

*valuable papers or documents, except while in the custody or possession of, and being transported by, a carrier for hire or in the mail, and against loss or damage to automobiles and aircraft by burglary, larceny or theft, vandalism or malicious mischief, confiscation or wrongful conversion, disposal or concealment, whether held under conditional sale contract or subject to chattel mortgages, or otherwise, or any one or more of such hazards.*

(8) To insure any goods or premises against loss or damage by water or other fluid, caused by the breakage or leakage of sprinklers, pumps, or other apparatus, erected for extinguishing fires, or of other conduits or containers, or [and] of water pipes, or caused by casual water entering through leaks or openings in buildings; and against accidental injury, from causes other than fire or lightning, to such sprinklers, pumps, water pipes, conduits, containers, or other apparatus; and against damage from use or occupancy of premises by reason of such [breakage or leakage] *loss or damage.*

Inconsistent  
acts repealed.

Section 2. All acts and parts of acts inconsistent with this act are hereby repealed.

When effective.

Section 3. This act shall become effective immediately.

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

GEORGE H. EARLE

No. 338

AN ACT

To amend sections four hundred ten, as amended, and four hundred eleven of the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty-two), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," requiring companies of other states and foreign governments to make a provision for loans in policies of life insurance; prohibiting any provision by which a policy of life insurance would take effect before the original application was made.

Section 410, act of May 17, 1921 (P. L. 682), as amended by act of July 15, 1935 (P. L. 1020), further amended.

Section 1. Be it enacted, &c., That section four hundred and ten of the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty-two), entitled "An Act relating to insurance; amending, revising, and consoli-

dating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," as amended by the act, approved the fifteenth day of July, one thousand nine hundred and thirty-five (Pamphlet Laws, one thousand twenty), is hereby further amended to read as follows:

Section 410. Uniform Policy Provisions.—No policy of life or endowment insurance, except policies of industrial insurance where the premiums are payable monthly or oftener, shall hereafter be issued or delivered by any stock or mutual life insurance company in this Commonwealth unless it contains, in substance, the following provisions:—

(a) A provision that all premiums shall be payable in advance, either at the home office of the company or to an agent of the company, upon delivery of a receipt signed by one or more of the officers of the company who shall be named in the policy.

(b) A provision that the insured is entitled to a grace, either of thirty days or one month, within which the payment of any premium after the first year may be made, subject, at the option of the company, to an interest charge not in excess of six per centum per annum for the number of days of grace elapsing before the payment of the premium, during which period of grace the policy shall continue in full force; but in case the policy becomes a claim during the said period of grace, before the overdue premium, or the deferred premiums of the current policy year, if any, are paid, the amount of such premiums, with interest on any overdue premiums, may be deducted in any settlement under the policy.

(c) A provision that the policy shall be incontestable after it has been in force, during the lifetime of the insured, two years from its date of issue, except for non-payment of premiums, and for engaging in military or naval service in time of war without the consent in writing of an executive officer of the company; and that, at the option of the company, provisions relative to benefits in the event of total and permanent disability, and provisions which grant additional insurance specifically against death by accident, may also be excepted.

(d) A provision that the policy shall constitute the entire contract between the parties; but if the company desires to make the application a part of the contract, it may do so, provided a copy of such application shall

be endorsed upon or attached to the policy when issued, and in such case the policy shall contain a provision that the policy and the application therefor shall constitute the entire contract between the parties.

(e) A provision that, if the age of the insured has been misstated, the amount payable under the policy shall be such as the premium would have purchased at the correct age.

(f) A provision that the policy shall participate in the surplus of the company, and that, beginning not later than the end of the third policy-year, the company will annually determine the portion of the divisible surplus accruing on the policy, and that the owner of the policy shall have the right to have the dividend arising from such participation paid in cash, or applied to the payment of premium, or the purchase of paid up additions to the policy, as the policyholder may elect.

In lieu of the foregoing provisions, the policy may contain a provision that the policy shall participate in the surplus of the company, and that, beginning not later than the end of the fifth policy-year, the company will determine the portion of the divisible surplus accruing on the policy, and that the owner of the policy shall have the right to have the current dividend arising from such participation paid in cash, and that, at periods of not more than five years thereafter, such apportionment and payment, at the option of the policyholder, shall be had.

Renewable term policies of ten years or less may provide that the surplus accruing to such policies shall be determined and apportioned each year after the second policy-year, and accumulated during each renewal period, and that at the end of any renewal period, or renewal of the policy by the insured, the company shall apply the accumulated surplus as an annuity for the next succeeding renewal term in the reduction of premiums.

(g) A provision specifying the options to which the policyholder is entitled in the event of default in a premium payment after three full annual premiums shall have been paid.

(h) A provision that after three full years' premiums have been paid the company, at any time while the policy is in force, will advance, on proper assignment or pledge of the policy, and on the sole security thereof, at a specified rate of interest, a sum equal to, or, at the option of the owner of the policy, less than, the reserve at the end of the current policy year on the policy, and on any dividend additions thereto, less a sum not more than two and one-half per centum of the amount insured by the policy and of any dividend additions thereto; and that the company will deduct from such loan value any existing indebtedness on the policy, and any unpaid bal-

ance of the premium for the current policy-year, and may collect interest in advance on the loan to the end of the current policy-year; which provision may further provide that such loan may be deferred for not exceeding six months after the application therefor is made. A company may, in lieu of the provision hereinabove permitted for the deduction from a loan on the policy of a sum not more than two and one-half per centum of the amount insured by the policy and of any dividend additions thereto, insert in the policy a provision that one-fifth of the entire reserve may be deducted in case of a loan under the policy; or may provide therein that the deduction may be the said two and one-half per centum, or the one-fifth of the said entire reserve, at the option of the company.

(i) A provision which, in event of default in premium payments after premiums shall have been paid for three years, shall secure to the owner of the policy a stipulated form of insurance, the net value of which shall be at least equal to the reserve at the date of default on the policy and on any dividend additions thereto, specifying the mortality table and rate of interest adopted for computing such reserves, less a sum not more than two and one-half per centum of the amount insured by the policy and of any existing dividend additions thereto, and less any existing indebtedness to the company on the policy. Such provision shall stipulate that the policy may be surrendered to the company, at its home office, within one month from date of default, for a specified cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid, and may stipulate that the company may defer payment for not more than six (6) months after the application therefor is made. This provision shall not be required in term insurance of twenty years or less.

(j) A table showing in figures the loan value, if any, and the options available under the policy, each year, upon default in premium payments, during at least the first twenty years of the policy; and, if the proceeds of the policy are payable in installments or as an annuity, a table showing the amount of the installment or annuity payment.

(k) A provision that the holder of a policy shall be entitled to have the policy reinstated, at any time within three years from the date of default in premium payments, unless the policy has been duly surrendered or the extension period expired, upon the production of evidence of insurability satisfactory to the company, and the payment of all overdue premiums and any other indebtedness to the company upon said policy, with in-

terest at the rate of not exceeding six per centum per annum.

(1) A provision that when a policy shall become a claim by the death of the insured settlement shall be made upon receipt of due proof of death.

Any of the foregoing provisions, or parts thereof, not applicable to single premium or non-participating or term policies, shall, to that extent, not be incorporated therein: [and paragraph (h) shall not apply to companies of other States and foreign governments] Provided, however, That the policies of an insurance company organized under the laws of any [other] State or foreign government may contain, when issued in this Commonwealth, any provision which may be prescribed by laws of the State or government under which the company is organized; and the policies of a life insurance company organized under the laws of this Commonwealth may, when issued in any other State, Territory, or foreign country, contain any provision required by the laws of such State, Territory, or foreign country to be contained in policies issued therein.

Section 411,  
amended.

Section 2. That section four hundred and eleven of said act is hereby amended to read as follows:

Section 411. Prohibited Policy Provisions.—No policy of life insurance shall be issued or delivered in this Commonwealth by any stock or mutual life insurance company organized under the laws of any other State or country, or be issued by any stock or mutual life insurance company organized under the laws of this Commonwealth, except policies of industrial insurance where the premiums are payable monthly or oftener, if it contain any of the following provisions:

(a) Any provision for forfeiture of the policy for failure to repay any loan on the policy or to pay interest on any such loan, while the total indebtedness on the policy is less than the cash value thereof. In ascertaining the indebtedness due upon the policy loan, the interest, if not paid when due, shall be added to the principal of such loan, and shall bear interest at the rate specified in the note or loan agreement.

(b) Any provision limiting the time within which any action at law or equity may be commenced to less than two years after the cause of action shall accrue.

(c) Any provision by which the policy shall purport to be issued or to take effect [more than six months] before the original application for the insurance was made, *if thereby the assured would rate at an age younger than his age at date when the application was made, according to his age at nearest birthday.*

(d) Any provision for a mode of settlement at maturity of less value than the amount insured on the face of the policy, plus dividend additions, if any, less the

indebtedness to the company on the policy, and less any premiums that may by the terms of the policy be deducted.

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

GEORGE H. EARLE

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No. 339

AN ACT

To amend section two hundred fifteen of the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty-two), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," by requiring the Insurance Commissioner to determine the qualifications of the incorporators of any proposed insurance company.

Section 1. Be it enacted, &c., That section two hundred fifteen of the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eight-two), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," is hereby amended to read as follows:

Section 215, act  
of May 17, 1921  
(P. L. 682),  
amended.

Section 215. Examination of Companies; Certificate To Do Business.—

(a) As soon as the entire amount of the authorized capital of a stock insurance company, incorporated under this act, has been paid in, certificates shall be issued therefor to the persons entitled to receive the same, which certificates shall be transferable upon the books of the company; and the president or secretary of the company shall notify the Insurance Commissioner that the entire capital of the company has been paid in, and that it is ready to commence business. Upon receipt of such notice, the Insurance Commissioner shall, in person or by deputy or examiners, examine the company;