

BILL ANALYSIS

Walt 2017

Bill Number 2063 Printer's Number 2798 Analysis by SORU

- Constitutional Amdt.
- New Legislation
- Amends Present Law
- Resolution

Date Analysis 3/30/76
 Date Considered -
 Date Effective -

Vote in committee Yeas _____ Nays _____ Was bill amended _____ (if so, attach amendments and analysis of amendments)

 Attach copy of bill with background data, both pro and con, along with position of the administration if any. Use the following as a checklist in preparing analysis. Not all bills will have all of the elements on the checklist so the list should be used only as a guide. Where not applicable, mark NA. Where analysis is still incomplete because of lack of sufficient data, mark Inc.

- Bill attached Background attached Administration position
- Purpose of bill People Affected Local governmental units affected
- Who is given jurisdiction over enforcement, if any
- Relationship with other proposed legislation Penalties
- Give history of public hearings, if any Supporting and opposing organizations.
- Outline of repealed legislation, if any
- Financial aspects (state, local and federal) Amendments Attached Analyzed



HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

MEMO

March 30, 1976

SUBJECT: HB 2063 (PN 2798) - Changing minimum capital stock and financial requirements of certain insurance companies.

TO: Honorable C. L. Shcmitt
Chairman, Consumer Protection Committee

FROM: Joseph Sobel, Legal Counsel

I. Purpose of the Bill

Amending subsection b of Section 206 and Section 516 of the Insurance Company Law of 1921 to change the minimum capital stock and financial requirements of certain domestic and foreign insurance companies.

Section 1 of the Bill increases the capital stock requirement for companies writing general coverages on buildings, autos, as well as inland marine coverages, from \$200,000 to \$300,000. This Section also increases the cumulative stock requirements for companies which write all general property coverages including ocean/marine from \$400,000 to \$700,000.

Section 2 of the Bill pertains specifically to foreign companies, and changes their capital requirements for writing these lines of insurance, respectively, to conform generally with the above-noted requirements for domestic companies.

In light of recent inflationary trends, and the notable increases in the size of physical damage claims which necessitate increased monetary outlays, the Insurance Department strongly recommends that these increased financial requirements be enacted.

Companies are provided five years lead time from the effective date of the Act in order to develop their surpluses.

II. People Affected by This Legislation

This proposed amendment would increase the minimum financial requirements for doing certain lines of insurance business in the Commonwealth of Pennsylvania. These include physical damage and loss coverages for autos, buildings, as well as inland and ocean-going vessels and their cargos.

III. Local Government Units Affected

None.

IV. Enforcement

The bill would be as an amendment to subsection (b) of Section 206 and Section 516 of the Insurance Company Law of 1921.

V. Relationship With Other Bills

Although this bill may be considered to be part of the package concerning insurance, generally it is exclusive in effect and intent.

VI. Repealed Legislation

None.

VII. Supporting and Opposing Organizations

This bill has the support of the Insurance Federation of Pennsylvania and the Pennsylvania Insurance Department.

The Pennsylvania Association of Mutual Insurance Companies opposes this bill.