

No. 342

AN ACT

HB 2390

Amending the act of May 17, 1921 (P.L.682, No.284), 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 regulation 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," changing the period during which members of certain mutual insurance companies shall be liable to assessment and making such assessments subject to prior approval of the Insurance Commissioner.

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

Section 1. Section 808, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended December 10, 1970 (P.L.889, No.280), is amended to read:

Section 808. Assessments.—A mutual insurance company, other than a mutual life company, not possessed of assets at least equal to the unearned premium reserve and other liabilities, shall make an assessment upon its members liable to assessment to provide for such deficiency. Such assessment shall be against each member in proportion to such liability as expressed in his policy. No member shall be assessed for any loss that occurred when his policy was not in effect and no assessment shall be made after **[five] two** years from the expiration *or cancellation* date of a policy *and no such assessment shall be made without the prior written approval of the Insurance Commissioner. For each year the policy is in force, such assessment shall be an amount not greater than the annual or the average¹ yearly cost or premium of the policy for the period it has been in effect. Such assessment shall not exceed two times the average yearly cost or premium of the policy for the period it has been in effect.* The Insurance Commissioner may, by written order, relieve the company from an assessment or other proceedings to restore such assets during the time fixed in such order. Any domestic company which shall be deficient in providing the unearned premium reserve required hereby may, notwithstanding such deficiency, come under this act on the condition that it shall each year thereafter reduce such deficiency at least fifteen per centum (15%) of the original amount thereof, and in such case it may increase its assessments accordingly.

¹ "coverage" in original.

The provisions of this section are not applicable to assessments made upon the members of a company by the Insurance Commissioner pursuant to the authority granted him by Article V, act of May 17, 1921 (P.L.789, No.285), known as "The Insurance Department Act of one thousand nine hundred and twenty-one."

Section 2. This act shall take effect immediately.

APPROVED—The 30th day of December, A. D. 1974.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 342.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive, flowing style.

Secretary of the Commonwealth.