

## No. 209

## AN ACT

To amend the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, seven hundred eighty-nine), entitled, as amended, "An act relating to insurance; establishing an insurance department; and amending, revising, and consolidating the law relating to the licensing, qualification, regulation, examination, suspension, and dissolution of insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and certain societies and orders, the examination and regulation of fire insurance rating bureaus, and the licensing and regulation of insurance agents and brokers; the service of legal process upon foreign insurance companies, associations, or exchanges; providing penalties; and repealing existing laws," by providing for the imposition of fines by the Insurance Commissioner for violations of the act, and including public adjusters in the application thereof; further regulating the licensing of insurance agents.

The Insurance  
Department Act  
of 1921.

Sections cited for  
amendment.

Act of May 17,  
1921 (P. L. 789),  
as amended,  
further amended.

Section 1. Be it enacted, &c., That sections 103, 212, 501, 603, 623, 639 and 640 of the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, seven hundred eighty-nine), entitled, as amended, "An act relating to insurance; establishing an insurance department; and amending, revising, and consolidating the law relating to the licensing, qualification, regulation, examination, suspension, and dissolution of insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and certain societies and orders, the examination and regulation of fire insurance rating bureaus, and the licensing and regulation of agents and brokers; the service of legal process upon foreign insurance companies, associations, or exchanges; providing penalties; and repealing existing laws," be and the same are hereby amended to read as follows:

Section 103. Application of Act.—The provisions of this act shall apply to all companies, associations, and exchanges transacting any class of insurance business, and to all insurance agents and insurance brokers. The provisions of this act, excepting sections two hundred and nineteen (219), three hundred and five (305), *five hundred and one (501)*, five hundred and two (502), five hundred and four (504), five hundred and five (505), five hundred and six (506), five hundred and seven (507), five hundred and eight (508), five hundred and nine (509), five hundred and ten (510) and six hundred and seven (607) hereof, shall not apply to fraternal benefit societies, orders, or associations conducted not for profit, and having a lodge system with ritualistic form of work and representative form of government, or to beneficial or relief associations conducted not for profit formed by churches, societies, classes, firms, or corporations, with or without ritualistic form

of work, the privilege of membership in which are confined to the members of such churches, societies, or classes, and to members and employes of such firms or corporations. The provisions of this act, excepting sections two hundred and thirteen (213), two hundred and fourteen (214), two hundred and sixteen (216), two hundred and nineteen (219), five hundred and one (501), five hundred and two (502), five hundred and three (503), five hundred and four (504), five hundred and five (505), five hundred and six (506), five hundred and seven (507), five hundred and eight (508), five hundred and nine (509), and five hundred and ten (510) hereof, shall not apply to domestic mutual fire insurance companies of this Commonwealth, incorporated under special acts of Assembly or under the act of May first, one thousand eight hundred and seventy-six, with unlimited or limited liability to assessment for payment of expenses and of losses and loss adjustments, set forth in the policy contract or in the promissory notes attached to said policy.

Section 212. Effect of Additional Restrictions of Other States.—If, by the laws of any other State, any taxes, fines, penalties, licenses, fees, or other obligations or prohibitions, additional to or in excess of those imposed by the laws of this Commonwealth upon *insurance brokers or public adjusters or insurance companies, associations, and exchanges, of other States and their agents,* are imposed on *insurance brokers or public adjusters or insurance companies, associations, and exchanges of this Commonwealth and their agents doing business in such State,* like obligations and prohibitions shall be imposed upon all *insurance brokers, public adjusters and insurance companies, associations, and exchanges and their agents, of such State doing business in this Commonwealth,* so long as such laws remain in force.

Section 501. Suspension of Business of Insurance Companies, Et Cetera, by Insurance Commissioner.—The Insurance Commissioner shall suspend the entire business of any domestic insurance company, association, or exchange, *fraternal benefit society or beneficial society,* and the business within this Commonwealth of any insurance company, association, or exchange, or *fraternal benefit society or beneficial society of another State or foreign government,* during its non-compliance with any provision of law obligatory upon it, or whenever he shall find that its assets are insufficient to justify its continuance in business, by suspending or revoking its certificate of authority granted by him: *If such insurance company, association, or exchange, fraternal benefit society or beneficial society was incorporated, organized, or is operating without authority of law, the commissioner shall have equal authority to suspend or*

*dissolve as if a certificate of authority had been granted by law.* If upon examination or other evidence exhibited to him, the Insurance Commissioner is of opinion that any insurance company, association, or exchange, or fraternal benefit society or beneficial society, or an officer or agent thereof, has violated any provision of the insurance laws, he shall report the facts to the Attorney General, who, under the direction of the Insurance Commissioner, shall take such legal action as the case may require.

Section 603. Agent's Licenses.—The Insurance Commissioner may issue, upon certification as aforesaid by any company, association, or exchange, authorized by law to transact business within this Commonwealth, an agent's license to any person of at least twenty-one years of age and to any copartnership or corporation. No license as agent shall be granted to any corporation unless by provisions of its charter it is authorized to engage in the business of insurance or real estate, *and unless individual licenses are also secured for each active officer of such corporation; and no license shall be granted to a copartnership or firm unless individual licenses are also secured for each active member of such copartnership or firm.* Before any such license is granted, the applicant shall first make answer, in writing and under oath, to interrogatories on forms and supplements such as the Insurance Commissioner shall prepare and submit, which answers shall be vouched for by indorsement of the company, association, or exchange interested, and to the effect that the applicant is of good business reputation, and of experience in underwriting, other than soliciting, and is worthy of a license: Provided, That any licensed agent who shall have held, for a continuous period [from April first, one thousand nine hundred twenty-four,] *of five years,* a license to transact, as agent, any class or kind of insurance business for any company, association, or exchange, authorized to transact business within this Commonwealth, shall be entitled, upon proper application, to receive a license to transact, as agent, the same class or kind of insurance business for any other company, association, or exchange, so authorized to transact business, without the necessity of submitting to an examination. When the Insurance Commissioner is satisfied that the applicant is worthy of license, and that he is reasonably familiar with provisions of the insurance law of this Commonwealth, he shall issue a license stating that the company, association, or exchange, represented by the agent, has complied with the requirements of law and has been authorized by the Insurance Commissioner to transact business within this Commonwealth, and that the agent has been duly appointed by the company, association,

or exchange named in the license. All agents' licenses shall expire annually at midnight of March thirty-first, unless sooner terminated as the result of severance of business relations between the company, association, or exchange and the agent or unless revoked by the Insurance Commissioner for cause. Any person whose license is revoked may appeal to the court of common pleas of Dauphin County within thirty days of the date of receipt, by registered mail, of a notice of the fact of such revocation. Nothing in this section shall be construed as applying to domestic mutual fire insurance companies.

Section 623. Penalties for Acting as Broker Without a License, and Transacting Business With an Unlicensed Broker.—Any person, copartnership, or corporation transacting business as an insurance broker, within this Commonwealth, or soliciting insurance or transmittting for a partnership, copartnership, association, or corporation, other than himself or itself, an application for a policy of insurance, or offering or assuming to act in the negotiation of such insurance, or in any manner aiding in transacting an insurance business, or negotiating for or placing risks, or delivering policies or collecting premiums for policies which are effective in this State, without a license as [aforesaid,] broker, unless he or she or it be acting as a licensed agent and then only for the companies he, she or it is duly licensed by this Commonwealth to represent, shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall pay a fine not exceeding [three hundred] one thousand dollars. Any company, association, or exchange, or the agent of any company, association, or exchange, [paying, allowing, or giving any compensation or commission to any person, copartnership, or corporation transacting business as an insurance broker] accepting applications or orders for insurance or securing any insurance business through anyone acting without a license, as aforesaid, issued by the Insurance Commissioner of the Commonwealth of Pennsylvania, shall be guilty of a misdemeanor, and, upon conviction thereof, shall pay a fine not exceeding one [hundred] thousand dollars.

Section 639. Revocation, Et Cetera, of License; Penalty.—Upon satisfactory evidence of the violation of any of the provisions of sections six hundred four, six hundred six, six hundred seven, six hundred twenty-three, six hundred thirty-one, six hundred thirty-two, six hundred thirty-three, six hundred thirty-four, six hundred thirty-five, six hundred thirty-six, six hundred thirty-seven, and six hundred thirty-eight [immediately preceding,] of this act, by any agent or solicitor of any insurance company, association, or exchange, or by any

insurance broker or excess insurance broker, the Insurance Commissioner [shall] *may, in his discretion, pursue any one or more of the following courses of action:*

(1) [suspend] *Suspend or revoke the license of such offending [solicitor or agent or insurance broker] party or parties;*

(2) [and he shall have the right, in his discretion, to refuse,] *Refuse, for a period of not to exceed one year thereafter, to issue a new license to such offending [agent, solicitor, or broker,] party or parties;*

(3) *Impose a penalty of not more than one thousand dollars for each and every act in violation of any of said sections by said party or parties.*

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

[When a certificate shall be refused or suspended or revoked,] *When the Insurance Commissioner shall take action in any or all of the three ways above recited, the party aggrieved may appeal from said action to the court of common pleas of Dauphin County. Any agent or solicitor of any insurance company, association, or exchange, or any insurance broker, or any person, co-partnership, association, or corporation, violating the provisions of sections six hundred thirty-five, six hundred thirty-six, six hundred thirty-seven, and six hundred thirty-eight, immediately preceding, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine of not more than five hundred dollars (\$500.00) for each and every violation, or, at the discretion of the court, to imprisonment in the county jail of the county in which the offense is committed for a period of not more than six months, or both.*

Section 640. Production of Evidence.—No person shall be excused from testifying, or from producing any books, papers, contracts, agreements, or documents, *at any hearing held by the Insurance Commissioner, or at the trial or hearing before any magistrate, justice of the peace, or judge, of any person charged with violating any of the provisions of sections six hundred thirty-five, six hundred thirty-six, six hundred thirty-seven, or six hundred thirty-eight, on the ground that such testimony or evidence may tend to incriminate himself; but no person shall be prosecuted for any act concern-*

ing which he shall be compelled so to testify or produce evidence, documentary or otherwise, except for perjury committed in so testifying.

APPROVED—The 22nd day of June, A. D. 1931.

GIFFORD PINCHOT

No. 210

AN ACT

To amend sections one, two, and three of the act, approved the eighth day of May, Anno Domini one thousand nine hundred thirteen (Pamphlet Laws, one hundred sixty-one), entitled "An act making it a misdemeanor to make or use a false statement or statements in writing, for the purpose of obtaining property, money, credit, or the extension of credit; and providing penalties for the violation thereof," by extending the provisions of the act to include the procuring of contracts of surety bond therein.

Section 1. Be it enacted, &c., That section one of the act, approved the eighth day of May, Anno Domini one thousand nine hundred thirteen (Pamphlet Laws, one hundred sixty-one), entitled "An act making it a misdemeanor to make or use a false statement or statements in writing, for the purpose of obtaining property, money, credit, or the extension of credit; and providing penalties for the violation thereof," is hereby amended to read as follows:

Section 1. That it shall be unlawful for any person knowingly to make or cause to be made, directly or indirectly, or through any agency whatsoever, any false statement in writing, with intent that it shall be relied upon, respecting the financial condition or means, or present ability to pay, of himself or of any other person, firm or corporation in whom he is interested, or for whom he is acting, for the purpose of procuring, in any form whatsoever, either to himself or to the person, firm or corporation in whom he is interested, or for whom he is acting, either the delivery of property, the payment of cash, the making of a loan or credit, the extension of credit, the discount or sale of an account receivable, *the procurement of contracts of surety*, or the making, acceptance, discount, sale or endorsement of a bill of exchange, promissory note, or of any negotiable instrument, for the benefit of either himself or of any such person, firm or corporation.

Section 2. That section two of said act is hereby amended to read as follows:

Section 2. It shall be unlawful for any person, who, knowing that a false statement in writing has been made respecting the financial condition or means, or

False statements.  
Crime.

Section 1, act  
of May 8, 1913  
(P. L. 161),  
amended.

False statements  
in writing.

Making or using.

Procuring of cash,  
property, credit,  
etc., upon.

Section 2 amended.

Knowledge of false  
statement, etc.