

No. 183

AN ACT

HB 2062

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," eliminating certain exemptions on reserving requirements applicable to mutual fire insurance companies.

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

Section 1. Section 807, act of May 17, 1921 (P.L.682, No.284), known as "The Insurance Company Law of 1921," amended August 23, 1961 (P.L.1090, No.490), is amended to read:

Section 807. Reserves.—A mutual insurance company, other than a mutual life company, shall maintain unearned premium and other reserves separately, for each kind of insurance, upon the same basis as that required of domestic stock insurance companies transacting the same kind of insurance, except that the Insurance Commissioner may, by written order, fix a different basis of reserve for losses and claim in workmen's compensation insurance. Any reserve for losses or claims based upon the premium income shall be computed upon the net premium income, after deducting any so-called dividend or premium returned or credited to the member. **[Except when cash premiums are payable in advance, the]** *The* provisions relating to unearned premium reserve shall not apply to policies issued by a domestic mutual fire insurance company *under the authority of section 202 (b)(1)*, which policies set forth therein, or in the promissory note attached thereto, a limited or unlimited liability to assessment. Such companies shall accumulate such reserves not later than December 31, **[1961] 1976**.

Section 2. This act shall take effect immediately.

APPROVED—The 9th day of July, A. D. 1976.

MILTON J. SHAPP