

township, or to the Pennsylvania State Police. The report shall state the name of the injured person, if known, his whereabouts and the character and extent of his injuries.

(b) When the person who comes, or is brought to the physician, as herein defined, or to the person in charge of conducting or managing a pharmacy, or to the person in charge of any hospital or any ward or part of a hospital, is under the age of eighteen (18) years, the report shall be made to the presiding judge of the Juvenile Court or the Community Child Protective Service where such court or service exists. When there is no such court or service, the report shall be made to the police in the same manner as required for injuries to those eighteen (18) years of age or older, as hereinbefore set forth.

Any physician or other person who wilfully fails to make the report required by this section is guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding five hundred dollars (\$500), or to undergo imprisonment not exceeding one (1) year, or both.

No physician or other person shall be subject to civil or criminal liability by reason of making a report required by this section.

In any judicial proceeding resulting from a report pursuant to this act, the physician-patient privilege shall not apply in respect to evidence regarding such injuries or the cause thereof.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 493

AN ACT

Amending the act of May 17, 1921 (P. L. 682), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulations and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," permitting stock insurance companies to issue stock having a par value of not less than one dollar per share, permitting stock to be issued at not less than par, further defining profits for purposes of declaring and paying dividends, and clarifying certain other provisions relating to capital stock, capital and paid in surplus.

The Insurance Company Law of 1921.

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

Section 205, act of May 17, 1921, P. L. 682, amended May 24, 1933, P. L. 984, further amended.

Section 1. Section 205, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," amended May *24, 1933 (P. L. 984), is amended to read:

Section 205. [Par Value of] *Capital Stock*; Payment of Subscriptions; Forfeitures.—The capital stock of all stock insurance companies shall be divided into shares [of not less than five dollars (\$5)] *with par value of not less than one dollar (\$1) per share*. All payments on accounts of capital stock in any stock insurance company shall be made in lawful money, and no note or obligation given by a stockholder, whether secured by pledge or otherwise, shall be considered as a payment of any part of the capital stock. Ten per centum (10%) of the total subscription price shall be paid on each share at the time of subscribing, and the balance on such shares shall be paid at such times as the company may direct, but full payments on all shares shall be made within a period of nine months from the date of organization.

Any stock insurance company may prescribe rules with regard to the forfeiture of partial payments on subscriptions, which rules shall be binding upon subscribers, if made known at the time of the subscription.

Subsections (a), (b) and (c), section 206 of act, amended July 2, 1953, P. L. 331, further amended.

Section 2. Subsections (a), (b) and (c) of section 206 of the act, amended July 2, 1953 (P. L. 331), are amended to read:

Section 206. Minimum *Capital Stock* and Financial Requirements To Do Business.—(a) Stock life insurance companies organized under this act to insure lives and to grant and dispose of annuities must have a paid up capital *stock* of not less than two hundred thousand dollars (\$200,000). Stock life insurance companies, organized under this act, for all of the purposes mentioned in clause (1) subdivision (a) of section two hundred and two (202), must have a paid up capital *stock* of at least three hundred thousand dollars (\$300,000). Every such company shall, in addition thereto, have a surplus paid in at least equal to fifty per centum of the subscribed capital *stock*.

(b) Stock fire, stock marine, and stock fire and marine insurance companies, organized under this act, for any of the purposes mentioned in either clauses (1) or (2) of subdivision (b), section two hundred and two (202), of this act, must have a paid up capital *stock* of not less than one hundred thousand dollars (\$100,000); if organized for all the purposes mentioned in clauses (1)

* "224" in original.

and (2) or in clause (3) of subdivision (b), section two hundred and two (202), of this act, two hundred thousand dollars (\$200,000); and if organized for all of the purposes mentioned in clauses (1), (2), and (3) of subdivision (b) of section two hundred and two (202) of this act, four hundred thousand dollars (\$400,000). Every such company shall, in addition thereto, have a surplus paid in at least equal to fifty per centum (50%) of the subscribed capital *stock*.

(c) Stock casualty companies, organized under this act for any of the purposes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, must have a paid up capital *stock* of not less than one hundred thousand dollars (\$100,000); except companies organized for the purpose of credit insurance, which must have a paid up capital *stock* of not less than two hundred thousand dollars (\$200,000); and companies organized to guarantee the fidelity of persons and contracts of suretyship, which must have a paid up capital *stock* of at least two hundred and fifty thousand dollars (\$250,000). Stock casualty companies organized under this act may undertake two or more classes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, by providing at least fifty thousand dollars (\$50,000) additional paid up capital *stock* for each additional class of insurance; except in case credit or fidelity and surety insurance is added to any other line or lines, in which case the additional paid up capital *stock* for credit insurance shall be one hundred thousand dollars (\$100,000), and the additional paid up capital *stock* for fidelity and surety insurance shall be two hundred thousand dollars (\$200,000). Any such stock casualty company with a paid up capital *stock* of three hundred thousand dollars (\$300,000) may transact all of the classes of insurance mentioned in subdivision (c) of section two hundred and two (202) of this act, except credit, livestock, and fidelity and surety insurance; and a company with a paid up capital *stock* of seven hundred and fifty thousand dollars (\$750,000) may transact all of the classes of insurance mentioned. Every such company shall, in addition thereto, have a surplus paid in at least equal to fifty per centum (50%) of the subscribed capital *stock*.

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Section 3. Sections 209, 210 and 214 of the act are amended to read:

Sections 209, 210
and 214 of act,
amended.

Section 209. Opening of Books for Subscriptions to *Capital Stock* and Guarantee Capital and Application for Insurance.—In any case where a stock insurance

company is to be organized, the subscribers shall open books for the subscription to stock in the company, at such times and places as they shall deem convenient and proper, and shall keep the same open until the full amount of *capital* stock specified in the articles of agreement is subscribed.

In case where any mutual insurance company is to be organized, the subscribers to the articles of agreement shall open books to receive applications for insurance, at such times and places as they shall deem convenient and proper, and shall keep the same open until applications for insurance have been obtained in sufficient number and amount to comply with the requirements of this act.

In the case of mutual life insurance companies, the subscribers shall also, in the same manner as in the case of a stock company, open books to receive subscriptions to the guarantee capital hereinafter provided for.

Section 210. Certificate to Insurance Commissioner.—Whenever one-half of the *capital stock and paid in surplus* of any stock insurance company mentioned in the articles of agreement has been subscribed, and twenty per centum (20%) of the *total subscription price* on each share paid into the hands of the treasurer of the company, the president, treasurer, and a majority of the directors, shall, under their respective oaths or affirmations, make a certificate to the Insurance Commissioner stating: (a) The number and par value of the shares of stock in said company; (b) the names and residences of the subscribers; (c) the number of shares subscribed by each; (d) the amount paid in on each share; (e) the amount of money in the hands of the treasurer on account of such payments; and (f) where the same is deposited.

Whenever applications for insurance, in the case of a mutual insurance company, have been received in sufficient number and amount, the president, treasurer, and the majority of the directors of such company, shall, under their respective oaths or affirmations, make a certificate to the Insurance Commissioner stating: (a) The names and residences of the persons applying for insurance in such company; (b) the amount agreed to be taken by each; and (c) the amount of money in the hands of the treasurer.

In the case of mutual life insurance companies, in addition to the certificate above required, as soon as the guarantee capital has been subscribed, and fifty per centum (50%) thereof has been paid in lawful money to the treasurer and the subscribers' obligations given for the remaining fifty per centum (50%) thereof, the president, treasurer, and a majority of the directors, shall, under their respective oaths or affirmations, make

a certificate to the Insurance Commissioner stating: (a) The number and par value of the shares of guaranty stock in said company; (b) the names and residences of the subscribers; (c) the number of shares subscribed by each; (d) the amount paid in on each share; (e) the form of obligations taken for the unpaid moiety; (f) the amount of money in the hands of the treasurer; and (g) where the same is deposited.

Section 214. Certain Information To Be Filed with the Auditor General; Penalty.—No stock or mutual insurance company incorporated under any law of this Commonwealth shall go into operation without first having (a) the name of the company, (b) the date of incorporation, (c) the act of Assembly or authority under which incorporated or organized, (d) the place of business, (e) the post office address and names of the president, secretary, and treasurer, (f) the amount of capital *stock if any* authorized by its charter, and (g) the amount of capital *stock and paid in surplus, if any*, paid into the treasury of the company, registered in the office of the Auditor General. Any such company which shall neglect or refuse to comply with the provisions of this section shall be subject to a penalty of five hundred dollars, which penalty shall be collected on an account settled by the Auditor General and State Treasurer in the same manner as taxes on stock are settled and collected.

Section 4. Subsection (a) of section 215 *of act amended June 4, 1937 (P. L. 1639), is amended to read:

Subsection (a), section 215 of act, amended June 4, 1937, P. L. 1639, further amended.

Section 215. Examination of Companies; Certificate To Do Business.—(a) As soon as the entire amount of the authorized capital of a stock insurance company, incorporated under this act, has been paid in, certificates shall be issued therefor to the persons entitled to receive the same, which certificates shall be transferable upon the books of the company; and the president or secretary of the company shall notify the Insurance Commissioner that the entire capital *stock and paid in surplus* of the company has been paid in, and that it is ready to commence business. Upon receipt of such notice, the Insurance Commissioner shall, in person or by deputy or examiners, examine the company; and, in case he finds that it has complied with the provisions of this act, and is possessed of funds, invested in the manner hereinafter specified, equal to the amount of its capital *stock and paid in surplus*, he shall issue to said company a certificate showing that it has been organized in accordance with the provisions of this act, and that it has the requisite amount of capital *stock and paid in surplus*

* "of act" not in original.

for the transaction of business in the Commonwealth, which certificate shall empower the company to issue policies, and otherwise transact the business of insurance for which it was incorporated.

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Section 326 of act, amended November 19, 1959, P. L. 1520, further amended.

Section 5. Section 326 of the act, amended November 19, 1959 (P. L. 1520), is amended to read:

Section 326. Sale of Increases of Capital Stock; Issuance to Officers or Employees.—Any increase of capital stock made by any stock insurance company may be issued at such price [in excess of par] as the stockholders may direct, or as the board of directors may direct under authority conferred *at any time* by the stockholders *and not previously revoked by them, provided that the price shall be not less than par*. Unless otherwise provided, in the charter or articles of agreement, each stockholder shall have the right to first subscribe for the new shares in proportion to his interest in the company: Provided, That in any case no stockholder shall have such right to first subscribe for new shares if the stockholders holding the larger amount in value of the stock of the company direct, subject to such equitable regulations as the directors may prescribe, that such new shares shall be issued in exchange for one or more bona fide outstanding shares of another insurance company in which the issuing company is authorized to invest, or partly in such exchange and partly for cash where necessary to eliminate fractional shares, and such exchange shall be approved by the Insurance Commissioner, as hereinafter provided.

The Insurance Commissioner shall examine the terms and conditions of such exchange and after holding a hearing at which all persons or parties to whom it is proposed to issue shares in such exchange shall have the right to appear, shall either approve or disapprove the fairness of such terms and conditions.

Except when such an exchange is to be effected, notice to the stockholders to exercise their rights to subscribe for and to take the stock at the price so fixed or waive such right, shall be mailed to each stockholder, at the last address of such stockholder appearing on the books or records of the company, thirty days previous to the date fixed by the board of directors for the expiration of the right to subscribe, and shall also be given by publication, once a week for three (3) weeks in a newspaper of general circulation published in the city or county in which the company has its principal office.

Any stock not subscribed for and taken by the stockholders may be sold and disposed of by the board of directors, in such manner as the stockholders may direct.

but no such stock shall be sold or disposed of at a price less than that originally fixed by the stockholders.

Anything in this section to the contrary notwithstanding, any stock insurance company may issue to its officers or employes or to the officers or employes of any subsidiary corporation or to a trustee on their behalf, such number of its authorized but unissued shares as shall be prescribed by the stockholders having the majority interest. Such shares shall be issued at such times and upon such terms and conditions and in such manner as shall be determined by the board of directors.

Any such stock authorized to be issued to officers or employes and not taken by those entitled thereto may be sold and disposed of in such manner as the board of directors may determine.

Section 6. Section 421 of the act is amended to read: Section 421 of
act, amended.

Section 421. Dividends.—No stock life insurance company shall make any dividend on its capital except from the profits arising from its business; and, in estimating such profits, there shall be first charged as a liability: (a) The capital *stock* of the company; (b) *the amount of paid in surplus required under the provisions of section 206 (a)*; (c) all unpaid losses or other claims; [(c)] (d) all liabilities for [reserve] *reserves* as required by law; and [(d)] (e) also all sums due the company on bonds and mortgages, stocks, and book accounts, of which no part of the principal or the interest thereon has been paid during the last calendar year, and for which the foreclosure or suit has not been commenced for collection, or which, after judgment obtained thereon, shall have remained more than two years unsatisfied, and on which interest shall not have been paid; and [(e)] (f) also all interest due or accrued and remaining unpaid; and [(f)] (g) all other debts or obligations of the company.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 494

AN ACT

Amending the act of May 5, 1933 (P. L. 289), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corpora-