

official bonds, which latter companies shall come under the provisions of this act only upon acceptance thereof, as hereinbefore provided.]

APPROVED—The 4th day of June, A. D. 1937.

GEORGE H. EARLE

No. 342

AN ACT

Relating to certain existing beneficial societies; conferring certain rights, powers and duties upon them, their officers and members; authorizing the payment of benefits by them in the event of sickness, accident, disability or death; regulating such societies and corporations; and limiting the amount for which they may issue membership certificates or policies; providing for reserves; imposing penalties; and repealing certain existing laws and parts of law.

Section 1. Applicability.—Be it enacted, &c.,

Applicability.

A. That the provisions of this act shall apply to the following beneficial societies:

(1) All beneficial societies incorporated under general or special laws since the thirteenth day of October, one thousand eight hundred and fifty-seven.

(2) All beneficial societies incorporated heretofore which have accepted the provisions of the Constitution and the general insurance laws enacted since the thirteenth day of October, one thousand eight hundred and fifty-seven.

(3) All beneficial societies incorporated under any general or special law prior to the thirteenth day of October, one thousand eight hundred and fifty-seven, which, by the terms of their charters or the acts under which they were incorporated, hold charters subject to alteration or revocation.

B. Any beneficial society heretofore incorporated as aforesaid, and now actually conducting business, may continue such business pending the issuance of a certificate of authority by the Insurance Commissioner, or until notified by the Insurance Commissioner that he has declined to issue such certificate of authority.

Section 2. Benefits Limited.—Any beneficial society may pay or enter into contracts to pay money or benefits, not exceeding twenty dollars (\$20) per week, in the event of sickness, accident or disability, and not exceeding two hundred and fifty dollars (\$250), in the event of death.

Benefits limited.

Section 3. Number, Election, Term, and Classification of Directors; Vacancies.—A. The annual meeting of members for election of directors of a beneficial society shall be held at such time, prior to the first day of May

Annual meeting of members for election of directors.

Notice.	<p>in every year, as the by-laws of the society may direct. Notice of the time and place of meeting shall be given to the members in accordance with the provisions of the by-laws. At such annual meeting, the members shall elect by ballot the number of directors stated in the articles of association or the by-laws, which shall be not less than five nor more than thirteen. Each director shall hold office for the term for which he is elected and until his successor shall have been duly elected and qualified.</p>
Number of directors to be elected.	<p>B. Except as otherwise provided in the by-laws, each director shall be elected for a term of one year. If the articles or by-laws of a beneficial society so provide, the directors thereof may be classified in respect to the time for which they shall severally hold office. In such case, each class shall be as nearly equal in number as possible, the term of office of at least one class shall expire in each year, and the members of a class shall not be elected for a shorter period than one year or for a longer period than three years. At each ensuing election of directors after such classification, only the number of directors equal to the number of the class whose terms expire at the time of the election, shall be elected, and such directors shall be elected for the longest term for which any class may have been elected, as provided in this section.</p>
Term of directors.	<p>C. Except as otherwise provided in the by-laws, vacancies in the board of directors shall be filled by the remaining members of the board, and each person so elected shall be a director until his successor is elected by the shareholders or members, who may make such election at the next annual meeting of the shareholders or members, or at any special meeting duly called for that purpose and held prior thereto.</p>
Vacancies in board of directors.	<p>D. Except as otherwise provided in this act, the business and affairs of every beneficial society shall be run and regulated in accordance with the provisions provided by existing law relating to insurance companies.</p>
Business and affairs.	<p>Section 4. Holding, Management or Agency Corporations.—The business and affairs of each beneficial society shall be conducted and managed by its elected officers. No contracts or agreements shall be entered into by any society with any holding, management or agency corporation by which the control of the management of the society would pass to such holding, management or agency corporation, nor any person or persons, holding, management or agency corporation by which the control of the management of the society would pass to such person or persons, holding, management or agency corporation, nor through which percentages or portions of the members dues and other payments would be paid over to them.</p>
Management or agency corporations.	

Section 5. Reserves.—A. A beneficial society doing business in this Commonwealth shall hereafter, at all times, maintain reserves as follows:

(1) On the life portion, contained in all policies or contracts hereafter issued, reserves shall be based upon a standard table of mortality, approved by the Insurance Commissioner, with interest at a rate also approved by the Insurance Commissioner, and such reserves shall be computed in accordance with the requirements provided by law for the computation of the reserve liability for life insurance.

(2) On the disability portion, contained in all policies or contracts hereafter issued, reserves shall be computed in accordance with the requirements provided by law for the computation of the unearned premium reserve liability for casualty insurance.

(3) For all definite and outstanding claims, reserves shall be calculated in accordance with the requirements provided by law for the computation of reserves against unpaid losses in casualty insurance, other than compensation or liability insurance.

B. A sum equal to the amount of the reserves required by this section shall be invested in those investments authorized by law for the investment of the reserve funds of life insurance companies.

C. The Insurance Commissioner shall each year approve the computation of the reserve liability, as of the thirty-first day of December of the preceding year, of every beneficial society authorized to make insurance on lives in this Commonwealth.

D. Whenever any beneficial society doing business in this Commonwealth has not on hand the net value of all policies in force after all other debts and claims against it have been provided for, the Insurance Commissioner shall notify such beneficial society to issue no new policies until its funds become equal to its liabilities.

Section 6. Investment of Surplus.—The surplus of a beneficial society or a reincorporated mutual beneficial society shall be invested in accordance with the requirements provided by law for the investment of the surplus of life insurance companies.

Section 7. Annual Statements; Penalties.—A. Every beneficial society doing business in this Commonwealth shall annually, on or before the first day of March, file in the office of the Insurance Commissioner a statement which shall exhibit its financial condition as of the thirty-first day of December of the previous year and its business of that year. Such statement shall be in the form prescribed, or on forms furnished, by the Insurance Commissioner, and shall contain such information as shall seem to the commissioner best adapted for the purpose of eliciting from the beneficial society a true ex-

Reserves.

Life portion.

Disability portion.

Definite and outstanding claims.

Computation of reserve liability.

Net value of policies in force.

Investment of surplus.

Annual statements.

hibit of its financial condition. It shall also, within thirty days after requested by the Insurance Commissioner, render such additional statement or statements concerning its affairs and financial condition as the Insurance Commissioner may, in his discretion, require.

Additional statements.

B. Any beneficial society which neglects to make and file its annual statement in the form or within the time required by this section, shall forfeit a sum of not more than one hundred dollars for each day during which its failure to file a statement continues, and, upon notice from the Insurance Commissioner, its authority to transact new business shall cease while its default continues.

Penalty.

C. A beneficial society and the persons, who make an oath or subscribe to a false annual statement in its behalf, shall severally be punished for wilfully making a false annual statement by a fine of not less than five hundred dollars or more than five thousand dollars. A person who makes oath to such false statement with the knowledge that it is false shall be deemed guilty of perjury.

Examinations.

Section 8. Examinations.—The Insurance Commissioner, or any person or persons he may appoint, shall have the power of visitation and examination into the affairs of every beneficial society. He may employ such additional assistance, from time to time, as he may deem necessary or expedient for the purpose of such examination, and he, or any person or persons he may appoint, shall have free access to all the books, papers, and documents that relate to the business of the society, and may summon and qualify as witness under oath, and examine its officers and employes or other persons in relation to the affairs, transactions and conditions of the society. Such examinations shall be made every three (3) years or oftener as he deems it to be necessary, and the costs of such examinations, as determined by the Insurance Commissioner, shall be imposed upon each society so examined.

Additional assistance.

Costs.

Whenever, after examination, the Insurance Commissioner is satisfied that any beneficial society is exceeding its powers, or is transacting business fraudulently, or is in such condition that its further transaction of business will be hazardous to its members or to the public, or shall determine to discontinue business, the Insurance Commissioner may present the facts relating thereto to the Attorney General who shall, if he deem the circumstances warrant, proceed against such society in the method prescribed by the laws of this State providing for the liquidation of insolvent or delinquent companies, orders or associations transacting any class of insurance.

No such proceedings shall be commenced by the Attorney General against any such society until after notice has been duly served on the chief executive of-

ficers of the society, and a reasonable opportunity given to it, on a date to be named in said notice, to show cause why such proceedings should not be commenced. No application for injunction against or proceedings for the dissolution of, or appointment of a receiver for, any beneficial society or branch thereof, shall be entertained by any court of this Commonwealth unless the same is made by the Attorney General.

Section 9. Copies of Policies, Contracts, and Certificates of Membership to Be Filed with and Approved by the Insurance Commissioner.—No policy, contract or certificate of membership shall be issued or delivered by any beneficial society in this Commonwealth, nor applications, riders or endorsements used in connection therewith, until the forms of the same have been submitted to, and formally approved by, the Insurance Commissioner under such reasonable rules and regulations as he shall make concerning the terms and provisions contained in such policies, contracts or certificates of membership, and their submission to and approval by him.

Section 10. Qualifications of Solicitors and Agents.—Solicitors or agents for beneficial societies shall meet the same prerequisites as existing law requires of agents for insurance companies.

Qualifications  
of solicitors  
and agents.

Section 11. When Application, Constitution, By-Laws and Rules are Considered Part of Policy.—All beneficial certificates issued by any beneficial society in which the application of the member, the constitution, by-laws or other rules of the society form part of the certificate or contract between the parties thereto, or have any bearing thereon, shall contain or have attached thereto correct copies of the application as signed by the applicant or the constitution, by-laws or other rules referred to, and, unless so attached and accompanying the certificate or contract, such application, constitution or by-laws or other rules shall not be received in evidence in any controversy between the parties to or interested in the certificate or contract, nor shall such application, constitution, by-laws or other rules be considered a part of the certificate or contract between such parties.

Section 12. Penalties.—A. Any person or beneficial society violating any of the provisions of this act shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine of not more than five hundred dollars for each violation thereof.

Penalties.

B. Upon satisfactory evidence of the violation of any of the sections of this act by any beneficial society, the Insurance Commissioner may, in his discretion, pursue any one or more of the following courses of action—(1) Suspend or revoke the certificate of authority of such offending beneficial society; (2) refuse for a period of not to exceed one year thereafter to issue a new cer-

tificate of authority to such beneficial society; (3) impose a penalty of not more than one thousand dollars for each and every act in violation of this act.

Before the Insurance Commissioner shall take any action as above set forth, he shall give written notice to the beneficial society accused of violating the law, stating specifically the nature of such alleged violation, and fixing a time and place, at least ten days thereafter, when a hearing of the matter shall be held. After such hearing, or upon failure of a duly authorized representative of the accused beneficial society to appear at such hearing, the commissioner shall impose such of the above penalties as he deems advisable. The beneficial society may appeal from any action by the commissioner, pursuant to this section, to the court of common pleas of Dauphin County.

Section 13. Scope of Act.—Provisions of this act shall not apply to—

(1) Beneficial associations which are formed by or for the exclusive benefit of those who, at the time of becoming members of such associations, are engaged in educational work in any department or district of the public school system of the Commonwealth of Pennsylvania, or in any college or university therein, and which issues beneficiary certificates only to such members.

(2) Fraternal, charitable or secret societies issuing beneficial certificates and paying benefits to their membership through the lodge system.

(3) Insurance or relief associations formed by or for the exclusive benefit of employes of corporations or firms, or formed by or for the exclusive benefit of members of any religious corporation or association.

(4) Associations whose benefits are limited to post-mortem assessments of the members.

**Repealers.**

Section 14. Repealers.—The act approved the twentieth day of April, one thousand nine hundred and twenty-seven (Pamphlet Laws, three hundred and seventeen), entitled “An act authorizing certain existing beneficial or protective societies heretofore incorporated to reincorporate for the purpose of making insurance upon the health of individuals and against personal injury and disablement and death; regulating such corporations and limiting the amount for which corporations may issue policies and imposing a tax on gross premiums of companies reincorporated under the provisions of this act”; and the act approved the twenty-sixth day of April, one thousand nine hundred and twenty-nine (Pamphlet Laws, eight hundred and five), entitled “An act authorizing the payment of benefits by certain beneficial societies in the event of sickness, accident, disability, or death, or in the event of any or all such contingencies, and limiting the amount of such

benefits; providing for reserves of such societies; providing penalties; and repealing existing laws," and all acts or parts of acts, inconsistent herewith, are hereby repealed.

Section 15. Constitutional Construction.—The provisions of this act are severable, and if any of the provisions hereof are held to be unconstitutional, the decision shall not be construed to impair any other provision of this act. It is hereby declared as a legislative intent that this act would have been adopted had such unconstitutional provisions not been included therein.

Constitutional  
construction.

APPROVED—The 4th day of June, A. D. 1937.

GEORGE H. EARLE

No. 343

AN ACT

To further amend the act, approved the nineteenth day of March, one thousand nine hundred and nine (Pamphlet Laws, forty-six), entitled "An act to regulate the practice of osteopathy in the State of Pennsylvania; to provide for the establishment of a State Board of Osteopathic Examiners; to define the powers and duties of said Board of Osteopathic Examiners; to provide for the examining and licensing of osteopaths in this State; and to provide penalties for the violation of this act," by changing the preliminary educational requirements for licenses to practice osteopathy and operative surgery; further defining osteopathy; providing for issuing licenses to perform operative surgery to licensees of other states; requiring annual renewals of osteopathic surgeons' licenses; fixing fees; extending the functions and authority of osteopathic physicians and surgeons; and prescribing additional penal provisions.

Section 1. Be it enacted, &c., That section ten of the act, approved the nineteenth day of March, one thousand nine hundred and nine (Pamphlet Laws, forty-six), entitled "An act to regulate the practice of osteopathy in the State of Pennsylvania; to provide for the establishment of a State Board of Osteopathic Examiners; to define the powers and duties of said Board of Osteopathic Examiners; to provide for the examining and licensing of osteopaths in this State; and to provide penalties for the violation of this act," as last amended by section one of the act, approved the fourteenth day of June, one thousand nine hundred and twenty-three (Pamphlet Laws, seven hundred ninety-five), is hereby further amended to read as follows:

Section 10, act  
of March 19,  
1909 (P. L. 46),  
as last amended  
by section 1, act  
of June 14, 1923  
(P. L. 795),  
further amended.

Section 10. Applicants examined and licensed by the State Boards of Osteopathic Examiners of other States, on the payment of a fee of fifty dollars to the State Board of Osteopathic Examiners, and filing in the office of the State Board of Osteopathic Examiners a copy of

Issuance  
of license.  
Fee.