AN ACT

To provide for the regulation of the business of fire, marine, and casualty insurance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

CHAPTER I—TITLE AND DEFINITIONS

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.—This Act shall be known as the "Fire and Casualty Act".

TABLE OF CONTENTS

CHAPTER I

Sec. 1. Short title and table of contents.
Sec. 2. Application.
Sec. 3. Definitions.

CHAPTER II

Sec. 1. Records of Insurance Department; power to make rules.
Sec. 2. Certificate of authority.
Sec. 3. Revocation and suspension of certificate of authority.
Sec. 4. When company has ceased business.
Sec. 5. Receivership proceedings.
Sec. 6. When company to be deemed insolvent.
Sec. 7. When capital or surplus of company deemed impaired.
Sec. 8. Annual statement.
Sec. 9. Penalty for false statement.
Sec. 10. Examinations.
Sec. 11. Classification of Insurance.
   (1) Fire and marine.
   (2) Casualty.
Sec. 12. Limitation of risk.
Sec. 13. Minimum capital and surplus requirement.
Sec. 15. Domestic companies.
Sec. 16. Domestic company real-estate holdings.
Sec. 17. Mutual company’s surplus fund—Power to borrow.
Sec. 18. Investment of funds of domestic companies.
Sec. 19. Exclusive agency contracts.
Sec. 20. Foreign or alien companies.
Sec. 20A. Lloyd’s organizations.
Sec. 21. Application for certificate of authority.
Sec. 22. Delivery to superintendent of application and documents.
Sec. 23. Service of process.
   (a) Service of process upon unauthorized company.
   (b) Attorney for services of process.
Sec. 24. Mutual and reciprocal names.
Sec. 25. Maximum and contingent premiums of mutual companies.
Sec. 26. Reserves.
Sec. 27. Policy forms filed with the superintendent.
Sec. 28. Provisions in accident and health policies.
Sec. 29. Discriminations prohibited.
Sec. 30. Agents and brokers—Requirements for license, and so forth.
Sec. 31. Payment of commissions restricted to licensed persons.
Sec. 32. Procedure for obtaining licenses.
Sec. 33. Effective dates of licenses and proration of fees.
Sec. 34. Temporary transfer of licenses.
Sec. 35. Renewal of licenses.
Sec. 36. Revocation and suspension of licenses.
Sec. 37. Unauthorized solicitation or representation.
Sec. 38. When license not required.
Sec. 39. Unauthorized insurance.
Sec. 40. Licenses for lines in unauthorized companies.
Sec. 41. License fees.
Sec. 42. Testimony; production of books.
Sec. 43. Penalties not otherwise prescribed.
Sec. 44. Appeal from superintendent to Commissioners.
Sec. 45. Court proceedings.
Sec. 46. Repeals.
Sec. 47. Constitutionality.
Sec. 48. Effective date of act.

SEC. 2. APPLICATION.—All fire, marine, and casualty insurance companies now or hereafter incorporated or formed in the District, or authorized to do business in the District, all brokers and all agents and other representatives of such companies, shall, to the extent hereinafter provided, be subject to this Act: Provided, That this Act shall not affect the business of life and title insurance, and shall not affect the right or authority of any solvent company to make contracts of fidelity or surety, and shall not affect a plan under which any person provides pension benefits to his employees.

SEC. 3. DEFINITIONS.—In this Act, unless the context otherwise requires—

"District." means District of Columbia.

"Commissioners" means the Commissioners of the District of Columbia.

"Superintendent" means the Superintendent of Insurance of the District of Columbia.

"Department" means the Department of Insurance of the District of Columbia.

"Company" means an insurance, surety, or indemnity company, and shall be deemed to include a corporation, company, partnership, association, individual, or aggregation of individuals engaging in or proposing or attempting to engage in any kind of insurance, surety, or indemnity business, including the exchanging of reciprocal or interinsurance contracts between individuals, partnerships, and corporations.

"Authorized company" means a company which has authority from the Superintendent to do business in the District as provided under section 2, chapter II, of this Act.

"Unauthorized company" means a company which does not have authority from the Superintendent to do business in the District as provided under section 2, chapter II, of this Act.

"Domestic company" means a company incorporated or organized under the laws of the District.

"Foreign company" means a company incorporated or organized under the laws of any State of the United States.

"Alien company" means a company incorporated or organized under the laws of any country other than the United States.

"Reciprocal" includes interinsurance exchange.

"Person" includes individuals, corporations, associations, exchanges, and partnerships.

Personal pronouns include all genders; the singular includes the plural and the plural includes the singular.

"Policy" means an insurance policy or contract, including contracts of fidelity and surety, and includes any contract wherein one party called the "company", for a consideration, undertakes to pay money or its
equivalent, or to do an act valuable to any other party upon the happening of the hazard or peril insured against whereby the party insured suffers loss or injury or is subjected to legal liability.

"Officer", when used to refer to officer of the company, includes an attorney-in-fact.

"Policy writing agent" means any person who is not a salaried employee of a company, and whose residence or principal place of business is located in the District, and who is authorized in writing by any company authorized to transact business in the District to countersign policies and to solicit, negotiate, or effect contracts of insurance, surety, or indemnity for such company in the District.

"Soliciting agent" means any person who is not a salaried employee of a company and whose residence or principal place of business is located in the District, and who is authorized by a company having authority to transact business in the District, or by a policy-writing agent, to solicit in the District contracts of insurance, surety, or indemnity in behalf of such company or agent.

"Broker" means any person who for a consideration acts or aids in any manner in the solicitation or negotiation on behalf of the assured of contracts of insurance, surety, or indemnity.

"Salaried company employee" means any person regularly employed by an authorized company, and who is paid a regular wage or salary to perform certain duties and functions authorized by such company. For the purposes of this Act the term "salaried company employee" shall not include employees engaged solely in office duties or in the inspection, rating, or classifying of risks or in the supervision of agents, or any employee not engaged in the solicitation or writing of policies, or officers of companies or associations engaged in the performance of their usual and customary executive duties.

"Surplus" means the excess of admitted assets over liabilities and capital in the case of a company with capital stock, and the excess of admitted assets over liabilities in the case of a company without capital stock.

"Liabilities" means all debts due or to become due, contingent or otherwise, of which the company has knowledge, and includes the reserves required by this Act.

"Admitted assets" includes the investments authorized or permitted by this Act, and in addition thereto only the following:

1. Cash in a company's principal or branch offices or in possession of a company or in transit, and cash deposited with the officers of any State or subdivision thereof, or the Dominion of Canada, when such deposit is necessitated by the laws of such State or subdivision thereof, or by the laws of the Dominion of Canada.

2. Cash deposited in sound banks and trust companies.

3. The amount fairly estimated as recoverable on cash deposited in closed banks and trust companies.

4. Bills and accounts receivable collateralized by securities of the kind in which the company is authorized to invest.

5. Bills receivable not past due for risks taken by companies authorized to transact fire and marine business described in section 10 of chapter II of this Act that are not in excess of the unearned premiums thereon.

6. Gross premiums or premium deposits in course of collection not more than ninety days past due, less commissions due thereon to agents.

7. Amounts fairly estimated as recoverable from advances made on contracts under surety bonds.

8. Amounts due from solvent insurance companies, bureaus, or company associations, and amounts fairly estimated as recoverable from insolvent insurance companies.
CHAPTER II—POWERS AND DUTIES OF SUPERINTENDENT

General Provisions

Section 1. Records of Insurance Department; Power to Make Rules.—The office of the Superintendent shall be a public office, and the records, books, and papers thereof on file therein shall be public records of the District, except as the Superintendent for good reason may decide otherwise, or except as it may be provided otherwise herein.

The Superintendent shall have authority to make and enforce such reasonable rules and regulations as may be necessary in making effective the provisions of this Act, but such rules and regulations shall not be contrary to nor inconsistent with the provisions of this Act.

Sec. 2. Certificate of Authority.—It shall be the duty of the Superintendent to issue a certificate of authority to a company when it shall have complied with the requirements of the laws of the District so as to be entitled to do business therein. The Superintendent may, however, satisfy himself by such investigation as he may deem proper or necessary that such company is duly qualified under the laws of the District to transact business therein, and may refuse to issue or renew any such certificate to a company if the issuance or renewal of such certificate would adversely affect the public interest. In each case the certificate shall be issued under the seal of the Superintendent authorizing and empowering the company to transact the kind or kinds of business specified in the certificate, and each such certificate shall be made to expire on the 30th day of April next succeeding the date of its issuance. No company shall transact any business in or from the District until it shall have received a certificate of authority as authorized by this section, and no company shall transact any business not specified in such certificate of authority. No domestic mutual company shall transact any business in the District until it has bona fide applications for insurance covering not less than two hundred separate risks in not less than twenty policies to be issued to not less than twenty members, and has received the cash premium therefor, and has a surplus of not less than the amount provided under sections 12 and 13 of chapter II of this Act.

Sec. 3. Revocation and Suspension of Certificate of Authority.—The Superintendent shall have power to revoke or suspend the certificate of authority to transact business in the District of any

(9) The interest accrued during the twelve months immediately preceding on mortgage loans other than those upon which the company is proceeding for the enforcement of security.

(10) The rents accrued on the company's property during the twelve months immediately preceding.

(11) Interest due and accrued on bonds conforming to this Act and not in default.

(12) Amounts due and accrued on dividends declared on shares of stock conforming to this Act.

(13) Interest due and accrued on collateral loans which is not in excess of the value of the collateral over the amount loaned thereon.

(14) Interest due and accrued on deposits in sound banks and trust companies.

(15) Interest accrued on tax-anticipation warrants.

(16) Amounts due for tax refunds allowed but unpaid from the United States or any State.
company which has failed or refused to comply with any provision or requirement of this Act, or which—

(a) Is impaired in capital or surplus;
(b) Is insolvent;
(c) Is in such a condition that its further transaction of business in the District would be hazardous to its policyholders or creditors in the District, or to the public;
(d) Has refused or neglected to pay a valid final judgment against such company within thirty days after such judgment shall have become final either by expiration without appeal within the time when such appeal might have been perfected, or by final affirmance on appeal;
(e) Has violated any law of the District or has in the District violated its charter or exceeded its corporate powers;
(f) Has refused to submit its books, papers, accounts, records, or affairs to the reasonable inspection or examination of the Superintendent, his deputies, or duly appointed examiners;
(g) Has an officer who has refused upon reasonable demand to be examined under oath touching its affairs;
(h) Fails to file with the Superintendent a copy of an amendment to its charter or articles of association within thirty days after the effective date of such amendment;
(i) Has had its corporate existence dissolved or its certificate of authority revoked in the State in which it was organized; or
(j) Has had all its risks reinsured in their entirety in another company, without prior approval of the Superintendent.

The Superintendent shall not revoke or suspend the certificate of authority of any company until he has given the company not less than thirty days' notice of the proposed revocation or suspension and of the grounds alleged therefor, and has afforded the company an opportunity for a full hearing: Provided, however, That if the Superintendent shall find upon examination that the further transaction of business by the company would be hazardous to the public or to the policyholders or creditors of the company in the District, he may suspend such authority without giving notice as herein required.

SEC. 4. WHEN COMPANY HAS CEASED BUSINESS. If a company shall cease to do business in the District, it shall thereupon make report to the Superintendent of the taxable premiums collected which have not been reported prior to the date of the cessation of business, and shall forthwith pay to the collector of taxes of the District, through the Superintendent, a tax thereon computed according to law. If a company fails or refuses to make such a report or to pay the tax imposed upon it as required by law, it shall be liable to the District for the amount of such taxes, plus a penalty of 8 per centum per month for each month or part thereof during which such taxes remain unpaid.

SEC. 5. RECEIVERSHIP PROCEEDINGS.—The Superintendent may, through the corporation counsel of the District, apply to the district court of the United States for the District for a rule directing any company organized under the laws of the District or any company in the course of organization to show why the Superintendent should not take possession of its property and conduct its business as the nature of the case and the interests of the policyholders, creditors, stockholders, or the public may require, whenever any such company is—

(a) Insolvent; or
(b) Has neglected or refused to observe a lawful order of the Superintendent to make good any deficiency in its capital or surplus; or
(c) Has by contract of reinsurance or otherwise transferred or attempted to transfer substantially its entire property or business, or has entered into any transaction, the effect of which is to merge sub-
stantially its entire property or business in the property or business of any other company, without having first obtained the written approval of the Superintendent; or

(d) Is found after an examination by the Superintendent to be in such condition that its further transaction of business would be hazardous to its policyholders; or

(e) Has violated its charter; or

(f) Is carrying on activities against public policy.

Injunctions.

Upon such application, such court may, in its discretion, issue an injunction restraining such company from the transaction of its business or disposition of its property pending further order of the court. On the return of such rule to show cause, the court shall hear, try, and determine the issues forthwith, and shall either deny the application or direct the Superintendent to take possession of the property and conduct the business of such company and retain such possession and conduct such business until on the application either of the Superintendent, the corporation counsel representing him, or the company, it shall, after a like hearing, appear to the court that the ground for the order directing the Superintendent to take possession has been removed, and that the company can properly resume the possession of its property, and the conduct of its business. If on the like application and rule to show cause, and after a hearing, the court shall order the liquidation of the business of such company, such liquidation shall be made by and under the direction of the Superintendent, who may deal with the property and business of such company in his own name as Superintendent, or in the name of the company, as the court may direct, and shall be vested by operation of law with title to all of the property, contracts, and rights of action of such company as of the date of the order so directing him to liquidate. The filing or recording of such order in the office of the recorder of deeds for the District shall impart the same notice that a deed, bill of sale, or other evidence of title duly filed or recorded by such company would have imparted. For the purpose of this section, the Superintendent shall have power to appoint under his hand and official seal one or more special deputy superintendents, and to employ clerks and assistants as may by him be deemed necessary.

Compensation.

The fair and reasonable compensation of such special deputies, clerks, and assistants, and all the expenses of taking possession of and conducting the business of any such company shall, subject to the approval of the court, be paid out of the funds or assets of such company. The court may require a corporate surety bond or bonds from the Superintendent in such amount as it may deem necessary.

Bond.

The court may require a corporate surety bond or bonds from the Superintendent in such amount as it may deem necessary.

SEC. 6. WHEN COMPANY TO BE DEEMED INSOLVENT.—Any insurance company whose assets are not sufficient to reinsure its outstanding risks in a solvent insurance company shall be deemed insolvent, and may be proceeded against as provided in this Act.

SEC. 7. WHEN CAPITAL OR SURPLUS OF COMPANY DEEMED IMPAIRED.—Any company whose capital has been reduced to an amount less than that required by this Act, or whose surplus of admitted assets is in excess of all liabilities is less than the amount required by this Act, shall be deemed to be impaired in capital or surplus, and may be proceeded against as provided in this Act.

SEC. 8. ANNUAL STATEMENT.—Every company doing business in the District shall file with the Superintendent before March 1 in each year a financial statement for the year ending December 31 immediately preceding on forms furnished by the Superintendent. The Superintendent shall have authority to extend the time for filing such statement by any company for reasons which he shall deem good and sufficient. Such statement shall be verified by the oath of the president and secretary of the company, or, in their absence, by two other
principal officers. The Superintendent shall annually in the month of December furnish to each of the companies authorized to do business in the District blanks necessary for the filing of the statement herein required. Such blanks shall conform substantially to the form of statement adopted by the National Association of Insurance Commissioners. The Superintendent shall have power to make such modifications and additions in said blank forms of statement as he may deem desirable and necessary to ascertain the condition and affairs of the company. The Superintendent shall also have power to require that at least once in the month of March in each year a summary of such annual statement shall be published by the company in a daily newspaper published in the District.

SEC. 9. PENALTY FOR FALSE STATEMENT.—Any director, officer, agent, or employee of any company who subscribes to, makes or concurs in making or publishing any annual or other statement required by law, knowing the same to contain any material statement which is false, shall be fined not more than $5,000 or imprisoned for not more than five years, or both.

SEC. 10. EXAMINATIONS.—The Superintendent may examine the books, papers, property, and affairs of any agent or company organized or doing business in the District, and of any company engaged in or professing to be engaged in organizing, promoting, or soliciting stock or capital contributions to or aiding in the formation of any company, or any company which holds the capital stock of another company for the purpose of controlling the management thereof as voting trustee or otherwise. The Superintendent, his deputy, or any examiner designated by the Superintendent, may examine under oath the officers and agents of such company, and all persons deemed to have material information regarding the company's property or business. Every such company, its officers, and agents shall produce at the home office of the company at the time designated by the Superintendent its books of original entry, and all records and papers in its or their possession relating to its or their business or affairs. The officers and agents of such company shall facilitate such examination insofar as it is in their power to do so. The expense of such examination shall be paid by the company examined. Any officer, director, agent, or employee of any company who makes or causes to be made any false entry in any book, report, or statement of such company with intent to injure or defraud such company or any other company or person, or to deceive any officer of such company, or the Superintendent, and any person who with like intent aids or abets any officer, director, agent, or employee in any violation of this Act shall be fined not more than $1,000, or shall be imprisoned for not more than five years, or both. The Superintendent may, in lieu of such examination of a foreign or alien company, accept the report on the examination of such company made by the Insurance Department or other insurance supervising official in any other State or any government outside the United States.

SEC. 11. CLASSIFICATION OF INSURANCE.—Any company authorized to do business in the District may, when empowered by its charter, make all or any one or more of the kinds of insurance and reinsurance comprised in either or both of the following classes, subject to and in accordance with the provisions of this Act:

(1) FIRE AND MARINE.—On houses, buildings, and all other kinds of property against loss, damage, or damages by fire, lightning, or storm; to insure against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers or water pipes; and to make all kinds of insurance against loss of or damage to goods, merchandise, or other property caused by fire, risks of transportation, or navigation, the action of the elements or adverse manifestations of
nature, as well as all and every risk or peril to which the subject of
insurance may be exposed, against which it is not contrary to public
policy to insure, including every insurable interest therein or in the
use thereof, or profit or income therefrom, or legal liability therefor,
but not to include injury to the person nor loss caused by breach of
trust.

(2) CASUALTY.—(a) Upon the health of persons, or against injury,
disability, or death of persons resulting from traveling or general
accidents by land or water, and against liability of the assured for
injuries to employees or other persons; (b) against liability of the
assured for loss or destruction of or damage to property; (c) upon the
lives of domestic animals; (d) against loss of or damage to glass and
its appurtenances; (e) against loss of or damage to any property result-
ning from the explosion of or injury to any boiler, heater, unfired pres-
sure vessel, pipes or containers connected therewith, any engine, turbine,
compressor, pump or wheel or any apparatus generating, transmitting
or using electricity, or any other machine or apparatus connected with
or operated by any of the previously named boilers, vessels or machines;
and including the incidental power to make inspections of and to issue
certificates of inspection upon, any such boilers, apparatus and machin-
ery, whether insured or otherwise; (f) against loss by burglary or theft,
or both, and against loss of or damage to moneys and securities; (g) to
guarantee and indemnify merchants, traders, and those engaged in
business and giving credit, from loss and damage by reason of giving
and extending credit to their customers and those dealing with them;
(h) against loss or damage by water or other fluid or substance to any
property resulting from the breakage or leakage of sprinklers or water
pipes; (i) to insure against any other casualty risk which may lawfully
be the subject of insurance, and which it is not contrary to public policy
to insure: Provided, That this section shall not be construed as having
any effect whatever upon the right or authority of any solvent company
to make contracts of fidelity or surety.

SEC. 12. LIMITATION OF RISK.—No company other than a mutual
or reciprocal company doing business in the District shall expose
itself to any loss on any one risk or hazard in the District to an amount
exceeding 10 per centum of the sum of its capital stock and surplus
without the written prior consent of the Superintendent. No mutual
or reciprocal company shall expose itself to any loss on any one risk
or hazard in the District to an amount exceeding 10 per centum of its
surplus without written prior consent of the Superintendent. No por-
tion of any such risk or hazard which shall have been reinsured in a
company authorized to do business in the District shall be included
in determining limitation of risk: Provided, That the provisions of
this section shall not apply to the insurance of workmen’s compensa-
tion, employers’ liability, marine, or inland marine risks.

SEC. 13. MINIMUM CAPITAL AND SURPLUS REQUIREMENT.—Every
stock company authorized to do business in the District shall have and
shall at all times maintain a paid-up capital stock of not less than
$150,000, and a surplus of not less than $150,000. Every domestic
mutual company and every domestic reciprocal company shall have
and shall at all times maintain a surplus of not less than $150,000, and
every foreign or alien mutual company and every foreign or alien
reciprocal company shall have and shall at all times maintain a surplus
of not less than $200,000.

SEC. 14. CORPORATIONS HERETOFORE FORMED.—No company shall be
exempt from the provisions of this Act by reason of its having been
incorporated in the District or elsewhere prior to the effective date of
this Act, except that, in the case of companies authorized in the Dis-

Corporations heretofores formed.
thereafter without any increase of authority, the minimum capital and surplus required of a stock company, and the minimum surplus required of a mutual or reciprocal company, or of a Lloyd's organization by the laws of the District heretofore applicable shall not be increased by this Act, and provided also that in the case of such continuously authorized companies the provisions of section 24 relating to the names of companies, and the provisions of section 25 relating to the amount of surplus necessary to the issuance of policies having no provision for contingent liability, shall not be applicable.

SEC. 15. DOMESTIC COMPANIES.—Any domestic stock, mutual, or reciprocal company desiring to transact business in the District shall, after complying with the general laws of the District governing the formation of companies or corporations, file with the Superintendent copies of its articles of incorporation, bylaws, charter, proposed forms of policies, and such other information as may be necessary to manifest and explain the organization, objects, and purposes of the company, and to satisfy the Superintendent that such company has complied with the laws of the District regarding the formation of companies. Thereafter, upon application made to the Superintendent upon such forms as the Superintendent shall prescribe, the Superintendent, subject to the provisions of chapter II, section 2, of this Act, shall issue to the company a certificate of authority to transact business in the District.

SEC. 16. DOMESTIC COMPANY REAL ESTATE HOLDINGS.—A domestic company may acquire, hold, and convey real estate for the purpose and in the manner only following:

(1) The building in which it has its principal office and the land on which it stands.
(2) Such as shall be requisite for its convenient accommodation in the transaction of its business.
(3) Such as shall have been acquired for the accommodation of its business.
(4) Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted or for money due.
(5) Such as shall have been conveyed to it in satisfaction of debts, previously contracted, in the course of its dealings.
(6) Such as it shall have purchased at sales on judgments, decrees, or mortgages obtained or made for such debts.

All such real estate specified in paragraphs (3), (4), (5), and (6) of this section, which shall not be necessary for its accommodation in the convenient transaction of its business, shall be sold by the company and disposed of within five years after it shall have acquired the title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, unless the company procure the certificate of the Superintendent that its interests will suffer materially by a forced sale thereof, in which event the time for the sale may be extended to such time as the Superintendent shall direct in such certificate.

SEC. 17. MUTUAL COMPANY'S SURPLUS FUND—POWER TO BORROW.—A domestic mutual company may borrow or assume liability for the repayment of a sum of money sufficient to defray the reasonable expenses of its organization or to enable it to comply with any requirement of law or as a surplus fund upon agreement which shall first be submitted to and approved by the Superintendent that such loan or advance with interest at a rate not exceeding 6 per centum per annum shall be repaid only with the approval of the Superintendent whenever in his judgment the company shall be in possession of sufficient surplus in excess of a surplus equal to the amount required by this Act. Any such loan or advance shall not form a part of the legal liabilities of the company, but until such loan or advance has been repaid all statements published
by such company or filed with the Superintendent shall show the amount thereof then remaining unpaid.

SEC. 18. INVESTMENT OF FUNDS OF DOMESTIC COMPANIES.—A domestic company shall invest its funds only in—

(1) Bonds or other evidences of indebtedness of the United States, or of any State; or of the Dominion of Canada, or of any Province thereof.

(2) Bonds or other evidences of indebtedness of any county, city, town, village, school district, or other municipal district within the United States or the Dominion of Canada which shall be a direct obligation of the county, city, town, village, or district issuing the same.

(3) Bonds or notes secured by mortgages or deeds of trust on unencumbered real estate or perpetual leases thereon in the United States or Dominion of Canada worth not less than 50 per centum more than the amount loaned thereon. Where improvements on the land constitute a part of the value on which the loan is made, the improvements shall be insured against fire for the benefit of the mortgage in an amount not less than the difference between two-thirds of the value of the land and the amount of the loan: Provided, That for the purposes of this section real estate shall not be deemed to be encumbered within the meaning of this section by reason of the existence of taxes or assessments that are not delinquent, instruments creating or reserving mineral, oil, or timber rights, rights-of-way, joint driveways, sewer rights, rights in walls, nor by reason of building restrictions or other restrictive covenants, nor when such real estate is subject to lease in whole or in part whereby rents or profits are reserved to the owner.

(4) Bonds or notes secured by mortgages insured by the Federal Housing Administrator and in debentures issued by the Federal Housing Administrator: Provided, That the restrictions in subparagraph (3) of this section in regard to the ratio of the loan to the value of the property shall not apply to such insured mortgages.

(5) Bonds or other evidences of indebtedness of the farm-loan banks authorized under the Federal Farm Loan Act or Acts amendatory thereof or supplementary thereto, and bonds or other evidences of indebtedness of national mortgage associations.

(6) Stock or bonds and other evidences of indebtedness of any solvent corporation of any State or Territory of the United States or of the District or of any Province of the Dominion of Canada, excepting stock in its own corporation: Provided, That no such investment shall be made in or loan made upon the security of any such stocks upon which dividends in cash during the period of five years next preceding such purchase in each fiscal year for said five years shall not have been paid, and upon which bonds any regular interest payment shall have been defaulted any time within five years prior to such purchase or loan.

(7) Loans upon the pledge of any of the securities aforesaid.

(8) A company doing business in a foreign country may invest the funds required to meet its obligations in such country and in conformity to the laws thereof in the same kind of securities in such foreign country that such company is allowed by law to invest in the United States.

(9) The bonds of the Home Owners' Loan Corporation, a corporation organized under and pursuant to the authority of the Home Owners' Loan Act of 1933, passed by the Congress of the United States and approved June 13, 1933.

No loan or investment shall be made by any such company, unless the same shall have been authorized by the board of directors or by a committee thereof charged with the duty of supervising loans or investments.
No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, or enter into any transaction for such purchase or sale on account of said company, jointly with any other corporation, firm, or person, or enter into any agreement to withhold from sale any of its securities or property; but the disposition of its assets shall at all times be within the control of the company.

Nothing in this Act shall prohibit a company from accepting in good faith, to protect its interest, securities or property, other than herein referred to, in payment of or to secure debts due or to become due the company.

SEC. 19. EXCLUSIVE AGENCY CONTRACTS.—No domestic company authorized to do an insurance business in the District shall have or make any contract with any person whereby such person is granted the exclusive right or privilege to solicit, procure, write, produce, or manage the entire insurance business of such company, or to collect premiums therefor, unless such contract is filed with and approved in writing by the Superintendent. The Superintendent shall not approve any such contract which—

(a) Subjects the company to excessive charges for expenses or commissions; or

(b) Gives to such person the right to manage any of the affairs of such company or the exclusive right to solicit, procure, write, or produce the entire insurance business for such company, or to collect the premiums therefor for such unreasonable period as may jeopardize the interests or security of the company's policyholders.

SEC. 20. FOREIGN OR ALIEN COMPANIES.—Upon complying with the provisions of this Act, a foreign or alien company organized as a stock, mutual, or reciprocal company, or as a Lloyd's organization, but not otherwise, may be authorized by certificate of authority to transact in the District the kind or kinds of business which a domestic company similarly organized may be authorized to transact under this Act. Such certificate of authority shall be issued as provided under section 2, chapter II, of this Act. The issuance of a certificate of authority to a Lloyd's organization shall be subject to the provisions of section 20A of this Act.

SEC. 20A. Individuals and aggregations of individuals transacting an insurance business upon the plan known as Lloyd's whereby the individual underwriters become liable severally for specified proportions of the whole amount insured by a policy, heretofore organized under the laws of a State of the United States, or of a foreign government, may be authorized to transact business in the District, upon the following conditions:

1. They shall comply with and be subject to the same terms, conditions, and provisions as are imposed by this Act upon foreign stock insurance companies, except as provided in the next succeeding paragraph and except that the maximum amount of insurance to be assumed by an individual underwriter upon any single risk for each kind of insurance shall not exceed 10 per centum of the value of the cash and securities deposited in trust by such underwriter, plus the share of admitted assets other than underwriter's deposits of such Lloyd's belonging to such underwriter, less the share of liabilities and reserves of such Lloyd's allocable to such underwriter, but in no event shall it exceed 10 per centum of the value of cash or securities deposited in trust by such underwriter;

2. They shall have and shall at all times maintain surpluses of not less than $300,000 in the aggregate and shall at all times have on deposit with an insurance department of a State of the United States, or with a bank or trust company designated by such insurance department, for
the benefit of all policyholders within the United States the sum of at least $350,000 in cash or in securities such as are required for the investment of the assets of insurance companies authorized to do business in the District: Provided, That they shall not be required to establish or maintain such a deposit if they have on deposit in the hands of a bank or trust company in the United States as trustee cash deposits or securities issued by the United States worth not less than $2,000,000 in the aggregate and held in trust for the benefit of all policyholders in the United States;

3. They shall file with the Superintendent an authenticated copy of their powers of attorney and an authenticated copy of the trust agreement, or other agreement under which deposits made by underwriters are held;

4. They shall notify the Superintendent forthwith of any amendments to their powers of attorney, deposit agreement, or other documents underlying their organization, by filing with the Superintendent an authenticated copy of such documents as amended.

5. They shall notify the Superintendent forthwith of any change in their names or change of attorney-in-fact, or change of address of their attorney-in-fact;

6. In the case of an alien Lloyd's, their annual statement shall embrace only their condition and transactions in the United States, and may be verified by the oath of their resident manager or other person or persons having proper authority;

7. There shall be filed with the Superintendent by the attorney-in-fact at the time of filing the annual statement, or more often if the Superintendent requires, a statement verified by the appropriate official of such Lloyd's, setting forth—

(a) the names and addresses of all the underwriters of such Lloyd's;

(b) a description of the cash and securities deposited in trust by each underwriter;

(c) the maximum amount of insurance assumed by each underwriter upon any single risk or each kind of insurance;

(d) that the maximum amount of insurance assumed upon any single risk for each kind of insurance by any individual underwriter does not exceed the limitation provided for in paragraph one of this section.

SEC. 21. APPLICATION FOR CERTIFICATE OF AUTHORITY.—A foreign or alien company, in order to procure a certificate of authority to transact business in the District, shall make application therefor to the Superintendent on forms prescribed and furnished by the Superintendent. Such forms shall be executed for the company, by its president or vice president, or executive officer corresponding thereto, and verified by such officer, and if a corporation the corporate seal shall be thereto affixed, attested by its secretary or other proper officer.

SEC. 22. DELIVERY TO SUPERINTENDENT OF APPLICATION AND DOCUMENTS.—A foreign or alien company shall deliver to the Superintendent (a) application of the company for a certificate of authority; (b) a copy of its articles of incorporation or articles of association and amendments thereto, duly certified by the proper officer of the State or country under whose laws the company is organized or incorporated, or if reciprocal, the power of attorney of the attorney-in-fact; (c) if an alien company, a copy of the appointment and authority of its United States manager, certified by a proper officer of the company; (d) a copy of its bylaws and regulations; (e) forms of contracts and policies it proposes to issue in the District, and forms of the applications therefor, if any; (f) the instrument authorizing service of process on the Superintendent required by section 23 (b) of chapter II of this Act; (g) a statement of its financial condition and business
as of the end of the preceding calendar year, complying as to form and verification with the requirements of this Act for annual statements, or financial statement as of such later date as the Superintendent may require; (h) a copy of the last report of examination, certified to by an insurance commissioner or other proper supervisory official; (i) a certificate from the proper official of the State or country wherein it is incorporated or organized, that it is duly incorporated or organized and is authorized to write the kind or kinds of insurance which it proposes to write in the District. Before a certificate of authority to transact business in the District is issued to a foreign or alien company, such company shall satisfy the Superintendent that (a) the company is duly organized under the laws of the State or country under whose laws it professes to be organized and is authorized to do the business it is transacting or proposes to transact; (b) its name is not the same as, or so deceptively similar to, the name of any domestic company, or the name of any department of the Federal Government or existing corporation authorized to transact business in the District as to mislead the public or cause confusion; (c) if a stock company, it has a paid-up capital and surplus at least equal to the capital and surplus required by this Act, or, if a mutual company or reciprocal, it has a surplus and provision for contingent liability of policyholders at least equal to the surplus and provision for contingent liability of policyholders required by this Act; (d) its funds are invested in accordance with the laws of its domicile, and in securities or property which afford a degree of financial security substantially equal to that required for similar domestic companies. Before issuing a certificate of authority to a foreign or alien company, the Superintendent may cause an examination to be made of the condition and affairs of such company.

SEC. 23. (a) SERVICE OF PROCESS UPON UNAUTHORIZED COMPANY.—(1) The issuance or delivery of a policy or contract of insurance in this District, to a citizen or resident thereof, by a foreign or alien company transacting business in this District without a certificate of authority, shall be deemed equivalent to an appointment by such company of the Superintendent and his successor or successors in office to be its true and lawful attorney upon whom may be served all lawful process in any action or proceeding against it, arising out of such policy or contract of insurance, and said issuance or delivery shall be a signification of its agreement that any such process against it which is so served shall be of the same legal force and validity as if served upon the company.

(2) Service of such process upon the Superintendent, and the responsibility of the Superintendent in regard thereto, shall be in accordance with the provisions for service of process upon authorized companies as provided in subsection (b).

(b) ATTORNEY FOR SERVICES OF PROCESS.—Every foreign or alien company now or hereafter authorized to transact business in the District shall file with the Superintendent a duly executed instrument appointing and constituting him and his successors true and lawful attorney for such company, upon whom all lawful process in any action or legal proceeding against it in the District may be served, and therein shall agree that any lawful process against it, which may be served upon its said attorney as herein provided, shall be of the same force and validity as if served upon the company, and that the authority thereof shall continue in force irrevocably so long as any liability of the company in the District shall remain outstanding. Such process shall be served by delivering to and leaving the same with the Superintendent or his deputy, and service thereof upon such attorney shall be deemed service upon the company. The Superintendent shall forthwith forward such process by prepaid registered mail to the company, or, in the case of
an alien company, to the United States manager or last appointed United States general agent of the company. The registry receipt evidencing the deposit by the Superintendent, or his deputy, of such process, in the United States mails in the manner herein prescribed, shall be prima facie evidence of the completion of such service. Failure of any such company to file such an instrument, or failure on the part of any such company to authorize such filing, shall not invalidate any service made by serving the Superintendent. By accepting a certificate of authority to transact business in the District, every such company shall be held to have appointed the Superintendent its true and lawful attorney. Any such company transacting business in the District without designating an attorney for service of process as herein provided shall, upon information filed by the corporation counsel of the District in the police court of the District, be fined upon conviction not less than $10 nor more than $500 for each day during which the company shall have operated in violation of this section.

SEC. 24. MUTUAL AND RECIPROCAL NAMES.—Except as otherwise provided in section 14, no mutual company shall be authorized to transact business in the District unless the name of such company shall include the word “mutual”, and no reciprocal or interinsurance exchange shall be authorized to transact business in the District unless the name or designation under which reciprocal or interinsurance contracts are to be exchanged shall include the words “reciprocal” or “interinsurance exchange”, or be supplemented by the following words immediately below the name or designation under which such contracts are exchanged: “A reciprocal” or “an interinsurance exchange”.

SEC. 25. MAXIMUM AND CONTINGENT PREMIUMS OF MUTUAL COMPANIES.—The maximum premium shall be expressed in the policy of a mutual company, and it may be solely a cash premium, or may be a cash premium and an additional contingent premium, which contingent premium shall be not less than the cash premium, but no mutual company, except as otherwise provided in section 14, shall issue any policy for a cash premium without an additional contingent premium until and unless it possesses a surplus of not less than $300,000.

SEC. 26. RESERVES.—In determining the financial condition of companies authorized under this Act, allowance shall be made for proper and adequate reserves for liabilities, including reserves for—

(a) Unpaid losses and the expenses of the adjustment thereof;
(b) Unearned premiums;
(c) Commissions, taxes, and all other legal obligations, contingent or otherwise, of which the company has knowledge.

The computation of such reserves shall be in accordance with the provisions of the form of annual statement required under section 8 of chapter II of this Act, and every authorized company shall maintain such reserves at all times.

SEC. 27. POLICY FORMS FILED WITH THE SUPERINTENDENT.—The Superintendent may require that all policy forms used by every authorized company covering risks in the District be filed with the Superintendent. The Superintendent shall have authority to disapprove the use in the District of any policy form which is inequitable, or does not comply with the requirements of the law of the District.

SEC. 28. PROVISIONS IN ACCIDENT AND HEALTH POLICIES.—The Superintendent may require that the provisions and conditions contained in any policy of insurance against loss or damage from sickness or bodily injury or death of the insured by accident issued by any company authorized by this Act to transact business in the District be made to conform to the requirements prescribed under section 12 of chapter V of Public Law Numbered 436, Seventy-Third Congress.
SEC. 29. DISCRIMINATIONS PROHIBITED.—Discrimination between individual risks of the same class or hazard in the amount of premiums or rates charged for any policy, or in the benefits or amount of insurance payable thereon, or in any of the terms or conditions of such policy, or in any other manner whatsoever, is prohibited, and the Superintendent is empowered after investigation to order removed at such time and in such manner as he shall specify any such discrimination which his investigation may reveal.

SEC. 30. AGENTS AND BROKERS—REQUIREMENTS FOR LICENSE, AND SO FORTH.—No company authorized to do business in the District shall, by its representatives or otherwise, make, write, issue, or deliver any contract of insurance, surety, or indemnity, except life, title, and ocean marine insurance, on any person, property, business activity, or insurable interest within the District except through regularly constituted policy writing agents or authorized salaried employees licensed in the District as provided in this Act.

No such contract covering persons, property, business activities, or insurable interests in the District, except contracts of life, title, and ocean marine insurance, shall be written, issued, or delivered by any authorized company or by any of its representatives unless such contract is duly countersigned in writing by a person who is licensed as provided in this Act to countersign such contracts, and no salaried officer, manager, or other salaried employee of any authorized company, unless he be licensed as provided in this Act, shall write, issue, or countersign any such contract.

No company, agent, or salaried company employee shall make any agreement as to a policy other than that which is plainly expressed in the policy issued.

No company, agent, salaried company employee, or broker shall pay or offer to pay or allow as an inducement to any person to insure any rebate of premium or any special favor or advantage whatever in the dividends to accrue thereon, or any inducement whatever not specified in the policy.

Every company authorized by this Act to do business in the District shall file annually with the Superintendent on or before the 15th day of April, and at such other times as they may be appointed, a list of agents and salaried employees of said company who are authorized to solicit, write, effect, issue, or deliver policies for such company in the District, except that the names of soliciting agents may be filed either by the company or by the policy-writing agent.

Any policy-writing agent or salaried company employee authorized by any company to solicit, negotiate, bind, write, or issue policies or applications therefor shall, in any controversy between the insured or his representative and the said company, be held to be the agent of the company which issued or effected the policy solicited or so applied for, anything in the application or policy to the contrary notwithstanding.

Any payment made by or on behalf of the insured to any broker for policies issued to such broker for delivery to the insured or issued directly to the insured on the order of such broker, shall, in controversies between the insured and the company, be deemed to have been paid to the company.

No soliciting agent shall have any authority to countersign any policy.

SEC. 31. PAYMENT OF COMMISSIONS RESTRICTED TO LICENSED PERSONS.—No company, policy-writing agent, soliciting agent, broker, or salaried employee shall pay any money or commission or brokerage or give or allow any valuable consideration to any person for or because of service in the District in negotiating or effecting a policy on any person, property, business activity, or insurable interest in the District,
unless said person is duly licensed in conformity with this Act as a broker or as an agent or salaried employee of the company issuing the policy. This section shall not apply to contracts of reinsurance, and shall not apply to persons and kinds of insurance exempted under section 38 of this Act.

SEC. 32. PROCEDURE FOR OBTAINING LICENSE.—Any person hereafter desiring to engage in business in the District as a policy-writing agent, soliciting agent, broker, or salaried company employee, as defined by this Act, shall, before engaging in such business, secure from the Superintendent a license authorizing him to engage in such business. The person to whom the license may be issued shall file sworn answers to such interrogatories as the Superintendent may require on forms furnished by the Superintendent. Before the Superintendent shall issue a license to any policy-writing agent, soliciting agent, or salaried company employee, he shall require the company or policy-writing agent desiring the appointment of such person to certify—

(a) That the person to be appointed, if not a salaried company employee, is a resident of this District, or that his principal office for the conduct of such business is in or will be maintained in the District;
(b) That he is personally known to the person making the certification;
(c) That he has had experience or instructions necessary to the proper conduct of the kind or kinds of business to which the license is to extend;
(d) That he has a good business reputation, is trustworthy, and is worthy of a license.

Resident and nonresident brokers shall, as a prerequisite to the issuance of a license, file with the Superintendent a corporate surety bond in an amount not less than $5,000 for the benefit of any person who may suffer loss resulting from fraud or dishonesty on the part of said resident or nonresident broker. Before the Superintendent shall issue a license to any policy-writing agent, soliciting agent, salaried company employee, or resident broker, he shall personally, or through his deputy or any person regularly employed in the Department, within a reasonable time, and in a designated place within the District, subject each such person to a personal written examination relating to such person’s knowledge of the kind or kinds of business to which the license may extend and his competency to act as such policy-writing agent, soliciting agent, broker, or salaried company employee. The Superintendent may in his discretion limit the scope of such examination to such particular kind or kinds of business in which the person to be licensed is to be principally engaged. Following such examination the Superintendent shall issue such license as may be applied for when he is satisfied that the person to be licensed is (a) competent and trustworthy and intends to act in good faith in the capacity involved by the license applied for, and that not more than 25 per centum of his commission income from business to which the license applies will result from policies the premiums on which are paid or are to be paid in the manner set forth in paragraph (f) of section 36; and (b) that he has a good business reputation and has had experience, training, or education, or is otherwise qualified in the line or lines of business in which the license would entitle him to engage, and, except in the case of a nonresident broker or salaried company employee, is a resident of the District, or maintains his principal office for the conduct of such business in the District; and (c) is reasonably familiar with the insurance laws of the District, and with the provisions, terms, and conditions of the policies he is proposing to solicit, negotiate, or effect, and is worthy of a license. In the case of a nonresident applying for a broker's license,
the Superintendent may waive the examination requirement and accept in lieu thereof evidence that the applicant holds a license as broker or agent in the State where his principal business is conducted. The Superintendent may also waive the examination requirement in the case of any person who has been licensed in the District prior to the effective date of this Act. Licenses may be issued in the names of individuals, or in the names of firms, partnerships, or corporations, including banks, trust companies, real-estate offices, and building and loan associations: Provided, That on such licenses there shall be listed the name of every member or officer of such firm, partnership, or corporation who solicits insurance or who countersigns policies: And provided further, That such named persons shall be subject to all requirements of this Act, and that no officer or employee of such organizations other than those specifically named in such license shall be required to comply with this section, unless the duties of such officers or employees include soliciting or the countersigning of policies. No person shall be licensed as agent, broker, or salaried company employee when it appears to the Superintendent that said license is sought primarily for the purpose of obtaining commissions on policies on which he on his own account pays or is to pay the premiums, or on which the premiums are paid or are to be paid by any person who receives or is to receive any benefit, direct or indirect, from the commissions obtained, or on which the premiums are paid or are to be paid by any partnership, association, or corporation of which he is a member.

SEC. 33. EFFECTIVE DATES OF LICENSES AND PRORATION OF FEES.—All licenses issued under this Act shall date from the first of the month in which the application for license is made, and shall expire on the 30th day of April next succeeding, and payment of the fees for such licenses shall be prorated accordingly.

SEC. 34. TEMPORARY TRANSFER OF LICENSES.—In the event of the death or disability of any person licensed as a policy-writing agent, soliciting agent, or salaried company employee, the Superintendent may transfer such license to another person without the payment of an additional fee, and may renew such license: Provided, however, That no person shall act as policy-writing agent, soliciting agent, or salaried company employee under any transferred license or renewal thereof for a period in excess of six consecutive months.

SEC. 35. RENEWAL OF LICENSES.—Renewal of all expiring licenses shall be issued by the Superintendent upon application in writing by the applicant for any such license, subject to the conditions of section 36, and subject also to the provisions for examination as set forth in section 32, upon payment of the applicable fee prescribed in section 41.

SEC. 36. REVOCATION AND SUSPENSION OF LICENSES.—The Superintendent may revoke, suspend, or refuse to renew the license of any policy-writing agent, soliciting agent, broker, or salaried company employee when and if, after investigation, it appears conclusively to the Superintendent that any license issued to such person was obtained by fraud or misrepresentation, or that such person has—

(a) Violated any of the provisions of the insurance laws of the District; or

(b) Has failed within a reasonable time to remit to any company all money which he has collected, and to which the company is entitled; or

(c) Has been guilty of rebating or has misrepresented the provisions of the policies which he is selling, or the policies of other companies; or

(d) Has countersigned policies in blank; or that

(e) More than 25 per centum of his commission income from business to which the license applies results from policies the premiums on which are paid or are to be paid in the manner set forth in paragraph (f) of this section; or that
(f) Said license is being used primarily for the purpose of obtaining commissions on policies on which he, on his own account, pays or is to pay the premiums, or on which the premiums are paid or are to be paid by any person who receives or is to receive any benefit, direct or indirect, from the commissions obtained, or on which the premiums are paid or are to be paid by any partnership, association, or corporation of which he is a member.

Before the Superintendent shall revoke or suspend the license of any such person he shall give to such person an opportunity to be fully heard, and to introduce evidence in his behalf.

SEC. 37. UNAUTHORIZED SOLICITATION OR REPRESENTATION.—It shall be unlawful for any person, without conforming to the provisions of this Act, directly or indirectly to represent himself as having authority to solicit, negotiate, effect, procure, receive, or forward directly or indirectly any policy or renewal thereof, or to attempt to effect insurance, surety, or indemnity contracts covering any person or insurable interest in the District, or to countersign any policy or renewal thereof.

SEC. 38. WHEN LICENSE NOT REQUIRED.—The provisions of this Act relating to the licensing of policy-writing agents, soliciting agents, salaried company employees, and brokers shall not apply to the sale of personal accident insurance in the ticket offices of railroad companies or other common carriers, or in the offices of travel bureaus, nor to the business of life insurance, fraternal benefit societies, or ocean marine insurance, nor to insurance covering the property of railroad companies and other common carriers engaged in interstate commerce.

SEC. 39. UNAUTHORIZED INSURANCE.—Except as provided in section 40 of this Act, no person shall act as agent in the District for any company which is not authorized to do business in the District, nor shall any person directly or indirectly negotiate for or solicit applications for policies of, or for membership in, any company which is not authorized to do business in the District. The term “company” as used in this section shall include any association, society, company, corporation, joint-stock company, individual, partnership, trustee, or receiver engaged in the business of assuming risks of insurance, surety, or indemnity, and any Lloyd’s organization, assessment, or cooperative fire company, or any reciprocal or interinsurance exchange, fraternal beneficial association, order, or society, and any company, association, or society, whether organized for profit or not, conducting a business, including any of the principles or features of insurance, surety, or indemnity. Any person who violates any provision of this section upon conviction shall be fined not less than $100 nor more than $1,000 for each offense, or be imprisoned for not more than twelve months, or both, and any such person shall be personally liable to any resident of the District having claim against any such unauthorized company under any policy which said person has solicited or negotiated, or has aided in soliciting or negotiating: Provided, That the provisions of this section shall not apply to any person who negotiates with an unauthorized company for life insurance, or for policies covering his own property or interests, nor shall the provisions of this section apply to the officers, agents, or representatives of any company which is in process of organization under the laws of the District, and which is authorized temporarily to solicit or secure memberships or applications for policies for the purpose of completing such organization. Prosecutions for violations of this section shall be upon information filed in the police court by the corporation counsel or any of his assistants.

SEC. 40. LICENSEES FOR LINES IN UNAUTHORIZED COMPANIES.—Any agent or broker licensed in the District may, upon payment of a license fee, as provided under section 41, be licensed to procure policies from companies which are not authorized to do business in the District.
where such person is, after diligent effort, unable to procure policies to cover the kind or kinds of business required from companies duly authorized to transact business in the District. Each agent or broker so licensed shall pay to the collector of taxes, through the Superintendent, on February 1 and August 1 of each year, a sum equal to 2 per centum of the amount of the gross premiums upon all kinds of policies procured by him during the immediately preceding six months' period ending December 31 and June 30, respectively, and, in default of such payment, the Superintendent, through the corporation counsel, may bring suit to recover the same. Each agent or broker so licensed to procure policies from unauthorized companies shall execute and file with the Department on or before the 10th day of each month an affidavit covering the transactions of the previous calendar month, setting forth (1) the description and location of the insured property or risk, and the name of the assured; (2) the amount insured in the policy or contract; (3) the gross premiums charged thereon; (4) the name of the company whose policy or contract is issued, and the kind or kinds of business effected; and (5) that said agent or broker after diligent effort was unable to procure the policies or contracts required to protect the property or risk described in the affidavit from companies duly authorized to transact business in the District.

Each agent or broker so licensed to procure policies from unauthorized companies shall keep a separate account of the business transacted thereunder, which shall be open at all times to the inspection of the Superintendent. The license provided for in this section may be revoked or renewal thereof refused for failure to pay the tax or to file the affidavit specified herein, or if the agent or broker procured policies from unauthorized companies without exercising diligent effort to secure the required business in duly authorized companies, or if the agent or broker procured policies from unauthorized companies whose standards of solvency and management do not meet the requirements necessary for the protection of the policyholders.

Sec. 41. License Fees.—Annual fees to be paid through the Superintendent to the collector of taxes for licenses issued under this Act shall be as follows:

(a) For policy-writing agent or for firms, partnerships, or corporations licensed as such, $50, without regard to the number of companies represented: Provided, That, in the case of firms, partnerships, and corporations, an additional fee of $5 shall be charged for each person in excess of two who is named in such license as required under section 32 of this Act.

(b) For soliciting agent, $5 for each company represented by such soliciting agent, or for each company represented by any policy-writing agent through which such soliciting agent solicits: Provided, That no soliciting agent shall be required to pay for soliciting agents' licenses a sum in excess of $15 for any one license year.

(c) For salaried company employee authorized to sign policies and to solicit insurance, $50, without regard to the number of companies represented by such salaried company employee.

(d) For salaried company employee authorized to solicit but not authorized to sign policies, $5 for each company represented by said employee: Provided, That the aggregation of such fees shall not exceed $15 for any one license year.

(e) For nonresident or resident brokers, $25, except that the fee shall be $5 in case the applicant for a resident broker's license is subject also to the fee prescribed under paragraphs (a) or (c) hereof.

(f) For license to procure lines in unauthorized companies, $15.

(g) Under the license issued to any policy-writing agent or salaried company employee, or in the name of any firm, partnership, or corporation as provided under section 32 of this Act, and for which license a fee
has been paid in accordance with paragraphs (a) or (c) hereof, there may be added names of persons who are employed in or who actively function through the District office of the policy-writing agent, salaried company employee, or firm, partnership, or corporation, and who have company authority to sign but not to solicit policies. For such persons there shall be charged a fee of $1 per year for each company whose policies such person is authorized to sign.

(h) Broker's licenses may be issued in the names of individuals, firms, partnerships, or corporations. In the case of firms, partnerships, or corporations, the authority to solicit shall extend only to the individuals who are designated in the license and in the application therefor as having authority to solicit, and there shall be charged for each such individual in excess of two an additional fee of $5.

(i) Licenses to procure lines in unauthorized companies shall be issued in the names of individuals only.

SEC. 42. TESTIMONY; PRODUCTION OF BOOKS.—No person shall be excused from testifying or from producing books, accounts, and papers in any proceeding based upon or growing out of any violation of the provisions of this Act, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no person having so testified shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may have testified or produced any documentary evidence: Provided, That no person so testifying shall be exempted from prosecution or punishment for perjury: Provided further, That the immunity hereby conferred shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence, documentary or otherwise, under oath.

SEC. 43. PENALTIES NOT OTHERWISE PRESCRIBED.—Any person who violates any of the provisions of this Act, or fails to comply with any duty imposed upon such person by any of the provisions of this Act, for which violation or failure no penalty is elsewhere provided by this Act, or by the laws of the District, shall, upon conviction thereof, be fined for each offense not exceeding $1,000 or be imprisoned for not more than twelve months, or both. Prosecutions authorized by this section shall be upon information filed in the police court by the corporation counsel or any of his assistants.

SEC. 44. APPEAL FROM SUPERINTENDENT TO COMMISSIONERS.—Any person aggrieved by any action of the Superintendent may, within twenty days after such action was taken, appeal in writing from such action to the Commissioners. The hearings on said appeal may be either orally or in writing at the discretion of the Commissioners, and they shall not be required to take evidence on such appeal. The decision of the Commissioners on any question of fact on such appeal shall be final and conclusive, except the appeal provided for herein shall not affect the right to proceed under the provisions of section 45.

SEC. 45. COURT PROCEEDINGS.—Any person affected by an order, ruling, proceeding, or action of the Superintendent, or any person acting in his behalf and at his instance, may contest the validity of the same in any court of competent jurisdiction by appeal or through any other appropriate proceedings. In said proceedings and appeals said Superintendent shall not be taxed with any costs, nor shall he be required to give any supersedeas bond or security for costs or damages on any appeal whatsoever. Said Superintendent shall not be liable to suit or action or for any judgment or decree for any damages, loss, or injury claimed by any person on any appeal taken by said Superintendent in any case, nor shall said Superintendent be required in any case to make any deposit for costs or pay for any service to the clerks of any court or to any marshal of the United States.
**Stat.** 76th Cong., 3d Sess.—Chs. 792, 793—Oct. 9, 1940

SEC. 46. REPEALS.—All laws or parts of laws, insofar as they relate to business affected hereby, and are in conflict with any of the provisions of this Act, are hereby repealed.

SEC. 47. CONSTITUTIONALITY.—Should any section or provision of this Act be held unconstitutional or invalid, the validity of the Act as a whole, or of any part thereof, other than the part decided to be unconstitutional or invalid, shall not be affected.

SEC. 48. EFFECTIVE DATE OF ACT.—Except where otherwise specifically provided herein, this Act shall become effective thirty days after approval.

Approved, October 9, 1940.

[CHAPTER 793] AN ACT

To amend section 355 of the Revised Statutes, as amended, to authorize the Attorney General to approve the title to low-value lands and interests in lands acquired by or on behalf of the United States subject to infirmities, and for other purposes.

**Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,** That section 355 of the Revised Statutes of the United States, as amended, is hereby amended to read as follows:

"SEC. 355. No public money shall be expended upon any site or land purchased by the United States for the purposes of erecting thereon any armory, arsenal, fort, fortification, navy yard, custom-house, lighthouse, or other public building of any kind whatever, until the written opinion of the Attorney General shall be had in favor of the validity of the title.

"Notwithstanding the provisions of this or any other law, whenever the average value of any lands or interests in land to be acquired by or on behalf of the United States under a single option or contract of sale does not exceed $10 per acre (hereinafter referred to as 'low-value lands'), the title may be accepted subject to such infirmities as, in the opinion of the Attorney General, may, without jeopardizing the interests of the United States, be left for removal by condemnation or other appropriate proceedings, if and when necessary: Provided, That the total value of any lands or interests to be acquired under a single option or contract of sale subject to an infirmity does not exceed $3,500. No public money shall hereafter be expended for the acquisition of such low-value lands or interests in land by or on behalf of the United States for any purpose until the written opinion of the Attorney General has been had approving the title subject, if expedient, to infirmities as herein provided. However, no money in excess of $2,500 shall be expended for the construction of buildings, works, or other improvements (except roads, trails, and fire-protection improvements) on any site, tract, or parcel of land the title to which is subject to infirmities, until the written opinion of the Attorney General in favor of the validity of the title has been had as in the case of other lands. For the purpose of this Act, values of lands and interests in land shall be determined by the consideration paid or to be paid.

"The Attorney General is hereby authorized to approve the title to easements or rights-of-way to be acquired by or on behalf of the United States, subject to such infirmities as, in his opinion, will not jeopardize the interests of the United States.

"Nothing in this Act shall be construed to limit the authority now or hereafter delegated to any officer in exercising the power of eminent domain for or on behalf of the United States, to take title to or possession of or to expend money for or upon any land or interest in land.