonwealth shall, from time to time as  
11 determined by the Insurance Department, certify to the Insurance  
12 Department the names of all agents appointed by them.

13 (d) Each appointment fee, both new and renewal, shall be  
14 paid in full by the entity appointing the agent.

15 Section 606. [Penalty for Advertising as Agent of  
16 Unauthorized Company, Et Cetera.--Any person who, by poster,  
17 circular, letter, or in any other way or manner, represents or  
18 advertises himself as the agent of any insurance company,  
19 association, or exchange of any other State or government, which  
20 has not complied with the laws of this State, shall be guilty of  
21 a misdemeanor, and, upon conviction, shall be sentenced to pay a  
22 fine of not more than one thousand dollars.] Reports by Entities  
23 to the Insurance Department.--All entities shall report to the  
24 Insurance Department all appointments and terminations of  
25 appointments in the format and time frame required by the  
26 Insurance Department's regulations.

27 Section 6. Section 607 of the act, amended December 30, 1974  
28 (P.L.1047, No.343), is amended to read:

29 Section 607. [Penalty for Soliciting for Fictitious or Dead  
30 Companies, Et Cetera.--Any individual, and the officers,

1 managers, agents, owners, or representatives of and any  
2 corporation, partnership, or association, offering within this  
3 State, in person or by advertisement, poster, letter, circular,  
4 or otherwise to sell, procure, or obtain policies, certificates,  
5 agreements, binders, or applications for insurance, surety, or  
6 indemnity, for or on behalf of any spurious, fictitious,  
7 nonexisting, dissolved, inactive, liquidated or liquidating or  
8 bankrupt insurance company, association, exchange, society, or  
9 order, shall be guilty of a misdemeanor, and, upon conviction,  
10 shall be sentenced to not more than one year or less than six  
11 months imprisonment, and, in addition, shall pay a fine not  
12 exceeding one thousand dollars for each and every violation.]

13 Personal Liability of Agents for Unauthorized Entity.--An  
14 insurance agent shall be personally liable on all contracts of  
15 insurance or suretyship unlawfully made by or through him,  
16 directly or indirectly, for or on behalf of any entity not  
17 authorized to do business in this Commonwealth. This section  
18 applies to any person who transacts business in this  
19 Commonwealth as an agent of an insurance entity without a  
20 certificate as required by this article.

21 Section 7. Section 608 of the act, amended July 14, 1977  
22 (P.L.88, No.31), is amended to read:

23 Section 608. [Nonresident Agents.--(a) The Insurance  
24 Commissioner may issue a license as agent to a person not  
25 resident of this Commonwealth, upon compliance with the  
26 applicable provisions of this act, if the state or the Province  
27 of Canada of such person's residence will accord the same  
28 privilege to a resident of this Commonwealth.

29 (b) The Insurance Commissioner may enter into reciprocal  
30 agreements with the appropriate official of any such other state

1 or province waiving the written examination of any applicant  
2 resident in such other state or province, if:

3 (1) A written examination is required of applicants for an  
4 insurance agent's license in such other state or province;

5 (2) The appropriate official of the other state or province  
6 certifies that the applicant holds a currently valid license as  
7 an insurance agent in such other state or province and either  
8 passed such a written examination or was the holder of an  
9 insurance agent's license prior to the time a written  
10 examination was required;

11 (3) That in such other state or province a resident of this  
12 Commonwealth is privileged to procure an insurance agent's  
13 license upon the foregoing conditions and without discrimination  
14 as to fees otherwise in favor of the residents of such other  
15 state or province.

16 (c) No such applicant or licensee shall have a place of  
17 business in the Commonwealth, nor be an officer, director,  
18 stockholder, or partner in any corporation or partnership doing  
19 business in the Commonwealth as a life insurance agency.

20 (d) If the laws of another state or the Province of Canada  
21 require the sharing of commissions with resident agents of that  
22 state or province on applications for insurance written by  
23 nonresident agents, then the same provisions shall apply when  
24 resident agents of that state or province, licensed as  
25 nonresident agents of Pennsylvania, write applications for  
26 insurance on residents of the Commonwealth.] Penalty for  
27 Advertising as Agent of Unauthorized Entity.--Any person who  
28 represents or advertises himself as the agent of any foreign or  
29 alien insurance entity which has not complied with the laws of  
30 this Commonwealth commits a misdemeanor of the third degree.

1 Section 8. The act is amended by adding sections to read:

2 Section 609. Penalty for Soliciting for Nonexistent  
3 Entity.--Any individual, and the officers, managers, agents,  
4 owners or representatives of and any corporation or partnership,  
5 offering in this Commonwealth to sell, procure or obtain  
6 policies, certificates, agreements, binders or applications for  
7 insurance, surety or indemnity, for or on behalf of any  
8 spurious, fictitious, nonexistent, dissolved, inactive,  
9 liquidated, liquidating or bankrupt insurance entity, society or  
10 order, commits a misdemeanor of the third degree.

11 Section 610. Requirements for Nonresidents to Obtain  
12 Certificate of Qualification.--(a) The Insurance Department may  
13 issue a certificate to a person not a resident of this  
14 Commonwealth, upon compliance with the applicable provisions of  
15 this article, if the state or the province of the Dominion of  
16 Canada of the person's residence accords the same privilege to a  
17 resident of this Commonwealth.

18 (b) The Insurance Department may enter into reciprocal  
19 agreements with the appropriate official of any such other state  
20 or province waiving the written examination of any applicant  
21 resident in the other state or province if the following  
22 conditions exist:

23 (1) A written examination, with no exemptions not  
24 substantially similar to those set forth in section 603(b)(1)  
25 and (2), is required of applicants for an insurance agent's  
26 certificate or its equivalent in the other state or province.

27 (2) The appropriate official certifies that the applicant  
28 holds a currently valid certificate or its equivalent as an  
29 insurance agent in the other state or province and either passed  
30 a written examination or was the holder of an insurance agent's

1 certificate or its equivalent prior to the time a written  
2 examination was required.

3 (3) In the other state or province, a resident of this  
4 Commonwealth may obtain an insurance agent's certificate or its  
5 equivalent upon the conditions stated in this subsection,  
6 without discrimination as to fees or otherwise in favor of the  
7 residents of the other state or province.

8 (c) If the law of another state or province of the Dominion  
9 of Canada requires the sharing of commissions with resident  
10 agents of the state or province on applications for insurance  
11 written by nonresident agents, then the same provisions shall  
12 apply when resident agents of that state or province authorized  
13 as nonresident agents in this Commonwealth write applications  
14 for insurance on residents of this Commonwealth.

15 Section 9. Section 621 of the act is amended to read:

16 Section 621. [Insurance Broker Defined.--An insurance broker  
17 is a person, copartnership, or corporation, not an officer or  
18 agent of the company, association, or exchange interested, who  
19 or which, for compensation, acts or aids in any manner in  
20 obtaining insurance for a person other than himself or itself.]

21 Definitions and Applicability.--(a) As used in this subarticle  
22 and Subarticle C, the term "insurance broker" means a person,  
23 not an officer or agent of the entity interested, who, for  
24 compensation, acts or aids in any manner in obtaining insurance,  
25 other than title insurance, for a person other than himself.

26 (b) This subarticle does not apply to title insurance  
27 brokers.

28 Section 10. Section 622 of the act, amended March 28, 1974  
29 (P.L.231, No.52) and repealed in part April 28, 1978 (P.L.202,  
30 No.53), is amended to read:



1 Section 622. Brokers' Licenses.--[The Insurance Commissioner  
2 may issue, to any person of at least eighteen years of age or to  
3 any copartnership or corporation, a license to act as an  
4 insurance broker to negotiate contracts of insurance or  
5 reinsurance, with any insurance company, association, or  
6 exchange, or the agents thereof, authorized by law to transact  
7 business within this Commonwealth. No license shall be issued to  
8 any corporation to act as an insurance broker unless by its  
9 charter it is authorized to engage in the business of insurance  
10 or real estate. Before any license is issued, the applicant  
11 shall make answer, in writing and under oath, to such  
12 interrogatories and on such forms and supplements as the  
13 Insurance Commissioner shall prepare and submit, which answers  
14 shall be vouched for by indorsement of at least two agents or by  
15 the officers of any insurance company, association, or exchange,  
16 who are acquainted with the applicant, to the effect that the  
17 applicant is of good business reputation, and has experience in  
18 underwriting, other than soliciting, and is worthy of a license.  
19 When the Insurance Commissioner is satisfied that the applicant  
20 is worthy of a license, and that he is reasonably familiar with  
21 provisions of the insurance laws of this Commonwealth, he shall  
22 issue a broker's license to expire annually one year from date  
23 of issue, unless sooner revoked by the Insurance Commissioner  
24 for cause.] (a) The Insurance Department may issue to any  
25 individual or to any partnership or corporation a license to act  
26 as an insurance broker to negotiate contracts of insurance or  
27 reinsurance with any insurance entity or the appointed agents  
28 thereof authorized by law to transact business in this  
29 Commonwealth.

30 (b) A license shall not be issued to any partnership or

1 corporation to act as an insurance broker unless by its charter  
2 it is authorized to engage in the business of insurance or real  
3 estate and unless individual certificates or licenses are also  
4 secured for each active partner or officer of such partnership  
5 or corporation.

6 (c) No person shall act as an insurance broker without a  
7 license.

8 (d) In order to obtain a license to act as a broker a person  
9 shall:

10 (1) Be at least eighteen years of age.

11 (2) Have successfully passed an examination required by the  
12 Insurance Department demonstrating reasonable familiarity with  
13 insurance laws and the business of insurance in general.

14 (3) Complete a verified application on a form approved by  
15 the Insurance Department.

16 (4) Pay in full all appropriate fees.

17 (e) The Insurance Department may, upon proper and acceptable  
18 application, exempt from the requirement to successfully pass an  
19 examination for such appropriate lines of authority for the  
20 kinds of insurance business any person who has received the  
21 designation of Chartered Life Underwriter (C.L.U.), from the  
22 American College of Life Underwriters, the designation of  
23 Chartered Property and Casualty Underwriter (C.P.C.U.) from the  
24 American Institute for Property and Liability Underwriters, the  
25 designation of Certified Insurance Counselor (C.I.C.) from the  
26 Society of Certified Insurance Counselors, or any other  
27 professional designation approved by the Insurance Commissioner.

28 (f) When the Insurance Department is satisfied that the  
29 applicant is worthy of a license and is reasonably familiar with  
30 the insurance laws of this Commonwealth and the business of

1 insurance in general, it shall issue a broker's license to  
2 expire two years from the date of issue, unless sooner revoked  
3 by the Insurance Department for cause.

4 (g) A broker's license shall state that a person is  
5 empowered to act as an insurance agent BROKER under the laws of <—  
6 the Commonwealth for specified lines of authority. The broker  
7 shall display his broker's license in the broker's place of  
8 business.

9 (h) Insurance brokers with a valid license to sell, issued  
10 after December 31, 1970, shall comply with any continuing  
11 education requirements established by the Insurance Department  
12 by regulation.

13 Section 11. Section 623 of the act, amended December 3, 1975  
14 (P.L.471, No.137), is amended to read:

15 Section 623. [Penalties for Acting as Broker Without a  
16 License, and Transacting Business with an Unlicensed Broker.--  
17 Any person, copartnership, or corporation transacting business  
18 as an insurance broker, within this Commonwealth, or soliciting  
19 insurance or transmitting for a partnership, copartnership,  
20 association, or corporation, other than himself or itself, an  
21 application for a policy of insurance, or offering or assuming  
22 to act in the negotiation of such insurance, or in any manner  
23 aiding in transacting an insurance business, or negotiating for  
24 or placing risks, or delivering policies or collecting premiums  
25 for policies which are effective in this State, without a  
26 license as broker, or in the case of title insurance without  
27 being admitted to practice as an attorney-at-law or being  
28 licensed as a real estate broker or real estate agent, unless he  
29 or she or it be acting as a licensed agent and then only for the  
30 companies he, she or it is duly licensed by this Commonwealth to

1 represent, shall be deemed guilty of a misdemeanor, and, upon  
2 conviction thereof, shall pay a fine not exceeding one thousand  
3 dollars. Any company, association, or exchange, or the agent of  
4 any company, association, or exchange, accepting applications or  
5 orders for insurance or securing any insurance business through  
6 anyone acting without a license, as aforesaid, shall be guilty  
7 of a misdemeanor, and, upon conviction thereof, shall pay a fine  
8 not exceeding one thousand dollars. Prosecution for any  
9 violation under this section may be instituted by the Insurance  
10 Commissioner or a duly designated deputy.] Doing Business with  
11 Unlicensed Brokers.--Any entity or the appointed agent of any  
12 entity accepting applications or orders for insurance or  
13 securing any insurance business through anyone acting without a  
14 license commits a misdemeanor of the third degree.

15 Section 12. Section 626 of the act, added June 5, 1947  
16 (P.L.456, No.206), is amended to read:

17 Section 626. [Payment of Commissions to Brokers.--Any  
18 insurance company, association or exchange, or the agent  
19 thereof, may pay money, commission or brokerage, or give or  
20 allow anything of value to a duly licensed insurance broker for,  
21 or on account of, the solicitation or negotiation of contracts  
22 for insurance on property or risks within the Commonwealth.]  
23 Payment of Commissions to Brokers.--Any insurance entity or the  
24 appointed agent thereof may pay money, commission or brokerage,  
25 or give or allow anything of value to a duly licensed broker for  
26 the solicitation or negotiation of contracts for insurance on  
27 property or risks in this Commonwealth.

28 Section 13. Section 631 of the act is amended to read:

29 Section 631. [Penalty for Acting for Companies, Et Cetera,  
30 Failing to Appoint Insurance Commissioner for Service of

1 Process.--Any person, copartnership, or corporation, acting as  
2 agent or broker for himself or for others, not having been  
3 specially and lawfully licensed so to do, who solicits or  
4 procures, or aids in the solicitation or procurement of,  
5 policies or certificates of insurance from, or adjusts losses,  
6 or in any manner aids in the transaction of any business for,  
7 any foreign insurance company, association, or exchange, which  
8 has not executed and filed in the office of the Insurance  
9 Commissioner a written appointment of the commissioner to be the  
10 true and lawful attorney of such company, association, or  
11 exchange in and for this State, upon whom all lawful process in  
12 any action or proceeding against the company, association, or  
13 exchange may be served, is guilty of a misdemeanor, and, upon  
14 conviction, shall be sentenced to pay a fine of not less than  
15 three hundred dollars and not more than one thousand dollars.]

16 Fraudulent Unlicensed Activity.--A person who without a  
17 certificate of qualification performs the duties of an agent as  
18 defined in section 601 and any regulations promulgated  
19 thereunder, or who without a license performs the duties of a  
20 broker as defined in section 621 and any regulations promulgated  
21 thereunder, commits a felony of the third degree.

22 Section 14. Section 639 of the act, amended December 30,  
23 1974 (P.L.1047, No.343) and repealed in part April 28, 1978  
24 (P.L.202, No.53), is amended to read:

25 Section 639. [Revocation, Et Cetera, of License; Penalty.--  
26 Upon satisfactory evidence of the violation of any of the  
27 provisions of sections six hundred four, six hundred six, six  
28 hundred seven, six hundred twenty-three, six hundred thirty-one,  
29 six hundred thirty-two, six hundred thirty-three, six hundred  
30 thirty-three point one, six hundred thirty-four, six hundred

1 thirty-five, six hundred thirty-six, six hundred thirty-seven,  
2 and six hundred thirty-eight of this act, by any agent or  
3 solicitor of any insurance company, association, or exchange, or  
4 by any insurance broker or excess insurance broker, or upon  
5 satisfactory evidence of such conduct as would disqualify such  
6 agent or broker or excess broker from initial issuance of a  
7 license under sections six hundred three, six hundred twenty-two  
8 and six hundred twenty-four, the Insurance Commissioner may, in  
9 his discretion, pursue any one or more of the following courses  
10 of action regardless of whether such agent, solicitor or broker  
11 was licensed or not licensed by the Insurance Commissioner:

12 (1) Suspend or revoke or refuse to renew the license of such  
13 offending party or parties;

14 (2) Impose a civil penalty of not more than one thousand  
15 dollars for each and every act in violation of any of said  
16 sections by said party or parties.

17 Before the Insurance Commissioner shall take any action as  
18 above set forth, he shall give written notice to the person,  
19 company, association, or exchange, accused of violating the law,  
20 stating specifically the nature of such alleged violation and  
21 fixing a time and place, at least ten (10) days thereafter, when  
22 a hearing of the matter shall be held. After such hearing or  
23 upon failure of the accused to appear at such hearing, the  
24 Insurance Commissioner shall impose such of the above penalties  
25 as he deems advisable.

26 Any agent or solicitor of any insurance company, association,  
27 or exchange, or any insurance broker, or any person,  
28 copartnership, association, or corporation, violating the  
29 provisions of sections six hundred thirty-three point one, six  
30 hundred thirty-five, six hundred thirty-six, six hundred thirty-

1 seven, and six hundred thirty-eight of this act, shall be guilty  
2 of a misdemeanor, and, upon conviction thereof, shall be  
3 sentenced to pay a fine of not more than one thousand dollars  
4 (\$1,000.00) for each and every violation, or, at the discretion  
5 of the court, to imprisonment in the county jail of the county  
6 in which the offense is committed for a period of not more than  
7 six months, or both.] Penalties Imposed by Insurance

8 Department.--(a) Upon satisfactory evidence of the violation of  
9 sections 602, 605, 606, 608, 609, 622, 631 through 638 by any  
10 agent of any insurance entity or by any insurance broker or upon  
11 satisfactory evidence of such conduct that would disqualify the  
12 agent or broker from initial issuance of a certificate of  
13 qualification under section 604 or 622, the department may  
14 pursue any one or more of the following courses of action  
15 regardless of whether the agent or broker was so authorized by  
16 the department:

17 (1) Suspend or revoke or refuse to issue the certificate of  
18 qualification or license of the offending party or parties.

19 (2) Impose a civil penalty of not more than one thousand  
20 dollars for each act in violation of any of the provisions  
21 listed in this subsection.

22 (b) Before the Insurance Commissioner shall take any action  
23 as above set forth, he shall give written notice to the entity,  
24 accused of violating the law, stating specifically the nature of  
25 such alleged violation and fixing a time and place, at least ten  
26 days thereafter, when a hearing of the matter shall be held.  
27 After such hearing or upon failure of the accused to appear at  
28 such hearing, the Insurance Commissioner shall impose such of  
29 the above penalties as he deems advisable.

30 (c) Any agent or solicitor of any entity, or any insurance

1 broker, or any person, partnership, association, or corporation,  
2 violating the provisions of sections 633.1, 635, 636, 637 and  
3 638 of the act, shall be guilty of a misdemeanor, and, upon  
4 conviction thereof, shall be sentenced to pay a fine of not more  
5 than one thousand dollars for each and every violation, or, at  
6 the discretion of the court, to imprisonment in the county jail  
7 of the court in which the offense is committed for a period of  
8 not more than six months.

9 Section 15. This act shall take effect immediately.