

No. 1981-33

## AN ACT

HB 61

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," prohibiting the issuance of certain assessable policies.

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

Section 1. Clause (1) of subsection (d) of section 202 and clause (3) of subsection (e) of section 206, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended July 9, 1976 (P.L.948, No.184), are amended to read:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.—\* \* \*

(d) Mutual insurance companies of any kind, other than life insurance companies, may be incorporated for the following purposes:

(1) To make contracts of insurance, or to reinsure and accept reinsurance, for any and all kinds of insurance, other than life insurance, which are not prohibited by statute or at common law from being the subject of insurance, but no such mutual company may transact any kind of insurance other than such as may be transacted by a stock company writing the same kinds of insurance. **[A mutual insurance company that writes non-assessable policies upon automobiles under clause (2), subsection (b) or motor vehicles under clause (11) or for workmen's compensation under clause (14), subsection (c) of section 202 of this act, shall not write assessable policies for any such class of insurance, nor shall mutual insurance companies that write assessable policies upon automobiles under clause (2), subsection (b) or motor vehicles under clause (11), subsection (c) of section 202 of this act, write non-assessable policies for any such class of insurance.]** *A mutual company possessing charter powers of clause (2), subsection (b) of this section, or clause (11), subsection (c) of this section shall not write assessable bodily injury and property damage liability insurance policies upon any automobiles or motor vehicles; except this prohibition shall not apply to insurance coverage providing for collision damage or other direct loss or damage to the insured automobile or motor vehicle; or a mutual company possessing the charter power of clause (14), subsection (c) of this section shall not write assessable workmen's compensation policies.* All assessable policies shall have the words "This is an Assessable Policy" printed prominently

on the backer or policy panel, as well as on the face of the policy in letters not less than sixteen point in size.

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Section 206. Minimum Capital Stock and Financial Requirements To Do Business.—\* \* \*

(e) Mutual companies, other than mutual life companies and other than title insurance companies, hereafter organized under this act, and existing mutual companies which determine to add a line or lines of insurance business shall comply with the following conditions:

\* \* \*

(3) It shall have collected at least an annual cash premium upon each of such applications, which premium shall be held in cash or securities in which such insurance companies are authorized to invest. In the case of companies organized for any of the purposes mentioned in paragraphs (1) or (2) or (3) of subdivision (b) of section two hundred two of this act, the said cash premiums, together with any sum or sums of money which may be advanced under section eight hundred nine of this act, shall amount to not less than twenty-five thousand dollars (\$25,000) for the purpose mentioned in each numbered paragraph of subdivision (b). If organized for all of the purposes mentioned in paragraphs (1), (2) and (3) of subdivision (b) of section two hundred two of this act, the said cash premiums, together with any sum or sums of money which may be advanced under section eight hundred nine of this act, shall amount to not less than fifty thousand dollars (\$50,000). In the case of companies organized for any one of the purposes mentioned in subdivision (c) of said section two hundred two, except paragraphs (1), (4), (11) and (14), the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than ten thousand dollars (\$10,000) for the purpose mentioned in each numbered paragraph of said subdivision (c). In the case of companies authorized to issue non-assessable policies of insurance for the purposes mentioned in clause (11) or clause (14), subdivision (c) of section two hundred and two (202) of the act, the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than seven hundred fifty thousand dollars (\$750,000)[, and in the case of companies authorized to issue assessable policies of insurance for the purposes mentioned in clause (11) subdivision (c) of section two hundred and two (202) of this act, the said cash premiums collected, together with any sum or sums of money advanced under the said section eight hundred nine, shall amount to not less than two hundred thousand dollars (\$200,000)]. For the purpose mentioned in either numbered paragraph (1) or (4) of said subdivision (c), such amount shall be not less than twenty-five thousand dollars (\$25,000): Provided, That in no event shall a company be organized for any of the purposes mentioned in said subdivision (c) unless the amount collected as premiums, together with the sum or sum of money advanced under said section eight hundred nine, shall amount

to not less than fifty thousand dollars (\$50,000); nor shall a company be organized for all of the purposes mentioned in said subdivision (c) except paragraph *(11) or* (14) unless the cash premiums so collected and the sum or sums of money so advanced shall amount to not less than three hundred fifty thousand dollars (\$350,000).

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Section 2. This act shall take effect immediately and no assessable policy upon automobiles and motor vehicles shall be written, issued, reissued or renewed on the 120th day next succeeding the effective date of this act except this prohibition shall not apply to insurance coverage providing for collision damage or other direct loss or damage to the insured automobile or motor vehicle.

APPROVED—The 19th day of June, A. D. 1981.

DICK THORNBURGH