

No. 365

AN ACT

HB 892

Amending the act of May 17, 1921 (P.L.789, No.285), 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," prohibiting the licensing of lending institutions, public utilities and holding companies except for the sale of certain types of insurance.

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

Section 1. The act of May 17, 1921 (P.L.789, No.285), known as "The Insurance Department Act of one thousand nine hundred and twenty-one," is amended by adding a section to read:

Section 641. Lending Institutions, Public Utilities and Holding Companies Not to be Licensed.—(a) As used in this section:

(1) "Lending institution" means any institution that accepts deposits and lends money in the Commonwealth of Pennsylvania, including banks and savings and loan associations, but excluding insurance companies.

(2) "Public utility" means a private employer subject to the jurisdiction of the Pennsylvania Public Utility Commission and engaged in the business of rendering electric, gas, water and steam heat services to the public in this Commonwealth: Provided, however, That the term "public utility" shall not include rural electrification cooperatives.

(3) The terms "subsidiary" and "affiliate" shall be defined in the regulations promulgated by the Insurance Commissioner, except that "affiliate" shall not apply to an entity which owns an interest in another company or corporation where the ownership interest is not sufficient to permit exercise of effective control, and does not involve direct or indirect ownership or control of five per centum or more of the voting stock of such company or corporation. Nor shall it apply to an entity whose stock is owned by another, provided that the amount of stock owned by any one company or corporation does not permit effective control and does not exceed five per centum of the voting stock of the entity. The term "affiliate" shall, subject to the provisions to invest in stock contained in this subsection, include bank holding company, savings and loan holding company, and public utility holding company as hereinafter defined.

(4) ***“Bank holding company” shall mean and include the definition of such term in section two of an act of Congress entitled the “Bank Holding Company Act of 1956,” as amended: Provided, however, That if on or before the effective date of this act, a bank holding company has been granted an exemption by the Board of Governors of the Federal Reserve System pursuant to section 4(d) of the Bank Holding Company Act of 1956, as amended, such bank holding company shall not be held to be a bank holding company within the meaning of section 2 of the Bank Holding Company Act of 1956, as amended.***

(5) ***“Credit life, health, and accident insurance” means insurance on the life and health of a borrower from a lending institution to secure the repayment of the amount borrowed, in accordance with regulations promulgated by the Insurance Commissioner.***

(6) ***“Title insurance” shall mean and include the definition of such term in section seven hundred and one of the act of May 17, 1921 (P.L.682, No.284), known as “The Insurance Company Law of 1921.”***

(7) ***A “savings and loan holding company” shall mean and include the definition of such term as defined in Title 12, United States Code, sections 1730a (a), (1), (D), (E), (F).***

(8) ***“Public utility holding company” shall mean and include the definition of such term as defined in Title 15, United States Code, sections 79b (a) (7), including electric, gas, water and steam heat services.***

(9) ***“Deposits” shall mean and include the definition of such term as set forth in Title 12, United States Code, section 1813 (l), (1), (2), (3), (4), (5).***

(b) ***No lending institution, public utility, bank holding company, savings and loan holding company or any subsidiary or affiliate of the foregoing, or officer or employe thereof, may, directly or indirectly, be licensed or admitted as an insurer or be licensed to sell insurance in this State either as a broker or as an agent except that a lending institution or bank holding company, subsidiary or affiliate of a lending institution may be licensed to sell credit life, health and accident insurance and to sell and underwrite title insurance in accordance with regulations promulgated by the Insurance Commissioner.***

(c) ***The Insurance Commissioner is authorized to promulgate regulations in order to effectuate the purposes of this section, which are to help maintain the separation between lending institutions and public utilities and the insurance business and to minimize the possibilities of unfair competitive practices by lending institutions and public utilities against insurance companies, agents and brokers.***

Section 2. The provisions of this act shall not apply to any lending institution, bank holding company, savings and loan holding company, public utility, or public utility holding company, or any subsidiary or affiliate of the foregoing, or any officer, director, or employe thereof

licensed as an insurance agent or broker or insurer in Pennsylvania on or before the effective date of this act.

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. 365.

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

Secretary of the Commonwealth.