

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1416 Session of
2002

INTRODUCED BY MOWERY, ARMSTRONG, COSTA, MURPHY, KITCHEN,
BOSCOLA, THOMPSON, WAUGH, LOGAN, A. WILLIAMS, CORMAN AND
WENGER, APRIL 24, 2002

AS REPORTED FROM COMMITTEE ON INSURANCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, OCTOBER 21, 2002

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 definitions related to agents and brokers.~~
14 AMENDING THE ACT OF MAY 17, 1921 (P.L.789, NO.285), ENTITLED, AS <—
15 AMENDED, "AN ACT RELATING TO INSURANCE; ESTABLISHING AN
16 INSURANCE DEPARTMENT; AND AMENDING, REVISING, AND
17 CONSOLIDATING THE LAW RELATING TO THE LICENSING,
18 QUALIFICATION, REGULATION, EXAMINATION, SUSPENSION, AND
19 DISSOLUTION OF INSURANCE COMPANIES, LLOYDS ASSOCIATIONS,
20 RECIPROCAL AND INTER-INSURANCE EXCHANGES, AND CERTAIN
21 SOCIETIES AND ORDERS, THE EXAMINATION AND REGULATION OF FIRE
22 INSURANCE RATING BUREAUS, AND THE LICENSING AND REGULATION OF
23 INSURANCE AGENTS AND BROKERS; THE SERVICE OF LEGAL PROCESS
24 UPON FOREIGN INSURANCE COMPANIES, ASSOCIATIONS OR EXCHANGES;
25 PROVIDING PENALTIES, AND REPEALING EXISTING LAWS," PROVIDING
26 FOR LICENSING AND REGULATION OF INSURANCE PRODUCERS, MANAGERS
27 AND EXCLUSIVE GENERAL AGENTS; CONFERRING POWERS AND IMPOSING
28 DUTIES ON THE INSURANCE COMMISSIONER AND INSURANCE
29 DEPARTMENT; IMPOSING PENALTIES; AND MAKING REPEALS.

30 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 ~~Section 1. Section 601 of the act of May 17, 1921 (P.L.789,~~ <—
3 ~~No.285), known as The Insurance Department Act of 1921, amended~~
4 ~~or added June 11, 1992 (P.L.284, No.48) and June 25, 1997~~
5 ~~(P.L.349, No.40), is amended to read:~~

6 ~~Section 601. Certain Words Defined. The word "agent," as~~
7 ~~used in this article, means any of the following:~~

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

9 ~~(i) to solicit risks and collect premiums and to issue or~~
10 ~~countersign policies on its behalf; or~~

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

12 ~~(2) A person, not a licensed insurance broker, who, whether~~
13 ~~or not for compensation:~~

14 ~~(i) solicits insurance on behalf of any insurance entity;~~

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

17 ~~(iii) offers or assumes to act in the negotiation of such~~
18 ~~insurance; or~~

19 ~~(iv) in any manner aids in transacting the insurance~~
20 ~~business of any entity by negotiating for or placing risks or~~
21 ~~delivering policies or collecting premiums for the entity.~~

22 ~~The term "agent" does not include:~~

23 ~~(1) Nonresident salaried employees of foreign exchanges which~~
24 ~~maintain no offices in this Commonwealth and pay no commissions~~
25 ~~to such employees.~~

26 ~~(2) Officers or salaried employees of any insurance entity~~
27 ~~authorized to transact business in this Commonwealth who do not~~
28 ~~solicit, negotiate or place risks.~~

29 ~~(3) Individuals employed and used by agents, brokers or any~~
30 ~~entity exclusively for the performance of clerical, stenographic~~

~~or similar office duties.~~

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

~~(5) The word agent does not include officers, employees or contract vendors of the rental company who perform administrative functions, provide clerical support or enroll renters on behalf of the rental company which offers insurance coverages in connection with and incidental to the rental of motor vehicles at rental offices, over the Internet or by preselection of coverage in master, corporate or group rental agreements. An officer, employee or contract vendor of the rental company may make insurance coverage available to renters. They may not receive compensation in the form of a monetary incentive or commission based solely on the sale of such insurance.~~

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

~~The term "certificate of qualification" or "certificate," as used in this article, is a document issued by the Insurance Department attesting that an agent has met the standards set forth under this subarticle to act as an agent in this Commonwealth.~~

~~The term "customer information," as used in this article, means individually identifiable insurance related information regarding a person that has been derived from a record of a financial institution related to its lending activities. Such information shall be limited to information concerning the terms and conditions of insurance coverage, insurance expirations, insurance claims or insurance history of an individual. The term~~

~~does not include customer names, addresses or telephone numbers.~~

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

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

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

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

~~(4) the transaction of matters subsequent to execution of such contracts arising out of them,~~

~~whether or not such person has obtained a certificate of authority, license or certificate of qualification.~~

~~The term "financial institution," as used in this article, means any Federal or State chartered bank, bank and trust company, savings bank, savings and loan association, trust company or credit union.~~

~~The term "insurer," as used in this article, means any insurance company, association, exchange, health maintenance organization, preferred provider organization and professional health plan corporation.~~

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

~~The term "person," as used in this article, means any individual, corporation, association, partnership, reciprocal exchange, inter insurer, Lloyds insurer, financial institution, fraternal benefit society, beneficial association and any other legal entity engaged in the business of insurance, including~~

~~agents, brokers and adjusters and also means health care plans as defined in 40 Pa.C.S. Chs. 61 (relating to hospital plan corporations), 63 (relating to professional health services plan corporations), 65 (relating to fraternal benefit societies) and 67 (relating to beneficial societies) and the act of December 29, 1972 (P.L.1701, No.364), known as the "Health Maintenance Organization Act." For purposes of this article, health care plans, fraternal benefit societies and beneficial societies shall be deemed to be engaged in the business of insurance.~~

~~The term "rental agreement," as used in this article, means any written agreement setting forth the terms and conditions governing the use of a vehicle provided by the rental company for rental or lease.~~

~~The term "rental company," as used in this article, means a person or entity in the business of providing primarily private passenger vehicles to the public under a rental agreement for a period not to exceed ninety days.~~

~~The term "renter," as used in this article, means any person and other authorized drivers obtaining use of a vehicle from a rental company under the terms of a rental agreement for a period not to exceed ninety days.~~

~~The terms "vehicle" or "rental vehicle," as used in this article, means a motor vehicle of the private passenger type, including passenger vans, minivans and sport utility vehicles, and of the cargo type, including cargo vans, pickup trucks and trucks with gross vehicle weight of less than twenty six thousand pounds and which do not require the operator to possess a commercial driver's license.~~

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

SECTION 1. ARTICLE VI OF THE ACT OF MAY 17, 1921 (P.L.789,

<—

NO.285), KNOWN AS THE INSURANCE DEPARTMENT ACT OF 1921, IS
REPEALED.

SECTION 2. THE ACT IS AMENDED BY ADDING ARTICLES TO READ:

ARTICLE VI-A

INSURANCE PRODUCERS

SUBARTICLE A

LICENSING

DIVISION 1

LICENSING OF INSURANCE PRODUCERS

SECTION 601-A. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
CONTEXT CLEARLY INDICATES OTHERWISE:

"APPLICANT." AN INDIVIDUAL WHO HAS PASSED OR IS EXEMPT FROM
TAKING THE INSURANCE PRODUCER LICENSING EXAMINATION REQUIRED BY
SECTION 604-A.

"APPLICATION." A FORM APPROVED BY THE INSURANCE COMMISSIONER
TO BE USED TO APPLY TO THE INSURANCE DEPARTMENT FOR AN INSURANCE
PRODUCER LICENSE.

"APPOINTMENT." A WRITTEN AGREEMENT BETWEEN AN INSURANCE
PRODUCER AND AN INSURANCE ENTITY UNDER WHICH THE INSURANCE
PRODUCER MAY SELL, SOLICIT OR NEGOTIATE CONTRACTS OF INSURANCE
ISSUED BY THE INSURANCE ENTITY, FOR COMPENSATION.

"BUSINESS ENTITY." A PERSON WHICH IS NOT AN INDIVIDUAL.

"BUSINESS ENTITY APPLICATION." A FORM APPROVED BY THE
INSURANCE COMMISSIONER TO BE USED BY A BUSINESS ENTITY TO APPLY
TO THE INSURANCE DEPARTMENT FOR AN INSURANCE PRODUCER LICENSE.

"CANDIDATE." AN INDIVIDUAL WHO HAS SATISFACTORILY COMPLETED
OR IS EXEMPT FROM THE PREEXAMINATION EDUCATIONAL REQUIREMENTS OF
SECTION 604-A.

1 "COMMISSIONER." THE INSURANCE COMMISSIONER OF THE
2 COMMONWEALTH.

3 "DEPARTMENT." THE INSURANCE DEPARTMENT OF THE COMMONWEALTH.

4 "DESIGNATED LICENSEE." AN INDIVIDUAL WHO IS LICENSED BY THE
5 INSURANCE DEPARTMENT AS AN INSURANCE PRODUCER AND WHO IS
6 DESIGNATED BY A BUSINESS ENTITY TO BE RESPONSIBLE FOR THE
7 BUSINESS ENTITY'S COMPLIANCE WITH THE INSURANCE LAWS AND
8 REGULATIONS OF THIS COMMONWEALTH.

9 "EXCLUSIVE GENERAL AGENT." A LICENSEE:

10 (1) WHICH HAS BEEN GRANTED SOLE AUTHORITY TO ACT
11 DIRECTLY OR INDIRECTLY AS AN INSURANCE PRODUCER FOR A
12 DOMESTIC INSURER WITH RESPECT TO A SPECIFIC PORTION OF THE
13 INSURER'S BUSINESS OR WITHIN A SPECIFIC TERRITORY;

14 (2) WHICH HAS THE AUTHORITY TO BIND COVERAGE ON BEHALF
15 OF THE INSURER; AND

16 (3) EITHER SEPARATELY OR TOGETHER WITH AFFILIATES OR
17 SUBPRODUCERS DIRECTLY OR INDIRECTLY PRODUCES AND UNDERWRITES
18 IN ANY ONE YEAR AN AMOUNT OF GROSS DIRECT WRITTEN PREMIUM
19 EQUAL TO OR MORE THAN 25% OF THE SURPLUS AS REGARDS
20 POLICYHOLDERS AS REPORTED IN THE LAST ANNUAL STATEMENT OF THE
21 INSURER.

22 "FINANCIAL INSTITUTION." A FEDERAL OR STATE-CHARTERED BANK,
23 BANK AND TRUST COMPANY, SAVINGS BANK, SAVINGS AND LOAN
24 ASSOCIATION, TRUST COMPANY OR CREDIT UNION.

25 "HOME STATE." THE DISTRICT OF COLUMBIA OR A STATE OR
26 TERRITORY OF THE UNITED STATES IN WHICH AN INSURANCE PRODUCER
27 MAINTAINS THE PRODUCER'S PRINCIPAL PLACE OF RESIDENCE OR
28 PRINCIPAL PLACE OF BUSINESS AND IS LICENSED TO ACT AS A RESIDENT
29 INSURANCE PRODUCER.

30 "INSURANCE ENTITY." A PERSON DOING BUSINESS INVOLVING THE

1 INSURING OF RISKS. THE TERM INCLUDES INSURERS.

2 "INSURANCE PRODUCER." A PERSON THAT SELLS, SOLICITS OR
3 NEGOTIATES CONTRACTS OF INSURANCE.

4 "INSURER." AN INSURANCE COMPANY, ASSOCIATION, EXCHANGE,
5 INTERINSURANCE EXCHANGE, HEALTH MAINTENANCE ORGANIZATION,
6 PREFERRED PROVIDER ORGANIZATION, PROFESSIONAL HEALTH SERVICES
7 PLAN CORPORATION SUBJECT TO 40 PA.C.S. CH. 63 (RELATING TO
8 PROFESSIONAL HEALTH SERVICES PLAN CORPORATIONS), A HOSPITAL PLAN
9 CORPORATION SUBJECT TO 40 PA.C.S. CH. 61 (RELATING TO HOSPITAL
10 PLAN CORPORATIONS), FRATERNAL BENEFITS SOCIETY, BENEFICIAL
11 ASSOCIATION, LLOYD'S INSURER OR HEALTH PLAN CORPORATION.

12 "LICENSEE." A PERSON LICENSED BY THE INSURANCE DEPARTMENT AS
13 AN INSURANCE PRODUCER.

14 "LIMITED LINE CREDIT INSURANCE." INCLUDES CREDIT LIFE,
15 CREDIT DISABILITY, CREDIT PROPERTY, CREDIT UNEMPLOYMENT,
16 INVOLUNTARY UNEMPLOYMENT, MORTGAGE LIFE, MORTGAGE GUARANTY,
17 MORTGAGE DISABILITY, GUARANTEED AUTOMOBILE PROTECTION (GAP)
18 INSURANCE AND ANY OTHER FORM OF INSURANCE OFFERED IN CONNECTION
19 WITH AN EXTENSION OF CREDIT THAT IS LIMITED TO PARTIALLY OR
20 WHOLLY EXTINGUISHING THAT CREDIT OBLIGATION DESIGNATED BY THE
21 INSURANCE COMMISSIONER AS A FORM OF LIMITED LINE CREDIT
22 INSURANCE.

23 "LIMITED LINE MOTOR VEHICLE RENTAL INSURANCE." INSURANCE
24 OFFERED IN CONNECTION WITH AND INCIDENTAL TO THE RENTAL OF A
25 RENTAL VEHICLE, INCLUDING PERSONAL ACCIDENT, ACCIDENTAL DEATH
26 AND DISMEMBERMENT, PERSONAL EFFECTS, ROADSIDE ASSISTANCE THAT
27 MAY INCLUDE TOWING OF THE RENTAL VEHICLE, EMERGENCY SICKNESS AND
28 EXCESS LIABILITY.

29 "LINE OF AUTHORITY." THE LICENSED ABILITY TO SELL, SOLICIT
30 OR NEGOTIATE PARTICULAR CLASSES OR TYPES OF INSURANCE, INCLUDING

1 THE FOLLOWING:

2 (1) LIFE. INSURANCE COVERAGE ON HUMAN LIVES, INCLUDING
3 BENEFITS OF ENDOWMENT AND ANNUITIES, AND MAY INCLUDE BENEFITS
4 IN THE EVENT OF DEATH OR DISMEMBERMENT BY ACCIDENT AND
5 BENEFITS FOR DISABILITY INCOME.

6 (2) ACCIDENT AND HEALTH OR SICKNESS. INSURANCE COVERAGE
7 FOR SICKNESS, BODILY INJURY OR ACCIDENTAL DEATH AND MAY
8 INCLUDE BENEFITS FOR DISABILITY INCOME.

9 (3) PROPERTY. INSURANCE COVERAGE FOR THE DIRECT OR
10 CONSEQUENTIAL LOSS OR DAMAGE TO PROPERTY OF EVERY KIND.

11 (4) CASUALTY. INSURANCE COVERAGE AGAINST LEGAL
12 LIABILITY, INCLUDING THAT FOR DEATH, INJURY OR DISABILITY OR
13 DAMAGE TO REAL OR PERSONAL PROPERTY.

14 (5) VARIABLE LIFE AND VARIABLE ANNUITY PRODUCTS.
15 INSURANCE COVERAGE PROVIDED UNDER VARIABLE LIFE INSURANCE
16 CONTRACTS AND VARIABLE ANNUITIES.

17 (6) PERSONAL LINES. PROPERTY AND CASUALTY INSURANCE
18 COVERAGE SOLD TO INDIVIDUALS AND FAMILIES PRIMARILY FOR
19 NONCOMMERCIAL PURPOSES.

20 (7) CREDIT. LIMITED LINE CREDIT INSURANCE.

21 (8) MOTOR VEHICLE RENTAL. LIMITED LINE MOTOR VEHICLE
22 RENTAL INSURANCE.

23 (9) LIMITED LINE. ANY OTHER LINE OF INSURANCE AS
24 DETERMINED BY THE INSURANCE COMMISSIONER.

25 "MANAGER." A PERSON THAT NEGOTIATES AND BINDS CEDING
26 REINSURANCE CONTRACTS ON BEHALF OF A DOMESTIC INSURER OR MANAGES
27 ALL OR PART OF THE INSURANCE BUSINESS OF AN INSURER AND DOES NOT
28 ACT AS AN AGENT FOR SUCH INSURER.

29 "NAIC." THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS,
30 ITS SUBSIDIARIES AND AFFILIATES.

1 "NEGOTIATE." TO CONFER DIRECTLY WITH OR TO OFFER ADVICE
2 DIRECTLY TO A PURCHASER OR PROSPECTIVE PURCHASER OF A PARTICULAR
3 CONTRACT OF INSURANCE CONCERNING THE SUBSTANTIVE BENEFITS, TERMS
4 OR CONDITIONS OF THE CONTRACT, PROVIDED THAT THE PERSON ENGAGED
5 IN THAT ACT EITHER SELLS INSURANCE OR OBTAINS INSURANCE FROM
6 INSURERS FOR PURCHASERS.

7 "NONRESIDENT INSURANCE PRODUCER." AN INSURANCE PRODUCER
8 WHOSE HOME STATE IS A STATE OR TERRITORY OTHER THAN THIS
9 COMMONWEALTH.

10 "RENTAL AGREEMENT." ANY WRITTEN AGREEMENT SETTING FORTH THE
11 TERMS AND CONDITIONS GOVERNING THE USE OF A VEHICLE PROVIDED BY
12 THE RENTAL COMPANY FOR RENTAL OR LEASE.

13 "RENTAL COMPANY." A PERSON OR ENTITY IN THE BUSINESS OF
14 PROVIDING PRIMARILY PRIVATE PASSENGER VEHICLES TO THE PUBLIC
15 UNDER A RENTAL AGREEMENT FOR A PERIOD NOT TO EXCEED 90 DAYS.

16 "RENTER." ANY PERSON AND OTHER AUTHORIZED DRIVERS OBTAINING
17 USE OF A VEHICLE FROM A RENTAL COMPANY UNDER THE TERMS OF A
18 RENTAL AGREEMENT FOR A PERIOD NOT TO EXCEED 90 DAYS.

19 "SELL." TO EXCHANGE A CONTRACT OF INSURANCE BY ANY MEANS,
20 FOR MONEY OR ITS EQUIVALENT, ON BEHALF OF AN INSURANCE ENTITY.

21 "SOLICIT." TO ATTEMPT TO SELL INSURANCE OR ASK OR URGE A
22 PERSON TO APPLY FOR A PARTICULAR KIND OF INSURANCE FROM A
23 PARTICULAR INSURANCE ENTITY.

24 "VEHICLE" OR "RENTAL VEHICLE." A MOTOR VEHICLE OF THE
25 PRIVATE PASSENGER TYPE, INCLUDING PASSENGER VANS, MINIVANS AND
26 SPORT UTILITY VEHICLES, AND OF THE CARGO TYPE, INCLUDING CARGO
27 VANS, PICKUP TRUCKS AND TRUCKS WITH GROSS VEHICLE WEIGHT OF LESS
28 THAN 26,000 POUNDS AND WHICH DO NOT REQUIRE THE OPERATOR TO
29 POSSESS A COMMERCIAL DRIVER'S LICENSE.

30 SECTION 602-A. POWERS AND DUTIES OF DEPARTMENT.

1 (A) RESPONSIBILITIES.--THE COMMISSIONER SHALL DO ALL OF THE
2 FOLLOWING:

3 (1) LICENSE INSURANCE PRODUCERS IN ACCORDANCE WITH THIS
4 ACT.

5 (2) APPROVE AND ADMINISTER, OR CONTRACT FOR THE OVERALL
6 ADMINISTRATION OF THE PREEXAMINATION PROGRAM, PREEXAMINATION
7 COURSES OF STUDY, INSURANCE PRODUCER LICENSING EXAMINATIONS
8 AND CONTINUING EDUCATION PROGRAMS. A PREEXAMINATION EDUCATION
9 PROGRAM APPROVED BY THE DEPARTMENT SHALL INCLUDE NO LESS THAN
10 THREE CREDIT HOURS ON ETHICS.

11 (B) AUTHORIZATIONS.--THE COMMISSIONER MAY DO ALL OF THE
12 FOLLOWING:

13 (1) SECURE OR REQUIRE ANY DOCUMENTS OR INFORMATION,
14 INCLUDING FINGERPRINTS, REASONABLY NECESSARY TO VERIFY THE
15 ACCURACY OF INFORMATION PROVIDED ON AN APPLICATION.

16 (2) PARTICIPATE WITH THE NAIC IN A CENTRALIZED INSURANCE
17 PRODUCER LICENSE REGISTRY FOR PURPOSES OF SUBMITTING OR
18 OBTAINING INFORMATION ON INSURANCE PRODUCERS, INCLUDING
19 LICENSING HISTORY, LINES OF AUTHORITY AND REGULATORY ACTION.

20 (3) APPROVE FORMS TO BE USED BY INDIVIDUALS AND BUSINESS
21 ENTITIES TO APPLY TO THE DEPARTMENT FOR AN INSURANCE PRODUCER
22 LICENSE.

23 (4) APPROVE ADDITIONAL LIMITED LINES OF AUTHORITY.

24 SECTION 603-A. LICENSE REQUIRED.

25 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTION (B), A
26 PERSON SHALL NOT SELL, SOLICIT OR NEGOTIATE A CONTRACT OF
27 INSURANCE IN THIS COMMONWEALTH UNLESS THE PERSON IS LICENSED AS
28 AN INSURANCE PRODUCER FOR THE LINE OF AUTHORITY UNDER WHICH THE
29 CONTRACT IS ISSUED.

30 (B) EXCEPTIONS.--THE FOLLOWING PERSONS SHALL NOT BE

1 INSURANCE PRODUCERS FOR PURPOSES OF THIS ACT:

2 (1) AN INSURER. FOR PURPOSES OF THIS EXEMPTION THE TERM
3 DOES NOT INCLUDE AN INSURER'S OFFICERS, DIRECTORS OR
4 EMPLOYEES.

5 (2) AN EMPLOYEE OF AN INSURER OR A RATING ORGANIZATION
6 EMPLOYED BY AN INSURER:

7 (I) WHO IS NOT ENGAGED IN THE SALE, SOLICITATION OR
8 NEGOTIATION OF INSURANCE CONTRACTS; AND

9 (II) WHO:

10 (A) INSPECTS, RATES OR CLASSIFIES RISKS; OR

11 (B) SUPERVISES THE TRAINING OF INSURANCE
12 PRODUCERS.

13 (3) AN OFFICER, DIRECTOR OR EMPLOYEE OF AN INSURER OR OF
14 AN INSURANCE PRODUCER IF THE OFFICER, DIRECTOR OR EMPLOYEE
15 DOES NOT RECEIVE A COMMISSION ON POLICIES WRITTEN OR SOLD TO
16 INSURE RISKS RESIDING, LOCATED OR TO BE PERFORMED IN THIS
17 COMMONWEALTH AND:

18 (I) THE OFFICER, DIRECTOR OR EMPLOYEE'S ACTIVITIES
19 ARE EXECUTIVE, ADMINISTRATIVE, MANAGERIAL, CLERICAL OR A
20 COMBINATION OF THESE AND ARE ONLY INDIRECTLY RELATED TO
21 THE SALE, SOLICITATION OR NEGOTIATION OF INSURANCE. THESE
22 ACTIVITIES MAY INCLUDE DISCUSSING AND INFORMING ON
23 INSURANCE INQUIRIES AND MATTERS, SO LONG AS NO
24 RECOMMENDATION IS MADE WITH RESPECT TO SPECIFIC
25 COVERAGES, PRODUCTS OR RATES; RECEIVING REQUESTS FOR
26 COVERAGE FOR TRANSMITTAL TO A LICENSEE OR INSURANCE
27 ENTITY; ASSISTING WITH THE COMPLETION OF APPLICATIONS AT
28 THE LICENSEE'S OR INSURANCE ENTITY'S PLACE OF BUSINESS;
29 PASSING ON TO THE LICENSEE INQUIRIES OF A PARTICULAR
30 NATURE; RECEIVING PREMIUM PAYMENTS DELIVERED TO THE

LICENSEE OR INSURANCE ENTITY FOR COVERAGE AND ISSUING
RECEIPTS ON BEHALF OF THE LICENSEE OR INSURANCE ENTITY;
AND COLLECTING EXPIRATION DATE INFORMATION FROM CLIENTS
OR POTENTIAL CLIENTS;

(II) THE OFFICER, DIRECTOR OR EMPLOYEE'S FUNCTION
RELATES TO UNDERWRITING, LOSS CONTROL, INSPECTION OR THE
PROCESSING, ADJUSTING, INVESTIGATING OR SETTLING OF A
CLAIM ON A CONTRACT OF INSURANCE; OR

(III) THE OFFICER, DIRECTOR OR EMPLOYEE IS ACTING IN
THE CAPACITY OF ASSISTING INSURANCE PRODUCERS WHERE THE
PERSON'S ACTIVITIES ARE LIMITED TO PROVIDING TECHNICAL
ADVICE AND ASSISTANCE TO LICENSED INSURANCE PRODUCERS AND
DOES NOT INCLUDE THE SALE, SOLICITATION OR NEGOTIATION OF
INSURANCE.

(4) A PERSON THAT DOES ANY OF THE FOLLOWING, PROVIDED NO
COMMISSION IS PAID FOR THE SERVICES:

(I) SECURES AND FURNISHES WRITTEN INFORMATION FOR
THE PURPOSE OF GROUP LIFE INSURANCE, GROUP PROPERTY AND
CASUALTY INSURANCE, GROUP ANNUITIES, GROUP OR BLANKET
ACCIDENT AND HEALTH INSURANCE.

(II) PERFORMS ADMINISTRATIVE SERVICES RELATED TO THE
ENROLLMENT OF INDIVIDUALS UNDER PLANS.

(III) ISSUES CERTIFICATES UNDER PLANS OR OTHERWISE
ASSISTS IN ADMINISTERING PLANS.

(IV) PERFORMS ADMINISTRATIVE SERVICES RELATED TO
MASS MARKETING PROPERTY AND CASUALTY INSURANCE.

(V) PROVIDES RISK MANAGEMENT SERVICES TO A BUSINESS
ENTITY.

(VI) PERFORMS ADMINISTRATIVE FUNCTIONS, PROVIDES
CLERICAL SUPPORT OR ENROLLS RENTERS ON BEHALF OF THE

1 RENTAL COMPANY WHICH OFFERS INSURANCE COVERAGES IN
2 CONNECTION WITH AND INCIDENTAL TO THE RENTAL OF MOTOR
3 VEHICLES.

4 (5) AN EMPLOYER, INCLUDING AN ASSOCIATION, OR THE
5 TRUSTEES OF AN EMPLOYEE TRUST PLAN AND THEIR OFFICERS,
6 DIRECTORS AND EMPLOYEES IF:

7 (I) THE EMPLOYER, TRUSTEES, OFFICERS, DIRECTORS OR
8 EMPLOYEES ARE ENGAGED IN THE ADMINISTRATION OR OPERATION
9 OF AN EMPLOYEE BENEFITS PROGRAM;

10 (II) THE EMPLOYEE BENEFITS PROGRAM INCLUDES
11 INSURANCE ISSUED BY AN INSURER FOR THE BENEFIT OF THE
12 EMPLOYER'S EMPLOYEES OR THE EMPLOYEES OF ITS SUBSIDIARIES
13 OR AFFILIATES; AND

14 (III) THE EMPLOYER, TRUSTEES, OFFICERS, DIRECTORS OR
15 EMPLOYEES ARE NOT COMPENSATED, DIRECTLY OR INDIRECTLY, BY
16 THE INSURER ISSUING THE POLICY OF INSURANCE.

17 (6) A PERSON ENGAGED IN THE ADVERTISING OF INSURANCE IN
18 THIS COMMONWEALTH IF:

19 (I) THE PERSON DOES NOT SELL, SOLICIT OR NEGOTIATE
20 INSURANCE FOR RISKS RESIDING, LOCATED OR TO BE PERFORMED
21 IN THIS COMMONWEALTH; AND

22 (II) THE ADVERTISING IS DISTRIBUTED TO PERSONS
23 RESIDING BOTH WITHIN AND OUTSIDE THIS COMMONWEALTH
24 THROUGH THE USE OF PRINTED PUBLICATIONS OR OTHER FORMS OF
25 ELECTRONIC MASS MEDIA.

26 (7) A PERSON WHO:

27 (I) IS NOT A RESIDENT OF THIS COMMONWEALTH.

28 (II) SELLS, SOLICITS OR NEGOTIATES A CONTRACT OF
29 INSURANCE FOR COMMERCIAL PROPERTY AND CASUALTY RISKS TO
30 AN INSURED WITH RISKS LOCATED IN MORE THAN ONE STATE

UNDER THAT CONTRACT.

(III) IS LICENSED AS AN INSURANCE PRODUCER TO SELL,
SOLICIT OR NEGOTIATE THAT LINE OF AUTHORITY IN THE STATE
WHERE THE INSURED MAINTAINS ITS PRINCIPAL PLACE OF
BUSINESS.

(IV) THE CONTRACT OF INSURANCE INSURES RISKS LOCATED
IN THE STATE WHERE THE INSURED MAINTAINS ITS PRINCIPAL
PLACE OF BUSINESS.

(8) A SALARIED FULL-TIME EMPLOYEE WHO:

(I) COUNSELS OR ADVISES THE EMPLOYEE'S EMPLOYER ON
THE EMPLOYER'S INSURANCE ISSUES; AND

(II) DOES NOT SELL OR SOLICIT INSURANCE OR RECEIVE A
COMMISSION.

SECTION 604-A. LICENSE PREREQUISITES.

(A) GENERAL RULE.--PRIOR TO APPLYING TO THE DEPARTMENT FOR
AN INSURANCE PRODUCER LICENSE, AN INDIVIDUAL SHALL DO THE
FOLLOWING:

(1) SATISFACTORILY COMPLETE THE PREEXAMINATION EDUCATION
REQUIREMENTS OF SUBSECTION (B); AND

(2) PASS AN INSURANCE PRODUCER LICENSING EXAMINATION
REQUIRED FOR THE LINES OF AUTHORITY FOR WHICH A CANDIDATE
DESIRES A LICENSE.

(B) PREEXAMINATION EDUCATION REQUIREMENTS.--PRIOR TO MAKING
AN APPLICATION FOR THE INSURANCE PRODUCER LICENSING EXAMINATION,
AN INDIVIDUAL WHO DESIRES TO BE LICENSED AS AN INSURANCE
PRODUCER SHALL COMPLETE A MINIMUM OF 24 CREDIT HOURS OF APPROVED
PREEXAMINATION COURSES. UPON SATISFACTORY COMPLETION OF AN
APPROVED PREEXAMINATION COURSE OF STUDY, THE INDIVIDUAL SHALL BE
ISSUED PROOF OF COMPLETION BY THE PROVIDER.

(C) INSURANCE PRODUCER LICENSING EXAMINATION.--EXCEPT AS

1 PROVIDED IN SUBSECTION (D), UPON SATISFACTORY COMPLETION OF AN
2 APPROVED PREEXAMINATION COURSE OF STUDY A CANDIDATE MAY APPLY TO
3 TAKE AN INSURANCE PRODUCER LICENSING EXAMINATION. A CANDIDATE
4 SHALL REMIT A COMPLETED APPLICATION FOR EXAMINATION INDICATING
5 THE LINES OF AUTHORITY FOR WHICH THE CANDIDATE DESIRES TO BE
6 LICENSED, A COPY OF THE CANDIDATE'S APPROVED PREEXAMINATION
7 STUDY CERTIFICATE AND THE NONREFUNDABLE EXAMINATION FEE
8 ESTABLISHED BY THE DEPARTMENT PRIOR TO TAKING AN INSURANCE
9 PRODUCER LICENSING EXAMINATION.

10 (D) EXCEPTIONS.--THE EXAMINATION OR PREEXAMINATION EDUCATION
11 REQUIREMENTS OF THIS ACT SHALL NOT BE REQUIRED IF THE PERSON IS:

12 (1) A BUSINESS ENTITY.

13 (2) A PERSON WHO POSSESSES THE PROFESSIONAL DESIGNATION
14 OF CHARTERED LIFE UNDERWRITER (CLU) AND IS APPLYING FOR LIFE
15 OR ACCIDENT AND HEALTH LINE OF AUTHORITY.

16 (3) A PERSON WHO POSSESSES THE PROFESSIONAL DESIGNATION
17 OF CHARTERED PROPERTY AND CASUALTY UNDERWRITER (CPCU) AND IS
18 APPLYING FOR PROPERTY, CASUALTY OR ACCIDENT AND HEALTH LINE
19 OF AUTHORITY.

20 (4) A PERSON WHO POSSESSES THE PROFESSIONAL DESIGNATION
21 OF CERTIFIED INSURANCE COUNSELOR (CIC) AND IS APPLYING FOR
22 LIFE, ACCIDENT AND HEALTH, OR PROPERTY AND CASUALTY LINE OF
23 AUTHORITY.

24 (5) A PERSON WHO POSSESSES ANY OTHER PROFESSIONAL
25 DESIGNATION FOR WHICH THE REQUIREMENTS ARE WAIVED BY THE
26 COMMISSIONER.

27 (6) A PERSON WHO IS LICENSED IN ANOTHER STATE AS AN
28 INSURANCE PRODUCER FOR THE LINES OF AUTHORITY FOR WHICH THE
29 PERSON DESIRES TO BE LICENSED UNDER SECTION 606-A OR 610-A.

30 (7) A PERSON WHO HAS A LINE OF AUTHORITY LIMITED TO

1 LIMITED LINE CREDIT INSURANCE.

2 (8) A PERSON WHO HAS A LINE OF AUTHORITY LIMITED TO A
3 LIMITED LINE.

4 (9) AN INDIVIDUAL WHOSE LINE OF AUTHORITY WILL BE
5 RESTRICTED TO DOMESTIC MUTUAL FIRE INSURANCE AND WILL BE WITH
6 AN INSURER WRITING ONLY COVERAGE OTHER THAN INSURANCE UPON
7 AUTOMOBILES AS AUTHORIZED BY SECTION 202(B)(1) THROUGH (3) OF
8 THE ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN AS THE
9 INSURANCE COMPANY LAW OF 1921.

10 (10) THE INDIVIDUAL WHOSE LINE OF AUTHORITY WILL BE
11 RESTRICTED FRATERNAL PURSUANT TO SECTION 609 OF THE ACT OF
12 DECEMBER 14, 1992 (P.L.835, NO.134), KNOWN AS THE FRATERNAL
13 BENEFIT SOCIETIES CODE.

14 SECTION 605-A. APPLICATION FOR INSURANCE PRODUCER LICENSE.

15 (A) INDIVIDUAL APPLICATION.--AN APPLICANT WITH A PRINCIPAL
16 PLACE OF RESIDENCE OR BUSINESS WITHIN THIS COMMONWEALTH MAY
17 APPLY TO THE DEPARTMENT FOR A RESIDENT INSURANCE PRODUCER
18 LICENSE. AN APPLICANT WITH A PRINCIPAL PLACE OF RESIDENCE OR
19 BUSINESS OUTSIDE THIS COMMONWEALTH MAY APPLY FOR A NONRESIDENT
20 INSURANCE PRODUCER LICENSE. AN APPLICANT SHALL SUBMIT TO THE
21 DEPARTMENT:

22 (1) A COMPLETED APPLICATION INDICATING THE LINES OF
23 AUTHORITY FOR WHICH THE APPLICANT DESIRES TO BE LICENSED;

24 (2) THE APPLICANT'S FINGERPRINTS, IN ORDER FOR THE
25 DEPARTMENT TO RECEIVE NATIONAL CRIMINAL HISTORY RECORDS
26 INFORMATION FROM THE FEDERAL BUREAU OF INVESTIGATION CRIMINAL
27 JUSTICE INFORMATION SERVICES DIVISION;

28 (3) DOCUMENTATION VERIFYING THAT THE APPLICANT PASSED OR
29 IS EXEMPT FROM THE INSURANCE PRODUCER LICENSING EXAMINATION
30 ON THE LINES OF AUTHORITY FOR WHICH THE APPLICANT DESIRES A

LICENSE; AND

(4) THE REQUIRED LICENSE FEE AND FEES FOR OBTAINING
NATIONAL CRIMINAL HISTORY RECORDS INFORMATION.

(B) BUSINESS ENTITY APPLICATION.--UPON DESIGNATING ONE OR
MORE INDIVIDUALS LICENSED UNDER THIS ACT TO BE RESPONSIBLE FOR
THE BUSINESS ENTITY'S COMPLIANCE WITH THE INSURANCE LAWS AND
REGULATIONS OF THE COMMONWEALTH, A BUSINESS ENTITY MAY APPLY TO
THE DEPARTMENT FOR AN INSURANCE PRODUCER LICENSE FOR THE SAME
LINES OF AUTHORITY HELD BY THE DESIGNATED LICENSEES. A BUSINESS
ENTITY WITH AN OFFICE IN THIS COMMONWEALTH SHALL APPLY FOR A
RESIDENT INSURANCE PRODUCER LICENSE. A BUSINESS ENTITY THAT DOES
NOT HAVE AN OFFICE IN THIS COMMONWEALTH SHALL APPLY FOR A
NONRESIDENT INSURANCE PRODUCER LICENSE. THE DESIGNATED LICENSEES
OF THE BUSINESS ENTITY SHALL SUBMIT TO THE DEPARTMENT:

(1) A COMPLETED APPLICATION INDICATING THE LINES OF
AUTHORITY FOR WHICH THE BUSINESS ENTITY DESIRES TO BE
LICENSED;

(2) PROOF OF THE LICENSES HELD BY THE DESIGNATED
LICENSEES; AND

(3) THE REQUIRED LICENSE FEE.

(C) LICENSE FEE.--

(1) RESIDENTS. A NONREFUNDABLE \$55 FEE SHALL ACCOMPANY
AN APPLICATION FOR A RESIDENT INSURANCE PRODUCER LICENSE
UNTIL MODIFIED BY THE DEPARTMENT BY REGULATION.

(2) NONRESIDENTS. A NONREFUNDABLE \$110 FEE SHALL
ACCOMPANY AN APPLICATION FOR A NONRESIDENT INSURANCE PRODUCER
LICENSE UNTIL MODIFIED BY THE DEPARTMENT BY REGULATION.

SECTION 606-A. LICENSING.

(A) APPLICANTS.--THE DEPARTMENT SHALL REVIEW EACH
APPLICATION AND MAY CONDUCT AN INVESTIGATION OF EACH APPLICANT

1 WHO APPLIES FOR A LICENSE IN ACCORDANCE WITH THIS ACT. THE
2 DEPARTMENT SHALL ISSUE A RESIDENT OR NONRESIDENT INSURANCE
3 PRODUCER LICENSE, AS APPROPRIATE, TO THE APPLICANT WHEN THE
4 DEPARTMENT DETERMINES THAT ALL OF THE FOLLOWING CRITERIA HAVE
5 BEEN MET:

6 (1) THE APPLICANT HAS REACHED 18 YEARS OF AGE.

7 (2) THE APPLICANT HAS NOT COMMITTED ANY ACT WHICH IS
8 PROHIBITED UNDER THIS ACT.

9 (3) THE APPLICANT HAS SATISFIED THE PREEXAMINATION
10 EDUCATION REQUIREMENTS OF THIS ACT.

11 (4) THE APPLICANT HAS PASSED OR IS EXEMPT FROM THE
12 INSURANCE PRODUCER LICENSING EXAMINATION ON THE LINES OF
13 AUTHORITY FOR WHICH THE APPLICANT HAS APPLIED FOR LICENSING.

14 (5) THE APPLICANT HAS PAID ALL APPLICABLE FEES
15 ESTABLISHED PURSUANT TO THIS ACT.

16 (6) THE APPLICANT POSSESSES THE GENERAL FITNESS,
17 COMPETENCE AND RELIABILITY SUFFICIENT TO SATISFY THE
18 DEPARTMENT THAT THE APPLICANT IS WORTHY OF LICENSURE.

19 (B) BUSINESS ENTITIES.--THE DEPARTMENT SHALL REVIEW EACH
20 APPLICATION AND MAY CONDUCT AN INVESTIGATION OF EACH BUSINESS
21 ENTITY SEEKING LICENSURE AND ITS DESIGNATED LICENSEES. THE
22 DEPARTMENT SHALL ISSUE A RESIDENT OR NONRESIDENT INSURANCE
23 PRODUCER LICENSE, AS APPROPRIATE, TO THE BUSINESS ENTITY WHEN
24 THE DEPARTMENT DETERMINES THAT ALL OF THE FOLLOWING CRITERIA
25 HAVE BEEN MET:

26 (1) THE BUSINESS ENTITY HAS ONE OR MORE DESIGNATED
27 LICENSEES.

28 (2) THE BUSINESS ENTITY'S DESIGNATED LICENSEES ARE
29 LICENSEES IN GOOD STANDING WITH THE DEPARTMENT.

30 (3) THE BUSINESS ENTITY IS APPLYING FOR LICENSURE FOR

1 THE SAME LINES OF AUTHORITY HELD BY THE DESIGNATED LICENSEES.

2 (4) THE BUSINESS ENTITY OR ITS DESIGNATED LICENSEES HAVE
3 NOT COMMITTED ANY ACT WHICH IS PROHIBITED UNDER THIS ACT.

4 (5) THE BUSINESS ENTITY IS OWNED, OPERATED AND MANAGED
5 BY PERSONS POSSESSING THE GENERAL FITNESS, COMPETENCE AND
6 RELIABILITY SUFFICIENT TO SATISFY THE DEPARTMENT THAT THE
7 BUSINESS ENTITY IS WORTHY OF LICENSURE.

8 (6) THE BUSINESS ENTITY HAS PAID ALL APPLICABLE FEES.

9 (7) SUCH OTHER CRITERIA AS THE DEPARTMENT MAY ESTABLISH.

10 SECTION 606.1-A. CHANGE OF HOME STATE.

11 (A) GENERAL RULE.--UPON ESTABLISHING A PRINCIPAL PLACE OF
12 RESIDENCE OR BUSINESS WITHIN THIS COMMONWEALTH, AN INDIVIDUAL
13 WHO IS LICENSED AS A RESIDENT INSURANCE PRODUCER IN ANOTHER
14 STATE OR TERRITORY MAY APPLY TO THE DEPARTMENT TO BECOME
15 LICENSED IN THIS COMMONWEALTH AS A RESIDENT INSURANCE PRODUCER
16 FOR THE EQUIVALENT LINES OF AUTHORITY FOR WHICH THE INDIVIDUAL
17 IS LICENSED IN THE INDIVIDUAL'S FORMER HOME STATE. WITHIN 90
18 DAYS OF ESTABLISHING A PRINCIPAL PLACE OF RESIDENCE OR BUSINESS
19 IN THIS COMMONWEALTH, THE INDIVIDUAL SHALL SUBMIT TO THE
20 DEPARTMENT A COMPLETED APPLICATION INDICATING THE LINES OF
21 AUTHORITY FOR WHICH THE INDIVIDUAL DESIRES TO BE LICENSED AND
22 FOR WHICH THE INDIVIDUAL IS LICENSED IN THE INDIVIDUAL'S FORMER
23 HOME STATE, PROOF OF THE INDIVIDUAL'S FORMER HOME STATE LICENSE
24 OR A LETTER OF CLEARANCE FROM THE INSURANCE COMMISSIONER OF THE
25 INDIVIDUAL'S FORMER HOME STATE AND THE REQUIRED LICENSE FEE. IF
26 THE INDIVIDUAL DESIRES A RESIDENT INSURANCE PRODUCER LICENSE FOR
27 A LINE OF AUTHORITY FOR WHICH THE INDIVIDUAL IS NOT LICENSED IN
28 THE INDIVIDUAL'S FORMER HOME STATE, THE INDIVIDUAL SHALL COMPLY
29 WITH THE REQUIREMENTS OF THIS ACT PRIOR TO MAKING APPLICATIONS
30 TO THE DEPARTMENT.

1 (B) REVIEW OF APPLICATIONS.--THE DEPARTMENT SHALL REVIEW
2 EACH APPLICATION AND MAY CONDUCT AN INVESTIGATION OF EACH
3 INDIVIDUAL WHO APPLIES FOR A LICENSE IN ACCORDANCE WITH THIS
4 SECTION. THE DEPARTMENT SHALL ISSUE A RESIDENT INSURANCE
5 PRODUCER LICENSE TO THE INDIVIDUAL WHEN THE DEPARTMENT
6 DETERMINES THAT ALL OF THE FOLLOWING CRITERIA HAVE BEEN MET:

7 (1) THE INDIVIDUAL HOLDS A CURRENT INSURANCE PRODUCER
8 LICENSE IN THE INDIVIDUAL'S FORMER HOME STATE OR MADE
9 APPLICATION TO THE DEPARTMENT WITHIN 90 DAYS OF THE
10 CANCELLATION OF THE INDIVIDUAL'S LICENSE IN THE INDIVIDUAL'S
11 FORMER HOME STATE.

12 (2) THE INDIVIDUAL IS APPLYING FOR LICENSURE IN THE
13 EQUIVALENT LINES OF AUTHORITY FOR WHICH THE INDIVIDUAL WAS
14 LICENSED IN THE INDIVIDUAL'S FORMER HOME STATE.

15 (3) THE INDIVIDUAL HAS NOT COMMITTED ANY ACT WHICH IS
16 PROHIBITED UNDER THIS ACT.

17 (4) THE INDIVIDUAL HAS PAID ALL APPLICABLE FEES.

18 (5) THE INDIVIDUAL:

19 (I) WAS ISSUED A LETTER OF CLEARANCE FROM THE
20 INSURANCE COMMISSIONER OF THE INDIVIDUAL'S FORMER HOME
21 STATE;

22 (II) WAS LICENSED IN GOOD STANDING IN THE
23 INDIVIDUAL'S FORMER HOME STATE AT THE TIME OF
24 CANCELLATION; OR

25 (III) IS RECORDED AS BEING LICENSED FOR THE LINES OF
26 AUTHORITY AND IS IN GOOD STANDING IN THE INDIVIDUAL'S
27 FORMER HOME STATE'S INSURANCE PRODUCER RECORDS OR RECORDS
28 MAINTAINED BY THE NAIC.

29 (6) SUCH OTHER CRITERIA AS THE DEPARTMENT MAY ESTABLISH.

30 SECTION 607-A. ISSUANCE AND TERM OF LICENSE.

1 AN INSURANCE PRODUCER LICENSE ISSUED BY THE DEPARTMENT SHALL
2 BE:

3 (1) ISSUED ONLY IN THE NAME OF THE APPLICANT OR BUSINESS
4 ENTITY. IF A LICENSEE IS DOING BUSINESS UNDER A FICTITIOUS
5 NAME OTHER THAN THE NAME APPEARING ON THE PRODUCER LICENSE,
6 THE LICENSEE IS REQUIRED TO NOTIFY THE COMMISSIONER IN
7 WRITING PRIOR TO USE OF THE FICTITIOUS NAME.

8 (2) ISSUED IN PAPER OR ELECTRONIC FORM.

9 (3) NONTRANSFERABLE.

10 (4) ISSUED IN ONE OR MORE LINES OF AUTHORITY.

11 (5) ISSUED FOR A PERIOD NOT TO EXCEED TWO YEARS.

12 SECTION 608-A. LICENSE RENEWALS.

13 (A) GENERAL RULE.--A LICENSEE MAY REQUEST RENEWAL OF THE
14 LICENSE. THE LICENSEE SHALL REMIT TO THE DEPARTMENT A COMPLETED
15 RENEWAL FORM, THE REQUIRED FEE AND VERIFICATION THAT THE
16 LICENSEE HAS COMPLETED THE CONTINUING EDUCATION REQUIRED BY THIS
17 ACT. A RESIDENT LICENSEE THAT HAS NOT PREVIOUSLY SUBMITTED
18 FINGERPRINTS TO THE DEPARTMENT SHALL ALSO SUBMIT THE LICENSEE'S
19 FINGERPRINTS AND THE FEE IN ORDER TO PERMIT THE DEPARTMENT TO
20 RECEIVE NATIONAL CRIMINAL HISTORY RECORDS INFORMATION FROM THE
21 FEDERAL BUREAU OF INVESTIGATION CRIMINAL JUSTICE INFORMATION
22 SERVICES DIVISION. UPON RECEIPT AND REVIEW, THE DEPARTMENT SHALL
23 RENEW THE LICENSE UNLESS IT DETERMINES THAT THE LICENSEE IS NOT
24 IN COMPLIANCE WITH THIS ACT.

25 (B) CONTINUING EDUCATION.--A LICENSEE SHALL SUCCESSFULLY
26 COMPLETE 24 CREDIT HOURS OF APPROVED CONTINUING EDUCATION FOR
27 EACH TWO-YEAR LICENSE PERIOD AS A CONDITION FOR LICENSE RENEWAL
28 UNLESS MODIFIED BY THE DEPARTMENT BY REGULATION. A LICENSEE MAY
29 CARRY FORWARD EXCESS CONTINUING EDUCATION CREDIT HOURS UP TO A
30 MAXIMUM OF 24 CREDIT HOURS FROM ONE LICENSING PERIOD TO THE NEXT

1 LICENSING PERIOD.

2 (C) CONTINUING EDUCATION EXEMPTIONS.--THE FOLLOWING
3 LICENSEES SHALL BE EXEMPT FROM THE REQUIREMENTS OF CONTINUING
4 EDUCATION:

5 (1) A LICENSEE WHO WAS LICENSED AS AN AGENT OR BROKER
6 FOR A LINE OF AUTHORITY PRIOR TO JANUARY 1, 1971, AND WHO HAS
7 BEEN CONTINUOUSLY LICENSED AS AN AGENT, BROKER OR PRODUCER
8 FOR THE LINE OF AUTHORITY SINCE THAT TIME.

9 (2) A LICENSEE WHICH IS A BUSINESS ENTITY.

10 (3) A LICENSEE WHO HAS ONLY A LIMITED LINE OF AUTHORITY.

11 (4) A LICENSEE WHO HAS A LINE OF AUTHORITY LIMITED TO
12 RESTRICTED FRATERNAL.

13 (5) A LICENSEE WHO HAS A LINE OF AUTHORITY LIMITED TO
14 LIMITED LINE CREDIT INSURANCE IF THE INSURER PROVIDED A
15 COURSE OF INSTRUCTION TO EACH INDIVIDUAL WHOSE DUTIES WILL
16 INCLUDE SELLING, SOLICITING OR NEGOTIATING THE INSURANCE.

17 (6) A NONRESIDENT LICENSEE WHO HAS SATISFIED THE
18 CONTINUING EDUCATION REQUIREMENTS OF THE LICENSEE'S HOME
19 STATE IF THAT STATE RECOGNIZES THE SATISFACTION OF ITS
20 CONTINUING EDUCATION REQUIREMENTS BY A RESIDENT LICENSEE
21 SATISFYING THE REQUIREMENTS OF THIS ACT. IF THE LICENSEE'S
22 HOME STATE HAS CONTINUING EDUCATION REQUIREMENTS AND THE
23 NONRESIDENT LICENSEE FAILS TO SATISFY THE HOME STATE'S
24 CONTINUING EDUCATION REQUIREMENTS, THE LICENSEE SHALL BE
25 SUBJECT TO CONTINUING EDUCATION REQUIREMENTS OF THIS ACT.

26 (7) A LICENSEE'S LINE OF AUTHORITY IS RESTRICTED TO
27 DOMESTIC MUTUAL FIRE INSURANCE AND THE LICENSEE'S APPOINTMENT
28 IS WITH AN INSURER WRITING ONLY COVERAGE OTHER THAN INSURANCE
29 UPON AUTOMOBILES AS AUTHORIZED BY SECTION 202(B)(1) THROUGH
30 (3) OF THE ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN AS

1 THE INSURANCE COMPANY LAW OF 1921.

2 (D) LAPSES.--A LICENSEE WHO ALLOWS HIS OR HER LICENSE TO
3 LAPSE BY FAILING TO TIMELY RENEW THE LICENSE, PAY THE FEE
4 REQUIRED BY THIS ACT OR COMPLETE THE CONTINUING EDUCATION
5 REQUIRED BY THIS ACT MAY, WITHIN ONE YEAR OF THE LICENSE RENEWAL
6 DATE, REQUEST THE DEPARTMENT TO REINSTATE THE LICENSE. PERSONS
7 REQUESTING REINSTATEMENT OF A LAPSED LICENSE SHALL SUBMIT A
8 COMPLETED RENEWAL FORM, THE FEE REQUIRED BY THIS ACT AND
9 VERIFICATION THAT THE PERSON HAS COMPLETED ALL CONTINUING
10 EDUCATION REQUIRED BY SUBSECTION (B) FOR THE PREVIOUSLY LICENSED
11 AND LAPSED PERIODS. THE DEPARTMENT SHALL REINSTATE THE LICENSE
12 RETROACTIVELY, WITH THE REINSTATEMENT EFFECTIVE ON THE DATE THE
13 LICENSE LAPSED, IF THE DEPARTMENT RECEIVES A REQUEST FOR
14 REINSTATEMENT TOGETHER WITH A COMPLETED RENEWAL APPLICATION,
15 PAYMENT OF THE LAPSED LICENSE FEE AND PROOF OF CONTINUING
16 EDUCATION COMPLIANCE WITHIN 60 DAYS AFTER THE LICENSE LAPSED.
17 THE DEPARTMENT SHALL REINSTATE THE LICENSE PROSPECTIVELY, WITH
18 REINSTATEMENT EFFECTIVE ON THE DATE THAT THE LICENSE IS
19 REINSTATED, IF THE DEPARTMENT RECEIVES A REQUEST FOR
20 REINSTATEMENT OF A LAPSED LICENSE MORE THAN 60 DAYS AFTER THE
21 LICENSE LAPSED. IF A PERSON APPLIES FOR REINSTATEMENT MORE THAN
22 ONE YEAR AFTER THE LAPSE DATE, THE PERSON SHALL REAPPLY FOR THE
23 LICENSE UNDER THIS ACT.

24 (E) EXTENUATING CIRCUMSTANCES.--A LICENSEE WHO IS UNABLE TO
25 TIMELY COMPLY WITH THE REQUIREMENTS OF SUBSECTION (A) AS A
26 RESULT OF MILITARY SERVICE OR OTHER EXTENUATING CIRCUMSTANCE MAY
27 REQUEST THE DEPARTMENT TO WAIVE THE REQUIREMENTS OF HAVING TO
28 COMPLETE CONTINUING EDUCATION FOR THE PERIOD IN WHICH THE
29 LICENSE HAD LAPSED AND PAYMENT OF THE LAPSED LICENSE FEE. THE
30 REQUEST SHALL INCLUDE SUFFICIENT DETAIL AND SUPPORTING

1 DOCUMENTATION TO DETERMINE THE NECESSITY OF THE WAIVER. IF THE
2 DEPARTMENT DETERMINES THAT THERE IS GOOD CAUSE FOR
3 NONCOMPLIANCE, THE DEPARTMENT SHALL GRANT THE WAIVER AND PERMIT
4 THE LICENSEE TO REQUEST RENEWAL OF THE LICENSE IN ACCORDANCE
5 WITH THIS ACT.

6 (F) RENEWAL FEES.--THE FOLLOWING NONREFUNDABLE FEES SHALL
7 ACCOMPANY AN APPLICATION FOR RENEWAL OF AN INSURANCE PRODUCER
8 LICENSE UNLESS MODIFIED BY THE DEPARTMENT BY REGULATION:

9 (1) RESIDENT RENEWAL FEE - \$55.

10 (2) NON-RESIDENT RENEWAL FEE - \$110.

11 (3) LAPSED LICENSE RENEWAL FEE - \$165.

12 SECTION 609-A. TEMPORARY LICENSING.

13 (A) GENERAL RULE.--IF THE DEPARTMENT DETERMINES THAT THE
14 ISSUANCE OF A TEMPORARY INSURANCE PRODUCER LICENSE IS IN THE
15 PUBLIC INTEREST AND THAT THE PERSON REQUESTING THE LICENSE IS
16 WORTHY TO RECEIVE A TEMPORARY LICENSE, THE DEPARTMENT MAY ISSUE
17 A TEMPORARY INSURANCE PRODUCER LICENSE TO THE FOLLOWING PERSONS:

18 (1) THE SURVIVING SPOUSE OR COURT-APPOINTED PERSONAL
19 REPRESENTATIVE OF A RESIDENT INDIVIDUAL LICENSEE WHO DIES OR
20 BECOMES MENTALLY OR PHYSICALLY DISABLED. THE TEMPORARY
21 LICENSE SHALL BE USED BY THE SPOUSE OR REPRESENTATIVE TO
22 OPERATE THE INSURANCE BUSINESS OWNED BY THE LICENSEE UNTIL:

23 (I) THE BUSINESS IS SOLD OR TRANSFERRED;

24 (II) THE LICENSEE RECOVERS AND RETURNS TO THE
25 BUSINESS; OR

26 (III) NEW PERSONNEL IS TRAINED AND LICENSED TO
27 OPERATE THE LICENSEE'S BUSINESS.

28 (2) AN OWNER, PARTNER OR EMPLOYEE OF A BUSINESS ENTITY
29 LICENSEE UPON THE DEATH OR DISABILITY OF THE DESIGNATED
30 LICENSEE. THE TEMPORARY LICENSE SHALL BE USED BY THE OWNER,

PARTNER OR EMPLOYEE TO OPERATE THE BUSINESS ENTITY UNTIL:

(I) THE BUSINESS IS SOLD OR TRANSFERRED; OR

(II) NEW PERSONNEL IS TRAINED, LICENSED AND

DESIGNATED AS THE DESIGNATED LICENSEE.

(3) THE DESIGNEE OF AN INDIVIDUAL LICENSEE WHO ENTERS
ACTIVE SERVICE IN THE ARMED FORCES OF THE UNITED STATES.

(4) ANY OTHER PERSON IN AN EXTENUATING CIRCUMSTANCE
WHERE THE COMMISSIONER DEEMS THAT THE PUBLIC INTEREST WILL
BEST BE SERVED BY THE ISSUANCE OF A TEMPORARY LICENSE.

(B) PERIOD OF LICENSE.--THE TEMPORARY LICENSE SHALL BE FOR A
PERIOD NOT TO EXCEED 180 DAYS AND IS NOT TRANSFERABLE.

(C) OTHER REQUIREMENTS.--THE DEPARTMENT MAY IMPOSE
REQUIREMENTS UPON A TEMPORARY LICENSEE, INCLUDING REQUIRING A
SPONSORING INSURER AND LIMITING THE LINES OF AUTHORITY OF A
TEMPORARY LICENSEE, AS DEEMED NECESSARY TO PROTECT INSURED AND
THE PUBLIC.

(D) REVOCATION.--THE DEPARTMENT MAY IMMEDIATELY AND WITHOUT
NOTICE REVOKE A TEMPORARY LICENSE IF IT IS DEEMED IN THE PUBLIC
INTEREST.

SECTION 610-A. RECIPROCAL LICENSING.

(A) NONRESIDENT INDIVIDUALS.--

(1) AN INDIVIDUAL WHO IS CURRENTLY LICENSED AS A
RESIDENT INSURANCE PRODUCER IN ANOTHER STATE OR TERRITORY MAY
APPLY TO THE DEPARTMENT FOR A NONRESIDENT INSURANCE PRODUCER
LICENSE FOR THE EQUIVALENT LINES OF AUTHORITY AS THE
INDIVIDUAL IS LICENSED IN THE INDIVIDUAL'S HOME STATE. THE
INDIVIDUAL SHALL SUBMIT TO THE DEPARTMENT A COMPLETED
APPLICATION OR AN UPDATED COPY OF THE INDIVIDUAL'S HOME STATE
APPLICATION INDICATING THE LINES OF AUTHORITY FOR WHICH THE
INDIVIDUAL DESIRES TO BE LICENSED, PROOF OF THE INDIVIDUAL'S

1 CURRENT HOME STATE LICENSE AND THE REQUIRED LICENSE FEE. IF
2 THE INDIVIDUAL DESIRES A NONRESIDENT INSURANCE PRODUCER
3 LICENSE FOR A LINE OF AUTHORITY FOR WHICH THE INDIVIDUAL IS
4 NOT LICENSED IN THE INDIVIDUAL'S HOME STATE, THE INDIVIDUAL
5 SHALL COMPLY WITH THE REQUIREMENTS OF THIS ACT PRIOR TO
6 MAKING APPLICATION TO THE DEPARTMENT.

7 (2) UPON RECEIPT AND REVIEW OF THE APPLICATION, PROOF OF
8 THE HOME STATE LICENSE AND THE FEE, THE DEPARTMENT SHALL
9 ISSUE A NONRESIDENT INSURANCE PRODUCER LICENSE TO THE
10 INDIVIDUAL FOR THE EQUIVALENT LINES OF AUTHORITY FOR WHICH
11 THE INDIVIDUAL IS LICENSED IN THE INDIVIDUAL'S HOME STATE.
12 THE DEPARTMENT MAY VERIFY THE INDIVIDUAL'S LICENSING STATUS
13 THROUGH THE PRODUCER DATABASE MAINTAINED BY THE NAIC. THE
14 DEPARTMENT MAY DENY THE APPLICATION IF THE INDIVIDUAL'S HOME
15 STATE DOES NOT AWARD NONRESIDENT INSURANCE PRODUCER LICENSES
16 TO RESIDENT LICENSEES OF THIS COMMONWEALTH ON THE SAME BASIS.

17 (B) NONRESIDENT BUSINESS ENTITIES.--

18 (1) UPON DESIGNATING ONE OR MORE INDIVIDUALS LICENSED
19 UNDER THIS ACT TO BE RESPONSIBLE FOR THE BUSINESS ENTITY'S
20 COMPLIANCE WITH THE INSURANCE LAWS AND REGULATIONS OF THIS
21 COMMONWEALTH, A BUSINESS ENTITY WHICH IS CURRENTLY LICENSED
22 AS A RESIDENT INSURANCE PRODUCER IN ANOTHER STATE OR
23 TERRITORY MAY APPLY TO THE DEPARTMENT FOR A NONRESIDENT
24 INSURANCE PRODUCER LICENSE FOR THE EQUIVALENT LINES OF
25 AUTHORITY AS THE BUSINESS ENTITY IS LICENSED IN ITS HOME
26 STATE. THE DESIGNATED LICENSEES OF THE BUSINESS ENTITY SHALL
27 REMIT TO THE DEPARTMENT A COMPLETED BUSINESS ENTITY
28 APPLICATION OR AN UPDATED COPY OF THE BUSINESS ENTITY'S HOME
29 STATE APPLICATION INDICATING THE LINES OF AUTHORITY FOR WHICH
30 THE BUSINESS ENTITY DESIRES TO BE LICENSED AND FOR WHICH THE

1 BUSINESS ENTITY IS LICENSED IN THE OTHER STATE, PROOF OF THE
2 BUSINESS ENTITY'S CURRENT HOME STATE LICENSE AND THE REQUIRED
3 LICENSE FEE.

4 (2) UPON RECEIPT AND REVIEW OF THE APPLICATION, PROOF OF
5 THE HOME STATE LICENSE AND THE FEE, THE DEPARTMENT SHALL
6 ISSUE A NONRESIDENT INSURANCE PRODUCER LICENSE TO THE
7 BUSINESS ENTITY FOR THE EQUIVALENT LINES OF AUTHORITY AS THE
8 BUSINESS ENTITY IS LICENSED IN ITS HOME STATE IF THE
9 DEPARTMENT DETERMINES THAT THE BUSINESS ENTITY AND ITS
10 DESIGNATED LICENSEES ARE LICENSEES IN GOOD STANDING IN THE
11 BUSINESS ENTITY'S HOME STATE. THE DEPARTMENT MAY VERIFY
12 LICENSING STATUS THROUGH THE PRODUCER DATABASE MAINTAINED BY
13 THE NAIC. THE DEPARTMENT MAY DENY THE APPLICATION IF THE
14 BUSINESS ENTITY'S HOME STATE DOES NOT AWARD NONRESIDENT
15 INSURANCE PRODUCER LICENSES TO RESIDENT LICENSEES OF THIS
16 COMMONWEALTH ON THE SAME BASIS.

17 SECTION 611-A. PROHIBITED ACTS.

18 A LICENSEE OR APPLICANT FOR AN INSURANCE PRODUCER LICENSE
19 SHALL NOT:

20 (1) PROVIDE INCORRECT, MISLEADING, INCOMPLETE OR FALSE
21 INFORMATION TO THE DEPARTMENT IN A LICENSE APPLICATION.

22 (2) VIOLATE THE INSURANCE LAWS OR REGULATIONS OF THIS
23 COMMONWEALTH OR A SUBPOENA OR ORDER OF THE COMMISSIONER OR OF
24 ANOTHER STATE'S INSURANCE COMMISSIONER.

25 (3) OBTAIN OR ATTEMPT TO OBTAIN A LICENSE THROUGH
26 MISREPRESENTATION OR FRAUD.

27 (4) IMPROPERLY WITHHOLD, MISAPPROPRIATE OR CONVERT MONEY
28 OR PROPERTY RECEIVED IN THE COURSE OF DOING BUSINESS.

29 (5) INTENTIONALLY MISREPRESENT THE TERMS OF AN ACTUAL OR
30 PROPOSED INSURANCE CONTRACT OR APPLICATION FOR INSURANCE.

1 (6) ADMIT TO OR BEEN FOUND TO HAVE COMMITTED ANY UNFAIR
2 INSURANCE PRACTICE OR FRAUD.

3 (7) USE FRAUDULENT, COERCIVE OR DISHONEST PRACTICES OR
4 DEMONSTRATE INCOMPETENCE, UNTRUSTWORTHINESS OR FINANCIAL
5 IRRESPONSIBILITY IN THE CONDUCT OF DOING BUSINESS IN THIS
6 COMMONWEALTH OR ELSEWHERE.

7 (8) HAVE AN INSURANCE PRODUCER LICENSE OR OTHER
8 FINANCIAL SERVICES LICENSE, OR ITS EQUIVALENT, DENIED,
9 SUSPENDED OR REVOKED BY A GOVERNMENTAL ENTITY.

10 (9) FORGE ANOTHER PERSON'S NAME ON AN APPLICATION FOR
11 INSURANCE OR ON ANY DOCUMENT RELATED TO AN INSURANCE OR
12 FINANCIAL SERVICE TRANSACTION.

13 (10) CHEAT ON AN EXAMINATION FOR AN INSURANCE PRODUCER
14 LICENSE.

15 (11) KNOWINGLY ACCEPT INSURANCE BUSINESS WHICH WAS SOLD,
16 SOLICITED OR NEGOTIATED BY A PERSON WHO IS NOT LICENSED AS AN
17 INSURANCE PRODUCER.

18 (12) FAIL TO COMPLY WITH AN ADMINISTRATIVE OR COURT
19 ORDER IMPOSING A CHILD SUPPORT OBLIGATION.

20 (13) FAIL TO PAY STATE INCOME TAX OR COMPLY WITH ANY
21 ADMINISTRATIVE OR COURT ORDER DIRECTING THE PAYMENT OF STATE
22 INCOME TAX.

23 (14) COMMIT A FELONY OR ITS EQUIVALENT.

24 (15) COMMIT A MISDEMEANOR THAT INVOLVES THE MISUSE OR
25 THEFT OF MONEY OR PROPERTY BELONGING TO ANOTHER PERSON.

26 (16) COMMIT A VIOLATION OF SUBARTICLE B.

27 (17) COMMIT FRAUD, FORGERY, DISHONEST ACTS OR AN ACT
28 INVOLVING A BREACH OF FIDUCIARY DUTY.

29 (18) TRANSFER INSURANCE COVERAGE TO AN INSURER OTHER
30 THAN THE INSURER EXPRESSLY CHOSEN BY THE INSURED WITHOUT THE

1 CONSENT OF THE INSURED.

2 (19) FAIL TO NOTIFY THE DEPARTMENT OF A CHANGE OF
3 ADDRESS WITHIN 30 DAYS.

4 (20) DEMONSTRATE A LACK OF GENERAL FITNESS, COMPETENCE
5 OR RELIABILITY SUFFICIENT TO SATISFY THE DEPARTMENT THAT THE
6 LICENSEE IS WORTHY OF LICENSURE.

7 SECTION 612-A. FAILURE TO RESPOND OR REMIT PAYMENT.

8 (A) RESPONSE.--A LICENSEE WHO FAILS TO PROVIDE A WRITTEN
9 RESPONSE TO THE DEPARTMENT WITHIN 30 DAYS OF RECEIPT OF A
10 WRITTEN INQUIRY FROM THE DEPARTMENT OR WHO FAILS TO REMIT VALID
11 PAYMENT FOR ALL FEES DUE AND OWING TO THE DEPARTMENT SHALL,
12 AFTER NOTICE FROM THE DEPARTMENT SPECIFYING THE VIOLATION AND
13 ADVISING OF CORRECTIVE ACTION TO BE TAKEN, CORRECT THE VIOLATION
14 WITHIN 15 DAYS OF RECEIPT OF THE NOTICE.

15 (B) CORRECTION.--IF A LICENSEE FAILS TO CORRECT THE
16 VIOLATION WITHIN 15 DAYS OF RECEIVING NOTICE, THE DEPARTMENT MAY
17 ASSESS AN ADMINISTRATIVE FINE OF NO MORE THAN \$100 PER DAY PER
18 VIOLATION.

19 SECTION 613-A. FAILURE TO APPEAL.

20 A DECISION OF THE DEPARTMENT FROM WHICH NO TIMELY APPEAL IS
21 TAKEN TO THE ADMINISTRATIVE HEARINGS OFFICE OR AN ORDER OF THE
22 COMMISSIONER FROM WHICH NO TIMELY APPEAL IS TAKEN TO A COURT OF
23 COMPETENT JURISDICTION SHALL BE A FINAL ORDER AND SHALL BE
24 ENFORCEABLE BY A COURT OF COMPETENT JURISDICTION.

25 SECTION 614-A. RECIPROCITY.

26 (A) WAIVER.--THE DEPARTMENT MAY WAIVE THE REQUIREMENTS FOR A
27 PERSON APPLYING FOR A NONRESIDENT INSURANCE PRODUCER LICENSE IN
28 THIS COMMONWEALTH THAT POSSESSES A VALID INSURANCE PRODUCER
29 LICENSE FROM THE PERSON'S HOME STATE IF THE PERSON'S HOME STATE
30 AWARDS NONRESIDENT INSURANCE PRODUCER LICENSES TO RESIDENT

1 LICENSEES OF THIS COMMONWEALTH ON THE SAME BASIS.

2 (B) LIMITED LINE.--NOTWITHSTANDING ANY OTHER PROVISION OF
3 THIS DIVISION, AFTER APPLICATION TO THE DEPARTMENT IN ACCORDANCE
4 WITH SECTION 610-A, A PERSON LICENSED AS A LIMITED LINE CREDIT
5 INSURANCE OR OTHER TYPE OF LIMITED LINES PRODUCER IN THE
6 PERSON'S HOME STATE SHALL RECEIVE A NONRESIDENT LIMITED LINES
7 PRODUCER LICENSE IN ACCORDANCE WITH SUBSECTION (A), GRANTING THE
8 SAME SCOPE OF AUTHORITY AS GRANTED UNDER THE LICENSE ISSUED BY
9 THE PRODUCER'S HOME STATE.

10 DIVISION 2

11 LICENSING OF MANAGERS AND EXCLUSIVE

12 GENERAL AGENTS

13 SECTION 631-A. LICENSE REQUIRED.

14 (A) GENERAL RULE.--EXCEPT AS PROVIDED IN SUBSECTION (B), NO
15 PERSON SHALL ENGAGE IN ANY ACTIVITIES REQUIRING A MANAGER OR
16 EXCLUSIVE GENERAL AGENT LICENSE WITHOUT BEING LICENSED AS A
17 MANAGER OR EXCLUSIVE GENERAL AGENT BY THE DEPARTMENT.

18 (B) EXCEPTIONS.--THE FOLLOWING PERSONS SHALL NOT BE REQUIRED
19 TO BE LICENSED AS A MANAGER OR EXCLUSIVE GENERAL AGENT:

20 (1) A LICENSEE WHOSE AUTHORITY IS LIMITED PRIMARILY TO
21 THE PRODUCTION OF INSURANCE BUSINESS WITH LIMITED
22 UNDERWRITING AUTHORITY.

23 (2) A MANAGER OR EXCLUSIVE GENERAL AGENT OPERATING UNDER
24 A MANAGEMENT CONTRACT OR EXCLUSIVE GENERAL AGENCY AGREEMENT
25 ENTERED INTO PRIOR TO DECEMBER 22, 1965.

26 (3) A PERSON SUBJECT TO REGULATION AS A MANAGING GENERAL
27 AGENT UNDER ARTICLE VIII.

28 (C) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
29 A MISDEMEANOR OF THE THIRD DEGREE, AND, UPON CONVICTION, SHALL
30 BE SENTENCED TO PAY A FINE NOT EXCEEDING \$1,000 FOR EACH DAY OF

1 OPERATION WITHOUT A LICENSE.

2 SECTION 632-A. APPLICATION AND LICENSURE.

3 (A) APPLICATION.--A PERSON MAY APPLY TO THE DEPARTMENT FOR A
4 MANAGER OR EXCLUSIVE GENERAL AGENT LICENSE. THE PERSON SHALL
5 SUBMIT TO THE DEPARTMENT A COMPLETED APPLICATION, THE FEE
6 REQUIRED BY SUBSECTION (C) AND ANY OTHER INFORMATION REQUIRED BY
7 THE DEPARTMENT.

8 (B) LICENSURE.--THE DEPARTMENT SHALL REVIEW THE APPLICATION
9 AND MAY CONDUCT AN INVESTIGATION OF THE PERSON. THE DEPARTMENT
10 SHALL ISSUE A LICENSE TO THE PERSON WHEN THE DEPARTMENT IS
11 SATISFIED THAT ALL OF THE FOLLOWING CRITERIA HAVE BEEN MET:

12 (1) THE PERSON POSSESSES A GOOD BUSINESS REPUTATION.

13 (2) THE PERSON POSSESSES THE FITNESS, COMPETENCE AND
14 RELIABILITY SUFFICIENT TO SATISFY THE DEPARTMENT THAT THE
15 INDIVIDUAL IS WORTHY OF LICENSURE AS A MANAGER OR EXCLUSIVE
16 GENERAL AGENT.

17 (3) THE PERSON HAS PAID ALL APPLICABLE FEES ESTABLISHED
18 PURSUANT TO THIS ARTICLE.

19 (4) SUCH OTHER CRITERIA AS THE DEPARTMENT MAY ESTABLISH.

20 (C) LICENSE FEE.--A NONREFUNDABLE \$100 FEE SHALL ACCOMPANY
21 AN APPLICATION FOR A MANAGER OR EXCLUSIVE GENERAL AGENT LICENSE
22 UNLESS MODIFIED BY THE DEPARTMENT BY REGULATION.

23 (D) TERM.--A LICENSE ISSUED IN ACCORDANCE WITH THIS SECTION
24 SHALL BE FOR A PERIOD OF NOT MORE THAN ONE YEAR.

25 SECTION 633-A. INSURERS TO CERTIFY NAMES OF MANAGERS OR
26 EXCLUSIVE GENERAL AGENTS.

27 (A) GENERAL RULE.--EVERY DOMESTIC INSURER OPERATING UNDER A
28 MANAGEMENT CONTRACT OR AN EXCLUSIVE GENERAL AGENCY AGREEMENT
29 SHALL CERTIFY TO THE DEPARTMENT THE NAME OF THE MANAGER OR
30 EXCLUSIVE GENERAL AGENT WITHIN TEN DAYS FROM THE EFFECTIVE DATE

1 OF THE CONTRACT OR AGREEMENT AND WITHIN TEN DAYS AFTER THE
2 RENEWAL OF THE LICENSE OF THE MANAGER OR EXCLUSIVE GENERAL
3 AGENT.

4 (B) PENALTY.--AN INSURER THAT FAILS TO FILE THE
5 CERTIFICATION REQUIRED BY SUBSECTION (A) COMMITS A MISDEMEANOR
6 OF THE THIRD DEGREE AND, UPON CONVICTION, SHALL BE SENTENCED TO
7 PAY A FINE NOT EXCEEDING \$1,000 FOR EACH DAY OF NONCOMPLIANCE.
8 SECTION 634-A. ENFORCEMENT BY DEPARTMENT.

9 (A) NOTICE.--UPON EVIDENCE OF CONDUCT WHICH WOULD DISQUALIFY
10 A LICENSED MANAGER OR EXCLUSIVE GENERAL AGENT FROM INITIAL
11 ISSUANCE OF A LICENSE, THE DEPARTMENT SHALL NOTIFY THE MANAGER
12 OR EXCLUSIVE GENERAL AGENT, SPECIFYING THE NATURE OF THE ALLEGED
13 CONDUCT AND FIXING A TIME AND PLACE, AT LEAST TEN DAYS
14 THEREAFTER, WHEN A HEARING ON THE MATTER SHALL BE HELD.

15 (B) HEARING.--THE DEPARTMENT SHALL CONDUCT THE HEARING FIXED
16 IN SUBSECTION (A) IN ACCORDANCE WITH 2 PA.C.S. CH. 5 SUBCH. A
17 (RELATING TO PRACTICE AND PROCEDURE OF COMMONWEALTH AGENCIES).

18 (C) PENALTIES.--AFTER THE HEARING OR UPON FAILURE OF THE
19 MANAGER OR EXCLUSIVE GENERAL AGENT TO APPEAR AT THE HEARING, THE
20 COMMISSIONER MAY IMPOSE ANY COMBINATION OF THE FOLLOWING ACTIONS
21 DEEMED APPROPRIATE:

22 (1) SUSPENSION OR REVOCATION OF THE LICENSE, IF ANY, OF
23 THE PERSON.

24 (2) AN ORDER TO CEASE AND DESIST.

25 (3) ANY OTHER CONDITIONS AS THE COMMISSIONER DEEMS
26 APPROPRIATE.

27 SECTION 635-A. APPEALS.

28 THE PERSON AGGRIEVED BY A DECISION OF THE COMMISSIONER THAT
29 HAS A DIRECT INTEREST IN THE DECISION MAY APPEAL THE DECISION OF
30 THE COMMISSIONER IN ACCORDANCE WITH 2 PA.C.S. CH. 7 SUBCH. A

1 (RELATING TO JUDICIAL REVIEW OF COMMONWEALTH AGENCY ACTION).

2 SUBARTICLE B

3 REGULATION OF INSURANCE PRODUCERS

4 DIVISION 1

5 PROHIBITED ACTIVITIES

6 SECTION 641-A. UNLICENSED ACTIVITY.

7 (A) PROHIBITION.--NO PERSON SHALL ACT AS OR PERFORM THE
8 DUTIES OF AN INSURANCE PRODUCER IN THIS COMMONWEALTH WITHOUT
9 BEING LICENSED IN ACCORDANCE WITH THIS ACT. AN INSURER SHALL BE
10 RESPONSIBLE FOR A VIOLATION OF THIS SECTION BY ITS EMPLOYEES;
11 HOWEVER, OTHER THAN AGAINST DIRECTORS AND OFFICERS, THE
12 DEPARTMENT MAY NOT SEEK TO IMPOSE PENALTIES AGAINST THE
13 INDIVIDUAL EMPLOYEES IN ADDITION TO THE INSURER FOR THE SAME
14 ACTIVITY.

15 (B) PENALTY.--A PERSON THAT VIOLATES THIS SECTION COMMITS A
16 FELONY OF THE THIRD DEGREE.

17 SECTION 641.1-A. DOING BUSINESS WITH UNLICENSED PERSONS.

18 (A) VIOLATION.--ANY INSURANCE ENTITY OR LICENSEE ACCEPTING
19 APPLICATIONS OR ORDERS FOR INSURANCE FROM ANY PERSON OR SECURING
20 ANY INSURANCE BUSINESS THAT WAS SOLD, SOLICITED OR NEGOTIATED BY
21 ANY PERSON ACTING WITHOUT AN INSURANCE PRODUCER LICENSE SHALL BE
22 SUBJECT TO CIVIL PENALTY OF NO MORE THAN \$5,000 PER VIOLATION IN
23 ACCORDANCE WITH THIS ACT. THIS SECTION SHALL NOT PROHIBIT AN
24 INSURER FROM ACCEPTING AN INSURANCE APPLICATION DIRECTLY FROM A
25 CONSUMER OR PROHIBIT THE PAYMENT OR RECEIPT OF REFERRAL FEES IN
26 ACCORDANCE WITH THIS ACT.

27 (B) PENALTY.--A PERSON THAT VIOLATES THIS SECTION COMMITS A
28 MISDEMEANOR OF THE THIRD DEGREE.

29 SECTION 642-A. THEFT BY INSURANCE PRODUCERS.

30 (A) PROHIBITION.--NO INSURANCE PRODUCER SHALL SELL, SOLICIT

1 OR NEGOTIATE A CONTRACT OF INSURANCE AND FRAUDULENTLY
2 APPROPRIATE OR CONVERT TO HIS OWN USE OR, WITH INTENT TO USE OR
3 FRAUDULENTLY APPROPRIATE, TAKE, OR OTHERWISE DISPOSE OF, OR
4 WITHHOLD, APPROPRIATE, LEND, INVEST OR OTHERWISE USE OR APPLY
5 MONEY OR SUBSTITUTES FOR MONEY RECEIVED BY HIM AS AN INSURANCE
6 PRODUCER, CONTRARY TO THE INSTRUCTIONS OR WITHOUT THE CONSENT OF
7 THE INSURER.

8 (B) PENALTY.--A PERSON THAT VIOLATES THIS SECTION COMMITS A
9 THEFT PUNISHABLE IN ACCORDANCE WITH 18 PA.C.S. CH. 39 (RELATING
10 TO THEFT AND RELATED OFFENSES).

11 SECTION 643-A. ADVERTISING AS INSURANCE PRODUCER OF
12 UNAUTHORIZED ENTITY.

13 (A) PROHIBITION.--NO PERSON SHALL REPRESENT OR ADVERTISE
14 HIMSELF TO BE AN INSURANCE PRODUCER OR REPRESENTATIVE OF AN
15 UNAUTHORIZED INSURANCE ENTITY, INCLUDING AN INSURER THAT IS NOT
16 APPROVED OR ADMITTED UNDER SECTION 208 AND AN INSURER THAT HAS
17 NOT MET THE REQUIREMENTS OF AN ELIGIBLE SURPLUS LINES INSURER
18 UNDER SECTION 1605 OF THE ACT OF MAY 17, 1921 (P.L.682, NO.284),
19 KNOWN AS THE INSURANCE COMPANY LAW OF 1921.

20 (B) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
21 A MISDEMEANOR OF THE THIRD DEGREE.

22 SECTION 644-A. SOLICITING FOR NONEXISTENT ENTITY.

23 (A) PROHIBITION.--NO PERSON SHALL, DIRECTLY OR INDIRECTLY,
24 OFFER TO SELL, SOLICIT OR NEGOTIATE CONTRACTS, CERTIFICATES,
25 AGREEMENTS, BINDERS OR APPLICATIONS FOR INSURANCE, SURETY OR
26 INDEMNITY IN THIS COMMONWEALTH FOR OR ON BEHALF OF A FICTITIOUS,
27 NONEXISTENT, DISSOLVED, INACTIVE, LIQUIDATED, LIQUIDATING OR
28 BANKRUPT INSURANCE ENTITY.

29 (B) PENALTY.--A PERSON THAT VIOLATES THIS SECTION COMMITS A
30 MISDEMEANOR OF THE THIRD DEGREE.

1 SECTION 645-A. REBATES PROHIBITED.

2 (A) PROHIBITION.--NO INSURANCE PRODUCER SHALL, DIRECTLY OR
3 INDIRECTLY, OFFER, PROMISE, ALLOW, GIVE, SET OFF OR PAY A REBATE
4 OF, OR PART OF, A PREMIUM PAYABLE ON THE CONTRACT OF INSURANCE
5 OR ON THE INSURANCE PRODUCER'S COMMISSION, EARNINGS, PROFITS,
6 DIVIDENDS OR OTHER BENEFIT FOUNDED, ARISING, ACCRUING OR TO
7 ACCRUE THEREON, OR ANY SPECIAL ADVANTAGE IN DATE OF POLICY OR
8 AGE OF ISSUE, OR ANY PAID EMPLOYMENT OR CONTRACT FOR SERVICES OF
9 ANY KIND, OR ANY OTHER VALUABLE CONSIDERATION OR INDUCEMENT, TO
10 OR FOR INSURANCE ON A RISK IN THIS COMMONWEALTH WHICH IS NOT
11 SPECIFIED IN THE CONTRACT OF INSURANCE.

12 (B) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
13 A MISDEMEANOR OF THE THIRD DEGREE.

14 SECTION 646-A. INDUCEMENTS PROHIBITED.

15 (A) PROHIBITION.--NO INSURANCE PRODUCER SHALL, DIRECTLY OR
16 INDIRECTLY, OFFER, PROMISE, GIVE, OPTION, SELL OR PURCHASE ANY
17 STOCKS, BONDS, SECURITIES OR PROPERTY, OR ANY DIVIDENDS OR
18 PROFITS ACCRUING OR TO ACCRUE THEREON, OR OTHER THING OF VALUE
19 WHATSOEVER, AS AN INDUCEMENT TO PURCHASE A CONTRACT OF
20 INSURANCE. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PREVENT
21 THE TAKING OF A BONA FIDE OBLIGATION, WITH LEGAL INTEREST, IN
22 PAYMENT OF ANY PREMIUM. THIS SECTION SHALL NOT PROHIBIT PAYMENT
23 OR RECEIPT OF REFERRAL FEES IN ACCORDANCE WITH THIS ACT.

24 (B) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
25 A MISDEMEANOR OF THE THIRD DEGREE.

26 SECTION 647-A. MISREPRESENTATION OF TERMS OF POLICY AND FUTURE
27 DIVIDENDS BY INSURANCE PRODUCERS.

28 (A) PROHIBITION.--NO INSURANCE PRODUCER SHALL, DIRECTLY OR
29 INDIRECTLY:

30 (1) ISSUE, CIRCULATE, OR USE, OR CAUSE OR PERMIT TO BE

1 ISSUED, CIRCULATED OR USED A WRITTEN OR ORAL STATEMENT OR
2 CIRCULAR MISREPRESENTING THE TERMS OF A CONTRACT OF INSURANCE
3 ISSUED OR TO BE ISSUED BY THE INSURER.

4 (2) MAKE AN ESTIMATE WITH INTENT TO DECEIVE OF THE
5 FUTURE DIVIDENDS PAYABLE UNDER THE CONTRACT OF INSURANCE.

6 (B) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
7 A MISDEMEANOR OF THE THIRD DEGREE.

8 SECTION 648-A. MISREPRESENTATIONS TO AN INSURED OF ANOTHER
9 COMPANY.

10 (A) PROHIBITION.--NO INSURANCE PRODUCER SHALL, DIRECTLY OR
11 INDIRECTLY, MISREPRESENT OR MAKE AN INCOMPLETE COMPARISON OF
12 CONTRACTS OF INSURANCE FOR THE PURPOSE OF INDUCING AN INSURED OF
13 ANOTHER INSURER TO LAPSE, FORFEIT OR SURRENDER HIS CONTRACT OF
14 INSURANCE AND TO TAKE OUT A CONTRACT OF INSURANCE INSURING
15 AGAINST SIMILAR RISKS WITH THE LICENSEE OR SOLICITOR'S INSURER.

16 (B) PENALTY.--A PERSON THAT VIOLATES SUBSECTION (A) COMMITS
17 A MISDEMEANOR OF THE THIRD DEGREE.

18 SECTION 649-A. THE LICENSING OF FINANCIAL INSTITUTIONS AS
19 INSURERS.

20 NO FINANCIAL INSTITUTION SHALL APPLY TO BE LICENSED OR TO BE
21 ADMITTED AS AN INSURER EXCEPT TO UNDERWRITE TITLE INSURANCE.

22 SECTION 650-A. REQUIREMENTS ON INSURANCE PRODUCERS BY FINANCIAL
23 INSTITUTIONS.

24 NO FINANCIAL INSTITUTION MAY IMPOSE ANY UNREASONABLE
25 REQUIREMENT ON AN INSURANCE PRODUCER NOT ASSOCIATED WITH THAT
26 FINANCIAL INSTITUTION.

27 SECTION 651-A. CONDITIONAL FINANCIAL TRANSACTIONS.

28 NO FINANCIAL INSTITUTION OR ITS DIRECTORS, OFFICERS,
29 EMPLOYEES, AGENTS OR INSURANCE PRODUCERS MAY REQUIRE THE
30 PURCHASE OF INSURANCE FROM THE FINANCIAL INSTITUTION OR ITS

1 AFFILIATES OR FROM A DESIGNATED INSURER OR INSURANCE PRODUCER AS
2 A CONDITION OF A LOAN OR DEPOSIT TRANSACTION. A FINANCIAL
3 INSTITUTION OR ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR
4 INSURANCE PRODUCERS MAY NOT REJECT A REQUIRED CONTRACT OF
5 INSURANCE SOLELY BECAUSE THE CONTRACT WAS SOLD BY A PERSON THAT
6 IS NOT ASSOCIATED WITH THE FINANCIAL INSTITUTION.

7 DIVISION 2

8 REGULATED ACTIVITIES

9 SECTION 671-A. APPOINTMENTS.

10 (A) REPRESENTATIVE OF THE INSURER.--AN INSURANCE PRODUCER
11 SHALL NOT ACT ON BEHALF OF OR AS A REPRESENTATIVE OF THE INSURER
12 UNLESS THE INSURANCE PRODUCER IS APPOINTED BY THE INSURER. AN
13 INSURANCE PRODUCER NOT ACTING AS A REPRESENTATIVE OF AN INSURER
14 IS NOT REQUIRED TO BE APPOINTED.

15 (B) REPRESENTATIVE OF THE CONSUMER.--AN INSURANCE PRODUCER
16 ACTING ON BEHALF OF OR REPRESENTING AN INSURANCE CONSUMER SHALL
17 EXECUTE A WRITTEN AGREEMENT WITH THE INSURANCE CONSUMER PRIOR TO
18 REPRESENTING OR ACTING ON THEIR BEHALF THAT:

19 (1) DELINEATES THE SERVICES TO BE PROVIDED; AND

20 (2) PROVIDES FULL AND COMPLETE DISCLOSURE OF THE FEE TO
21 BE PAID TO THE INSURANCE PRODUCER BY THE INSURANCE CONSUMER.

22 (C) NOTIFICATION TO DEPARTMENT.--AN INSURER THAT APPOINTS AN
23 INSURANCE PRODUCER SHALL FILE WITH THE DEPARTMENT A NOTICE OF
24 APPOINTMENT. THE NOTICE SHALL STATE FOR WHICH COMPANIES WITHIN
25 THE INSURER'S HOLDING COMPANY SYSTEM OR GROUP THE APPOINTMENT IS
26 MADE. UPON RECEIPT OF THE NOTICE, THE DEPARTMENT SHALL VERIFY IF
27 THE INSURANCE PRODUCER IS ELIGIBLE FOR APPOINTMENT. IF THE
28 INSURANCE PRODUCER IS DETERMINED TO BE INELIGIBLE FOR
29 APPOINTMENT, THE DEPARTMENT SHALL NOTIFY THE INSURER OF THE
30 DETERMINATION.

1 (D) TERMINATION OF APPOINTMENT.--ONCE APPOINTED, AN
2 INSURANCE PRODUCER SHALL REMAIN APPOINTED BY AN INSURER UNTIL
3 SUCH TIME AS THE INSURER TERMINATES THE APPOINTMENT IN WRITING
4 TO THE INSURANCE PRODUCER OR UNTIL THE INSURANCE PRODUCER'S
5 LICENSE IS SUSPENDED, REVOKED OR OTHERWISE TERMINATED.

6 (E) APPOINTMENT FEE.--AN APPOINTMENT FEE OF \$12.50 WILL BE
7 BILLED ANNUALLY TO THE INSURER FOR EACH PRODUCER APPOINTED BY
8 THE INSURER DURING THE PRECEDING CALENDAR YEAR REGARDLESS OF THE
9 LENGTH OF TIME THE PRODUCER HELD THE APPOINTMENT WITH THE
10 INSURER. THE APPOINTMENT FEE MAY BE MODIFIED BY REGULATION. THE
11 FEE SHALL BE PAID IN FULL WITHIN 30 DAYS.

12 (F) REPORTING.--AN INSURER SHALL, UPON REQUEST, CERTIFY TO
13 THE DEPARTMENT THE NAMES OF ALL LICENSEES APPOINTED BY THE
14 INSURER.

15 SECTION 671.1-A. TERMINATION OF APPOINTMENTS.

16 (A) TERMINATION.--AN INSURER WHICH TERMINATES AN APPOINTMENT
17 PURSUANT TO SECTION 671-A(D) SHALL NOTIFY THE DEPARTMENT IN
18 WRITING ON A FORM APPROVED BY THE DEPARTMENT, OR THROUGH AN
19 ELECTRONIC PROCESS APPROVED BY THE DEPARTMENT, WITHIN 30 DAYS
20 FOLLOWING THE EFFECTIVE DATE OF THE TERMINATION.

21 (B) REASON FOR TERMINATION.--IF THE REASON FOR THE
22 TERMINATION WAS A VIOLATION OF THIS ACT OR IF THE INSURER HAD
23 KNOWLEDGE THAT THE LICENSEE WAS FOUND TO HAVE ENGAGED IN ANY
24 ACTIVITY PROHIBITED BY THIS ACT, THE INSURER SHALL INFORM THE
25 DEPARTMENT IN THE NOTIFICATION. UPON THE WRITTEN REQUEST OF THE
26 DEPARTMENT, THE INSURER SHALL PROVIDE ADDITIONAL INFORMATION,
27 DOCUMENTS, RECORDS OR OTHER DATA PERTAINING TO THE TERMINATION
28 OR ACTIVITY OF THE PRODUCER.

29 (C) ONGOING NOTIFICATION REQUIREMENT.--THE INSURER SHALL
30 PROMPTLY NOTIFY THE DEPARTMENT IF, UPON FURTHER REVIEW OR

1 INVESTIGATION, THE INSURER DISCOVERS ADDITIONAL INFORMATION THAT
2 WOULD HAVE BEEN REPORTABLE TO THE COMMISSIONER IN ACCORDANCE
3 WITH SUBSECTION (B) HAD THE INSURER KNOWN OF THE EXISTENCE OF
4 THE INFORMATION.

5 (D) COPY OF NOTIFICATION TO BE PROVIDED TO LICENSEE.--

6 (1) WITHIN 15 DAYS OF MAKING A NOTIFICATION REQUIRED BY
7 SUBSECTION (B) OR (C), AN INSURER SHALL MAIL A COPY OF THE
8 NOTIFICATION TO THE LICENSEE'S LAST KNOWN HOME ADDRESS BY
9 CERTIFIED MAIL, RETURN RECEIPT REQUESTED, POSTAGE PREPAID OR
10 BY OVERNIGHT DELIVERY USING A NATIONALLY RECOGNIZED CARRIER.

11 (2) WITHIN 30 DAYS OF RECEIVING NOTIFICATION PURSUANT TO
12 PARAGRAPH (1), A LICENSEE MAY FILE WRITTEN COMMENTS
13 CONCERNING THE SUBSTANCE OF THE NOTIFICATION WITH THE
14 DEPARTMENT. THE LICENSEE SHALL SIMULTANEOUSLY MAIL A COPY OF
15 THE COMMENTS TO THE INSURER BY CERTIFIED MAIL, RETURN RECEIPT
16 REQUESTED, POSTAGE PREPAID OR BY OVERNIGHT DELIVERY USING A
17 NATIONALLY RECOGNIZED CARRIER.

18 (E) REPORTS.--AN INSURER OR LICENSEE THAT FAILS TO REPORT AS
19 REQUIRED UNDER THE PROVISIONS OF THIS SECTION OR THAT IS FOUND
20 TO HAVE FALSELY REPORTED WITH MALICE BY A COURT OF COMPETENT
21 JURISDICTION MAY, AFTER NOTICE AND HEARING, HAVE ITS LICENSE OR
22 CERTIFICATE OF AUTHORITY SUSPENDED OR REVOKED AND MAY HAVE CIVIL
23 PENALTIES IMPOSED AGAINST THE INSURER OR LICENSEE IN AN AMOUNT
24 NOT TO EXCEED \$5,000 FOR EACH VIOLATION.

25 (F) IMMUNITIES.--

26 (1) IN THE ABSENCE OF ACTUAL MALICE, AN INSURER, THE
27 AUTHORIZED REPRESENTATIVE OF THE INSURER, A LICENSEE, THE
28 INSURANCE COMMISSIONER, OR AN ORGANIZATION OF WHICH THE
29 INSURANCE COMMISSIONER IS A MEMBER AND THAT COMPILES THE
30 INFORMATION AND MAKES IT AVAILABLE TO OTHER INSURANCE

1 COMMISSIONERS OR REGULATORY OR LAW ENFORCEMENT AGENCIES SHALL
2 NOT BE SUBJECT TO CIVIL LIABILITY, AND A CIVIL CAUSE OF
3 ACTION OF ANY NATURE SHALL NOT ARISE AGAINST THESE ENTITIES
4 OR THEIR RESPECTIVE AGENTS OR EMPLOYEES, AS A RESULT OF ANY
5 STATEMENT OR INFORMATION REQUIRED BY OR PROVIDED PURSUANT TO
6 THIS SECTION OR ANY INFORMATION RELATING TO ANY STATEMENT
7 THAT MAY BE REQUESTED IN WRITING BY THE INSURANCE
8 COMMISSIONER, FROM AN INSURER OR LICENSEE; OR A STATEMENT BY
9 A TERMINATING INSURER OR LICENSEE TO AN INSURER OR LICENSEE
10 LIMITED SOLELY AND EXCLUSIVELY TO WHETHER A TERMINATION UNDER
11 SUBSECTION (A) WAS REPORTED TO THE INSURANCE COMMISSIONER,
12 PROVIDED THAT THE PROPRIETY OF ANY TERMINATION UNDER
13 SUBSECTION (A) IS CERTIFIED IN WRITING BY AN OFFICER OR
14 AUTHORIZED REPRESENTATIVE OF THE INSURER OR PRODUCER
15 TERMINATING THE RELATIONSHIP.

16 (2) IN ANY ACTION BROUGHT AGAINST A PERSON THAT MAY HAVE
17 IMMUNITY UNDER PARAGRAPH (1) FOR MAKING ANY STATEMENT
18 REQUIRED BY THIS SECTION OR PROVIDING ANY INFORMATION
19 RELATING TO ANY STATEMENT THAT MAY BE REQUESTED BY THE
20 INSURANCE COMMISSIONER, THE PARTY BRINGING THE ACTION SHALL
21 PLEAD SPECIFICALLY IN ANY ALLEGATION THAT PARAGRAPH (1) DOES
22 NOT APPLY BECAUSE THE PERSON MAKING THE STATEMENT OR
23 PROVIDING THE INFORMATION DID SO WITH ACTUAL MALICE.

24 (3) PARAGRAPH (1) OR (2) SHALL NOT ABROGATE OR MODIFY
25 ANY EXISTING STATUTORY OR COMMON LAW PRIVILEGES OR
26 IMMUNITIES.

27 (G) PREEMPTION.--NOTHING IN THIS SECTION SHALL SUPERSEDE ANY
28 PROVISION OF THE ACT OF SEPTEMBER 22, 1978, (P.L.763, NO.143),
29 ENTITLED "AN ACT ESTABLISHING CERTAIN PROCEDURES RELATING TO THE
30 TERMINATION OF INSURANCE AGENCY CONTRACTS OR ACCOUNTS AND

1 PROVIDING PENALTIES."

2 SECTION 672-A. PAYMENT OF COMMISSIONS.

3 (A) LIMITATION.--AN INSURANCE ENTITY MAY PAY A COMMISSION,
4 BROKERAGE FEE, SERVICE FEE OR OTHER COMPENSATION TO A LICENSEE
5 FOR SELLING, SOLICITING OR NEGOTIATING A CONTRACT OF INSURANCE.
6 A LICENSEE MAY PAY A COMMISSION, BROKERAGE FEE, SERVICE FEE OR
7 OTHER COMPENSATION TO A LICENSEE FOR SELLING, SOLICITING OR
8 NEGOTIATING A CONTRACT OF INSURANCE. EXCEPT AS PROVIDED IN
9 SUBSECTION (B), AN INSURANCE ENTITY OR LICENSEE MAY NOT PAY A
10 COMMISSION, BROKERAGE FEE, SERVICE FEE OR OTHER COMPENSATION TO
11 A PERSON THAT IS NOT A LICENSEE FOR ACTIVITIES RELATED TO THE
12 SALE, SOLICITATION OR NEGOTIATION OF A CONTRACT OF INSURANCE.

13 (B) EXCEPTION.--AN INSURANCE ENTITY OR LICENSEE MAY PAY:

14 (1) A RENEWAL OR OTHER DEFERRED COMMISSION TO A PERSON
15 THAT IS NOT A LICENSEE FOR SELLING, SOLICITING OR NEGOTIATING
16 A CONTRACT OF INSURANCE IF THE PERSON WAS A LICENSEE AT THE
17 TIME OF THE SALE, SOLICITATION OR NEGOTIATION; OR

18 (2) A FEE TO A PERSON THAT IS NOT A LICENSEE FOR
19 REFERRING TO A LICENSEE PERSONS THAT ARE INTERESTED IN
20 PURCHASING INSURANCE IF THE REFERRING PERSON DOES NOT DISCUSS
21 SPECIFIC TERMS AND CONDITIONS OF A CONTRACT OF INSURANCE AND,
22 IN THE CASE OF REFERRALS FOR INSURANCE THAT IS PRIMARILY FOR
23 PERSONAL, FAMILY OR HOUSEHOLD USE, THE REFERRING PERSON
24 RECEIVES NO MORE THAN A ONE-TIME, NOMINAL FEE OF A FIXED
25 DOLLAR AMOUNT FOR EACH REFERRAL THAT DOES NOT DEPEND ON
26 WHETHER THE REFERRAL RESULTS IN A SALE.

27 AN INSURANCE ENTITY OR LICENSEE SHALL NOT PAY A COMMISSION OR
28 FEE TO A PERSON UNDER THIS SUBSECTION IF THE PERSON IS A
29 LICENSEE UNDER SUSPENSION OR A FORMER LICENSEE WHOSE INSURANCE
30 PRODUCER LICENSE WAS REVOKED.

1 SECTION 673-A. RECEIPT OF COMMISSIONS.

2 (A) LIMITATION.--A LICENSEE MAY ACCEPT A COMMISSION,
3 BROKERAGE FEE, SERVICE FEE OR OTHER COMPENSATION FROM AN
4 INSURANCE ENTITY OR LICENSEE FOR SELLING, SOLICITING OR
5 NEGOTIATING A CONTRACT OF INSURANCE. EXCEPT AS PROVIDED IN
6 SUBSECTION (B), A PERSON MAY NOT ACCEPT A COMMISSION, BROKERAGE
7 FEE, SERVICE FEE OR OTHER COMPENSATION FROM AN INSURANCE ENTITY
8 OR LICENSEE IF THE PERSON IS NOT A LICENSEE AND THE COMPENSATION
9 IS FOR ACTIVITIES RELATED TO THE SALE, SOLICITATION OR
10 NEGOTIATION OF A CONTRACT OF INSURANCE.

11 (B) EXCEPTION.--A PERSON MAY ACCEPT:

12 (1) A RENEWAL OR OTHER DEFERRED COMMISSION FOR SELLING,
13 SOLICITING OR NEGOTIATING A CONTRACT OF INSURANCE IF THE
14 PERSON WAS A LICENSEE AT THE TIME OF THE SALE, SOLICITATION
15 OR NEGOTIATION; OR

16 (2) A FEE FOR REFERRING PERSONS TO A LICENSEE THAT ARE
17 INTERESTED IN PURCHASING INSURANCE PROVIDED THEY DO NOT
18 DISCUSS SPECIFIC TERMS AND CONDITIONS OF A CONTRACT OF
19 INSURANCE AND, IN THE CASE OF REFERRALS FOR INSURANCE THAT IS
20 PRIMARILY FOR PERSONAL, FAMILY OR HOUSEHOLD USE, THEY RECEIVE
21 NO MORE THAN A ONE-TIME, NOMINAL FEE OF A FIXED DOLLAR AMOUNT
22 FOR EACH REFERRAL THAT DOES NOT DEPEND ON WHETHER THE
23 REFERRAL RESULTS IN A SALE.

24 A PERSON MAY NOT ACCEPT A COMMISSION OR FEE UNDER THIS
25 SUBSECTION IF THE PERSON IS A LICENSEE UNDER SUSPENSION OR A
26 FORMER LICENSEE WHOSE INSURANCE PRODUCER LICENSE WAS REVOKED.

27 SECTION 674-A. IMPOSITION OF ADDITIONAL FEES.

28 (A) GENERAL RULE.--A LICENSEE MAY CHARGE A FEE IN ADDITION
29 TO A COMMISSION TO A PERSON FOR THE SALE, SOLICITATION OR
30 NEGOTIATION OF A CONTRACT OF INSURANCE FOR COMMERCIAL BUSINESS.

1 THE FEE CHARGED BY THE LICENSEE SHALL BE DISCLOSED IN ADVANCE IN
2 WRITING TO THE PERSON AND SHALL BE REASONABLE IN RELATIONSHIP TO
3 THE SERVICES PROVIDED.

4 (B) APPLICATION FEE.--NOTWITHSTANDING OTHER PROVISIONS OF
5 THIS SECTION, NO INSURANCE PRODUCER SHALL CHARGE A FEE FOR THE
6 COMPLETION OF AN APPLICATION FOR A CONTRACT OF INSURANCE.
7 SECTION 675-A. CREDIT LIFE, CREDIT ACCIDENT AND HEALTH AND
8 CREDIT UNEMPLOYMENT INSURANCE.

9 (A) SALES RESTRICTIONS.--A PERSON THAT SELLS, SOLICITS OR
10 NEGOTIATES A CONTRACT OF CREDIT INSURANCE SHALL DO SO IN
11 ACCORDANCE WITH THE ACT OF SEPTEMBER 2, 1961 (P.L.1232, NO.540),
12 KNOWN AS THE MODEL ACT FOR THE REGULATION OF CREDIT LIFE
13 INSURANCE AND CREDIT ACCIDENT AND HEALTH INSURANCE, FOR ALL OF
14 THE FOLLOWING:

15 (1) CREDIT LIFE INSURANCE.

16 (2) CREDIT ACCIDENT AND HEALTH INSURANCE.

17 (3) CREDIT UNEMPLOYMENT INSURANCE.

18 IF THE INSURANCE IS SOLD IN CONNECTION WITH LOANS OR OTHER
19 CREDIT TRANSACTIONS, THE PROVISIONS OF THE MODEL ACT FOR THE
20 REGULATION OF CREDIT LIFE INSURANCE AND CREDIT ACCIDENT AND
21 HEALTH INSURANCE RELATING TO CREDIT LIFE AND CREDIT ACCIDENT AND
22 HEALTH INSURANCE ARE APPLICABLE TO CREDIT UNEMPLOYMENT
23 INSURANCE.

24 (B) ADDITIONAL RESTRICTIONS.--IN ADDITION TO THE
25 REQUIREMENTS OF SUBSECTION (A), THE SALE, SOLICITATION OR
26 NEGOTIATION OF CREDIT UNEMPLOYMENT INSURANCE SHALL BE SUBJECT TO
27 ALL OF THE FOLLOWING:

28 (1) THE TOTAL AMOUNT OF BENEFITS PAYABLE BY CREDIT
29 UNEMPLOYMENT INSURANCE IN THE EVENT OF UNEMPLOYMENT SHALL NOT
30 EXCEED THE AGGREGATE OF THE PERIODIC SCHEDULED UNPAID

1 INSTALLMENTS OF THE INDEBTEDNESS.

2 (2) THE AMOUNT OF EACH MONTHLY PAYMENT SHALL NOT EXCEED
3 THE ORIGINAL INDEBTEDNESS DIVIDED BY THE NUMBER OF
4 INSTALLMENTS.

5 (3) THE LOSS RATIO FOR THE INSURANCE SHALL BE SET AND
6 REGULATED BY THE COMMISSIONER IN THE SAME MANNER AS THE LOSS
7 RATIO IS SET AND REGULATED FOR CREDIT LIFE AND CREDIT
8 ACCIDENT AND HEALTH INSURANCE.

9 (4) INVOLUNTARY UNEMPLOYMENT INSURANCE SOLD IN
10 CONNECTION WITH OPEN-END CREDIT SHALL PROVIDE MONTHLY
11 BENEFITS AT LEAST EQUAL TO THE INSURED'S MINIMUM MONTHLY
12 PAYMENT CALCULATED AT THE TIME OF UNEMPLOYMENT, SUBJECT TO A
13 MAXIMUM MONTHLY INDEMNITY CONTAINED IN THE CERTIFICATE OF
14 INSURANCE.

15 (5) BENEFITS ARE PAYABLE, AT A MINIMUM, UPON THE DEBTOR
16 MEETING THE ELIGIBILITY REQUIREMENTS FOR UNEMPLOYMENT
17 COMPENSATION.

18 (6) THE PERIOD DURING WHICH BENEFITS ARE PAYABLE IN THE
19 EVENT OF THE INSURED'S INVOLUNTARY UNEMPLOYMENT SHALL
20 CONTINUE AT LEAST UNTIL THE EARLIEST OF THE FOLLOWING:

21 (I) THE INSURED'S RETURN TO FULL-TIME WORK.

22 (II) SATISFACTION OF THE LOAN OR OTHER CREDIT
23 TRANSACTION.

24 (III) IN THE CASE OF OPEN-END CREDIT, PAYMENT OF 12
25 CONSECUTIVE MONTHLY INSTALLMENTS.

26 (7) THE INSURANCE SHALL NOT BE REQUIRED AS A CONDITION
27 OF THE EXTENSION OF CREDIT.

28 (8) IF A CREDITOR OFFERS THE INSURANCE TO ANY OF ITS
29 DEBTORS, IT MUST OFFER IT UNDER THE SAME TERMS AND CONDITIONS
30 TO ALL OF ITS LIKE DEBTORS AND UNDER THE SAME TERMS AND

1 CONDITIONS AS ALL OF ITS OFFICES OR LOCATIONS IN THIS
2 COMMONWEALTH.

3 SECTION 676-A. REQUIRED PURCHASES OF INSURANCE.

4 (A) DISCLOSURES.--IF A FINANCIAL INSTITUTION REQUIRES A
5 PERSON TO OBTAIN INSURANCE IN CONNECTION WITH A LOAN AND THE
6 INSURANCE IS AVAILABLE THROUGH THE FINANCIAL INSTITUTION, A
7 LICENSEE EMPLOYED BY OR AFFILIATED WITH THE FINANCIAL
8 INSTITUTION SHALL INFORM THE PERSON AT OR PRIOR TO THE TIME OF
9 APPLICATION THAT THE PURCHASE OF THE INSURANCE FROM THE
10 FINANCIAL INSTITUTION IS NOT A CONDITION OF THE LOAN AND WILL
11 NOT AFFECT CURRENT OR FUTURE CREDIT DECISIONS. THE LICENSEE MAY
12 INFORM THE PERSON THAT INSURANCE IS AVAILABLE FROM THE FINANCIAL
13 INSTITUTION.

14 (B) ACKNOWLEDGMENT.--IF THE PERSON PURCHASES THE INSURANCE
15 THROUGH THE FINANCIAL INSTITUTION, THE LICENSEE SHALL OBTAIN A
16 WRITTEN STATEMENT OR ACKNOWLEDGMENT FROM THE PERSON PRIOR TO THE
17 PURCHASE OF THE INSURANCE STATING THAT THE PERSON HAS BEEN
18 ADVISED THAT THE PURCHASE OF THE INSURANCE FROM THE FINANCIAL
19 INSTITUTION IS NOT A CONDITION OF RECEIVING THE LOAN AND WILL
20 NOT AFFECT CURRENT OR FUTURE CREDIT DECISIONS.

21 (C) REGULATIONS.--THE COMMISSIONER MAY PROMULGATE
22 REGULATIONS PROVIDING FOR ALTERNATIVE METHODS OF ACHIEVING THE
23 DISCLOSURES AND ACKNOWLEDGMENT REQUIRED BY THIS SECTION FOR
24 SITUATIONS WHICH DO NOT INVOLVE DIRECT CONTACT WITH THE CUSTOMER
25 AT THE TIME OF SOLICITATION OR APPLICATION.

26 SECTION 677-A. SALES ON OR FROM THE PREMISES OF A FINANCIAL
27 INSTITUTION.

28 (A) DISCLOSURES.--A LICENSEE EMPLOYED BY OR AFFILIATED WITH
29 A FINANCIAL INSTITUTION THAT SOLICITS THE SALE OF ANNUITIES OR
30 LIFE INSURANCE, EXCEPT CREDIT LIFE INSURANCE, ON OR FROM THE

1 PHYSICAL PREMISES OF THE FINANCIAL INSTITUTION SHALL PROVIDE A
2 PERSON APPLYING FOR A CONTRACT OF INSURANCE A WRITTEN DISCLOSURE
3 AT OR PRIOR TO THE TIME OF APPLICATION FOR THE INSURANCE OR
4 ANNUITY. THE DISCLOSURE SHALL INCLUDE A NOTICE OF ALL OF THE
5 FOLLOWING:

6 (1) THE INSURANCE OR ANNUITY IS NOT A DEPOSIT.

7 (2) THE INSURANCE OR ANNUITY IS NOT INSURED BY THE
8 FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY OR
9 INSTRUMENTALITY OF THE FEDERAL GOVERNMENT.

10 (3) THE INSURANCE OR ANNUITY IS NOT GUARANTEED BY THE
11 FINANCIAL INSTITUTION OR AN AFFILIATED INSURED DEPOSITORY
12 INSTITUTION.

13 (4) THE INSURANCE OR ANNUITY IS SUBJECT TO INVESTMENT
14 RISK, INCLUDING POTENTIAL LOSS OF PRINCIPAL, WHEN
15 APPROPRIATE.

16 (B) SETTING AND CIRCUMSTANCE.--SALES OF ANNUITIES OR
17 INSURANCE, EXCEPT CREDIT INSURANCE, BY A FINANCIAL INSTITUTION
18 OR BY A LICENSEE EMPLOYED BY OR AFFILIATED WITH THE FINANCIAL
19 INSTITUTION SHALL TAKE PLACE IN A LOCATION WHICH IS DISTINCT
20 FROM THE AREA WHERE DEPOSITS ARE TAKEN AND LOAN APPLICATIONS ARE
21 DISCUSSED AND ACCEPTED. SIGNS OR OTHER MEANS SHALL BE USED TO
22 DISTINGUISH THE INSURANCE OR ANNUITIES SALES AREA FROM THE
23 DEPOSIT TAKING AND LENDING AREAS. THE COMMISSIONER SHALL EXEMPT
24 A FINANCIAL INSTITUTION FROM THE REQUIREMENTS OF THIS SECTION IF
25 THE NUMBER OF STAFF OR SIZE OF THE FACILITY PREVENTS COMPLIANCE.

26 (C) EXCEPTIONS.--COMPLIANCE BY A FINANCIAL INSTITUTION WITH
27 THE DISCLOSURE AND THE SETTING AND CIRCUMSTANCES REQUIREMENTS
28 SET FORTH IN THE "INTERAGENCY STATEMENT ON RETAIL SALES OF
29 NONDEPOSIT INVESTMENT PRODUCTS" ISSUED FEBRUARY 15, 1994, BY THE
30 BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, THE FEDERAL

1 DEPOSIT INSURANCE CORPORATION, THE OFFICE OF THE COMPTROLLER OF
2 THE CURRENCY AND THE OFFICE OF THRIFT SUPERVISION SHALL SATISFY
3 THE REQUIREMENTS OF THIS SECTION.

4 SECTION 677.1-A. CUSTOMER PRIVACY.

5 (A) GENERAL RULE.--NO FINANCIAL INSTITUTION SHALL USE OR
6 SHARE WITH A THIRD PARTY ANY INSURANCE COVERAGE INFORMATION
7 OBTAINED IN MAKING A LOAN TO A CURRENT CUSTOMER FOR THE PURPOSE
8 OF SELLING OR SOLICITING THE PURCHASE OF INSURANCE OR ANNUITIES
9 UNLESS THE REQUIREMENTS OF THIS SECTION ARE MET.

10 (B) NOTICE.--THE FOLLOWING NOTICE TO A LOAN CUSTOMER SHALL
11 BE SET FORTH IN STANDARD OR LARGER TYPE:

12 USE OF INSURANCE INFORMATION RELATING

13 TO YOUR LOAN

14 AS A CURRENT LOAN CUSTOMER, WE MAY HAVE INSURANCE
15 COVERAGE INFORMATION THAT WAS OBTAINED AS PART OF YOUR
16 LOAN PROCESS. UNDER PENNSYLVANIA LAW, YOU HAVE THE RIGHT
17 TO DIRECT THAT WE NOT USE OR SHARE THIS INFORMATION IN
18 THE MARKETING OF INSURANCE OR ANNUITIES. TO EXERCISE THIS
19 RIGHT, YOU MUST SIGN AND RETURN THIS FORM WITHIN THIRTY
20 (30) DAYS. IF YOU DO NOT SIGN AND RETURN THIS FORM TO US,
21 WE MAY USE OR SHARE THIS INFORMATION IN THE MARKETING OF
22 INSURANCE OR ANNUITIES.

23

24 (SIGNATURE)

25 (C) MAILING.--THE NOTICE PRESCRIBED IN SUBSECTION (B) SHALL
26 BE SENT BY FIRST CLASS MAIL AND MAY BE INCLUDED IN A
27 SOLICITATION FOR THE PURCHASE OF INSURANCE OR ANNUITIES. THIS
28 NOTICE SHALL BE ADDRESSED TO THE INDIVIDUAL CUSTOMER AND SHALL
29 INCLUDE A POSTAGE PREPAID RESPONSE MECHANISM.

30 (D) CONSENT.--FOR THE PURPOSE OF COMPLYING WITH SUBSECTION

1 (A), A FINANCIAL INSTITUTION MAY DIRECTLY OBTAIN WRITTEN CONSENT
2 FOR THE USE OF CUSTOMER INFORMATION FROM A CURRENT OR
3 PROSPECTIVE LOAN CUSTOMER. THE FOLLOWING NOTICE, SET FORTH IN
4 STANDARD OR LARGER TYPE, SHALL BE USED FOR THIS PURPOSE:

5 USE OF INSURANCE INFORMATION RELATING
6 TO YOUR LOAN

7 THE BORROWER HEREBY CONSENTS TO THE USE OR SHARING OF ANY
8 INSURANCE COVERAGE INFORMATION OBTAINED AS PART OF THE
9 LOAN PROCESS IN THE MARKETING OF INSURANCE OR ANNUITIES.

10 _____
11 _____ (SIGNATURE)

12 SECTION 678-A. LICENSEE REPORTING OF MISCONDUCT.

13 (A) MISCONDUCT REPORTING.--A LICENSEE SHALL REPORT TO THE
14 DEPARTMENT ANY ADMINISTRATIVE ACTION TAKEN AGAINST THE LICENSEE
15 IN ANOTHER JURISDICTION OR BY ANOTHER GOVERNMENTAL AGENCY IN
16 THIS COMMONWEALTH WITHIN 30 DAYS OF THE FINAL DISPOSITION OF THE
17 MATTER. THIS REPORT SHALL INCLUDE A COPY OF THE ORDER, CONSENT
18 ORDER OR OTHER RELEVANT LEGAL DOCUMENTS.

19 (B) CRIMINAL CONDUCT REPORTING.--WITHIN 30 DAYS OF BEING
20 CHARGED WITH CRIMINAL CONDUCT, A LICENSEE SHALL REPORT THE
21 CHARGES TO THE DEPARTMENT. THE LICENSEE SHALL PROVIDE THE
22 DEPARTMENT WITH ALL OF THE FOLLOWING WITHIN 30 DAYS OF THEIR
23 AVAILABILITY TO THE LICENSEE:

24 (1) A COPY OF THE CRIMINAL COMPLAINT, INFORMATION OR
25 INDICTMENT.

26 (2) A COPY OF THE ORDER RESULTING FROM A PRETRIAL
27 HEARING, IF ANY.

28 (3) A REPORT OF THE FINAL DISPOSITION OF THE CHARGES.

29 SECTION 679-A. CONFIDENTIALITY.

30 (A) GENERAL RULE.--ANY DOCUMENTS, MATERIALS OR OTHER

1 INFORMATION IN THE CONTROL OR POSSESSION OF THE DEPARTMENT WHICH
2 IS FURNISHED BY AN INSURER OR LICENSEE UNDER SECTION 671.1-A OR
3 WHICH IS OBTAINED BY THE DEPARTMENT IN AN INVESTIGATION PURSUANT
4 TO THIS ACT SHALL BE CONFIDENTIAL BY LAW AND PRIVILEGED, SHALL
5 NOT BE SUBJECT TO THE ACT OF JUNE 21, 1957, (P.L.390, NO.212),
6 REFERRED TO AS THE RIGHT-TO-KNOW LAW, SHALL NOT BE SUBJECT TO
7 SUBPOENA, AND SHALL NOT BE SUBJECT TO DISCOVERY OR ADMISSIBLE IN
8 EVIDENCE IN ANY PRIVATE CIVIL ACTION. HOWEVER, THE DEPARTMENT IS
9 AUTHORIZED TO USE THE DOCUMENTS, MATERIALS OR OTHER INFORMATION
10 IN THE FURTHERANCE OF ANY REGULATORY OR LEGAL ACTION BROUGHT AS
11 A PART OF THE DEPARTMENT'S DUTIES.

12 (B) TESTIMONY PROHIBITED.--NEITHER THE DEPARTMENT NOR ANY
13 PERSON WHO RECEIVED DOCUMENTS, MATERIALS OR OTHER INFORMATION
14 WHILE ACTING UNDER THE AUTHORITY OF THE DEPARTMENT SHALL BE
15 PERMITTED OR REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION
16 CONCERNING ANY CONFIDENTIAL DOCUMENTS, MATERIALS, OR INFORMATION
17 SUBJECT TO SUBSECTION (A).

18 (C) INFORMATION SHARING.--IN ORDER TO ASSIST IN THE
19 PERFORMANCE OF THE DEPARTMENT'S DUTIES UNDER THIS ARTICLE THE
20 DEPARTMENT MAY SHARE AND RECEIVE CONFIDENTIAL INFORMATION IN
21 ACCORDANCE WITH SECTION 202-A.

22 (D) EFFECT OF SHARING.--NO WAIVER OF ANY APPLICABLE
23 PRIVILEGE OR CLAIM OF CONFIDENTIALITY IN THE DOCUMENTS,
24 MATERIALS OR INFORMATION SHALL OCCUR AS A RESULT OF DISCLOSURE
25 TO THE DEPARTMENT UNDER SECTION 671.1-A OR AS A RESULT OF
26 SHARING AS AUTHORIZED IN SUBSECTION (C).

27 (E) EXCEPTION.--NOTHING IN THIS ARTICLE SHALL PROHIBIT THE
28 DEPARTMENT FROM RELEASING FINAL, ADJUDICATED ACTIONS THAT ARE
29 OPEN TO PUBLIC INSPECTION PURSUANT TO THE RIGHT-TO-KNOW LAW TO A
30 DATA BASE OR OTHER CLEARINGHOUSE SERVICE MAINTAINED BY THE NAIC,

1 ITS AFFILIATES OR SUBSIDIARIES.

2 DIVISION 3

3 ENFORCEMENT

4 SECTION 691-A. ENFORCEMENT BY DEPARTMENT.

5 (A) NOTICE.--UPON EVIDENCE OF A VIOLATION OF THIS ACT, THE
6 DEPARTMENT SHALL NOTIFY THE PERSON OF THE ALLEGED VIOLATION. THE
7 NOTICE SHALL SPECIFY THE NATURE OF THE ALLEGED VIOLATION AND FIX
8 A TIME AND PLACE, AT LEAST TEN DAYS THEREAFTER, WHEN A HEARING
9 ON THE MATTER SHALL BE HELD.

10 (B) HEARING.--THE DEPARTMENT SHALL CONDUCT THE HEARING ON
11 THE VIOLATION IN ACCORDANCE WITH 2 PA.C.S. CH. 5 SUBCH. A
12 (RELATING TO PRACTICE AND PROCEDURE OF COMMONWEALTH AGENCIES).

13 (C) EVIDENCE.--NO PERSON SHALL BE EXCUSED FROM TESTIFYING OR
14 FROM PRODUCING ANY BOOKS, PAPERS, CONTRACTS, AGREEMENTS OR
15 DOCUMENTS AT ANY HEARING HELD BY THE COMMISSIONER ON THE GROUND
16 THAT THE TESTIMONY OR EVIDENCE MAY TEND TO INCRIMINATE THAT
17 PERSON.

18 (D) PENALTIES.--AFTER THE HEARING OR UPON FAILURE OF THE
19 PERSON TO APPEAR AT THE HEARING, IF A VIOLATION OF THIS ACT IS
20 FOUND, THE COMMISSIONER MAY, IN ADDITION TO ANY PENALTY WHICH
21 MAY BE IMPOSED BY A COURT, IMPOSE ANY COMBINATION OF THE
22 FOLLOWING DEEMED APPROPRIATE:

23 (1) DENIAL, SUSPENSION, REFUSAL TO RENEW OR REVOCATION
24 OF THE LICENSE, IF ANY, OF THE PERSON.

25 (2) A CIVIL PENALTY NOT TO EXCEED \$5,000 FOR EACH ACTION
26 IN VIOLATION OF THIS ACT.

27 (3) AN ORDER TO CEASE AND DESIST.

28 (4) ANY OTHER CONDITIONS AS THE COMMISSIONER DEEMS
29 APPROPRIATE.

30 SECTION 692-A. INJUNCTIONS.

1 THE COMMISSIONER MAY MAINTAIN AN ACTION FOR AN INJUNCTION OR
2 OTHER PROCESS AGAINST ANY PERSON TO RESTRAIN AND PREVENT THE
3 PERSON FROM ENGAGING IN ANY ACTIVITY VIOLATING THIS ACT OR
4 REGULATIONS PROMULGATED UNDER THIS ACT.

5 SECTION 693-A. APPEALS.

6 THE PERSON AGGRIEVED BY A DECISION OF THE COMMISSIONER THAT
7 HAS A DIRECT INTEREST IN THE DECISION MAY APPEAL THE DECISION OF
8 THE COMMISSIONER IN ACCORDANCE WITH 2 PA.C.S. CH. 7 SUBCH. A
9 (RELATING TO JUDICIAL REVIEW OF COMMONWEALTH AGENCY ACTION).

10 DIVISION 4

11 MISCELLANEOUS

12 SECTION 695-A. PERSONAL LIABILITY OF AN INSURANCE PRODUCER FOR
13 AN UNAUTHORIZED ENTITY.

14 AN INSURANCE PRODUCER SHALL BE PERSONALLY LIABLE ON ALL
15 CONTRACTS OF INSURANCE OR SURETYSHIP UNLAWFULLY MADE BY OR
16 THROUGH THE PRODUCER, DIRECTLY OR INDIRECTLY, FOR OR ON BEHALF
17 OF ANY INSURANCE ENTITY WHICH IS NOT AUTHORIZED TO DO BUSINESS
18 IN THIS COMMONWEALTH.

19 SECTION 696-A. FIDUCIARY CAPACITY OF AN INSURANCE PRODUCER.

20 AN INSURANCE PRODUCER SHALL BE RESPONSIBLE IN A FIDUCIARY
21 CAPACITY FOR ALL FUNDS RECEIVED OR COLLECTED AS AN INSURANCE
22 PRODUCER AND SHALL NOT, WITHOUT THE EXPRESS CONSENT OF THE
23 INSURANCE ENTITY ON WHOSE BEHALF THE FUNDS WERE RECEIVED, MINGLE
24 THE FUNDS WITH THE PRODUCER'S OWN FUNDS OR WITH FUNDS HELD BY
25 THE INSURANCE PRODUCER IN ANY OTHER CAPACITY. NOTHING IN THIS
26 ARTICLE SHALL BE DEEMED TO REQUIRE AN INSURANCE PRODUCER TO
27 MAINTAIN A SEPARATE BANK DEPOSIT FOR THE FUNDS OF EACH INSURANCE
28 ENTITY, IF AND AS LONG AS THE FUNDS OF EACH INSURANCE ENTITY ARE
29 REASONABLY ASCERTAINABLE FROM THE BOOKS OF ACCOUNT AND RECORDS
30 OF THE INSURANCE PRODUCER.

1 SECTION 697-A. FEDERAL PREEMPTION.

2 NOTWITHSTANDING ANY LAW OR REGULATION OF THIS COMMONWEALTH TO
3 THE CONTRARY, IN THE EVENT OF FEDERAL PREEMPTION OF ANY OF THE
4 PROVISIONS OF THIS ACT OR ANY OTHER LAW OF THIS COMMONWEALTH
5 REGARDING THE SALE OF INSURANCE OR ANNUITIES BY FEDERALLY
6 CHARTERED FINANCIAL INSTITUTIONS, STATE-CHARTERED FINANCIAL
7 INSTITUTIONS SHALL NOT BE SUBJECT TO THOSE PROVISIONS OR LAWS
8 WHICH WERE THE SUBJECT OF THE FEDERAL PREEMPTION.

9 SECTION 698-A. REGULATIONS.

10 THE DEPARTMENT MAY PROMULGATE REGULATIONS NECESSARY FOR THE
11 ADMINISTRATION OF THIS ARTICLE. REGULATIONS PROMULGATED UNDER
12 ARTICLE VI WHICH ARE NOT CLEARLY INCONSISTENT WITH THE
13 PROVISIONS OF THIS ARTICLE SHALL REMAIN IN EFFECT UNTIL
14 REPLACED, REVISED OR AMENDED.

15 SUBARTICLE C

16 CONFLICTING PROVISIONS

17 SECTION 699.1-A. SCOPE.

18 (1) THE PROVISIONS OF THIS ARTICLE SHALL SUPERSEDE
19 CONFLICTING PROVISIONS FOUND ELSEWHERE IN THIS ACT.

20 (2) NOTHING IN THIS ACT SHALL SUPERSEDE ANY PROVISION OF
21 THE ACT OF DECEMBER 21, 1995 (P.L.714, NO.79), ENTITLED "AN
22 ACT AMENDING THE ACT OF MAY 17, 1921 (P.L.682, NO.284),
23 ENTITLED 'AN ACT RELATING TO INSURANCE; AMENDING, REVISING,
24 AND CONSOLIDATING THE LAW PROVIDING FOR THE INCORPORATION OF
25 INSURANCE COMPANIES, AND THE REGULATION, SUPERVISION, AND
26 PROTECTION OF HOME AND FOREIGN INSURANCE COMPANIES, LLOYDS
27 ASSOCIATIONS, RECIPROCAL AND INTER-INSURANCE EXCHANGES, AND
28 FIRE INSURANCE RATING BUREAUS, AND THE REGULATION AND
29 SUPERVISION OF INSURANCE CARRIED BY SUCH COMPANIES,
30 ASSOCIATIONS, AND EXCHANGES, INCLUDING INSURANCE CARRIED BY

1 THE STATE WORKMEN'S INSURANCE FUND; PROVIDING PENALTIES; AND
2 REPEALING EXISTING LAWS,' FURTHER PROVIDING FOR FINANCIAL
3 REQUIREMENTS, FOR AGENTS, FOR PROHIBITION OF COMMISSIONS AND
4 OTHER CONSIDERATIONS, FOR RATE FILING, FOR MAKING OF RATES
5 AND FOR PENALTIES; FURTHER PROVIDING FOR THE OPERATION OF THE
6 PENNSYLVANIA PROPERTY AND CASUALTY INSURANCE GUARANTY
7 ASSOCIATION, FOR COVERED CLAIMS AND FOR LOANS TO COMPANIES;
8 PROVIDING FOR CONDITIONS WITH RESPECT TO ESCROW, CLOSING AND
9 SETTLEMENT SERVICES AND TITLE INDEMNIFICATION ACCOUNTS AND
10 FOR DIVISION OF FEES; PROVIDING FOR MUTUAL TO STOCK
11 CONVERSION AND FOR CONTRIBUTIONS TO SURPLUS; FURTHER
12 PROVIDING FOR INVESTMENT; PROVIDING FOR ADDITIONAL INVESTMENT
13 AUTHORITY FOR SUBSIDIARIES; AND MAKING REPEALS."

14 ARTICLE XI

15 INSURANCE FRAUD PREVENTION AUTHORITY

16 SUBARTICLE A

17 PRELIMINARY PROVISIONS

18 SECTION 1101. SCOPE.

19 THIS ARTICLE DEALS WITH INSURANCE FRAUD PREVENTION.

20 SECTION 1102. PURPOSE.

21 THE PURPOSE OF THIS ARTICLE IS TO ESTABLISH, COORDINATE AND
22 FUND ACTIVITIES IN THIS COMMONWEALTH TO PREVENT, COMBAT AND
23 REDUCE INSURANCE FRAUD, TO IMPROVE AND SUPPORT INSURANCE FRAUD
24 LAW ENFORCEMENT AND ADMINISTRATION AND TO IMPROVE AND SUPPORT
25 INSURANCE FRAUD PROSECUTION.

26 SECTION 1103. DEFINITIONS.

27 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
28 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
29 CONTEXT CLEARLY INDICATES OTHERWISE:

30 "AUTHORITY." THE INSURANCE FRAUD PREVENTION AUTHORITY

1 ESTABLISHED IN SECTION 1121.

2 "BOARD." THE BOARD OF DIRECTORS OF THE INSURANCE FRAUD
3 PREVENTION AUTHORITY.

4 "FUND." THE INSURANCE FRAUD PREVENTION TRUST FUND
5 ESTABLISHED IN SECTION 1123.

6 "INSURANCE FRAUD." ANY ACTIVITY DEFINED AS AN OFFENSE UNDER
7 18 PA.C.S. § 4117 (RELATING TO INSURANCE FRAUD).

8 "SECTION OF INSURANCE FRAUD" OR "SECTION." THE SECTION OF
9 INSURANCE FRAUD IN THE OFFICE OF ATTORNEY GENERAL.

10 SUBARTICLE B

11 INSURANCE FRAUD PREVENTION AUTHORITY
12 SECTION 1121. ESTABLISHMENT OF AUTHORITY.

13 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A BODY
14 CORPORATE AND POLITIC TO BE KNOWN AS THE INSURANCE FRAUD
15 PREVENTION AUTHORITY. THE PURPOSES, POWERS AND DUTIES OF THE
16 AUTHORITY SHALL BE VESTED IN AND EXERCISED BY A BOARD OF
17 DIRECTORS.

18 (B) COMPOSITION.--THE BOARD OF THE AUTHORITY SHALL CONSIST
19 OF SEVEN MEMBERS, COMPOSED AND APPOINTED IN ACCORDANCE WITH THE
20 FOLLOWING:

21 (1) THE ATTORNEY GENERAL OR HIS DESIGNEE.

22 (2) A REPRESENTATIVE OF THE PHILADELPHIA FEDERAL
23 INSURANCE FRAUD TASK FORCE.

24 (3) FOUR REPRESENTATIVES OF INSURERS, ONE OF WHOM SHALL
25 BE APPOINTED BY THE PRESIDENT PRO TEMPORE OF THE SENATE, ONE
26 OF WHOM SHALL BE APPOINTED BY THE MINORITY LEADER OF THE
27 SENATE, ONE OF WHOM SHALL BE APPOINTED BY THE SPEAKER OF THE
28 HOUSE OF REPRESENTATIVES AND ONE OF WHOM SHALL BE APPOINTED
29 BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES. EACH
30 OF THE FOUR MEMBERS SHALL BE, RESPECTIVELY, A REPRESENTATIVE

1 OF AN INSURER WRITING WORKERS' COMPENSATION, ACCIDENT AND
2 HEALTH, AUTOMOBILE OR GENERAL COMMERCIAL LIABILITY INSURANCE
3 IN THIS COMMONWEALTH.

4 (4) ONE REPRESENTATIVE OF PURCHASERS OF INSURANCE IN
5 THIS COMMONWEALTH WHO IS NOT EMPLOYED BY OR CONNECTED WITH
6 THE BUSINESS OF INSURANCE AND IS APPOINTED BY THE GOVERNOR.

7 (C) TERMS.--WITH THE EXCEPTION OF THE ATTORNEY GENERAL AND
8 THE REPRESENTATIVE OF THE PHILADELPHIA FEDERAL INSURANCE FRAUD
9 TASK FORCE, MEMBERS OF THE BOARD SHALL SERVE FOR TERMS OF FOUR
10 YEARS.

11 (D) COMPENSATION.--MEMBERS OF THE BOARD SHALL SERVE WITHOUT
12 COMPENSATION BUT SHALL RECEIVE REIMBURSEMENT FOR ALL REASONABLE
13 AND NECESSARY EXPENSES INCURRED IN CONNECTION WITH THEIR DUTIES
14 IN ACCORDANCE WITH THE RULES OF THE EXECUTIVE BOARD.

15 (E) QUORUM.--A MAJORITY OF THE MEMBERS OF THE BOARD SHALL
16 CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS AT A MEETING
17 OR THE EXERCISE OF A POWER OR FUNCTION OF THE AUTHORITY.
18 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ACTION MAY BE TAKEN
19 BY THE BOARD AT A MEETING UPON A VOTE OF THE MAJORITY OF ITS
20 MEMBERS PRESENT IN PERSON OR THROUGH THE USE OF AMPLIFIED
21 TELEPHONIC EQUIPMENT IF AUTHORIZED BY THE BYLAWS OF THE BOARD.
22 THE BOARD SHALL MEET AT THE CALL OF THE CHAIRPERSON OR AS MAY BE
23 PROVIDED IN THE BYLAWS OF THE BOARD. THE BOARD SHALL MEET AT
24 LEAST QUARTERLY. MEETINGS OF THE BOARD MAY BE HELD ANYWHERE
25 WITHIN THIS COMMONWEALTH. THE BOARD SHALL ELECT ITS OWN
26 CHAIRPERSON.

27 SECTION 1122. POWERS AND DUTIES.

28 THE AUTHORITY SHALL HAVE THE POWERS NECESSARY AND CONVENIENT
29 TO CARRY OUT AND EFFECTUATE THE PURPOSES AND PROVISIONS OF THIS
30 ARTICLE AND THE PURPOSES OF THE AUTHORITY AND THE POWERS

1 DELEGATED BY OTHER LAWS, INCLUDING, BUT NOT LIMITED TO:

2 (1) EMPLOY ADMINISTRATIVE, PROFESSIONAL, CLERICAL AND
3 OTHER PERSONNEL AS MAY BE REQUIRED AND ORGANIZE THE STAFF AS
4 MAY BE APPROPRIATE TO EFFECTUATE THE PURPOSES OF THIS
5 ARTICLE.

6 (2) HAVE A SEAL AND ALTER THE SAME AT PLEASURE, HAVE
7 PERPETUAL SUCCESSION, MAKE, EXECUTE AND DELIVER CONTRACTS,
8 CONVEYANCES AND OTHER INSTRUMENTS NECESSARY OR CONVENIENT TO
9 THE EXERCISE OF ITS POWERS AND MAKE AND AMEND BYLAWS.

10 (3) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION
11 WITH ITS PROPERTY, ASSETS OR ACTIVITIES.

12 (4) APPLY FOR, SOLICIT, RECEIVE, ESTABLISH PRIORITIES
13 FOR, ALLOCATE, DISBURSE, CONTRACT FOR, ADMINISTER AND SPEND
14 FUNDS IN THE FUND AND OTHER FUNDS THAT ARE MADE AVAILABLE TO
15 THE AUTHORITY FROM ANY SOURCE CONSISTENT WITH THE PURPOSES OF
16 THIS ARTICLE.

17 (5) MAKE GRANTS TO AND PROVIDE FINANCIAL SUPPORT FOR THE
18 SECTION OF INSURANCE FRAUD, THE UNIT OF INSURANCE FRAUD IN
19 THE PHILADELPHIA DISTRICT ATTORNEY'S OFFICE, OTHER COUNTY
20 DISTRICT ATTORNEYS' OFFICES, OTHER GOVERNMENT AGENCIES,
21 COMMUNITY, CONSUMER AND BUSINESS ORGANIZATIONS CONSISTENT
22 WITH THE PURPOSES OF THIS ARTICLE AND CONSIDERING THE EXTENT
23 OF THE INSURANCE FRAUD PROBLEM IN EACH COUNTY OF THIS
24 COMMONWEALTH.

25 (6) ADVISE THE STATE TREASURER IN RELATION TO THE
26 INVESTMENT OF ANY MONEY HELD IN THE FUND AND ANY FUNDS HELD
27 IN RESERVE OR SINKING FUNDS AND ANY MONEY NOT REQUIRED FOR
28 IMMEDIATE USE OR DISBURSEMENT AND TO ADVISE THE STATE
29 TREASURER IN RELATION TO THE USE OF DEPOSITORIES FOR MONEYS
30 OF THE FUND.

1 (7) ASSESS THE SCOPE OF THE PROBLEM OF INSURANCE FRAUD,
2 INCLUDING AREAS OF THIS COMMONWEALTH WHERE THE PROBLEM IS
3 GREATEST, AND REVIEW STATE AND LOCAL CRIMINAL JUSTICE
4 POLICIES, PROGRAMS AND PLANS DEALING WITH INSURANCE FRAUD.

5 (8) DEVELOP AND SPONSOR THE IMPLEMENTATION OF STATEWIDE
6 PLANS, PROGRAMS AND STRATEGIES TO COMBAT INSURANCE FRAUD,
7 IMPROVE THE ADMINISTRATION OF THE INSURANCE FRAUD LAWS AND
8 PROVIDE A FORUM FOR IDENTIFICATION OF CRITICAL PROBLEMS FOR
9 THOSE PERSONS DEALING WITH INSURANCE FRAUD.

10 (9) COORDINATE THE DEVELOPMENT, ADOPTION AND
11 IMPLEMENTATION OF PLANS, PROGRAMS AND STRATEGIES RELATING TO
12 INTERAGENCY AND INTERGOVERNMENTAL COOPERATION WITH RESPECT TO
13 INSURANCE FRAUD LAW ENFORCEMENT.

14 (10) PROMULGATE RULES OR REGULATIONS RELATED TO THE
15 EXPENDITURE OF MONEYS HELD IN THE FUND IN ORDER TO ASSIST AND
16 SUPPORT THOSE AGENCIES, UNITS OF GOVERNMENT, COUNTY DISTRICT
17 ATTORNEYS' OFFICES AND OTHER ORGANIZATIONS CHARGED WITH THE
18 RESPONSIBILITY OF REDUCING INSURANCE FRAUD OR INTERESTED AND
19 INVOLVED IN ACHIEVING THIS GOAL.

20 (11) AUDIT AT ITS DISCRETION THE PLANS AND PROGRAMS THAT
21 IT HAS FUNDED IN WHOLE OR IN PART IN ORDER TO EVALUATE THE
22 EFFECTIVENESS OF THE PLANS AND PROGRAMS AND WITHDRAW FUNDING
23 SHOULD THE AUTHORITY DETERMINE THAT A PLAN OR PROGRAM IS
24 INEFFECTIVE OR IS NO LONGER IN NEED OF FURTHER FINANCIAL
25 SUPPORT FROM THE FUND.

26 (12) REPORT ANNUALLY ON OR BEFORE THE FIRST DAY OF APRIL
27 TO THE GOVERNOR AND THE GENERAL ASSEMBLY ON THE AUTHORITY'S
28 ACTIVITIES IN THE PRECEDING PERIOD OF OPERATION.

29 (13) MEET WITH THE SECTION OF INSURANCE FRAUD ON AT
30 LEAST A QUARTERLY BASIS IN ORDER TO ADVISE AND ASSIST IT IN

1 IMPLEMENTING ITS STATUTORY MANDATE.

2 (14) ADVISE THE GENERAL ASSEMBLY ON MATTERS RELATING TO
3 INSURANCE FRAUD AND RECOMMEND TO THE GENERAL ASSEMBLY, ON AN
4 ANNUAL BASIS, ANY CHANGES TO THE OPERATION OF THE SECTION OF
5 INSURANCE FRAUD. THE REPORT SHALL BE AVAILABLE FOR PUBLIC
6 INSPECTION.

7 (15) ESTABLISH EITHER ALONE OR IN COOPERATION WITH
8 AUTHORIZED INSURANCE COMPANIES AND LICENSED AGENTS AND
9 PRODUCERS A FUND TO REWARD PERSONS NOT CONNECTED WITH THE
10 INSURANCE INDUSTRY WHO PROVIDE INFORMATION OR FURNISH
11 EVIDENCE LEADING TO THE ARREST AND CONVICTION OF PERSONS
12 RESPONSIBLE FOR INSURANCE FRAUD.

13 (16) REQUIRE AS A CONDITION OF EVERY APPLICATION AND
14 REQUEST FOR FINANCIAL SUPPORT, INCLUDING EVERY APPLICATION
15 FOR ONGOING RENEWAL OF A MULTIYEAR GRANT UNDER SECTION
16 1123(F), THAT THE APPLICANT DESCRIBED BOTH THE NATURE OF AND
17 THE AMOUNT OF FUNDING FOR THE ACTIVITIES, IF ANY, DEVOTED TO
18 THE INVESTIGATION AND PROSECUTION OF INSURANCE FRAUD AT THE
19 TIME OF THE APPLICATION OR REQUEST.

20 (17) REQUIRE AS A CONDITION OF EVERY APPLICATION AND
21 REQUEST FOR FINANCIAL SUPPORT THAT EVERY RECIPIENT OF FUNDING
22 REPORT ANNUALLY WITHIN FOUR MONTHS OF THE CLOSE OF EACH
23 FUNDING CYCLE TO THE AUTHORITY ON THE USE OF THE FUNDS
24 OBTAINED FROM THE AUTHORITY DURING THE PREVIOUS YEAR,
25 INCLUDING A DESCRIPTION OF PROGRAMS IMPLEMENTED AND RESULTS
26 OBTAINED. THE AUTHORITY WILL INCLUDE THIS INFORMATION ON THE
27 USE OF FUNDS BY GRANTEEES IN ITS ANNUAL REPORT UNDER PARAGRAPH
28 (12) AND SEND A COPY SPECIFICALLY TO THE CHAIRMAN AND THE
29 MINORITY CHAIRMAN OF THE STANDING COMMITTEES OF THE SENATE
30 AND THE CHAIRMAN AND THE MINORITY CHAIRMAN OF THE STANDING

COMMITTEES OF THE HOUSE OF REPRESENTATIVES WITH JURISDICTION
OVER INSURANCE MATTERS.

SECTION 1123. INSURANCE FRAUD PREVENTION TRUST FUND.

(A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A SEPARATE
ACCOUNT IN THE STATE TREASURY TO BE KNOWN AS THE INSURANCE FRAUD
PREVENTION TRUST FUND. THIS FUND SHALL BE ADMINISTERED BY THE
STATE TREASURER WITH THE ADVICE OF THE AUTHORITY. ALL INTEREST
EARNED FROM THE INVESTMENT OR DEPOSIT OF MONEYS ACCUMULATED IN
THE FUND SHALL BE DEPOSITED IN THE FUND FOR THE SAME USE.

(B) FUNDS.--ALL MONEYS DEPOSITED INTO THE FUND SHALL BE HELD
IN TRUST AND SHALL NOT BE CONSIDERED GENERAL REVENUE OF THE
COMMONWEALTH BUT SHALL BE USED ONLY TO EFFECTUATE THE PURPOSES
OF THIS ARTICLE AS DETERMINED BY THE AUTHORITY AND SHALL BE
SUBJECT TO AUDIT BY THE AUDITOR GENERAL.

(C) ASSESSMENT.--

(1) ANNUALLY ON OR BEFORE THE FIRST DAY OF APRIL, EACH
INSURER ENGAGED IN THE WRITING OF THE INSURANCE COVERAGES
LISTED BELOW, AS A CONDITION OF ITS AUTHORIZATION TO TRANSACT
BUSINESS IN THIS COMMONWEALTH, SHALL PAY INTO THE FUND IN
TRUST AN AMOUNT EQUAL TO THE PRODUCT OBTAINED BY MULTIPLYING
\$8,000,000 BY A FRACTION, THE NUMERATOR OF WHICH IS THE
DIRECT PREMIUM COLLECTED FOR THOSE COVERAGES LISTED BELOW BY
THAT INSURER IN THIS COMMONWEALTH DURING THE PRECEDING
CALENDAR YEAR AND THE DENOMINATOR OF WHICH IS THE DIRECT
PREMIUM WRITTEN ON SUCH COVERAGES IN THIS COMMONWEALTH BY ALL
INSURERS IN THE SAME PERIOD.

(2) THE FOLLOWING COVERAGES, AS LISTED IN THE ANNUAL
STATISTICAL REPORT OF THE INSURANCE DEPARTMENT, SHALL BE
CONSIDERED IN DETERMINING ASSESSMENTS: ALL FIRE AND CASUALTY
DIRECT BUSINESS WRITTEN AND ACCIDENT AND HEALTH AND CREDIT

1 ACCIDENT AND HEALTH WRITTEN UNDER LIFE/ANNUITY/ACCIDENT AND
2 HEALTH DIRECT BUSINESS WRITTEN. ASSESSMENTS MADE UNDER THIS
3 SECTION SHALL NOT BE CONSIDERED BURDENS AND PROHIBITIONS
4 UNDER SECTION 212.

5 (3) ASSESSMENTS FOR HEALTH PLAN CORPORATIONS AND
6 PROFESSIONAL HEALTH SERVICES PLAN CORPORATIONS WHEN ADDED
7 TOGETHER SHALL NOT BE MORE THAN 10% OF THE TOTAL ASSESSMENT
8 AUTHORIZED BY THIS SUBSECTION. IF THE TOTAL ASSESSMENT FOR
9 THESE ORGANIZATIONS IS MORE THAN 10%, SUCH ORGANIZATIONS WILL
10 SHARE THE ASSESSMENT UP TO THE 10% LIMIT AMONG THEMSELVES IN
11 THE SAME PROPORTION AS THEY WOULD OTHERWISE HAVE SHARED THEIR
12 CALCULATED ASSESSMENT ABSENT THIS LIMIT. ANY DEFICIENCY IN
13 THE TOTAL ASSESSMENT CAUSED BY THE APPLICATION OF THIS LIMIT
14 WILL BE SHARED BY ALL OTHER ENTITIES BEING ASSESSED IN THE
15 SAME PROPORTIONS AS THEY ARE SHARING THE REST OF THE
16 ASSESSMENT.

17 (D) BASE AMOUNT.--IN SUCCEEDING YEARS THE AUTHORITY MAY VARY
18 THE BASE AMOUNT OF \$8,000,000, PROVIDED, HOWEVER, THAT ANY
19 INCREASE WHICH ON AN ANNUAL BASIS EXCEEDS THE INCREASE IN THE
20 CONSUMER PRICE INDEX FOR THIS COMMONWEALTH MUST BE APPROVED BY
21 THREE OF THE FOUR INSURANCE REPRESENTATIVES ON THE BOARD.

22 (E) EXPENDITURES.--MONEYS IN THE FUND MAY BE EXPENDED BY THE
23 AUTHORITY FOR THE FOLLOWING PURPOSES:

24 (1) EFFECTUATE THE POWERS, DUTIES AND RESPONSIBILITIES
25 OF THE AUTHORITY AS SET FORTH IN THIS ARTICLE.

26 (2) PAY THE COSTS OF ADMINISTRATION AND OPERATION OF THE
27 SECTION OF INSURANCE FRAUD AND THE UNIT FOR INSURANCE FRAUD
28 IN THE PHILADELPHIA DISTRICT ATTORNEY'S OFFICE.

29 (3) PROVIDE FINANCIAL SUPPORT TO LAW ENFORCEMENT,
30 CORRECTIONAL AGENCIES AND COUNTY DISTRICT ATTORNEYS' OFFICES

1 FOR PROGRAMS DESIGNED TO REDUCE INSURANCE FRAUD AND TO
2 IMPROVE THE ADMINISTRATION OF INSURANCE FRAUD LAWS.

3 (4) PROVIDE FINANCIAL SUPPORT FOR OTHER GOVERNMENTAL
4 AGENCIES, COMMUNITY, CONSUMER AND BUSINESS ORGANIZATIONS FOR
5 PROGRAMS DESIGNED TO REDUCE INSURANCE FRAUD AND TO IMPROVE
6 THE ADMINISTRATION OF INSURANCE FRAUD LAWS.

7 (5) PROVIDE FINANCIAL SUPPORT TO PROGRAMS DESIGNED TO
8 INFORM INSURANCE CONSUMERS ABOUT THE COSTS OF INSURANCE FRAUD
9 TO INDIVIDUALS AND TO SOCIETY AND TO SUGGEST METHODS FOR
10 PREVENTING INSURANCE FRAUD.

11 (6) PROVIDE FINANCIAL SUPPORT FOR REWARD PROGRAMS
12 LEADING TO THE ARREST AND CONVICTION OF PERSONS AND
13 ORGANIZATIONS ENGAGED IN INSURANCE FRAUD.

14 (7) PROVIDE FINANCIAL SUPPORT FOR OTHER PLANS, PROGRAMS
15 AND STRATEGIES CONSISTENT WITH THE PURPOSES OF THIS ARTICLE.

16 (F) MULTIYEAR GRANTS.--IN FUNDING THE SECTION OF INSURANCE
17 FRAUD, THE UNIT FOR INSURANCE FRAUD IN THE PHILADELPHIA DISTRICT
18 ATTORNEY'S OFFICE AND IN FUNDING GRANT REQUESTS, THE AUTHORITY
19 MAY CONSIDER AND APPROVE REQUESTS FOR MULTIYEAR GRANTS OF NOT
20 MORE THAN FOUR YEARS IN LENGTH, ALTHOUGH EXTENSIONS OF SUCH
21 MULTIYEAR COMMITMENTS MAY BE RENEWED FROM YEAR TO YEAR. NO
22 FUNDING REDUCTION UNDER SUBSECTION (D) CAN BE IMPOSED BY THE
23 AUTHORITY IN ANY GIVEN YEAR WHICH WOULD OPERATE TO REDUCE
24 FUNDING FOR ANY MULTIYEAR APPROVED PROGRAM FOR WHICH PERSONS
25 HAVE BEEN HIRED FOR FULL-TIME POSITIONS TO A FUNDING LEVEL WHERE
26 SUCH POSITIONS MUST BE TERMINATED, UNLESS THE ORGANIZATION
27 EMPLOYING SUCH PERSONS CERTIFIES EITHER THAT OTHER EQUIVALENT
28 POSITIONS ARE AVAILABLE OR THAT SUCH POSITIONS WITH THE
29 ANTIFRAUD PROGRAM CAN BE FUNDED FROM OTHER SOURCES.

30 (G) DISSOLUTION.--IN THE EVENT THAT THE TRUST FUND IS

1 DISCONTINUED OR THE AUTHORITY IS DISSOLVED BY OPERATION OF LAW,
2 ANY BALANCE REMAINING IN THE FUND, AFTER DEDUCTING
3 ADMINISTRATIVE COSTS FOR LIQUIDATION, SHALL BE RETURNED TO
4 INSURERS IN PROPORTION TO THEIR FINANCIAL CONTRIBUTIONS TO THE
5 FUND IN THE PRECEDING CALENDAR YEAR.

6 SECTION 1124. IMMUNITY.

7 IN THE ABSENCE OF MALICE, NO BOARD MEMBER AND NO EMPLOYEE OF
8 THE AUTHORITY SHALL BE SUBJECT TO ANY CIVIL OR CRIMINAL
9 LIABILITY FOR RECEIVING OR DISCLOSING INFORMATION RELATED TO
10 INSURANCE FRAUD OR THE ACTIVITIES OF THE AUTHORITY. IN THE
11 ABSENCE OF MALICE, PERSONS OR ORGANIZATIONS SHALL NOT BE SUBJECT
12 TO CIVIL OR CRIMINAL LIABILITY FOR PROVIDING INFORMATION
13 RELATING TO INSURANCE FRAUD TO THE AUTHORITY, ITS EMPLOYEES,
14 AGENTS OR DESIGNEES. THIS SECTION DOES NOT ABROGATE OR MODIFY IN
15 ANY WAY ANY COMMON LAW OR STATUTORY PRIVILEGE OR IMMUNITY
16 HERETOFORE ENJOYED BY ANY PERSON.

17 SUBARTICLE C

18 SECTION OF INSURANCE FRAUD

19 SECTION 1141. ESTABLISHMENT.

20 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED WITHIN THE
21 OFFICE OF ATTORNEY GENERAL, A SECTION OF INSURANCE FRAUD TO
22 INVESTIGATE AND PROSECUTE INSURANCE FRAUD IN ACCORDANCE WITH
23 JURISDICTIONAL MANDATES AS SPECIFIED BY THE ACT OF OCTOBER 15,
24 1980 (P.L.950, NO.164), KNOWN AS THE COMMONWEALTH ATTORNEYS ACT,
25 AND 18 PA.C.S. § 4117 (RELATING TO INSURANCE FRAUD).

26 (B) FUNDING.--ALL COSTS OF ADMINISTRATION AND OPERATION OF
27 THE SECTION SHALL BE BORNE BY THE FUND. ANY MONEYS OR OTHER
28 PROPERTY AWARDED TO THE SECTION AS COSTS OF INVESTIGATION OR AS
29 A FINE SHALL BE CREDITED TO THE FUND.

30 SECTION 1142. POWERS AND DUTIES.

1 THE SECTION SHALL HAVE THE POWERS NECESSARY AND CONVENIENT TO
2 CARRY OUT AND EFFECTUATE THE PURPOSES AND PROVISIONS OF THIS
3 ARTICLE AND THE POWERS DELEGATED BY OTHER LAWS, INCLUDING, BUT
4 NOT LIMITED TO, THE POWER:

5 (1) TO EMPLOY ADMINISTRATIVE, PROFESSIONAL, CLERICAL AND
6 OTHER PERSONNEL AS MAY BE REQUIRED AND ORGANIZE THE STAFF AS
7 MAY BE APPROPRIATE TO EFFECTUATE THE PURPOSES OF THIS
8 ARTICLE.

9 (2) TO INITIATE INQUIRIES AND CONDUCT INVESTIGATIONS
10 WHEN THE SECTION HAS REASON TO BELIEVE THAT INSURANCE FRAUD
11 MAY HAVE BEEN OR IS BEING COMMITTED.

12 (3) TO RESPOND TO NOTIFICATIONS OR COMPLAINTS OF
13 SUSPECTED INSURANCE FRAUD GENERATED BY STATE AND LOCAL
14 POLICE, OTHER LAW ENFORCEMENT AUTHORITIES, GOVERNMENTAL
15 UNITS, INCLUDING THE FEDERAL GOVERNMENT, AND THE GENERAL
16 PUBLIC.

17 (4) TO REVIEW NOTICES AND REPORTS OF INSURANCE FRAUD
18 SUBMITTED BY AUTHORIZED INSURERS, THEIR EMPLOYEES AND
19 LICENSED INSURANCE AGENTS OR PRODUCERS AND TO SELECT THOSE
20 INCIDENTS OF SUSPECTED FRAUD AS, IN ITS JUDGMENT, REQUIRE
21 FURTHER INVESTIGATION AND UNDERTAKE SUCH INVESTIGATION.

22 (5) TO CONDUCT INDEPENDENT EXAMINATION OF INSURANCE
23 FRAUD, CONDUCT STUDIES TO DETERMINE THE EXTENT OF INSURANCE
24 FRAUD, DECEIT OR INTENTIONAL MISREPRESENTATION OF ANY KIND IN
25 THE INSURANCE PROCESS AND PUBLISH INFORMATION AND REPORTS ON
26 SUCH EXAMINATIONS OR STUDIES.

27 (6) TO PROSECUTE BOTH ON ITS OWN AND IN CONJUNCTION WITH
28 OTHER SECTIONS AND DIVISIONS WITHIN THE OFFICE OF ATTORNEY
29 GENERAL ANY INCIDENTS OF INSURANCE FRAUD INVOLVING MORE THAN
30 ONE COUNTY OF THIS COMMONWEALTH OR INVOLVING ANY COUNTY OF

1 THIS COMMONWEALTH AND ANOTHER STATE DISCLOSED BY ITS
2 INVESTIGATIONS AND TO ASSEMBLE EVIDENCE, PREPARE CHARGES,
3 BRING CHARGES OR, UPON REQUEST OF ANY OTHER PROSECUTORIAL
4 AUTHORITY, OTHERWISE ASSIST THAT PROSECUTORY AUTHORITY HAVING
5 JURISDICTION OVER SUCH INCIDENTS.

6 (7) TO REPORT INCIDENTS OF INSURANCE FRAUD DISCLOSED BY
7 ITS INVESTIGATIONS TO ANY OTHER APPROPRIATE LAW ENFORCEMENT,
8 ADMINISTRATIVE, REGULATORY OR LICENSING AGENCY.

9 (8) TO PAY OVER ALL CIVIL AND CRIMINAL FINES AND
10 PENALTIES COLLECTED FOR VIOLATIONS AND ACTS SUBJECT TO
11 INVESTIGATION AND PROSECUTION INTO THE FUND.

12 (9) TO UNDERTAKE PROGRAMS TO INVESTIGATE INSURANCE FRAUD
13 AND TO MEET, AT LEAST ON A QUARTERLY BASIS, WITH THE
14 INSURANCE FRAUD PREVENTION AUTHORITY.

15 (10) TO EMPLOY INVESTIGATORS TRAINED IN ACCORDANCE WITH
16 THE ACT OF JUNE 18, 1974 (P.L.359, NO.120), REFERRED TO AS
17 THE MUNICIPAL POLICE EDUCATION AND TRAINING LAW. THE LAWS
18 APPLICABLE TO LAW ENFORCEMENT OFFICERS OF THIS COMMONWEALTH
19 SHALL BE APPLICABLE TO THE INVESTIGATORS. INVESTIGATORS OF
20 THE SECTION SHALL HAVE THE FOLLOWING ADDITIONAL POWERS:

21 (I) TO MAKE ARRESTS IN ACCORDANCE WITH EXISTING
22 JURISDICTIONAL RULES FOR CRIMINAL VIOLATIONS ESTABLISHED
23 AS A RESULT OF THEIR INVESTIGATIONS.

24 (II) TO EXECUTE ARREST AND SEARCH WARRANTS IN
25 ACCORDANCE WITH EXISTING JURISDICTIONAL RULES FOR THE
26 SAME CRIMINAL VIOLATIONS.

27 (11) TO DESIGNATE, IF EVIDENCE, DOCUMENTATION AND
28 RELATED MATERIALS SOUGHT ARE LOCATED OUTSIDE OF THIS
29 COMMONWEALTH, REPRESENTATIVES, INCLUDING OFFICIALS OF THE
30 STATE WHERE THE MATTER IS LOCATED, TO SECURE THE MATTER OR

1 INSPECT THE MATTER ON ITS BEHALF. THE PERSON SO REQUESTED
2 SHALL EITHER MAKE THE MATTER AVAILABLE TO THE SECTION OR
3 SHALL MAKE THE MATTER AVAILABLE FOR INSPECTION OR EXAMINATION
4 BY A DESIGNATED REPRESENTATIVE OF THE SECTION.

5 SECTION 1143. DOCUMENT CONFIDENTIALITY AND IMMUNITY FROM
6 SUBPOENA.

7 (A) GENERAL RULE.--PAPERS, RECORDS, DOCUMENTS, REPORTS,
8 MATERIALS OR OTHER EVIDENCE RELATIVE TO THE SUBJECT OF AN
9 INSURANCE FRAUD INVESTIGATION SHALL REMAIN CONFIDENTIAL AND
10 SHALL NOT BE SUBJECT TO PUBLIC INSPECTION FOR SO LONG AS THE
11 SECTION DEEMS IT REASONABLY NECESSARY TO COMPLETE ITS
12 INVESTIGATION OR FOR SO LONG AS THE SECTION DEEMS IT REASONABLY
13 NECESSARY TO PROTECT THE PRIVACY OF THE PERSON INVESTIGATED, TO
14 PROTECT THE PERSON FURNISHING THE MATTER OR TO BE IN PUBLIC
15 INTEREST.

16 (B) SUBPOENA.--

17 (1) PAPERS, RECORDS, DOCUMENTS, REPORTS, MATERIALS OR
18 OTHER EVIDENCE RELATIVE TO THE SUBJECT OF AN INSURANCE FRAUD
19 INVESTIGATION SHALL NOT BE SUBJECT TO SUBPOENA UNTIL OPENED
20 FOR PUBLIC INSPECTION BY THE SECTION UNLESS THE OFFICE OF
21 ATTORNEY GENERAL CONSENTS OR UNTIL, AFTER NOTICE TO THE
22 SECTION AND A HEARING, A COURT OF RECORD DETERMINES THAT THE
23 SECTION WILL NOT BE UNNECESSARILY HINDERED BY COMPLIANCE WITH
24 A SUBPOENA.

25 (2) INVESTIGATORS EMPLOYED BY THE SECTION SHALL NOT BE
26 SUBJECT TO SUBPOENA IN CIVIL ACTIONS BY ANY COURT IN THIS
27 COMMONWEALTH TO TESTIFY CONCERNING ANY MATTER OF WHICH THEY
28 HAVE KNOWLEDGE PURSUANT TO A PENDING OR CONTINUING INSURANCE
29 FRAUD INVESTIGATION BEING CONDUCTED BY THE SECTION UNLESS THE
30 OFFICE OF ATTORNEY GENERAL CONSENTS OR UNTIL, AFTER NOTICE TO

1 THE OFFICE OF ATTORNEY GENERAL AND A HEARING, A COURT OF
2 RECORD DETERMINES THAT THE INVESTIGATION WILL NOT BE HINDERED
3 BY THE APPEARANCE.

4 SECTION 1144. DUTIES OF INSURERS, EMPLOYEES, AGENTS AND
5 BROKERS.

6 EVERY INSURER, EVERY EMPLOYEE OF AN INSURER AND EVERY
7 LICENSED AGENT OR BROKER SHALL COOPERATE FULLY WITH THE SECTION.
8 WHERE AN INSURER, AGENT OR BROKER WHO BELIEVES THAT AN INSURANCE
9 FRAUD HAS BEEN OR IS BEING COMMITTED NOTIFIES THE SECTION, THE
10 NOTIFICATION SHALL TOLL ANY APPLICABLE TIME PERIOD IN THE ACT OF
11 JULY 22, 1974 (P.L.589, NO.205), KNOWN AS THE UNFAIR INSURANCE
12 PRACTICES ACT, OR ANY OTHER LAW OR REGULATION.

13 SECTION 1145. PERSONS NOT CONNECTED WITH INSURANCE INDUSTRY.

14 ANY PERSON HAVING KNOWLEDGE OF OR WHO BELIEVES THAT AN
15 INSURANCE FRAUD IS BEING OR HAS BEEN COMMITTED MAY SEND TO THE
16 SECTION A REPORT OR INFORMATION PERTINENT TO THE KNOWLEDGE AND
17 BELIEF.

18 SECTION 1146. REFUSAL TO COOPERATE WITH INVESTIGATION.

19 IT IS UNLAWFUL FOR ANY PERSON TO RESIST AN ARREST AUTHORIZED
20 BY THIS ARTICLE OR IN ANY MANNER TO INTERFERE EITHER BY ABETTING
21 OR ASSISTING SUCH RESISTANCE OR OTHERWISE INTERFERE WITH SECTION
22 INVESTIGATORS IN THE DUTIES IMPOSED UPON THEM BY THIS ARTICLE OR
23 BY ANY OTHER APPLICABLE LAW.

24 SECTION 1147. IMMUNITY.

25 (A) GENERAL RULE.--IN THE ABSENCE OF MALICE, PERSONS OR
26 ORGANIZATIONS PROVIDING INFORMATION TO OR OTHERWISE COOPERATING
27 WITH THE SECTION, ITS EMPLOYEES, AGENTS OR DESIGNEES, SHALL NOT
28 BE SUBJECT TO CIVIL OR CRIMINAL LIABILITY FOR SUPPLYING THE
29 INFORMATION.

30 (B) CIVIL AND CRIMINAL LIABILITY.--

1 (1) IN THE ABSENCE OF MALICE, PERSONS OR ORGANIZATIONS
2 SHALL NOT BE SUBJECT TO CIVIL OR CRIMINAL LIABILITY FOR
3 COMPLYING WITH AN ORDER ISSUED BY A COURT OF COMPETENT
4 JURISDICTION ACTING IN RESPONSE TO A REQUEST BY THE SECTION.

5 (2) IN THE ABSENCE OF MALICE, THE ATTORNEY GENERAL AND
6 ANY EMPLOYEE, AGENT OR DESIGNEE OF THE OFFICE OF ATTORNEY
7 GENERAL AND THE SECTION SHALL NOT BE SUBJECT TO CIVIL OR
8 CRIMINAL LIABILITY FOR THE EXECUTION OF OFFICIAL ACTIVITIES
9 OR DUTIES OF THE SECTION BY VIRTUE OF THE PUBLICATION OF ANY
10 REPORT OR BULLETIN RELATED TO THE OFFICIAL ACTIVITIES OR
11 DUTIES OF THE SECTION.

12 (C) CONSTRUCTION OF SECTION.--THIS SECTION DOES NOT ABROGATE
13 OR MODIFY IN ANY WAY ANY COMMON LAW OR STATUTORY PRIVILEGE OR
14 IMMUNITY HERETOFORE ENJOYED BY ANY PERSON.

15 SUBARTICLE D

16 MISCELLANEOUS PROVISIONS

17 SECTION 1161. OTHER LAW ENFORCEMENT AUTHORITY.

18 THIS ARTICLE SHALL NOT:

19 (1) PREEMPT THE AUTHORITY OF OR RELIEVE THE DUTY OF ANY
20 OTHER LAW ENFORCEMENT AGENCIES TO INVESTIGATE AND PROSECUTE
21 SUSPECTED VIOLATIONS OF LAW.

22 (2) PREVENT OR PROHIBIT A PERSON FROM VOLUNTARILY
23 DISCLOSING ANY INFORMATION CONCERNING INSURANCE FRAUD TO ANY
24 LAW ENFORCEMENT AGENCY OTHER THAN THE SECTION.

25 (3) LIMIT ANY OF THE POWERS GRANTED TO THE INSURANCE
26 COMMISSIONER TO INVESTIGATE POSSIBLE VIOLATIONS OF LAW AND TO
27 TAKE APPROPRIATE ACTION AGAINST WRONGDOERS.

28 SECTION 1162. SEVERABILITY.

29 IF ANY PROVISION OF THIS ARTICLE OR ITS APPLICATION THEREOF
30 TO ANY PERSON OR CIRCUMSTANCES IS HELD INVALID, THE INVALIDITY

1 DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS ARTICLE
2 WHICH CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR
3 APPLICATION, AND TO THIS END THE PROVISIONS OF THIS ARTICLE ARE
4 SEVERABLE.

5 ARTICLE XII

6 AUTOMOBILE THEFT PREVENTION AUTHORITY

7 SECTION 1201. SCOPE.

8 THIS ARTICLE DEALS WITH AUTOMOBILE THEFT PREVENTION.

9 SECTION 1202. PURPOSE.

10 THE PURPOSE OF THIS ARTICLE IS TO ESTABLISH, COORDINATE AND
11 FUND ACTIVITIES IN THIS COMMONWEALTH TO PREVENT, COMBAT AND
12 REDUCE AUTOMOBILE THEFT, TO IMPROVE AND SUPPORT AUTOMOBILE THEFT
13 LAW ENFORCEMENT AND ADMINISTRATION AND TO IMPROVE AND SUPPORT
14 AUTOMOBILE THEFT PROSECUTION.

15 SECTION 1203. DEFINITIONS.

16 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ARTICLE
17 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
18 CONTEXT CLEARLY INDICATES OTHERWISE:

19 "AUTHORITY." THE AUTOMOBILE THEFT PREVENTION AUTHORITY
20 ESTABLISHED UNDER THIS ARTICLE.

21 "AUTOMOBILE." A PRIVATE PASSENGER FOUR-WHEEL MOTOR VEHICLE,
22 EXCEPT RECREATIONAL VEHICLES NOT INTENDED FOR HIGHWAY USE, WHICH
23 IS INSURED.

24 "BOARD." THE BOARD OF DIRECTORS OF THE AUTOMOBILE THEFT
25 PREVENTION AUTHORITY.

26 "FUND." THE AUTOMOBILE THEFT PREVENTION TRUST FUND CREATED
27 UNDER SECTION 1206.

28 SECTION 1204. AUTOMOBILE THEFT PREVENTION AUTHORITY.

29 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A BODY
30 CORPORATE AND POLITIC TO BE KNOWN AS THE AUTOMOBILE THEFT

1 PREVENTION AUTHORITY. THE PURPOSES, POWERS AND DUTIES OF THE
2 AUTHORITY SHALL BE VESTED IN AND EXERCISED BY THE BOARD OF
3 DIRECTORS THEREOF AS PROVIDED FOR IN THIS ARTICLE.

4 (B) COMPOSITION.--THE BOARD OF THE AUTHORITY SHALL CONSIST
5 OF SEVEN MEMBERS COMPOSED AND APPOINTED IN ACCORDANCE WITH THE
6 FOLLOWING:

7 (1) THE ATTORNEY GENERAL OR HIS DESIGNEE.

8 (2) THREE REPRESENTATIVES OF INSURERS AUTHORIZED TO
9 WRITE AUTOMOBILE INSURANCE DOING BUSINESS IN THIS
10 COMMONWEALTH.

11 (3) THREE AT-LARGE MEMBERS WHO ARE NOT EMPLOYED BY THE
12 INSURANCE INDUSTRY.

13 (C) APPOINTMENT.--WITH THE EXCEPTION OF THE ATTORNEY
14 GENERAL, ALL BOARD MEMBERS SHALL BE APPOINTED BY THE GOVERNOR
15 FROM NAMES SUBMITTED TO THE GOVERNOR BY THE PENNSYLVANIA ANTI-
16 CAR THEFT COMMITTEE.

17 (D) TERMS.--WITH THE EXCEPTION OF THE ATTORNEY GENERAL,
18 MEMBERS OF THE BOARD SHALL SERVE FOR TERMS OF FOUR YEARS.

19 (E) COMPENSATION.--MEMBERS OF THE BOARD SHALL SERVE WITHOUT
20 COMPENSATION, EXCEPT THAT MEMBERS OF THE BOARD SHALL RECEIVE
21 REIMBURSEMENT FOR ALL REASONABLE EXPENSES INCURRED IN CONNECTION
22 WITH THEIR DUTIES, IN ACCORDANCE WITH THE RULES OF THE BOARD.

23 (F) QUORUM AND MEETINGS.--A MAJORITY OF THE MEMBERS OF THE
24 BOARD SHALL CONSTITUTE A QUORUM FOR THE TRANSACTION OF BUSINESS
25 AT A MEETING OR THE EXERCISE OF A POWER OR FUNCTION OF THE
26 AUTHORITY. NOTWITHSTANDING ANY OTHER PROVISION OF LAW, ACTION
27 MAY BE TAKEN BY THE BOARD AT A MEETING UPON A VOTE OF THE
28 MAJORITY OF ITS MEMBERS PRESENT IN PERSON OR THROUGH THE USE OF
29 AMPLIFIED TELEPHONIC EQUIPMENT, IF AUTHORIZED BY THE BYLAWS OF
30 THE BOARD AND PROVIDED A QUORUM IS PRESENT BY SUCH MEANS. THE

1 BOARD SHALL MEET AT THE CALL OF THE CHAIRPERSON OR AS MAY BE
2 PROVIDED IN THE BYLAWS OF THE BOARD. THE BOARD SHALL MEET AT
3 LEAST QUARTERLY. MEETINGS OF THE BOARD MAY BE HELD ANYWHERE
4 WITHIN THIS COMMONWEALTH. THE BOARD SHALL ELECT ITS OWN
5 CHAIRPERSON.

6 SECTION 1205. POWERS AND DUTIES.

7 THE AUTHORITY SHALL HAVE THE POWERS NECESSARY AND CONVENIENT
8 TO CARRY OUT AND EFFECTUATE THE PURPOSES AND PROVISIONS OF THIS
9 ARTICLE AND THE PURPOSES OF THE AUTHORITY AND THE POWERS
10 DELEGATED BY OTHER LAWS, INCLUDING, BUT NOT LIMITED TO, THE
11 POWER TO:

12 (1) EMPLOY ADMINISTRATIVE, PROFESSIONAL, CLERICAL AND
13 OTHER PERSONNEL AS MAY BE REQUIRED AND ORGANIZE THE STAFF AS
14 MAY BE APPROPRIATE TO EFFECTUATE THE PURPOSES OF THIS
15 ARTICLE.

16 (2) HAVE A SEAL AND ALTER THE SAME AT PLEASURE, HAVE
17 PERPETUAL SUCCESSION, MAKE, EXECUTE AND DELIVER CONTRACTS,
18 CONVEYANCES AND OTHER INSTRUMENTS NECESSARY OR CONVENIENT TO
19 THE EXERCISE OF ITS POWERS AND MAKE AND AMEND BYLAWS.

20 (3) PROCURE INSURANCE AGAINST ANY LOSS IN CONNECTION
21 WITH ITS PROPERTY, ASSETS OR ACTIVITIES.

22 (4) APPLY FOR, SOLICIT, RECEIVE, ESTABLISH PRIORITIES
23 FOR, ALLOCATE, DISBURSE, CONTRACT FOR, ADMINISTER AND SPEND
24 FUNDS IN THE FUND AND OTHER FUNDS THAT ARE MADE AVAILABLE TO
25 THE AUTHORITY FROM ANY SOURCE CONSISTENT WITH THE PURPOSES OF
26 THIS ARTICLE.

27 (5) MAKE GRANTS TO AND PROVIDE FINANCIAL SUPPORT FOR
28 GOVERNMENT AGENCIES, COMMUNITY, CONSUMER AND BUSINESS
29 ORGANIZATIONS CONSISTENT WITH THE PURPOSES OF THIS ARTICLE.

30 (6) INVEST ANY MONEY HELD IN THE FUND AND ANY FUNDS HELD

1 IN RESERVE OR SINKING FUNDS AND ANY MONEY NOT REQUIRED FOR
2 IMMEDIATE USE OR DISBURSEMENT AT ITS DISCRETION AND TO NAME
3 AND USE DEPOSITORIES FOR ITS MONEY.

4 (7) ASSESS THE SCOPE OF THE PROBLEM OF AUTOMOBILE THEFT,
5 INCLUDING IDENTIFICATION OF THOSE AREAS OF THIS COMMONWEALTH
6 WHERE THE PROBLEM IS GREATEST, AND REVIEW STATE AND LOCAL
7 CRIMINAL JUSTICE POLICIES, PROGRAMS AND PLANS DEALING WITH
8 AUTOMOBILE THEFT.

9 (8) DEVELOP AND SPONSOR THE IMPLEMENTATION OF STATEWIDE
10 PLANS, PROGRAMS AND STRATEGIES TO COMBAT AUTOMOBILE THEFT,
11 IMPROVE THE ADMINISTRATION OF THE AUTOMOBILE THEFT LAWS AND
12 PROVIDE A FORUM FOR IDENTIFICATION OF CRITICAL PROBLEMS FOR
13 THOSE PERSONS DEALING WITH AUTOMOBILE THEFT.

14 (9) COORDINATE THE DEVELOPMENT, ADOPTION AND
15 IMPLEMENTATION OF PLANS, PROGRAMS AND STRATEGIES RELATING TO
16 INTERAGENCY AND INTERGOVERNMENTAL COOPERATION WITH RESPECT TO
17 AUTOMOBILE THEFT LAW ENFORCEMENT.

18 (10) PROMULGATE RULES OR REGULATIONS RELATED TO THE
19 EXPENDITURE OF MONEYS HELD IN THE FUND IN ORDER TO ASSIST AND
20 SUPPORT THOSE AGENCIES, UNITS OF GOVERNMENT AND OTHER
21 ORGANIZATIONS CHARGED WITH THE RESPONSIBILITY OF REDUCING
22 AUTOMOBILE THEFT OR INTERESTED AND INVOLVED IN ACHIEVING THIS
23 GOAL.

24 (11) AUDIT AT ITS DISCRETION THE PLANS AND PROGRAMS THAT
25 IT HAS FUNDED IN WHOLE OR IN PART IN ORDER TO EVALUATE THE
26 EFFECTIVENESS OF THE PLANS AND PROGRAMS AND WITHDRAW FUNDING
27 SHOULD THE AUTHORITY DETERMINE THAT A PLAN OR PROGRAM IS
28 INEFFECTIVE OR IS NO LONGER IN NEED OF FURTHER FINANCIAL
29 SUPPORT FROM THE FUND.

30 (12) REPORT ANNUALLY ON OR BEFORE THE FIRST DAY OF APRIL

1 TO THE GOVERNOR AND THE GENERAL ASSEMBLY ON THE AUTHORITY'S
2 ACTIVITIES IN THE PRECEDING PERIOD. THE REPORT SHALL BE
3 AVAILABLE FOR PUBLIC INSPECTION.

4 SECTION 1206. AUTOMOBILE THEFT PREVENTION TRUST FUND.

5 (A) CREATION.--A SEPARATE ACCOUNT IN THE STATE TREASURY IS
6 HEREBY ESTABLISHED TO BE KNOWN AS THE AUTOMOBILE THEFT
7 PREVENTION TRUST FUND. THE FUND SHALL BE ADMINISTERED BY THE
8 AUTHORITY. ALL INTEREST EARNED FROM THE INVESTMENT OR DEPOSIT OF
9 MONEYS ACCUMULATED IN THE FUND SHALL BE DEPOSITED IN TRUST IN
10 THE FUND.

11 (B) FUNDS.--ALL MONEYS DEPOSITED INTO THE FUND SHALL NOT BE
12 CONSIDERED GENERAL REVENUE OF THIS COMMONWEALTH BUT SHALL BE
13 USED ONLY TO EFFECTUATE THE PURPOSES OF THIS ARTICLE AS
14 DETERMINED BY THE AUTHORITY AND SHALL BE SUBJECT TO AUDIT BY THE
15 AUDITOR GENERAL.

16 (C) ASSESSMENT.--ANNUALLY ON OR BEFORE THE FIRST DAY OF
17 APRIL, EACH INSURER ENGAGED IN THE WRITING OF AUTOMOBILE
18 INSURANCE COVERAGES, AS A CONDITION OF ITS AUTHORIZATION TO
19 TRANSACT AUTOMOBILE INSURANCE BUSINESS IN THIS COMMONWEALTH,
20 SHALL PAY INTO THE FUND IN TRUST AN AMOUNT EQUAL TO THE PRODUCT
21 OBTAINED BY MULTIPLYING \$4,000,000 BY A FRACTION, THE NUMERATOR
22 OF WHICH IS THE TOTAL PRIVATE PASSENGER AND COMMERCIAL
23 AUTOMOBILE PHYSICAL DAMAGE INSURANCE PREMIUMS WRITTEN IN THIS
24 COMMONWEALTH BY THAT INSURER DURING THE PRECEDING CALENDAR YEAR
25 AND THE DENOMINATOR OF WHICH IS THE TOTAL PRIVATE PASSENGER AND
26 COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE INSURANCE PREMIUMS WRITTEN
27 IN THIS COMMONWEALTH BY ALL INSURERS IN THE SAME PERIOD.

28 ASSESSMENTS MADE UNDER THIS SECTION SHALL NOT BE CONSIDERED
29 BURDENS AND PROHIBITIONS UNDER SECTION 212.

30 (D) BASE AMOUNT.--IN SUCCEEDING YEARS THE AUTHORITY MAY VARY

1 THE BASE AMOUNT OF \$4,000,000, PROVIDED, HOWEVER, THAT ANY
2 INCREASE WHICH ON AN ANNUAL BASIS EXCEEDS THE INCREASE IN THE
3 CONSUMER PRICE INDEX FOR THIS COMMONWEALTH MUST BE APPROVED BY
4 FIVE OF SEVEN MEMBERS OF THE BOARD.

5 (E) EXPENDITURES.--MONEYS IN THE FUND SHALL BE EXPENDED BY
6 THE AUTHORITY FOR THE FOLLOWING PURPOSES:

7 (1) TO EFFECTUATE THE POWERS, DUTIES AND
8 RESPONSIBILITIES OF THE AUTHORITY AS SET FORTH IN SECTION
9 1205.

10 (2) TO PROVIDE FINANCIAL SUPPORT TO LAW ENFORCEMENT,
11 CORRECTIONAL AGENCIES AND PROSECUTORS FOR PROGRAMS DESIGNED
12 TO REDUCE AUTOMOBILE THEFT AND TO IMPROVE THE ADMINISTRATION
13 OF AUTOMOBILE THEFT LAWS.

14 (3) TO PROVIDE FINANCIAL SUPPORT FOR OTHER GOVERNMENTAL
15 AGENCIES, COMMUNITY, CONSUMER AND BUSINESS ORGANIZATIONS FOR
16 PROGRAMS DESIGNED TO REDUCE AUTOMOBILE THEFT AND TO IMPROVE
17 THE ADMINISTRATION OF AUTOMOBILE THEFT LAWS.

18 (4) TO PROVIDE FINANCIAL SUPPORT TO PROGRAMS DESIGNED TO
19 INFORM OWNERS OF AUTOMOBILES ABOUT THE COSTS OF AUTOMOBILE
20 THEFT TO INDIVIDUALS AND TO SOCIETY AND TO SUGGEST METHODS
21 FOR PREVENTING AUTOMOBILE THEFT.

22 (5) TO PROVIDE FINANCIAL SUPPORT FOR REWARD PROGRAMS
23 LEADING TO THE ARREST AND CONVICTION OF PERSONS AND
24 ORGANIZATIONS ENGAGED IN AUTOMOBILE THEFT.

25 (6) TO PROVIDE FINANCIAL SUPPORT FOR OTHER PLANS,
26 PROGRAMS AND STRATEGIES CONSISTENT WITH THE PURPOSES OF THIS
27 ARTICLE.

28 (F) DISSOLUTION.--IN THE EVENT THAT THE TRUST FUND IS
29 DISCONTINUED OR THE AUTHORITY IS DISSOLVED BY OPERATION OF LAW,
30 ANY BALANCE REMAINING IN THE FUND, AFTER DEDUCTING

1 ADMINISTRATIVE COSTS FOR LIQUIDATION, SHALL BE RETURNED TO
2 INSURERS IN PROPORTION TO THEIR FINANCIAL CONTRIBUTIONS TO THE
3 FUND IN THE PRECEDING CALENDAR YEAR.

4 SECTION 1207. IMMUNITY.

5 IN THE ABSENCE OF MALICE, NO BOARD MEMBER AND NO EMPLOYEE,
6 AGENT OR DESIGNEE OF THE AUTHORITY SHALL BE SUBJECT TO CIVIL OR
7 CRIMINAL LIABILITY FOR RECEIVING OR DISCLOSING INFORMATION
8 RELATED TO AUTOMOBILE THEFT OR THE ACTIVITIES OF THE AUTHORITY.

9 IN THE ABSENCE OF MALICE, PERSONS OR ORGANIZATIONS SHALL NOT BE
10 SUBJECT TO CIVIL OR CRIMINAL LIABILITY FOR PROVIDING INFORMATION
11 TO THE AUTHORITY OR ITS EMPLOYEES RELATING TO AUTOMOBILE THEFT.
12 THIS SECTION DOES NOT ABROGATE OR MODIFY IN ANY WAY ANY COMMON
13 LAW OR STATUTORY PRIVILEGE OR IMMUNITY HERETOFORE ENJOYED BY ANY
14 PERSON.

15 SECTION 3. PERSONS CURRENTLY LICENSED UNDER ARTICLE VI OF
16 THE ACT REMAIN LICENSED AND ARE SUBJECT TO THE PROVISIONS OF
17 SUBARTICLE B OF ARTICLE VI-A. UPON EXPIRATION OF EXISTING
18 LICENSES, PERSONS SHALL BE LICENSED IN ACCORDANCE WITH ARTICLE
19 VI-A.

20 SECTION 4. EXISTING REFERENCES TO PERSONS LICENSED IN
21 ACCORDANCE WITH ARTICLE VI OF THE ACT ARE DEEMED TO BE
22 REFERENCES TO PERSONS LICENSED IN ACCORDANCE WITH ARTICLE VI-A
23 AND SHALL REMAIN IN EFFECT UNTIL REPLACED, REVISED OR AMENDED.

24 SECTION 5. (A) THE FOLLOWING ACTS ARE REPEALED:

25 ACT OF DECEMBER 28, 1994 (P.L.1414, NO.166), KNOWN AS THE
26 INSURANCE FRAUD PREVENTION ACT.

27 ACT OF DECEMBER 28, 1994 (P.L.1445, NO.171), KNOWN AS THE
28 AUTOMOBILE THEFT PREVENTION ACT.

29 (B) THE FOLLOWING ACTS AND PARTS OF ACTS ARE REPEALED
30 INsofar AS THEY ARE INCONSISTENT WITH THIS ACT:

1 ACT OF MAY 17, 1921 (P.L.682, NO.284), KNOWN AS THE INSURANCE
2 COMPANY LAW OF 1921.

3 ACT OF SEPTEMBER 2, 1961 (P.L.1232, NO.540), KNOWN AS THE
4 MODEL ACT FOR THE REGULATION OF CREDIT LIFE INSURANCE AND CREDIT
5 ACCIDENT AND HEALTH INSURANCE.

6 SECTION 6. THIS ACT SHALL TAKE EFFECT AS FOLLOWS:

7 (1) THE FOLLOWING PROVISIONS SHALL TAKE EFFECT
8 IMMEDIATELY:

9 (I) THE ADDITION OF SECTION 602-A OF THE ACT.

10 (II) THE ADDITION OF ARTICLES XI AND XII OF THE ACT.

11 (III) SECTION 5(A) OF THIS ACT.

12 (IV) THIS SECTION.

13 (2) THE REMAINDER OF THIS ACT SHALL TAKE EFFECT IN 180
14 DAYS.