

section, under terms and conditions satisfactory to the Secretary, such portion of the cost of constructing those works as is within their repayment ability, said repayment ability to be determined by the Secretary from time to time, but not more often than every five years, after consultation with said districts.

SEC. 2. The Secretary of the Interior is authorized to construct upon a nonreimbursable basis, works for the alleviation of salinity in the Pecos River Basin, New Mexico, substantially in accordance with the report entitled "Possible Improvement of Quality of Water of the Pecos River by Diversion of Brine, Malaga Bend, Eddy County, New Mexico," prepared by the Water Resources Division, Geological Survey, and dated December 1954, but with such modifications of, additions to, and deletions from said plans as the Secretary may find appropriate to accomplish the purposes of this joint resolution. The Secretary shall not proceed with the construction of such works until (1) he has adequate assurance from the State of New Mexico that it will, as its share of the costs of construction of such works, acquire such rights-of-way for wells, pipelines, and disposal areas as may be necessitated by the construction of such works, and (2) he has adequate assurance from the Pecos River Commission or other State and local agencies in Texas that Texas or local agencies therein will operate and maintain such works.

Alleviation of salinity.

SEC. 3. The projects constructed under the authority of this joint resolution shall, except as otherwise provided herein, be governed by the Federal Reclamation Laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto), to which laws this Act shall be a supplement.

43 USC 371 note.

SEC. 4. Nothing contained in this joint resolution shall be construed to abrogate, amend, modify, or be in conflict with any provisions of the Pecos River Compact.

SEC. 5. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be required to carry out the purpose of this joint resolution.

Appropriation.

Approved February 20, 1958.

Public Law 85-334

AN ACT

To amend the Acts known as the "Life Insurance Act", approved June 19, 1934, and the "Fire and Casualty Act", approved October 9, 1940.

February 22, 1958
[S. 1646]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of chapter II of the Life Insurance Act (sec. 35-404, D. C. Code, 1951 edition), is amended to read as follows:

D.C., Life Insurance Act, amendments.
48 Stat. 1131.

"SEC. 5. 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 thirtieth day of April next succeeding the date of its issuance. No

Certificate of authority.

company shall transact any business of insurance 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 of insurance not specified in such certificate of authority."

SEC. 2. That section 6 of chapter II of the Life Insurance Act (sec. 35-405, D. C. Code, 1951 edition) is amended to read as follows:

Revocation of
certificates.

"SEC. 6. The Superintendent shall have power to revoke or suspend the certificate of authority to transact business in the District of any 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 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;

"(j) has had all its risks reinsured in their entirety in another company, without prior approval of the Superintendent; or

"(k) has made, issued, circulated, or caused to be issued or circulated any estimate, illustration, circular, or statement of any sort misrepresenting either its status or the terms of any policy issued or to be issued by it, or the benefits or advantages promised thereby, or the dividends or shares of the surplus to be received thereon, or has used any name or title of any policy or class of policies misrepresenting the true nature thereof.

Notice.

"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*, 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: *Provided further*, That in lieu of revoking or suspending the certificate of authority of any company for causes enumerated in this section, after hearing as herein provided, the Superintendent may subject such company to a penalty of not more than \$200 when in his judgment he finds that the public interest would be best served by the continued operation of the company. The amount of any such penalty shall be paid by the company through the office of the Superintendent to the Collector of Taxes of the District of Columbia. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to wit-

nesses. Anyone testifying falsely after having been administered such an oath shall be subject to the penalties of perjury."

SEC. 3. That section 27 of chapter II of the Life Insurance Act (sec. 35-426, D. C. Code, 1951 edition) is amended to read as follows:

"SEC. 27. The Superintendent of Insurance may suspend or revoke the license of any life insurance general agent, agent, solicitor, or broker when and if, after investigation, it appears to the Superintendent that any license issued to such person was obtained by fraud or misrepresentation; or that the general agent, agent, solicitor, or broker has violated any insurance law of the District; or has made any misleading representations or incomplete or fraudulent comparison of any policies or companies or concerning any companies to any person for the purpose or with the intention of inducing such person to lapse, forfeit, surrender, or exchange his insurance then in force; or has made any misleading estimate of the dividends or share of surplus to be received on a policy; or has failed or refused to pay or to deliver to the company or to his principal any money or other property in the hands of said general agent, agent, solicitor, or broker belonging to such company or principal when requested so to do; or has violated any lawful ruling of the insurance department; or has been convicted of a felony; or has otherwise shown himself untrustworthy or incompetent to act as a life insurance general agent, agent, solicitor, or broker. Before the Superintendent of Insurance 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. Within thirty days after the revocation or suspension of license or the refusal of the Superintendent to grant a license, the general agent, agent, solicitor, or broker, or applicant aggrieved may appeal from the ruling of the Superintendent of Insurance to the court of competent jurisdiction designated in section 28. Appeals may be taken from the judgment of said court as prescribed in section 28. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to witnesses. Anyone testifying falsely after having been administered such an oath shall be subject to the penalties of perjury.

Licenses.
Suspension or
revocation.

Hearing.

D. C. Code 35-
427.

"No individual whose license as a general agent, agent, solicitor, or broker is revoked shall be entitled to any license under this Act for a period of one year after revocation.

"Any person who violates any provision of this section upon conviction shall be fined not exceeding \$100 for each and every violation: *Provided*, That in lieu of revoking or suspending the license of any such general agent, agent, solicitor, or broker for causes enumerated in this section after hearing as herein provided, the Superintendent may subject such person to a penalty of not more than \$200 when in his judgment he finds that the public interest would be best served by the continuation of the license of such person. The amount of any such penalty shall be paid by such person through the office of the Superintendent to the Collector of Taxes of the District of Columbia."

Violation; pen-
alty.

SEC. 4. That section 3 of chapter II of the Fire and Casualty Act (sec. 35-1306, D. C. Code, 1951 edition) is amended to read as follows:

"SEC. 3. The Superintendent shall have power to revoke or suspend the certificate of authority to transact business in the District of any 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, or to the public;

D. C., Fire and
Casualty Act, a-
mendments.
54 Stat. 1066.
Certificates of
authority.
Revocation.

"(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 affirmation 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;

"(j) has had all its risks reinsured in their entirety in another company, without prior approval of the Superintendent; or

"(k) has made, issued, circulated, or caused to be issued or circulated any estimate, illustration, circular, or statement of any sort misrepresenting either its status or the terms of any policy issued or to be issued by it, or the benefits or advantages promised thereby, or the dividends or shares of the surplus to be received thereon, or has used any name or title of any policy or class of policies misrepresenting the true nature thereof.

Notice.

"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*, 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: *Provided further*, That in lieu of revoking or suspending the certificate of authority of any company for causes enumerated in this section after hearing as herein provided, the Superintendent may subject such company to a penalty of not more than \$200 when in his judgment he finds that public interest would be best served by the continued operation of the company. The amount of any such penalty shall be paid by the company through the office of the Superintendent to the Collector of Taxes, District of Columbia. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to witnesses. Anyone testifying falsely after having been administered such an oath shall be subject to the penalties of perjury."

Penalty.

SEC. 5. That section 30 of chapter II of the Fire and Casualty Act (sec. 35-1334, D. C. Code, 1951 edition) is amended to read as follows:

Contracts.

"SEC. 30. 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 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 title and ocean marine insurance, shall be written, issued, or delivered by any author-

ized 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 fifteenth 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. 6. That section 32 of chapter II of the Fire and Casualty Act (sec. 35-1336, D. C. Code, 1951 edition) is amended to read as follows:

"SEC. 32. 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. Before the Superintendent shall issue or renew 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

58 Stat. 192.

Insurance agents;
licenses.

Bond.

bond in an amount not less than \$1,000 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, who has not previously been licensed under this Act, 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. The Superintendent shall issue or renew 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. The examination requirement shall be waived in the case of any applicant for a license under this section who holds a license under section 26 of the Life Insurance Act (D. C. Code, sec. 35-425), if the company desiring the appointment of such applicant certifies in writing to the Superintendent that such applicant will solicit only accident and health insurance on its behalf. 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 in addition to the name of the applicant, there shall be listed the name of every member or officer of such firm, partnership, or corporation who solicits insurance or who countersigns policies: *Provided further*, That such named persons as well as the licensee shall be subject to all requirements of this Act, and that the Superintendent shall have authority at any time to require the applicant fully to disclose the identity of all stockholders, partners, officers, and employees, and he may in his discretion refuse to issue or renew a license in the name of any firm, partnership, or corporation if he is not satisfied that any officer, employee, stockholder, or partner thereof who may materially influence the applicant's conduct, meets the standards of this section applicable to persons applying as individuals. 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. 7. That section 35 of chapter II of the Fire and Casualty Act (sec. 35-1339, D. C. Code, 1951 edition) is amended to read as follows:

"SEC. 35. Upon application for renewal of an expiring license and the payment of the applicable fee prescribed in section 41, the Superintendent shall issue the license applied for when he is satisfied that the applicant therefor meets the conditions set forth in sections 32 and 36. Before the Superintendent shall refuse to renew any such license he shall give to the applicant an opportunity to be fully heard and to introduce evidence in his behalf. If the Superintendent shall refuse to renew any such license he shall give the applicant written notice thereof and he shall not, for a period of ten days from the date of that notice, take any action to stop the applicant from continuing in business, within which period the applicant may apply to any court as provided in section 45 hereof, for leave, in the discretion of the court, to continue in business until an appeal from such refusal is decided."

Renewal of licenses.

SEC. 8. That section 36 of chapter II of the Fire and Casualty Act (sec. 35-1340, D. C. Code, 1951 edition) is amended to read as follows:

"SEC. 36. The Superintendent may revoke or suspend the license of any policy-writing agent, soliciting agent, broker, or salaried company employee when and if, after investigation, it appears to the Superintendent that any license issued to such person was obtained by fraud or misrepresentation, or that such person has otherwise shown himself untrustworthy or incompetent to act in any of the foregoing capacities, or that such person has—

Licenses; revocation or suspension.

"(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 moneys 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: *Provided*, That in lieu of revoking or suspending the license of any policy-writing agent, soliciting agent, broker, or salaried company employee for causes enumerated in this section after hearing as herein provided, the Superintendent may subject such person to a penalty of not more

Hearing.

than \$200 when in his judgment he finds that public interest would be best served by the continued operation of such person. The amount of any such penalty shall be paid by such person through the office of the Superintendent to the Collector of Taxes, District of Columbia. At any hearing provided by this section, the Superintendent shall have authority to administer oaths to witnesses. Anyone testifying falsely after having been administered such an oath shall be subject to the penalties of perjury."

SEC. 9. That section 38 of chapter II of the Fire and Casualty Act (sec. 35-1342, D. C. Code, 1951 edition) is amended to read as follows:

Licenses; ex-
emptions.

"SEC. 38. 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 ocean marine insurance, nor to insurance covering the property of railroad companies and other common carriers engaged in interstate commerce."

SEC. 10. That section 39 of chapter II of the Fire and Casualty Act (sec. 35-1343, D. C. Code, 1951 edition) is amended to read as follows:

Unauthorized
companies.

"SEC. 39. Except as provided in section 40, 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, 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 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 Municipal Court for the District of Columbia by the corporation counsel or any of his assistants."

Violation; pen-
alty.

Responsibility.

D.C. Code, title
1, app.

SEC. 11. Where any provision of this Act or any amendment made by this Act refers to an office or agency abolished by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824), such provision or amendment shall be deemed to refer to the Commissioners of the District of Columbia or to the office, officer, or agency which the Commissioners have heretofore designated or may hereafter designate to perform the functions of the office or agency so abolished.

Approved February 22, 1958.