
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 599 Session of
2001

INTRODUCED BY MICOZZIE, PIPPY, FICHTER, MELIO, BELARDI,
CALTAGIRONE, CAWLEY, FRANKEL, GEORGE, HARHAI, HERMAN, KAISER,
LEH, LESCOVITZ, LEVDANSKY, S. MILLER, PRESTON, ROONEY,
SAINATO, SAYLOR, SCRIMENTI, STABACK, STERN, E. Z. TAYLOR,
TIGUE, TRELLO, WALKO, WILT, WOJNAROSKI, YOUNGBLOOD, YUDICHAK,
DeLUCA, CIVERA, THOMAS, BELFANTI, SOLOBAY, ADOLPH, WASHINGTON
AND DALEY, FEBRUARY 8, 2001

AS AMENDED ON THIRD CONSIDERATION, IN SENATE, APRIL 9, 2002

AN ACT

1 Amending the act of December 14, 1992 (P.L.835, No.134),
2 entitled "An act providing for the establishment,
3 organization, operation and termination of fraternal benefit
4 societies; imposing additional powers and duties on the
5 Insurance Department and on the Insurance Commissioner;
6 providing penalties; and making repeals," further providing
7 for licensing of agents.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Sections 609 and 614(d) of the act of December
11 14, 1992 (P.L.835, No.134), known as the Fraternal Benefit
12 Societies Code, are amended to read:

13 Section 609. Licensing of agents.

14 (a) General rule.--Agents of societies shall be licensed in
15 accordance with the insurance laws regulating the licensing,
16 revocation, suspension or termination of license of resident and
17 nonresident agents.

1 (b) Exemptions from licensure.--No examination or license
2 shall be required of any regular salaried officer, employee or
3 member of a licensed society who devotes substantially all of
4 his services to activities other than the solicitation of
5 fraternal insurance contracts from the public and who receives
6 for the solicitation of such contracts no commission or other
7 compensation directly dependent upon the amount of business
8 obtained.

9 (c) Examination.--

10 (1) Any person who in the preceding calendar year has
11 solicited and procured life insurance contracts on behalf of
12 any society in an amount of insurance in excess of [\$100,000]
13 \$200,000 or, in the case of any other kind or kinds of
14 insurance which the society might write, on the persons of
15 more than 25 individuals and who has received or will receive
16 a commission or other compensation therefor shall be required
17 to take an examination. No examination shall be required of
18 any agent who was in the service of a society on January 28,
19 1978.

20 ~~(2) At least once every five years the commissioner~~ (2) <—
21 BEGINNING JULY 1, 2007, AND EVERY FIVE YEARS THEREAFTER, THE
22 COMMISSIONER shall review the monetary limit contained in
23 this subsection and may, in the commissioner's discretion,
24 adjust the amount. Any adjustment to the amount shall be
25 published as a notice in the Pennsylvania Bulletin. THE <—
26 ADJUSTMENT SHALL NOT EXCEED THE PERCENTAGE CHANGE IN THE
27 CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS (CPI-U) FOR THE
28 PENNSYLVANIA, NEW JERSEY, DELAWARE AND MARYLAND AREA,
29 OFFICIALLY REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR,
30 BUREAU OF LABOR STATISTICS, FOR THE PERIOD SINCE THE LAST

1 ADJUSTMENT MADE PURSUANT TO THIS SUBSECTION.

2 (d) Limitation.--No society doing business in this
3 Commonwealth shall pay any commission or other compensation to
4 any person for any services in obtaining in this Commonwealth
5 any new contract of life, accident or health insurance, or any
6 new annuity contract, except to a licensed fraternal insurance
7 agent of that society.

8 Section 614. Penalties.

9 * * *

10 (d) Penalty for other violation.--A person who willfully
11 violates, neglects or refuses to comply with the provisions of
12 this act for which a penalty is not otherwise prescribed,
13 commits a summary offense and shall, upon conviction, be
14 sentenced to pay a fine of not more than \$500. Upon satisfactory
15 evidence of a violation of any provision of this act, the
16 commissioner may in [his] the commissioner's discretion, in lieu
17 of seeking criminal prosecution, pursue any one or more of the
18 following courses of action:

19 (1) Suspend or revoke or refuse to renew the license of
20 the offending party or parties.

21 (2) Impose a civil penalty of not more than [\$1,000]
22 \$5,000 for each [and every] act in violation of the
23 provisions of this act [by the party or parties].

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