

**DISTRICT OF COLUMBIA**  
**OFFICIAL CODE**

**TITLE 31.**  
**INSURANCE AND SECURITIES.**

**CHAPTER 52.**  
**GENERAL PROVISIONS.**

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# DISTRICT OF COLUMBIA OFFICIAL CODE

## CHAPTER 52. GENERAL PROVISIONS.

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## **CHAPTER 52. GENERAL PROVISIONS.**

### **§ 31-5201. MAINTENANCE OF REINSURANCE RESERVE FUND BY LIFE AND FIRE INSURANCE COMPANIES OR ASSOCIATIONS; SUSPENSION OR REVOCATION OF LICENSE FOR INSOLVENCY OR IMPAIRMENT OF CAPITAL; AIDING UNLICENSED COMPANIES OR ASSOCIATIONS; ISSUANCE OF LICENSE.**

(a) All life and fire insurance companies or associations licensed to do business in said District shall be required to maintain a reinsurance reserve fund; and whenever any such company or association not excepted from the operations hereof shall become insolvent or impaired to the extent of 25% of its capital stock it shall be the duty of the Commissioner to suspend its license; and unless such impairment or insolvency shall be made good within 60 days thereafter, it shall be the duty of the Commissioner of the Department of Insurance, Securities, and Banking to revoke its license to do business in the District; and it shall be unlawful for any insurance company, association, or order to do business in the District without a license, or to continue business after the revocation of its license, and any such company or association violating this provision shall be liable to a penalty of \$20 for each day it transacts business without such license to be recovered by the Mayor of the District by an action of debt in any court of the District of competent jurisdiction. And any person who shall aid in carrying on the business of any such company, or shall act as agent or solicitor for any company not licensed to do business in said District, or whose license is revoked, shall be guilty of a misdemeanor, and on conviction thereof in the Superior Court of the District of Columbia shall be punished by a fine not exceeding \$100, or, in default of payment thereof, by imprisonment in the jail of the District for not less than 10 nor more than 60 days. And the Commissioner of the Department of Insurance, Securities, and Banking shall issue such license to any such insurance company or association whenever it shall have complied with the provisions of § 31-202, subject, however, to the provisions of §§ 31-5901 and 31-5902; provided, that the Commissioner of the Department of Insurance, Securities, and Banking shall have power to make an official examination into the affairs of any insurance company or association organized under the laws of the District of Columbia, or having its principal office therein, at his discretion, for the purpose of ascertaining whether such company is impaired or insolvent, as aforesaid. Civil fines, penalties, and fees may be imposed as alternative sanctions for any infraction of the provisions of this section, or any rules or regulations issued under the authority of this section, pursuant to Chapter 18 of Title 2. Adjudication of any infraction of this section shall be pursuant to Chapter 18 of Title 2.

(b) Any license issued pursuant to this section shall be issued as a Financial Services endorsement to a basic business license under the basic business license system as set forth in subchapter I-A of Chapter 28 of Title 47.

(Mar. 3, 1901, 31 Stat. 1290, ch. 854, § 648; Apr. 1, 1942, 56 Stat. 190, ch. 207, § 1; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); Oct. 5, 1985, D.C. Law 6-42, § 470(d), 32 DCR 4450; May 21, 1997, D.C. Law 11-268, § 10(d), 44 DCR 1730; Apr. 20, 1999, D.C. Law 12-261, § 2003(gg)(1), 46 DCR 3142; Oct. 28, 2003, D.C. Law 15-38, § 3(t)(2), 50 DCR 6913; June 11, 2004, D.C. Law 15-166, § 4(ee), 51 DCR 2817.)

### **§ 31-5202. "HEALTH, ACCIDENT, AND LIFE INSURANCE COMPANIES" DEFINED; ASSETS OR CAPITAL STOCK REQUIREMENTS; ANNUAL REQUIRED TAX AND FINANCIAL STATEMENT; ANNUAL REQUIRED EXAMINATIONS; REVOCATION OR SUSPENSION OF LICENSE; APPEAL; ISSUANCE OF LICENSE; EXEMPTIONS.**

Every corporation, joint-stock company, or association not exempt herein, transacting business in the District of Columbia, which collects premiums, dues, or assessments from its members or from holders of its certificates or policies, and which provides for the payment of indemnity on account of sickness or accident, or a benefit in case of death, shall be known as "health, accident, and life insurance companies or associations." No such company or association shall transact business within the District of Columbia unless it shall have in assets or in capital stock fully paid up in cash, or in both together, not less than

\$25,000 as a capital or guarantee fund; which assets may be invested in United States, state, county, municipal bonds, and bonds of the District of Columbia, or railroad bonds; but investments in the bonds of railroads shall be limited to the bonds of those railroads which have paid dividends on their capital stock for the 10 years immediately previous to the date of the investment; or in improved real estate, or in first mortgages on improved real estate; but no loan on real estate shall be made for an amount exceeding 70% of its assessed value, such investments to be approved by the Commissioner of Insurance and Securities of the District of Columbia. No such health, accident, and life insurance company or association, transacting on August 15, 1911, or thereafter the business of health, accident, and life insurance, or either or all said kinds of insurance, in the District of Columbia shall issue policies or certificates providing, either singly or in aggregate, a greater accident or death benefit than \$500, or a greater weekly indemnity than \$20, on any 1 person unless such company or association has in assets or in capital stock fully paid up in cash, or in both together, not less than \$100,000 invested and approved as aforesaid. Every such company or association shall pay to the Collector of Taxes for the District of Columbia a sum of money, as tax, equal to 1% of all moneys received from members of policy or certificate holders within the District of Columbia, said tax to be paid on or before the 1st day of March of each year on the amount of such income for the year ending December 31st next preceding; and shall also file annually with said Commissioner of Insurance and Securities, on or before the 1st day of March of each year, a sworn statement, on blanks furnished by said Commissioner of Insurance and Securities, showing its true financial condition, income, disbursements, assets, and liabilities on the 31st of December next preceding, and such other information as said Commissioner of Insurance and Securities may require; and shall pay to the said Collector of Taxes \$10 for filing such statement. All companies or associations described herein shall be examined as described in Chapter 14 of this title; and when the Mayor finds the capital stock of any such company impaired or its assets reduced in value to an amount less than required by the provisions hereof he shall at once give notice of said fact to said company or association, and unless said impairment is made good within 60 days after said notice, it shall be the duty of said Commissioner to revoke or suspend the license of said company or association until such impairment shall have been made good; and any company or association that issues policies or certificates of insurance as described herein without a license from said Commissioner or during a suspension thereof, as herein provided, shall be fined not less than \$20 nor more than \$100 per day; provided, that if any such company or association shall feel aggrieved by the decision of said Commissioner concerning the investment or impairment of its assets or capital stock, it shall have the right to appeal, within 10 days, from the decision of said Commissioner to the Mayor of the District of Columbia, and the Council of the District of Columbia shall prescribe rules and regulations for the hearing of said appeal, and the Mayor's decision shall be final; provided also, that when any such company or association shall have complied with the provisions contained herein, the Commissioner of Insurance and Securities shall issue to it a license to transact its business in the District of Columbia; provided, however, that nothing contained herein shall interfere with or abridge the rights of any fraternal beneficial association licensed to transact business under §§ 31-5701 to 31-5717, or incorporated by special act of Congress; and provided further, that nothing contained herein shall apply to any relief association, not conducted for profit, composed solely of officers and enlisted men of the United States Army, Navy, or Air Force, or solely of employees of any other branch of the United States government service, or solely of employees of any individual, company, firm, or corporation. Civil fines, penalties, and fees may be imposed as alternative sanctions for any infraction of the provisions of this section, or any rules or regulations issued under the authority of this section, pursuant to Chapter 18 of Title 2. Adjudication of any infraction of this section shall be pursuant to Chapter 18 of Title 2.

(Mar. 3, 1901, 31 Stat. 1292, ch. 854, § 653; Aug. 15, 1911, 37 Stat. 16, ch. 12, § 1; Oct. 5, 1985, D.C. Law 6-42, § 470(e), 32 DCR 4450; Oct. 21, 1993, D.C. Law 10-49, § 9(a), 40 DCR 6110; May 21, 1997, D.C. Law 11-268, § 10(d), 44 DC 1730.)

*HISTORICAL AND STATUTORY NOTES*

### **§ 31-5203. COPY OF APPLICATION BY INSURED TO BE DELIVERED WITH POLICY.**

Each life insurance company, benefit order, and association doing a life insurance business in the District of Columbia shall deliver with each policy issued by it a copy of the application made by the insured so that the whole contract may appear in said application and policy, in default of which no defense shall be allowed to such policy on account of anything contained in, or omitted from, such application.

(Mar. 3, 1901, 31 Stat. 1294, ch. 854, § 657; June 30, 1902, 32 Stat. 534, ch. 1329.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-203.

1973 Ed., § 35-203.

**§ 31-5204. PRINCIPAL OFFICE AND BOOKS, RECORDS, AND FILES OF CORPORATION TO BE IN DISTRICT; EXCEPTION; REINCORPORATION OF CERTAIN CORPORATIONS; VIOLATIONS; PROSECUTIONS.**

(a) Any corporation now or hereafter formed or organized under any provision of law in force and effect in the District of Columbia to engage in an insurance business shall maintain its principal office within said District and shall keep its books, records, and files therein, and shall not remove from said District either its principal office or its books, records, or files without the permission of the Mayor of the District of Columbia first had and obtained; provided, however, that nothing contained in this section shall be construed to apply to the books, records, and files of any such corporation kept in a branch office agency of such corporation, which books, records, and files relate solely to the business transacted by the said branch office agency; and provided further, that any insurance corporation created by special act of Congress is authorized upon resolution of its board of directors or trustees to reincorporate under the laws of any state of the United States, a certified copy of such resolution of such board of directors or trustees having first been filed in the Office of the Commissioner of Insurance and Securities of the District of Columbia and recorded in the Office of the Recorder of Deeds of the District of Columbia. Upon compliance with the above conditions, the assets of the said corporation shall thereby become vested in the new corporation. Said new corporation shall faithfully carry out any and every right, obligation, and liability of said original corporation.

(b) Any corporation violating any of the provisions of this section shall forthwith forfeit its charter, which forfeiture shall operate as a revocation of its license to do business within said District.

(c) Any officer, agent, or employee of any such corporation who shall violate any of the provisions of this section shall be guilty of a misdemeanor and upon conviction shall pay a fine of not less than \$300 or be imprisoned for not more than 90 days, or by both such fine and imprisonment. All prosecutions under this section shall be upon information filed in the Superior Court of the District of Columbia in the name of the District of Columbia by the Corporation Counsel thereof or any of his assistants.

(Mar. 3, 1901, ch. 854, § 657a; May 17, 1932, 47 Stat. 158, ch. 189; Apr. 1, 1942, 56 Stat. 190, ch. 207, § 1; July 8, 1963, 77 Stat. 77, Pub. L. 88-60, § 1; July 29, 1970, 84 Stat. 570, Pub. L. 91-358, title I, § 155(a); May 21, 1997, D.C. Law 11-268, § 10(d), 44 DCR 1730.)

*HISTORICAL AND STATUTORY NOTES*

*Prior Codifications*

1981 Ed., § 35-204.

1973 Ed., § 35-204.

*Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-5201.

*Change in Government*

This section originated at a time when local government powers were delegated to a Board of Commissioners of the District of Columbia (see Acts Relating to the Establishment of the District of Columbia and its Various Forms of Governmental Organization in Volume 1). Section 401 of Reorganization Plan No. 3 of 1967 (see Reorganization Plans in Volume 1) transferred all of the functions of the Board of Commissioners under this section to a single Commissioner. The District of Columbia Self-Government and Governmental Reorganization Act, 87 Stat. 818, § 711 (D.C. Code, § 1-207.11), abolished the District of Columbia Council and the Office of Commissioner of the District of Columbia. These branches of government were replaced by the Council of the District of Columbia and the Office of Mayor of the District of Columbia, respectively. Accordingly, and also pursuant to § 714(a) of such Act (D.C. Code, § 1-207.14(a)), appropriate changes in terminology were made in this section.

*Miscellaneous Notes*

Delegation of functions: Reorganization Order No. 43, Part VIII, dated June 23, 1953, delegated to the Superintendent of Insurance the function of granting or denying permission to remove from the District of Columbia the principal office, books, records, and files of an insurance company, as set forth in subsection (a) of this section.

Department of Insurance abolished: See Historical and Statutory Notes following § 31-5201.

**§ 31-5205. EMPLOYEES' COMPENSATION CORPORATIONS OR ASSOCIATIONS TO FILE CERTAIN INFORMATION WITH COMMISSIONER; DISAPPROVAL OF PREMIUM RATE OR SCHEDULE; JUDICIAL REVIEW.**

Every insurance corporation or association authorized to transact business in the District of Columbia, which insures employers against liability for compensation under the Employees' Compensation Act, shall file with the Commissioner of Insurance and Securities its manual of classifications and underwriting rules, together with basic rates for each class, and also merit rating plans designed to modify the class rates, none of which shall take effect until the Commissioner of Insurance and Securities shall have approved the same as adequate and reasonable for the group of risks to which they respectively apply. The Commissioner of Insurance and Securities may withdraw his approval of any premium rate or schedule made by any insurance corporation or association, if, in his judgment, such premium rate or schedule is inadequate or unreasonable; provided, that upon petition of the company or association or any other party aggrieved the opinion of the Commissioner of Insurance and Securities shall be subject to review by the Superior Court of the District of Columbia: Provided further, that any petition for review shall be filed with said Court within 30 days after the rendition of opinion by the Commissioner of Insurance and Securities.

(Mar. 3, 1901, ch. 854, § 657b; April 16, 1934, 48 Stat. 592, ch. 144; June 25, 1936, 49 Stat. 1921, ch. 804; June 25, 1948, 62 Stat. 991, ch. 646, § 32(b); May 24, 1949, 63 Stat. 107, ch. 139, § 127; July 29, 1970, 84 Stat. 572, Pub. L. 91-358, title I, § 155(c)(36); May 21, 1997, D.C. Law 11-268, § 10(d), 44 DCR 1730.)

#### *HISTORICAL AND STATUTORY NOTES*

##### *Prior Codifications*

1981 Ed., § 35-205.

1973 Ed., § 35-205.

##### *Legislative History of Laws*

For legislative history of D.C. Law 11-268, see Historical and Statutory Notes following § 31-5201.

##### *References in Text*

"The Employees' Compensation Act," referred to near the beginning of the first sentence, refers to Chapter 15 of Title 36.

##### *Miscellaneous Notes*

Department of Insurance abolished: See Historical and Statutory Notes following § 31-5201.