

No. 483

AN ACT

Reenacting and amending the act of June 11, 1947 (P. L. 551), entitled "An act relating to the regulation of rates for insurance which may be written by stock or mutual fire, marine or fire and marine insurance companies, associations or exchanges; to rating and advisory organizations; to reports by rating organizations and insurers to the Pennsylvania State Police; conferring on the Insurance Commissioner the power and duty of supervising and regulating persons, associations, companies and corporations, and of enforcing the provisions of this Act; prescribing and regulating the practice and procedure before the commissioner, and procedure for review by the courts; giving the Court of Common Pleas of Dauphin County exclusive jurisdiction over certain proceedings; prescribing penalties and providing for enforcement thereof; and repealing inconsistent Acts," including domestic mutual fire insurance companies and domestic reciprocals or exchanges within the provisions of the act, and providing for a uniform classification of accounts and records.

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

The Fire, Marine and Inland Marine Rate Regulatory Act.

Section 1. Sections 1 to 13, both inclusive, of the act of June 11, 1947 (P. L. 551), known as "The Fire, Marine and Inland Marine Rate Regulatory Act," are reenacted and amended to read:

Sections 1 to 13, inclusive, act of June 11, 1947, P. L. 551, reenacted and amended.

Section 1. Purpose of Act.—The purpose of this act is to promote the public welfare by regulating insurance rates to the end that they shall not be excessive, inadequate or unfairly discriminatory, to enable authorized insurers to meet all requirements of the insuring public of this Commonwealth, and to authorize and regulate cooperative action among insurers in rate making and in other matters within the scope of this act. Nothing in this act is intended (1) to prohibit or discourage reasonable competition, or (2) to prohibit or encourage uniformity in insurance rates, rating systems, rating plans or practices. This act shall be liberally interpreted to carry into effect its purposes as herein set forth.

Section 2. Scope of Act.—This act applies to all classes and kinds of insurance which may be written by stock or mutual fire, marine or fire and marine insurance companies, associations or exchanges, on risks located in this Commonwealth. Inland marine insurance shall be deemed to include insurance now or hereafter defined by statute, or by interpretation thereof, or if not so defined or interpreted, by ruling of the Insurance Commissioner, hereinafter referred to as commissioner, or as established by general custom of the business as inland marine insurance.

This act shall not apply :

(a) To reinsurance, other than joint reinsurance to the extent stated in section eleven ;

(b) To insurance of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine as distinguished from inland marine insurance policies ;

(c) To insurance of hulls of aircraft, including their accessories and equipment, or against liability arising out of the ownership, maintenance or use of aircraft ;

(d) To motor vehicle insurance nor to insurance against liability arising out of the ownership, maintenance or use of motor vehicles ;

(e) To perpetual policies of insurance issued in consideration of an initial deposit of moneys with the insurer to be held by it during the time such policies are in force and to be returned to the insureds, in whole or in part, upon cancellation of the policies.

If any kind of insurance, subdivision or combination thereof, or type of coverage, subject to this act, is also subject to regulation by another rate regulatory act of this Commonwealth, an insurer to which both acts are otherwise applicable shall file with the commissioner, a designation as to which rate regulatory act shall be applicable to it with respect to such kind of insurance, subdivision or combination thereof, or type of coverage.

[Nothing in this act shall require a domestic mutual fire insurance company or a domestic reciprocal or exchange to file a schedule of rates or to become a member of any rating bureau, but such companies, reciprocals or exchanges may, at their option, file such schedules or become members of rating bureaus.]

Section 3. Making of Rates.—(a) Rates shall be made in accordance with the following provisions :

(1) Manual, minimum, class rates, rating schedules or rating plans, shall be made and adopted, except in the case of specific inland marine rates on risks specially rated, and except in the case of special rates on other than inland marine risks where manual, minimum, class rates, rating schedules or rating plans are not applicable.

(2) Rates shall not be excessive, inadequate or unfairly discriminatory.

(3) Due consideration shall be given to past and prospective loss experience within and outside this Commonwealth, to physical hazards, to safety and loss prevention factors, to underwriting practice and judgment to the extent appropriate, to the conflagration and catastrophe hazards, to a reasonable margin for underwriting profit and contingencies, to dividends, savings or unabsorbed premium deposits allowed or returned by insurers

to their policyholders, members or subscribers, to past and prospective expenses both countrywide and those specially applicable to this Commonwealth, and to all other relevant factors within and outside this Commonwealth; and in the case of fire insurance rates consideration shall be given to the experience of the fire insurance business during a period of not less than the most recent five year period for which such experience is available.

(b) Rates made in accordance with this section may be used subject to the provisions of this act.

Section 4. Rate Filings.—(a) Every insurer shall file with the commissioner, except as to inland marine risks which by general custom of the business are not written according to manual rates or rating plans, every manual, minimum, class rate, rating schedule or rating plan, every other rating rule, and every modification of any of the foregoing which it proposes to use, and shall file every special rate on other than inland marine risks as mentioned in section three (a), (1) which it uses. Every such filing shall state the proposed effective date thereof and shall indicate the character and extent of the coverage contemplated. When a filing is not accompanied by the information upon which the insurer supports such filing, and the commissioner does not have sufficient information to determine whether such filing meets the requirements of the act he may require such insurer to furnish the information upon which it supports such filing. Any filing may be supported by (1) the experience or judgment of the insurer or rating organization making the filing, (2) the experience of other insurers or rating organizations, or (3) any other factors which the insurer or rating organization deems relevant. A filing and any supporting information shall be open to public inspection after the filing becomes effective. Specific inland marine rates on risks specially rated, made by a rating organization, shall be filed with the commissioner.

(b) An insurer may satisfy its obligation to make such filings by becoming a member of, or a subscriber to, a licensed rating organization which makes such filings, and by authorizing the commissioner to accept such filings on its behalf: Provided, That nothing contained in this act shall be construed as requiring any insurer to become a member of, or a subscriber to, any rating organization.

(c) The commissioner shall review such of the filings as it may be necessary to review in order to carry out the purposes of this act.

(d) Subject to the exceptions specified in subsections (e) and (f) of this section, each filing shall be on file for a waiting period of thirty days before it become effective, which period may be extended by the commissioner for

an additional period not to exceed thirty days upon written notice within such waiting period to the insurer or rating organization which made the filing. Upon written application by such insurer or rating organization, the commissioner may authorize a filing or a part thereof which he has reviewed to become effective before the expiration of the waiting period or any extension thereof. A filing shall be deemed to meet the requirements of this act and to become effective unless disapproved, as hereinafter provided, by the commissioner within the waiting period or any extension thereof.

(e) Specific inland marine rates on risks specially rated by a rating organization shall become effective when filed and shall be deemed to meet the requirements of this act until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.

(f) Any special rate mentioned in section three (a), (1) on a contract or policy covering other than inland marine risks shall be deemed to meet the requirements of this act until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.

(g) Under such rules and regulations as he shall adopt the commissioner may by written order, suspend, or modify the requirement of filing as to any kind of insurance, subdivision or combination thereof, or as to classes of risks, the rates for which cannot practicably be filed before they are used. Such orders, rules and regulations, shall be made known to insurers and rating organizations affected thereby. The commissioner may make such examination as he may deem advisable to ascertain whether any rates affected by such order meet the standards set forth in subdivision (2) of subsection (a) of section three.

(h) Upon the written consent of the insured, stating his reasons therefor, filed with and approved by the commissioner, a rate in excess of that provided by a filing otherwise applicable may be used on any specific risk. The rate shall become effective when such consent is filed and shall be deemed to meet the requirements of this act until such time as the commissioner reviews the filing and so long thereafter as the filing remains in effect.

(i) Beginning ninety days after the effective date of this act no insurer shall make or issue a contract or policy except in accordance with the filings or rates which are in effect for said insurer as provided in this act or in accordance with subsections (g) or (h) of this section. This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required.

Section 5. Disapproval of Filings.—(a) Upon the review at any time by the commissioner of a filing, he shall, before issuing an order of disapproval, hold a hearing upon not less than ten days written notice, specifying the matters to be considered at such hearing, to every insurer and rating organization which made such filing, and if, after such hearing, he finds that such filing or a part thereof does not meet the requirements of this act he shall issue an order specifying in what respects he finds that it so fails, and stating when, within a reasonable period thereafter, such filing or a part thereof shall be deemed no longer effective if the filing or a part thereof has become effective under the provisions of section four: Provided, however, An insurer or rating organization shall have the right at any time to withdraw a filing or a part thereof, subject to the provisions of section seven in the case of a deviation filing. Copies of said order shall be sent to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

(b) Any person or organization aggrieved with respect to any filing which is in effect may make written application to the commissioner for a hearing thereon: Provided, however, The insurer or rating organization that made the filing shall not be authorized to proceed under this subsection. Such application shall specify the grounds to be relied upon by the applicant. If the commissioner shall find that the application is made in good faith, that the applicant would be so aggrieved if his grounds are established, and that such grounds otherwise justify holding such a hearing, he shall, within thirty days after receipt of such application, hold a hearing upon not less than ten days written notice to the applicant and to every insurer and rating organization which made such filing.

If, after such hearing, the commissioner finds that the filing or a part thereof does not meet the requirements of this act, he shall issue an order specifying in what respects he finds that such filing or a part thereof fails to meet the requirements of this act, and stating when, within a reasonable period thereafter, such filing or a part thereof shall be deemed no longer effective. Copies of said order shall be sent to the applicant and to every such insurer and rating organization. Said order shall not affect any contract or policy made or issued prior to the expiration of the period set forth in said order.

(c) No filing nor any modification thereof shall be disapproved if the rates in connection therewith meet the requirements of this act.

Section 6. Rating Organizations.—(a) A corporation, an unincorporated association, a partnership or an individual, whether located within or outside this Commonwealth, may make application to the commissioner for license as a rating organization for such kinds of insurance, or subdivision or class of risk or a part or combination thereof as are specified in its application and shall file therewith (1) a copy of its constitution, its articles of agreement or association, or its certificate of incorporation, and of its by-laws, rules and regulations governing the conduct of its business, (2) a list of its members and subscribers, (3) the name and address of a resident of this Commonwealth upon whom notices or orders of the commissioner or process affecting such rating organization may be served and (4) a statement of its qualifications as a rating organization. If the commissioner finds that the applicant is competent, trustworthy and otherwise qualified to act as a rating organization and that its constitution, articles of agreement or association or certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business conform to the requirements of law, he shall issue a license specifying the kinds of insurance, or subdivision or class of risk or part or combination thereof, for which the applicant is authorized to act as a rating organization. Every such application shall be granted or denied in whole or in part by the commissioner within sixty days of the date of its filing with him. Licenses issued pursuant to this section shall remain in effect for three years unless sooner suspended or revoked by the commissioner. The fee for said license shall be twenty-five dollars. Licenses issued pursuant to this section may be suspended or revoked by the commissioner, after hearing upon notice in the event the rating organization ceases to meet the requirements of this subsection. Every rating organization shall notify the commissioner promptly of every change in (1) its constitution, its articles of agreement or association, or its certificate of incorporation, and its by-laws, rules and regulations governing the conduct of its business, (2) its list of members and subscribers and (3) the name and address of the resident of this Commonwealth designated by it upon whom notices or orders of the commissioner or process affecting such rating organization may be served.

(b) Subject to rules and regulations which have been approved by the commissioner as reasonable, each rating organization shall permit any insurer, not a member, to be a subscriber to its rating services for any kind of insurance, subdivision, or class of risk or a part or combination thereof, for which it is authorized to act as a rating organization. Notice of proposed changes in such

rules and regulations shall be given to subscribers. Each rating organization shall furnish its rating services without discrimination to its members and subscribers. The reasonableness of any rule or regulation in its application to subscribers, or the refusal of any rating organization to admit an insurer as a subscriber, shall, at the request of any subscriber or any such insurer, be reviewed by the commissioner at a hearing held upon at least ten days written notice to such rating organization and to such subscriber or insurer. If the commissioner finds that such rule or regulation is unreasonable in its application to subscribers, he shall order that such rule or regulation shall not be applicable to subscribers. If the rating organization fails to grant or reject an insurer's application for subscribership within thirty days after it was made, the insurer may request a review by the commissioner as if the application had been rejected. If the commissioner finds that the insurer has been refused admittance to the rating organization as a subscriber without justification, he shall order the rating organization to admit the insurer as a subscriber. If he finds that the action of the rating organization was justified, he shall make an order affirming its action.

(c) No rating organization shall adopt any rule the effect of which would be to prohibit or regulate the payment of dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers.

(d) Cooperation among rating organizations or among rating organizations and insurers and concert of action among insurers under the same general management and control in rate making or in other matters within the scope of this act is hereby authorized: Provided, The filings resulting therefrom are subject to all the provisions of this act which are applicable to filings generally. The commissioner may review such activities and practices and if, after a hearing, he finds that any such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this act he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this act and requiring the discontinuance of such activity or practice.

(e) Any rating organization may provide for the examination of policies, daily reports, binders, renewal certificates, endorsements or other evidences of insurance, or the cancellation thereof, and may make reasonable rules governing their submission. Such rules shall contain a provision that in the event any insurer does not within sixty days furnish satisfactory evidence to the rating organization of the correction of any error or

omission previously called to its attention by the rating organization it shall be the duty of the rating organization to notify the commissioner thereof. All information so submitted for examination shall be confidential.

(f) Any rating organization may subscribe for or purchase actuarial, technical or other services, and such services shall be available to all members and subscribers without discrimination.

Section 7. Deviations.—Every member of, or subscriber to, a rating organization shall adhere to the filings made on its behalf by such organization except that any such insurer may file with the commissioner a deviation from the class rates, schedules, rating plans or rules, respecting any kind of insurance, or class of risk within a kind of insurance, or combination thereof. Such deviation filing shall specify the basis for the modification and a copy thereof shall also be sent simultaneously to such rating organization. Any such deviation filing shall be on file for a waiting period of thirty days before it becomes effective, unless the commissioner reviews and authorizes the filing to become effective before the expiration of such period, and shall be subject to the provisions of section five. Each deviation shall be effective for a period of not less than one year from the date such deviation is filed unless terminated sooner with the approval of the commissioner or in accordance with the provisions of section five.

Section 8. Appeal by Minority.—Any member of, or subscriber to, a rating organization may appeal to the commissioner from any action or decision of such rating organization in approving or rejecting any proposed change in, or addition to, the filings of such rating organization and the commissioner shall, after a hearing held upon not less than ten days written notice to the appellant and to such rating organization, issue an order approving the action or decision of such rating organization, or directing it to give further consideration to such proposal, and to take action or make a decision upon it within thirty days, or, if such appeal is from the action or decision of the rating organization in rejecting a proposed addition to its filings, he may, in the event he finds that such action or decision was unreasonable, issue an order directing the rating organization to make an addition to its filings on behalf of its members and subscribers in a manner consistent with his findings within a reasonable time after the issuance of such order: Provided, however, If the appeal is from the action of the rating organization with regard to a rate on a proposed change in, or addition to, its filings relating to the character and extent of coverage, he shall approve the rate applied

by the rating organization or such rate as may be suggested by the appellant if either rate be in accordance with this act.

The failure of a rating organization to take action or make a decision within thirty days after submission to it of a proposal under this section shall constitute a rejection of such proposal within the meaning of this section.

Section 9. Information to be Furnished Insureds and State Police; Hearings and Appeals of Insureds.—Every rating organization and every insurer which makes its own rates shall, within a reasonable time after receiving written request therefor and upon payment of such reasonable charge as it may make, furnish to any insured affected by a rate made by it, or to the authorized representative of such insured, all pertinent information as to such rate. Every rating organization and every insurer which makes its own rates shall provide within this Commonwealth reasonable means whereby any person aggrieved by the application of its rating system may be heard, in person or by his authorized representative, on his written request to review the manner in which such rating system has been applied in connection with the insurance afforded him. If the rating organization or insurer fails to grant or reject such request within thirty days after it is made, the applicant may proceed in the same manner as if his application had been rejected. Any party affected by the action of such rating organization or such insurer on such request may, within thirty days after written notice of such action appeal to the commissioner, who, after a hearing held upon not less than ten days written notice to the appellant and to such rating organization or insurer, may affirm or reverse such action.

Every rating organization and every insurer which makes its own rates shall supply or permit to be copied the data, and shall file the reports, as required by the act, approved the twenty-seventh day of April, one thousand nine hundred twenty-seven (Pamphlet Laws 450), entitled "An act relating to fires and fire prevention; imposing duties and conferring powers upon the State Police; authorizing the appointment of the chiefs of fire departments and certain public officers and others as assistants to said State Police, and defining their powers and duties; providing for the investigation of the cause, origin, and circumstance of fires and the inspection of all, and the *removal or change of, certain buildings; imposing duties on school authorities and on certain corporations, associations, and fire rating agencies; providing for the attendance of witnesses before the said State

* "remove!" in original.

Police, and the enforcement of its orders; and prescribing penalties," or its amendments or supplements.

Section 10. Advisory Organizations.— (a) Every group, association or other organization of insurers, whether located within or outside this Commonwealth, which assists insurers which make their own filings or rating organizations in rate making, by the collection and furnishing of loss or expense statistics, or by the submission of recommendations, but which does not make filings under this act, shall be known as an advisory organization.

(b) Every advisory organization shall file with the commissioner (1) a copy of its constitution, its articles of agreement or association or its certificate of incorporation and of its by-laws, rules, and regulations governing its activities, (2) a list of its members, (3) the name and address of a resident of this Commonwealth upon whom notices or orders of the commissioner or process issued at his discretion may be served, and (4) an agreement that the commissioner may examine such advisory organization in accordance with the provisions of section twelve of this act.

(c) If, after a hearing, the commissioner finds that the furnishing of such information or assistance involves any act or practice which is unfair or unreasonable or otherwise inconsistent with the provisions of this act he may issue a written order specifying in what respects such act or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this act and requiring the discontinuance of such act or practice.

(d) No insurer which makes its own filings nor any rating organization shall support its filings by statistics or adopt rate making recommendations furnished to it by an advisory organization which has not complied with this section or with an order of the commissioner involving such statistics or recommendations issued under subsection (c) of this section. If the commissioner finds such insurer or rating organization to be in violation of this subsection he may issue an order requiring the discontinuance of such violation.

Section 11. Joint Underwriting or Joint Reinsurance.—(a) Every group, association or other organization of insurers which engages in joint underwriting or joint reinsurance, shall be subject to regulation with respect thereto as herein provided subject, however, with respect to joint underwriting to all provisions of this act and, with respect to joint reinsurance, to sections twelve and fifteen to twenty of this act.

(b) If, after a hearing, the commissioner finds that any activity or practice of any such group, association or other organization is unfair or unreasonable or otherwise inconsistent with the provisions of this act he may issue a written order specifying in what respects such activity or practice is unfair or unreasonable or otherwise inconsistent with the provisions of this act and requiring the discontinuance of such activity or practice.

(c) The provisions of this section shall not apply to the group action of insurers under the same general management and control.

Section 12. Examinations.—The commissioner shall, at least once in five years, make or cause to be made an examination of each rating organization licensed in this Commonwealth, as provided in section six and he may, as often as he may deem it expedient, make or cause to be made an examination of each advisory organization referred to in section ten and of each group, association or other organization referred to in section eleven. The reasonable costs of any such examination shall be paid by the rating organization, advisory organization, or group, association or other organization examined upon presentation to it of a detailed account of such costs. The officers, manager, agents and employes of such rating organization, advisory organization, or group, association or other organization may be examined at any time under oath and shall exhibit all books, records, accounts, documents, or agreements governing its method of operation. The commissioner shall furnish two copies of the examination report to the organization, group or association examined and shall notify such organization, group or association that it may, within twenty days thereafter, request a hearing on said report or on any facts or recommendations therein. Before filing any such report for public inspection, the commissioner shall grant a hearing to the organization, group or association examined. The report of any such examination, when filed for public inspection, shall be admissible in evidence in any action or proceeding brought by the commissioner against the organization, group or association examined, or its officers or agents, and shall be prima facie evidence of the facts stated therein. The commissioner may *withhold the report of any such examination from public inspection for such time as he may deem proper. In lieu of any such examination the commissioner may accept the report of an examination made by the insurance supervisory official of another state, pursuant to the laws of such state.

Section 13. Rate Administration ; Authority and Duties of Commissioner ; Rules and Regulations.—(a) Re-

* "withhold" in original.

ording and Reporting of Loss and Expense Experience. The commissioner shall promulgate reasonable rules and statistical plans, reasonably adapted to each of the rating systems on file with him, which may be modified from time to time and which shall be used thereafter by each insurer in the recording and reporting of its loss and countrywide expense experience, in order that the experience of all insurers may be made available at least annually in such form and detail as may be necessary to aid him in determining whether rating systems comply with the standards set forth in this act. Such rules and plans may also provide for the recording and reporting of expense experience items which are specially applicable to this Commonwealth and are not susceptible of determination by a prorating of countrywide expense experience. In promulgating such rules and plans, the commissioner shall give due consideration to the rating systems on file with him and, in order that such rules and plans may be as uniform as is practicable among the several states, to the rules and to the form of the plans used for such rating systems in other states. Such rules and plans shall not place an unreasonable burden of expense on any insurer. No insurer shall be required to record or report its loss experience on a classification basis that is inconsistent with the rating system filed by it, nor shall any insurer be required to report its experience to any agency of which it is not a member or subscriber. The commissioner may designate one or more rating organizations or other agencies to assist him in gathering such experience and making compilations thereof, and such compilations shall be made available, subject to reasonable rules promulgated by the commissioner, to insurers and rating organizations.

(b) Interchange of Rating Plan Data. Reasonable rules and plans may be promulgated by the commissioner for the interchange of data necessary for the application of rating plans.

(c) Consultation with Other States. In order to further uniform administration of rate regulatory laws, the commissioner and every insurer and rating organization may exchange information and experience data with insurance supervisory officials, *insurers and rating organizations in other states and may consult with them with respect to rate making and the application of rating systems.

(d) Authority and Duties of Commissioner; Rules and Regulations. In addition to any powers hereinbefore expressly enumerated in this act, the commissioner shall have full power and authority, and it shall be his duty, to enforce and carry out by regulations, orders, or

* "Insureres" in original.

otherwise, all and singular the provisions of this act, and the full intent thereof. The commissioner may make such reasonable rules and regulations not inconsistent with this act, or any amendment thereof, as may be necessary or proper in the exercise of his powers or for the performance of his duties under this act.

Section 2. The act is amended by adding, after section 13, a new section to read:

Act amended by adding a new section 13.1.

Section 13.1. Uniform Classification of Accounts and Records; Reports; Penalties.—(a) Each stock or mutual insurance company, association, exchange, employers mutual liability association and organization, including the State Workmen's Insurance Fund, which is subject to the provisions of this act, shall maintain uniform classifications of accounts and records as may be prescribed by the Insurance Commissioner.

(b) Each stock or mutual insurance company, association, exchange, employers mutual liability association and organization, including the State Workmen's Insurance Fund, which is subject to the provisions of this act, shall file such uniform reports relative to their business and transactions as the Insurance Commissioner may deem necessary. Such reports, except when otherwise provided by law, shall be filed on the date prescribed by the Insurance Commissioner and in such form as may be determined by the Insurance Commissioner.

(c) Any insurance company, association, exchange or organization to which this act applies, which neglects or refuses to maintain its records as herein provided for, or which neglects or refuses to file uniform reports, shall forfeit a sum not to exceed one hundred dollars (\$100) per day for each day during which such neglect or refusal continues, and upon notice by the Insurance Commissioner, its authority to do new business shall cease while such default continues. For wilfully making false reports, any insurance company, association, exchange or organization to which this act applies, and the persons making oath to or subscribing the same, shall, severally, be punished by a fine of not less than five hundred dollars (\$500) nor more than five thousand dollars (\$5000). A person who wilfully makes oath to such false report shall be guilty of perjury.

(d) No action shall be taken by the Insurance Commissioner under the provisions of subsection (c) of this section, except after a hearing held upon ten days' written notice to the party or parties concerned. Classifications of accounts and records or reports shall be prescribed by the Insurance Commissioner under the provisions of this act only upon notice and after hearing to all parties affected thereby, and rules and regu-

lations relating thereto shall be promulgated by the Insurance Commissioner at least six months before the effective date thereof. Any party or parties aggrieved by action of the Insurance Commissioner under this section may appeal to the Court of Common Pleas of Dauphin County.

(e) Nothing in this section shall be construed as applying to domestic mutual fire insurance companies as to policies covering only those classes of insurance authorized by clauses (1), (2) and (3) of subsection (b) of section 202 of the act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," other than insurance upon automobiles.

Sections 14 to 18, inclusive, reenacted and amended.

Section 3. Sections 14 to 18, both inclusive, of the act are reenacted and amended to read:

Section 14. False or Misleading Information.—No person or organization shall wilfully withhold information from, or knowingly give false or misleading information to, the commissioner, any statistical agency designated by the commissioner, any rating organization, or any insurer, which will affect the rates or premiums chargeable under this act. A violation of this section shall subject the one guilty of such violation to the penalties provided in section fifteen of this act.

Section 15. Penalties. The commissioner may, if he finds that any person or organization has violated any provision of this act, impose a penalty of not more than fifty dollars (\$50) for each such violation, but if he finds such violation to be wilful he may impose a penalty of not more than five hundred dollars (\$500) for each such violation. Such penalties may be in addition to any other penalty provided by law.

The commissioner may suspend the license of any rating organization or insurer which fails to comply with an order of the commissioner within the time limited by such order, or any extension thereof which the commissioner may grant. The commissioner shall not suspend the license of any rating organization or insurer for failure to comply with an order until the time prescribed for an appeal therefrom has expired or if an appeal has been taken, until such order has been affirmed. The commissioner may determine when a suspension of license shall become effective and it shall remain in effect for the period fixed by him, unless he modifies or rescinds such suspension, or until the order upon which such suspension is based is modified, rescinded or reversed.

No penalty shall be imposed and no license shall be suspended or revoked except upon a written order of the commissioner, stating his findings, made after a

hearing held upon not less than ten days written notice to such person or organization specifying the alleged violation.

Section 16. Hearing Procedure and Judicial Review.

—(a) Any insurer, rating organization or person aggrieved by any action of the commissioner, except disapproval of a filing or a part thereof as provided for in section five hereof, or by any rule or regulation adopted and promulgated by the commissioner, shall have the right to file a complaint with the commissioner and to have a hearing thereon before the commissioner. Pending such hearing and the decision thereon the commissioner may suspend or postpone the effective date of his previous action, rule or regulation.

(b) All such hearings and all hearings provided for in section five hereof shall be conducted, and the decision of the commissioner on the issue or filing involved shall be rendered in accordance with the provisions of the Administrative Agency Law approved the fourth day of June, one thousand nine hundred forty-five (Pamphlet Laws 1388), or any amendment thereof, relating to adjudication procedure.

(c) Any insurer, rating organization or person aggrieved by any adjudication, including a disapproval of a filing or portion thereof under the provisions of section five hereof, shall have a right to appeal therefrom to the Court of Common Pleas of Dauphin County and have a judicial review of such adjudication within the time and in the manner and with the same effect as is provided by the Administration Agency Law, or any amendment thereof, and the rules of civil procedure promulgated by the Supreme Court of Pennsylvania or any amendment thereof having to do with judicial review of adjudications of agencies of the Commonwealth.

Section 17. Constitutionality.—If any section, subsection, subdivision, paragraph, sentence or clause of this act is held invalid or unconstitutional, such decision shall not *affect the remaining portions of this act.

Section 18. Short Title.—This act shall be known, and may be cited, as “The Fire, Marine and Inland Marine Rate Regulatory Act.”

Section 4. This reenacting and amending act shall ^{Effective date.} become effective September 1, 1961.

APPROVED—The 23rd day of August, A. D. 1961.

DAVID L. LAWRENCE

* “effect” in original.