

to highways under their jurisdictions, are hereby authorized to designate through highways, by erecting at the entrance thereto from intersecting highways signs bearing the [words "THRU TRAFFIC STOP"] word "*STOP*," the word "STOP" to be in letters at least six (6) inches in height [and the letters of the words "THRU" and "TRAFFIC" shall be of the form and size approved by the Secretary of Highways of this Commonwealth]: Provided, That no stop sign shall be erected at an intersection where, at all times, there is control by either a traffic signal or by a flashing signal.

*Signs bearing the word "STOP" shall be legal at intersections with through highways immediately upon the final enactment of this amendment; and signs bearing the *words "THRU TRAFFIC STOP" shall be legal until the first day of June, one thousand nine hundred fifty-two.*

APPROVED—The 19th day of July, A. D. 1951.

JOHN S. FINE

No. 245

AN ACT

To amend the act, approved the seventeenth day of May, one thousand nine hundred twenty-one (Pamphlet Laws 682), 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 further regulating insurance companies, associations and inter-insurance exchanges, and their powers, investments, policy provisions, joint policies, premium tax returns, the licensing of foreign companies; providing for judicial review of adjudications of the Insurance Commissioner; and repealing existing law.

"The Insurance Company Law of 1921."

Clause (1) of subsection (b) of section 202, act of May 17, 1921, P. L. 682, as last amended by act of June 23, 1931, P. L. 904, further amended.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Clause (1) of subsection (b) of section 202 of the act, approved the seventeenth day of May, one thousand nine hundred twenty-one (Pamphlet Laws 682), 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

* "word" in original.

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 last amended by the act, approved the twenty-third day of June, one thousand nine hundred thirty-one (Pamphlet Laws 904), is hereby further amended to read as follows:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.—

* * * * *

(b) * * * * *

(1) On dwelling houses, stores, and all kinds of buildings, and household furniture and other property, —against loss or damage, including loss of use or occupancy, by fire, smoke, smudge, lightning, and explosion, whether fire ensue or not [, except explosion on risks specified in paragraph (5) of subdivision (c)], and by tornadoes, cyclones, windstorms, earthquakes, hail, frost, sleet, snow, or flood; against loss or damage by water to any goods or premises, arising from the breakage or leakage of sprinklers, pumps, or other apparatus erected for extinguishing fires, and of water pipes; against accidental injury to such sprinklers, pumps, or other apparatus; against loss or damage caused by the caving in of the surface of the earth above coal mines; against perils to property arising from the ownership or maintenance or from the use of aircraft, automobiles, or other motor vehicles; [and] against loss or damage caused by bombardment, invasion, insurrection, riot, civil war, or commotion, and military or usurped power; and against damage to property as specified in this paragraph by any or all risks not herein specifically designated; and to effect reinsurance of any risk provided for in this clause.

Section 2. Said act is hereby amended by adding, after section 317, a new section to read as follows:

Section 317.1. Joint Policies.—Two or more insurance companies, associations or exchanges, authorized to transact the same kinds of insurance business in this Commonwealth, may issue a combination policy, using a distinctive title therefor, which title shall follow the titles of the several companies, associations or exchanges obligated thereby. Such policy shall be executed by each such company, association or exchange, in the same manner as it would execute its individual policy. Such policy shall state that it is a joint contract and that each company, association or exchange is only liable for a specific percentage of any loss or damage occurring thereunder. Before any such companies, associations or exchanges shall issue such combination policy, they

Said act amended by adding, after section 317, a new section 317.1.

shall receive the express permission of the Insurance Commissioner to issue the same and the title shall be approved by him.

Section 321,
said act, as last
amended by act
of May 25, 1939,
P. L. 213,
further amended.

Section 3. Section 321 of said act, as last amended by the act, approved the twenty-fifth day of May, one thousand nine hundred thirty-nine (Pamphlet Laws 213), is hereby further amended to read as follows:

Section 321. Additional Annual Reports from Foreign Companies and Associations.—Every stock or mutual insurance company, association, or exchange of another State or foreign government, authorized to do business in this Commonwealth, shall make report to the [Insurance Commissioner] *Department of Revenue*, on or before March [first] *fifteenth* of each year, under oath of its president, secretary, or attorney, showing the gross premiums of every character and description received from business transacted in the Commonwealth during the year, or fraction of year, ending with the thirty-first day of December preceding, whether said premiums were received in money or in the form of notes, credits, or any other substitute for money or whether the same were collected in this Commonwealth or elsewhere, and to pay into the State Treasury the requisite tax upon all such premiums. Such companies, associations, and exchanges, in making such report, may deduct, from the gross premiums received, all * premiums returned on policies canceled or not taken, and all premiums actually received for reinsurances. Stock companies with participating features, in addition to the aforesaid deductions, may deduct that portion of the premiums returned to the policyholders. Life insurance companies may deduct dividends declared and actually used by policyholders in payment of renewal premiums; and mutual companies, associations, and exchanges may deduct that proportion of the advance premium or deposit returned to members upon the expiration or termination of their contracts. "Gross premiums" are defined to be the amount of dues, fees, and premiums stated in the policy contracts.

Section 322,
said act, as
amended by act
of April 26,
1929, P. L. 782,
further amended
by adding, at
end thereof, a
new paragraph.

Section 4. Section 322 of said act, as amended by the act, approved the twenty-sixth day of April, one thousand nine hundred twenty-nine (Pamphlet Laws 782), is hereby further amended by adding, at the end thereof, a new paragraph to read as follows:

Section 322. Amendment of Charter.—

A mutual insurance company, other than life or title, shall be permitted to amend its charter to include any or all of the kinds of insurance included in section 202, subdivisions (b) and (c), if its total assets less net liability for losses for expenses and for unearned premium reserve for those premiums received

* "the" deleted in original.

on nonassessable policies are not less than the minimum premiums specified in section 206 (e) for the incorporation of new companies, without the necessity of obtaining or of holding any application or of issuing any policy as specified in section 206 (e) for the incorporation of new companies.

Section 5. Section 354 of said act, as last amended by the act, approved the twenty-eighth day of May, one thousand nine hundred thirty-seven (Pamphlet Laws 934), is hereby further amended to read as follows:

Section 354, said act, as last amended by act of May 28, 1937, P. L. 934, further amended.

Section 354. [Prohibiting the Use of Policies, Contracts, Etc., Unless Approved] *Approval of Policies, Contracts, etc.; Prohibiting the Use Thereof Unless Approved; Judicial Review; Penalty.*—It shall be unlawful for any insurance company, association, or exchange, doing business in this Commonwealth, to issue, sell, or dispose of any policy, contract, or certificate, covering life, health, accident, personal liability, fire, marine, title, and all forms of casualty insurance, or contracts pertaining to pure endowments or annuities, or any other contracts of insurance, or use applications, riders, or endorsements, in connection therewith, until the forms of the same have been submitted to and formally approved by the Insurance Commissioner, and copies filed in the Insurance Department, except riders and endorsements relating to the manner of distribution of benefits, and to the reservation of rights and benefits under any such policy, and used at the request of the individual policyholder, and except any forms which, in the opinion of the Insurance Commissioner, do not require his approval.

Forms so filed, forms filed under the act, approved the eleventh day of May, one thousand nine hundred forty-nine (Pamphlet Laws 1210), or any amendments thereof, or filed under any other section of this law, shall be deemed approved at the expiration of thirty (30) days after filing, unless earlier approved or disapproved by the Insurance Commissioner. The Insurance Commissioner, by written notice to the insurer may, within such thirty-day period, extend the period for approval or disapproval for an additional thirty (30) days.

Such approval [granted by the Insurance Commissioner] shall become void upon any subsequent notice of *disapproval* from the Insurance Commissioner, or upon any subsequent withdrawal of license or refusal of the Insurance Commissioner to relicense any such company, association, or exchange, or upon the subsequent passage of an act which would no longer make such contracts or related forms a fit subject for approval, except that this provision shall not affect contracts issued prior thereto.

Upon any disapproval, the Insurance Commissioner shall notify the insurer in writing, specifying the reason for such disapproval; and within thirty (30) days from the date of mailing of such notice to the insurer, such insurer may make written application to the Insurance Commissioner for a hearing thereon, and such hearing shall be held within thirty (30) days after receipt of such application. The procedure before the Insurance Commissioner shall be in accordance with the adjudication procedure set forth in the "Administrative Agency Law," and the insurer shall be entitled to the judicial review as provided for in said law.

Any person, corporation, insurance company, exchange, order, or society that shall, either as principal or agent, issue, or cause to be issued, any policy or contract of insurance within the Commonwealth, contrary to this section, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine not exceeding five hundred dollars (\$500.00).

[The amendments to this] *This section shall not be construed as extending the provisions of this section to domestic mutual fire insurance companies [not heretofore subject to the provisions hereof].*

Upon satisfactory evidence of the violation of this section by any such person, corporation, insurance company, exchange, order, or society, the Insurance Commissioner may, in his discretion, pursue any one or more of the following courses of action: (1) Suspend or revoke the license of such offending person, corporation, insurance company, exchange, order or society; (2) refuse, for a period of not to exceed one year thereafter, to issue a new license to such person, corporation, insurance company, exchange, order, or society; (3) impose a fine of not more than one thousand dollars (\$1,000.00) for each and every act in violation of this act. When the Insurance Commissioner shall take action in any of the ways above recited, the person, corporation, insurance company, exchange, order, or society aggrieved may appeal therefrom to the court of common pleas of Dauphin County.

Section 405, said act, as added by act of May 9, 1947, P. L. 201, amended by adding thereto, after clause (f), a new clause (g).

Section 6. Section 405 of said act, as added by the act, approved the ninth day of May, one thousand nine hundred forty-seven (Pamphlet Laws 201), is hereby amended by adding thereto, after clause (f), a new clause to read as follows:

Section 405. Investment of Surplus and Balance of Reserve.—Subject to the provisions of section four hundred six, point one, any surplus funds and the balance of the reserves of any life insurance company, organized under the laws of this Commonwealth, may be invested in the following classes of investment:

* * * * *

(g) *Other Loans or Investments.* Loans or investments not qualifying or permitted under the preceding subsections of this section, to an amount not exceeding in the aggregate five per cent (5%) of such company's admitted assets.

Section 7. Section 406.1, as added by the act, approved the ninth day of May, one thousand nine hundred forty-seven (Pamphlet Laws 201), is hereby amended, and a new clause is hereby added, to read as follows:

Section 406.1, said act, as added by act of May 9, 1947, P. L. 201, amended, and a new clause (g) added.

Section 406.1. General Investment Provisions and Restrictions.—Investment under authority of section four hundred four, or four hundred five and holding of real estate under authority of section four hundred six by any life insurance company, organized under the laws of this Commonwealth, shall be subject to the following provisions:

* * * * *

(o) No security or investment of a class stated in [subsections] *clauses* (b), (c), (d), (e), [or] (f) or (g) of section four hundred five shall by this act, be authorized or permitted for investment of reserve funds of any such company, if at the date of investment its total investment in classes of investment stated in section four hundred four, is less than its capital and three-fourths ($\frac{3}{4}$) of its reserves.

* * * * *

(q) "*Date of Investment*" shall mean the date of commitment in the case of a commitment to invest.

[(q)] (r) If any investment is made in a manner not authorized by this act, the officers, directors and trustees making or authorizing such investment, shall be personally liable for any loss occasioned thereby.

Section 8. Section 409 of said act is hereby repealed.

Section 409, said act, repealed.

Section 9. Section 410, the first paragraph and clause (6) of subsection (a) and subsections (d) and (e) of section 410A, as respectively amended and added by the act, approved the first day of May, one thousand nine hundred forty-five (Pamphlet Laws 334), are hereby amended or further amended to read as follows:

Section 410, the first paragraph and clause (6) of subsection (a) and subsections (d) and (e) of section 410A, said act, as respectively amended and added by act of May 1, 1945, P. L. 334, amended or further amended.

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 or provisions which, in the opinion of the Insurance Commissioner, are more favorable to the policyholder:—

(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 *disability* benefits [in the event of total and permanent disability], and provisions which grant additional insurance specifically against death by *accident or accidental means*, 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 *or of any other person whose age is considered in determining the premium* has been misstated, the amount payable *or benefit accruing* under the policy shall be such as the premium would have purchased at the correct age *or ages*.

(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] *party entitled to elect such option* 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] *in accordance with any one of such other dividend options as may be provided by the policy* [may elect]. *If any such other dividend options are provided, the policy shall further state which option shall be automatically effective, if such party shall not have elected some other option.*

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] *party entitled thereto* 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] *such party*, 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 if any to which the policyholder is entitled in the event of default in a premium payment.

(h) A provision for a loan value at any time [while the policy is in force] after three full years' premiums have been paid *and while no premium is in default beyond the grace period of payment.*

(1) In the case of any policy issued prior to the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), it shall be provided that the company 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 balance 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.

(2) In the case of any policy issued on or after the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), [it shall be provided] *the loan provision shall provide* that the company 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] *party entitled thereto*, less than, the cash surrender value at the end of the current policy year as required by section four hundred and ten A of this act; and that the company [will] *may* deduct from such loan value (in addition to any indebtedness deducted in determining such value) any unpaid balance 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. The company shall reserve the right to defer such loan, except any made to pay premiums *to the company*, for six months after application therefor is made. This subsection (h) shall not apply to term insurance.

(i) A provision for a non-forfeiture and cash surrender value.

(1) In the case of any policy issued prior to the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), a non-forfeiture benefit shall be provided in event of default in premium payments after premiums shall have been paid for three years, which 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.

(2) In the case of any policy issued on or after the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), a non-forfeiture benefit and cash surrender value shall be provided in accordance with said section.

(j) A table showing in figures the loan value, if any, and the options, if any, 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] *which are determinable prior to maturity of the policy*, a table showing the amount of the [installment or annuity payment] *guaranteed installments*.

(k) A provision that the holder of a policy shall be entitled to have the policy reinstated, *upon written application therefor*, 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 interest at the rate of not exceeding six per centum per annum, *compounded annually*.

(l) 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 policies, shall, to that extent, not be incorporated therein: Provided, however, That the policies of an insurance company organized under the laws of any state or foreign government may contain, when [issued] *delivered* 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] *delivered* 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] *delivered* therein. *A clause in any policy of life insurance providing that such policy shall be incontestable after a specified period shall preclude only a contest of the validity of the policy and shall not preclude the assertion, at any time, of defenses based upon provisions*

in the policy which exclude or restrict coverage, whether or not such restrictions or exclusions are excepted in such clause.

Section 410A. Standard Non-Forfeiture Law.—(a) In the case of policies issued on or after the operative date of this section, as defined in subsection (g), no policy of life insurance, except as stated in subsection (f), shall be [issued or] delivered in this Commonwealth unless it shall contain in substance the following provisions, or corresponding provisions which in the opinion of the Insurance Commissioner are at least as favorable to the defaulting or surrendering policyholder:

* * * * *

(6) A statement of the method to be used in calculating the cash surrender value and the paid-up non-forfeiture benefit available under the policy on any policy anniversary [with] *beyond the last anniversary for which such values and benefits are consecutively shown in the policy, a statement that the cash surrender values and the paid-up non-forfeiture benefits available under the policy are not less than the minimum values and benefits required by or pursuant to any statute of the state in which the policy is delivered, an explanation of the manner in which the cash surrender values and the paid-up non-forfeiture benefits are altered by the existence of any paid-up additions credited to the policy or any indebtedness to the company on the policy, and, if a detailed statement of the method of computation of the values and benefits shown in the policy is not stated therein, a statement that such method of computation has been filed with the insurance supervisory official of the state in which the policy is delivered.*

Any of the foregoing provisions or portions thereof not applicable by reason of the plan of insurance may, to the extent inapplicable, be omitted from the policy.

The company shall reserve the right to defer the payment of any cash surrender value for a period of six months after demand therefor with surrender of the policy.

* * * * *

(d) The adjusted premiums for any policy shall be calculated on an annual basis and shall be such uniform percentage of the respective premiums specified in the policy for each policy year, *excluding any extra premiums charge because of impairments or special hazards*, that the present value, at the date of issue of the policy, of all such adjusted premiums shall be equal to the sum of (i) the then present value of the future guaranteed benefits provided for by the policy; (ii) two per cent of the amount of insurance, if the insurance be uniform in amount, or of the equivalent uniform amount, as

hereinafter defined, if the amount of insurance varies with duration of the policy; (iii) forty per cent of the adjusted premium for the first policy year; (iv) twenty-five per cent of either the adjusted premium for the first policy year or the adjusted premium for a whole life policy of the same uniform or equivalent uniform amount with uniform premiums for the whole *of life issued at the same age for the same amount of insurance, whichever is less: Provided, however, That in applying the percentages specified in (iii) and (iv) above, no adjusted premium shall be deemed to exceed four per cent (4%) of the amount of insurance or level amount equivalent thereto. The date of issue of a policy for the purpose of this subsection shall be the date as of which the rated age of the insured is determined.

In the case of a policy providing an amount of insurance varying with duration of the policy, the equivalent [level] *uniform* amount thereof for the purpose of this subsection shall be deemed to be the level amount of insurance provided by an otherwise similar policy, containing the same endowment benefit or benefits, if any, issued at the same age and for the same term, the amount of which does not vary with duration and the benefits under which have the same present value at the [inception of the insurance] *date of issue* as the benefits under the policy: *Provided, however, That in the case of a policy providing a varying amount of insurance issued on the life of a child under age ten, the equivalent uniform amount may be computed as though the amount of insurance provided by the policy prior to the attainment of age ten were the amount provided by such policy at age ten.*

All adjusted premiums and present values referred to in this section shall be calculated on the basis of the Commissioners 1941 Standard Ordinary Mortality Table for ordinary insurance and the 1941 Standard Industrial Mortality Table for industrial insurance and the rate of interest, not exceeding three and one-half per centum (3½%) per annum, specified in the policy for calculating cash surrender values and paid-up non-forfeiture benefits: Provided, however, That in calculating the present value of any paid-up term insurance with accompanying pure endowment, if any, offered as a non-forfeiture benefit, the rates of mortality assumed may be not more than one hundred and thirty per centum (130%) of the rates of mortality according to such applicable table: Provided further, That for insurance issued on a **substantial basis, the calculation of any such adjusted premiums and present values may be based on such other table of mortality as may be speci-

* "of" omitted in original.

** "substandard" in original.

fied by the company and approved by the Insurance Commissioner.

(e) Any cash surrender value and any paid-up non-forfeiture benefit, available under the policy in the event of default in a premium payment due at any time other than on the policy anniversary, shall be calculated with allowance for the lapse of time and the payment of fractional premiums beyond [the last preceding policy anniversary] *the beginning of the policy year in which the default occurs*. All values referred to in subsections (b), (c) and (d) may be calculated upon the assumption that any death benefit is payable at the end of the policy year of death. The net value of any paid-up additions, other than paid-up term additions, shall be not less than the dividends used to provide such additions. Notwithstanding the provisions of subsection (b), additional benefits payable (i) in the event of death or dismemberment by accident or accidental means, (ii) in the event of total and permanent disability, (iii) as reversionary annuity or deferred reversionary annuity benefits, (iv) as [decreasing] term insurance benefits provided by a rider or supplemental policy provision to which, if issued as a separate policy, this section would not apply, and (v) as other policy benefits additional to life insurance and endowment benefits, and premiums for all such additional benefits, shall be disregarded in ascertaining cash surrender values and non-forfeiture benefits required by this section, and no such additional benefits shall be required to be included in any paid-up non-forfeiture benefits.

The first paragraph and the last four paragraphs of section 410 B, said act, as added by act of July 17, 1935, P. L. 1116, amended.

Section 10. The first paragraph and the last four paragraphs of section 410B of said act, as added by the act, approved the seventeenth day of July, one thousand nine hundred thirty-five (Pamphlet Laws 1116), are hereby amended to read as follows:

Section 410B. Uniform Provisions for Contracts of Annuities and Pure Endowment Contracts.—[On and after January first, one thousand nine hundred thirty-six, no] No annuity or pure endowment contract shall be [issued or] delivered in this Commonwealth [by any stock or mutual life insurance company], except policies of industrial insurance where the premiums are payable monthly or oftener, [unless and until a copy of the form thereof has been filed with the Insurance Commissioner and formally approved by him. Except] *and except* in the case of a reversionary annuity, otherwise called a survivorship annuity, or an annuity contracted by an employer in behalf of his employes, [no annuity or pure endowment contract shall be so issued or delivered in this Commonwealth] unless it contains in substance the following provisions:

* * * * *

Any of the foregoing provisions, or portions thereof, not applicable to nonparticipating contracts nor to contracts for which a single stipulated payment to the company is made, shall to that extent not be incorporated therein, and any such contract may be [issued or] delivered in this Commonwealth, which, in the opinion of the Insurance Commissioner, contains provisions, on any one or more of the several foregoing requirements, more favorable to the holder of the contract than hereinbefore required.

Nothing herein contained shall be construed to prevent a life insurance corporation, which issues life insurance on a participating basis, from issuing annuities, reversionary annuities, or pure endowments on a nonparticipating basis.

Any such contract or any application, endorsement or rider form used in connection therewith, issued in violation of this section shall, nevertheless, be held valid, but shall be construed as provided in this section, and when any provision in such contract, application, endorsement, or rider is in conflict with any provision of this section or with any other statutory provision, the rights, duties, and obligations of the company, of the holder of the contract, and of the beneficiary or annuity thereunder shall be governed by the provisions of this section. The provisions of this section shall not apply to contracts of reinsurance, nor to contracts for deferred annuities or reversionary annuities included in life insurance policies.

[For the purposes of this section, application forms, rider forms, and endorsement forms for use in connection with any such contract, excepting riders or endorsements relating to the manner of distribution of benefits or to the reservation of rights and benefits under any such contract and used at the request of the individual holders of such contracts, shall be deemed to be parts of such contracts and shall require the approval of the Insurance Commissioner. No rider and no endorsement, except as stated above, shall be attached to or printed or stamped upon any such contract issued or delivered in this Commonwealth, until the form of such rider or endorsement has been filed with the Insurance Commissioner and formally approved by him.]

Section 11. The first paragraph and clause (c) of section 411 of said act, as amended by the act, approved the fourth day of June, one thousand nine hundred thirty-seven (Pamphlet Laws 1634), are hereby further 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

The first paragraph and clause (c) of section 411, said act, as amended by act of June 4, 1937, P. L. 1634, further amended

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:

* * * * *

(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].

* * * * *

Section 412, said act, amended.

Section 12. Section 412 of said act is hereby amended to read as follows:

Section 412. Application for Insurance; Insurable Interest.—No policy [or agreement for insurance] of *life insurance* shall be [issued by any stock or mutual life insurance company] *delivered* in this Commonwealth except upon the application of the person insured. A person liable for the support of a child may take out a policy of insurance on such child; and persons, copartnerships, associations, and corporations may insure the lives and health of officers, directors, principals, partners, and employes, without the signing of a personal application as hereinbefore required. Any person may insure his own life for the benefit of any person, copartnership, association, or corporation, but no person shall cause to be insured the life of another, unless the beneficiary named in such policy or agreement of life insurance, whether himself or a third person, has an insurable interest in the life of the insured. *If a policy of life insurance has been issued in conformity with this section, no transfer of such policy or any interest thereunder shall be invalid by reason of a lack of insurable interest of the transferee in the life of the insured or the payment of premiums thereafter by the transferee.* The term "insurable interest" is defined as meaning, in the case of persons related by blood or law, an interest engendered by love and affection, and, in the case of other persons, a lawful economic interest in having the life of the insured continue, as distinguished from an interest which would arise only by the death of the insured.

Section 420, said act, as amended by act of April 6, 1945, P. L. 149, further amended.

Section 13. Section 420 of said act, as amended by the act, approved the sixth day of April, one thousand nine hundred forty-five (Pamphlet Laws 149), is hereby further amended to read as follows:

Section 420. Exchange, Alteration and Conversion of Policies.—Any life insurance company may, at the request of a policyholder, exchange, alter or convert

any policy of life or endowment insurance, or annuity policy contract, or any other policy benefits additional thereto issued by it, for or into any policy [conforming (a) which conforms with the laws in force [when the first mentioned policy was issued, if the rewritten policy bears the date thereof, or (b) with the laws in force when said exchange, alteration, or conversion is effected, if the rewritten policy bears a then current date: Provided, however, If such rewritten policy bears the date of said original policy] on the date of the original policy, if the rewritten policy is, by its terms, made effective as of such date, or which conforms with the laws in force on a subsequent date as of which the rewritten policy is by its terms made effective. If the rewritten policy is made effective as of a date earlier than the date on which the exchange, alteration or conversion occurs, (a) the rewritten policy, if evidence of insurability is required in conjunction with an exchange, alteration or conversion to a policy on a plan requiring a lower premium rate or to a policy to which benefits or features are added differing from those in the original policy, may provide that the date on which the exchange, alteration or conversion occurs shall be used in determining the applicability of an incontestability clause in the rewritten policy to the right of the company to contest such exchange, alteration or conversion or in determining the applicability of a clause in the rewritten policy limiting liability in the event of suicide of the insured, and (b) the amount of insurance under said rewritten policy shall not exceed the amount of insurance under said original policy, or the amount of insurance which the premium paid for the original policy would have purchased if the rewritten policy had been originally applied for, whichever amount is the greater. Nothing contained in section three hundred and forty-six, or in clause (c) of section four hundred and eleven, of this act shall be construed as prohibiting any such exchange, alteration, or conversion of policies as provided by this section.

Section 14. Section 420C of said act, as amended by the act, approved the first day of May, one thousand nine hundred forty-five (Pamphlet Laws 334), is hereby further amended to read as follows:

Section 420C. Uniform Industrial Policy Provisions. —[From and after the first day of January, nineteen hundred and thirty-eight no] No policy of industrial insurance shall be [issued or] delivered [to take effect] in this Commonwealth [, or be issued by a life insurance company organized under the laws of this Commonwealth], unless the same shall contain in substance the following provisions:

(a) A provision that the insured is entitled to a grace

Section 420 C,
said act, as
amended by act
of May 1, 1945,
P. L. 334,
further amended.

of four (4) weeks within which the payment of any premium after the first may be made, except that where premiums are payable monthly the insured shall be entitled to a grace of one month or 30 days. During such period of grace the policy shall continue in full force, but in case the policy becomes a claim during said grace period, before the overdue premiums are paid, the amount of overdue premiums may be deducted in any settlement under the policy.

(b) 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.

(c) A provision that the policy shall be incontestable after it has been in force, during the life-time of the insured, two years from its date of issue, except for non-payment of premium, [and except for violation of the conditions of the policy relating to naval or military service in time of war, and except as to provisions and conditions] *and that, at the option of the company, provisions relating to disability benefits [in the event of total and permanent disability] and those granting additional insurance specifically against death by accident or accidental means may also be excepted.*

(d) A provision that, if the age of the insured *or of any other person whose age is considered in determining the premium* has been misstated, the amount payable *or benefit accruing* under the policy shall be such as the premium would have purchased at the correct age *or ages.*

(e) A provision that the policy shall participate in the surplus of the company, and that the company will annually determine the portion of any divisible surplus accruing on the policy, and indicating the conditions under which the company shall apportion such dividends to the policyholder *or the party entitled thereto.*

(f) A provision for a non-forfeiture benefit and cash surrender value.

(1) In the case of any policy issued prior to the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), a non-forfeiture benefit shall be available in event of default in premium payments, after premiums have been paid for three full years, and shall be a stipulated form of insurance, effective from the due date of the defaulted premium, the net value of which stipulated form of insurance shall not be less than the reserve on the policy (exclusive of reserves, if any, for provisions relating to

benefits in the event of specific types of disability, or provisions granting additional insurance specifically against death by accident, and for provisions granting other benefits in addition to life insurance) at the end of the last completed quarter of the policy year for which premiums have been paid, and on any dividend additions thereto, if any, (the policy to specify the mortality table and rate of interest and also the method of valuation, if other than net level premium, adopted for computing such reserve) less a specified maximum percentage (not more than two and one-half) of the maximum face amount insured by the policy and of dividend additions thereto, if any, and less any existing indebtedness to the company on or secured by the policy: Provided, however, That the said percentage or other rule of calculation so stated as to permit determination of the value shall be specified for each year for which required values are not included in the policy: And provided, A company may, in lieu of the provision herein permitted for the deduction from the reserve of a sum not more than two and one-half per centum of the maximum face amount insured by the policy and of any dividend additions thereto, insert in the policy a provision that a deduction of one-fifth of said reserve may be made or said two and one-half per centum of the maximum face amount insured or one-fifth of said reserve at the option of the company: Provided further, That after premiums have been paid for five full years, the policy may be surrendered to the company at its home office within four weeks of the due date of the defaulted premium for a specific cash value at least equal to the sum which would otherwise be available for the purchase of insurance as aforesaid: And provided further, That the company may defer payment of such cash value for not more than six months after application therefor is made. In the event that such cash or other non-forfeiture value is not requested within the required period, it shall be provided that a stipulated form of insurance shall automatically become effective.

(2) In the case of any policy issued on or after the operative date of section four hundred and ten A of this act (the Standard Non-forfeiture Law), a non-forfeiture benefit and cash surrender value shall be provided in accordance with said section.

(g) A table showing, in figures, the non-forfeiture options available under the policy at the end of each year upon default in premium payments during the premium payment period, but not to exceed the first twenty (20) years of the policy, and providing that the company will furnish upon request an extension of such table beyond the years shown in the policy.

(h) A provision that the policy, if not surrendered

for its cash value or if the period of extended insurance has not expired, may be reinstated, *upon written application therefor*, within one year from the date of default in payment of premiums, upon payment of all overdue premiums and the payment or reinstatement of any other indebtedness to the company upon said policy, and, at the option of the company, interest thereon at a rate not to exceed six per centum per annum, *compounded annually*, and upon the presentation of evidence satisfactory to the company of the insurability of the insured.

(i) 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.

(j) A form number and title on the face of the policy clearly and correctly describing its form.

Any such policy may be [issued or] delivered in this Commonwealth which, in the opinion of the Insurance Commissioner, contains provisions on any one or more of the several foregoing requirements more favorable to the policyholder than hereinbefore required. The policies of an insurance company organized under the laws of any other state or foreign government may contain, when [issued] *delivered* in this Commonwealth, any provision which may be prescribed by the laws of the state or government under which the company is organized not contrary to the provisions heretofore prescribed, and the policies of a life insurance company organized under the laws of this Commonwealth, when [issued] *delivered* in any other state, territory or foreign country, may contain any provision required by the laws of such state, territory or foreign country to be contained in the policies [issued] *delivered* therein.

Any of the foregoing provisions, or parts thereof, not applicable to non-participating policies shall, to that extent, not be incorporated therein and the provisions of this section shall not apply to policies issued or granted pursuant to the non-forfeiture provisions prescribed in [subsection] *clause* (f) of this section. *A clause in any policy of industrial life insurance providing that such policy shall be incontestable after a specified period shall preclude only a contest of the validity of the policy, and shall not preclude the assertion, at any time, of defenses based upon provisions in the policy which exclude or restrict coverage, whether or not such restrictions or exclusions are excepted in such clause.*

Section 15. The first paragraph of section 420D of said act, as added by the act, approved the twenty-first day of May, one thousand nine hundred thirty-seven (Pamphlet Laws 769), is hereby amended to read as follows:

The first paragraph of section 420 D, said act, as added by act of May 21, 1937, P. L. 769, amended.

Section 420D. Prohibited Industrial Policy Provisions.—[From and after the first day of January, nineteen hundred and thirty-eight, no] No policy of industrial life or industrial endowment insurance shall be [issued or] delivered [to take effect] in this Commonwealth, [or be issued by a life insurance company organized under the laws of this Commonwealth,] if it contains any of the following provisions:

* * * * *

Section 16. Section 518 of said act, as amended by the act, approved the twelfth day of May, one thousand nine hundred twenty-five (Pamphlet Laws 601) is hereby further amended to read as follows:

Section 518, said act, as amended by act of May 12, 1925, P. L. 601, further amended.

Section 518. Investment of Surplus.—Any money over and above the capital of any stock fire, stock marine, and stock fire and marine insurance company, may be invested in the securities above enumerated, or in the bonds or notes of any public instrumentality of this Commonwealth, or of any other state, territory or possession of the United States, or of the District of Columbia, or of any foreign country or political subdivision thereof, or in the stock or other evidence of indebtedness of any solvent corporation created under the laws of [this Commonwealth or of any other state of the United States or the District of Columbia] any of said jurisdictions or loaned upon the pledge of the same, except its own stock, but [no such investments shall be hereafter made by such company in excess of five per centum of its gross assets, in the stock of another insurance company if the latter has invested in or loaned its funds on the stock of the first investing company.] *the total investments hereafter made by such company in stocks of other insurance companies which have invested in or loaned its funds on the stock of the first investing company shall not exceed five per centum of the gross assets of the first investing company; nor shall the total investments hereafter made by such company in the stocks or other evidence of indebtedness of solvent corporations created under the laws of any foreign country or of any political subdivision thereof exceed ten per centum of the moneys of such company over and above its capital and the reserves which it is required to maintain under the laws of this Commonwealth.* The current market value of such securities shall at the time of any loan thereon be at least twenty per centum (20%) more than the sum loaned thereon. No such insurance company shall invest any of its funds in any unincorporated business or enterprise nor in the stocks or evidence of indebtedness of any corporation, the owners or holders of which stock or evidence of indebtedness may, in any event, be or become liable on account thereof to any assessment, except for taxes; nor shall

any of its funds be loaned on personal security. Not more than one-fifth (1/5) of its capital shall be invested in a single mortgage. If any investment or loan is made in a manner not authorized by this act, the officers and directors making or authorizing the same shall be personally liable for any loss occasioned thereby.

Section 521, said act, repealed.

Section 17. Section 521 of said act is hereby repealed.

Subsections 1 and 2 of section 522, said act, as amended by act of April 25, 1945, P. L. 307, repealed.

Section 18. Subsections 1 and 2 of section 522 of said act, as amended by the act, approved the twenty-fifth day of April, one thousand nine hundred forty-five (Pamphlet Laws 307), are hereby repealed.

Section 522, said act, as amended by act of April 25, 1945, P. L. 307, further amended.

Section 19. Section 522 of said act, as amended by the act, approved the twenty-fifth day of April, one thousand nine hundred forty-five (Pamphlet Laws 307), is hereby further amended to read as follows:

Section 522. Fire Insurance Contract; Standard Policy Provisions; Permissible Variations.—

[3. The form of the standard fire insurance policy of the State of Pennsylvania to be issued by any stock fire insurance company shall be plainly printed and no portion thereof shall be in type smaller than seven (7) point, the type used in printing the form on file in the office of the Insurance Commissioner, and shall be as follows:

FIRST PAGE OF STANDARD FIRE POLICY]

1. *As used in this section, the term "fire insurance" shall mean insurance against loss by fire, lightning or removal, as specified in paragraph (1) of subsection (b) of section two hundred two of this act, as last amended by the act, approved the second day of April, one thousand nine hundred forty-nine (Pamphlet Laws 620), and as by this act further amended, and the term shall not include insurances of the kind specified in any other portion of that section, amended as aforesaid, whether or not the risks of fire, lightning or removal be included.*

2. *Except as provided elsewhere in this section, no stock insurance company, association or exchange shall issue a policy affording fire insurance, as defined in this section, on property in this Commonwealth, unless such policy contains the following provisions as to such insurance:*

* * * * *

[SECOND PAGE OF STANDARD FIRE POLICY]

* * * * *

There may be printed upon the face of a policy which contains such provisions the words "Standard Fire Insurance Policy of the State of Pennsylvania" and including the name of any other states which adopt this form of policy.

3. The provisions of subsection two of this section shall not apply to policies of perpetual insurance, policies of reinsurance, policies of an all-risk type, policies insuring aircraft, automobile or other motor vehicles against loss by fire, or policies insuring against loss by fire resulting directly or indirectly from bombardment, invasion, insurrection, riot, civil war, commotion, or military or usurped power, or by order of civil authority.

4. A policy affording fire insurance, as defined in this section, may, subject to the approval of the Insurance Commissioner, as provided in section three hundred fifty-four of this act, include any other insurances which the insurer is authorized to make, and the wording set out in subsection two of this section may be modified in conformity with the provisions thereof or to accommodate additional property coverages and perils.

5. Notwithstanding any other provisions of this section:

(a) An insurer may print on its policy its name, such device or devices as the insurer issuing said policy may desire, the location of its principal office, and the date of its formation, plan of operation, the amount of its paid up capital, if any, the name of its officers and agents, the number and date of the policy, and, if it is issued through an agent, the words "this policy shall not be valid unless countersigned by the duly authorized agent of the company at....."

(b) An insurer may print in its policies any provisions which it is authorized or required by law to insert therein, and an insurer not organized under the laws of this Commonwealth may, with the approval of the Insurance Commissioner, so print any provisions required by its charter or deed of settlement or by the laws of its own state or country not contrary to the laws of this Commonwealth.

(c) An insurer may add, either upon the face of the policy or on riders or endorsements to be attached thereto, printed or written forms of description and specification or schedules of the property covered by any particular policy and any other matter necessary to express clearly all the facts and conditions of insurance on any particular risk. Any endorsements or riders so attached must be signed by officers or agents of the company so issuing them.

(d) Binders or other contracts for temporary insurance, including fire insurance, as defined in this section, may be made orally or in writing, for a period which shall not exceed thirty days, and shall be deemed to include all the provisions of subsection two of this section and all such applicable endorsements approved by the Insurance Commissioner as may be designated in

such contract of temporary insurance, except that the cancellation clause and the clause thereof specifying the hour of the day at which the insurance shall commence may be provided by the express terms of such contract of temporary insurance.

(e) Appropriate forms of supplemental contracts or extended coverage endorsements whereby the interest in the property described in a policy affording fire insurance, as herein defined, shall be insured against one or more of the other perils which the insurer is empowered to assume may be approved by the Insurance Commissioner, and their use in connection with such fire insurance policy may be authorized by him. A form of policy affording fire insurance, as herein defined, may be arranged to provide space for the listing of amounts of insurance, with insurance rates and premiums for the basic coverage insured thereunder, and for additional coverages or perils insured under endorsements attached, and such other data as may be conveniently included for duplication on daily reports for office records.

6. The form of policy, including fire insurance, as defined in this section, upon property in this Commonwealth, shall be plainly printed, and no portion thereof shall be in type smaller than seven (7) point.

[THIRD PAGE OF STANDARD FIRE POLICY
ATTACH FORM BELOW THIS LINE
 BACK OF STANDARD FIRE POLICY
 (OPTIONAL)]

[Standard Fire Insurance Policy of the States of

Expires]

[Property

Assured

No.

(COMPANY)

It is important that the written portion of all policies covering the same property read exactly alike. If they do not, they should be made uniform at once.]

7. After the effective date of this amendment, any stock company, association or exchange may file with the Insurance Commissioner a written notice of its election to comply with the provisions of this section after a specified date, upon which date this section shall become operative with respect to the policies and contracts thereafter issued by such company, association or exchange: Provided, however, That the operative date for every stock insurance company, association or exchange shall not in any event be later than July first, one thousand nine hundred fifty-two.

Section 20. Subsection (b) of section 531 of said act, as last amended by the act, approved the fourth day of April, one thousand nine hundred thirty-five (Pamphlet Laws 13), is hereby further amended to read as follows:

Section 531. Licensing of Foreign Mutual Companies.—

* * * * *

(b) A mutual fire, mutual marine, or mutual fire and marine insurance company of another state, which had not been originally licensed to transact business in this Commonwealth prior to and was not transacting business in this Commonwealth on June twenty-third, one thousand nine hundred and thirty-one, may be licensed and relicensed to transact the class of business mentioned in clause (1) subdivision (b), of section two hundred and two (202), of this act, when it has a surplus over all liabilities, including unearned premiums, computed in accordance with the laws of this Commonwealth of not less than one hundred and fifty thousand dollars (\$150,000). If to transact the classes of business mentioned [in clauses (2) and (3) of subdivision (b), section two hundred and two (202) of this act, its surplus over all liabilities must not be less than four hundred thousand dollars (\$400,000)] (i) in either clause (2) or clause (3) of said subdivision, (b), when it has such a surplus of not less than two hundred thousand dollars (\$200,000); (ii) in said clause (1) and in either of said clauses (2) or (3), when it has such a surplus of not less than three hundred fifty thousand dollars (\$350,000); (iii) in both of said clauses (2) and (3), when it has such a surplus of not less than four hundred thousand dollars (\$400,000); and (iv) in all of said clauses (1), (2) and (3), when it has such a surplus of not less than five hundred fifty thousand dollars (\$550,000).

Section 21. Section 602 of said act, as last amended by the act, approved the ninth day of May, one thousand nine hundred forty-nine (Pamphlet Laws 986), is hereby further amended by adding thereto, after clause (h), a new clause to read as follows:

Subsection (b) of section 531, said act, as last amended by act of April 4, 1935, P. L. 13, further amended.

Section 602, said act, as last amended by act of May 9, 1949, P. L. 986, further amended by adding thereto, after clause (h), a new clause (i).

Section 602. Investment of Capital.—Every domestic stock casualty insurance company shall invest and keep invested in sound income-bearing securities all its capital and funds of every description, excepting such cash as may be required in the transaction of its business, and such as it may invest in real estate as hereinafter authorized. The capital of every such company shall be invested as follows:

* * * * *

(i) The Insurance Commissioner may permit any such company to invest sufficient of its reserves in the securities of a foreign government in order to enable it to comply with the laws of such foreign government and transact business therein.

Section 603, said act, as last amended by act of March 10, 1925, P. L. 30, further amended.

Section 22. Section 603 of said act, as last amended by the act, approved the tenth day of March, one thousand nine hundred twenty-five (Pamphlet Laws 30), is hereby further amended to read as follows:

Section 603. Investment of Surplus; Restrictions.—Any money over and above the capital of any such stock casualty insurance company may be invested in the securities above enumerated, or loaned upon the security of the same; or in the bonds or notes of any public instrumentality of this Commonwealth, or of any other state, territory or possession of the United States, or of the District of Columbia, or of any foreign country or political subdivision thereof, or in the stock or other evidence of indebtedness of any solvent [, dividend paying] corporation created under the laws of [this Commonwealth or of any other state of the United States,] any of such jurisdictions or loaned upon the pledge of the same, except its own stock [or the stock of any other insurance company transacting like classes of business]. *The total investments hereafter made by such company in stocks of other insurance companies which have invested in or loaned its funds on the stock of the first investing company shall not exceed five per centum of the gross assets of the first investing company; nor shall the total investments hereafter made by such company in the stocks or other evidence of indebtedness of solvent corporations created under the laws of any foreign country or of any political subdivision thereof exceed ten per centum of the moneys of such company over and above its capital and the reserves which it is required to maintain under the laws of this Commonwealth.* The current market value of such securities at the time of any loan thereon shall be at least fifteen per centum (15%) more than the sum loaned thereon. No such insurance company shall invest any of its funds in any unincorporated business or enterprise; nor in the stock or evidence of indebtedness of any corporation the owners or holders of which stock or evidence of

indebtedness may, in any event, be or become liable on account thereof to any assessment, except for taxes; nor shall any of its funds be loaned on personal security. Not more than one-fifth ($1/5$) of its capital shall be invested in a single mortgage. No such company shall enter into any agreement to withhold from sale any of its property; but the disposition of its property shall be at all times within the control of its board of directors or trustees. If any investment or loan is made in a manner not authorized by this act, the officers and directors making or authorizing the same shall be personally liable for any loss occasioned thereby.

Any such stock casualty insurance company may invest in the capital stock and obligations of a corporation or corporations formed for the purpose of buying and holding title to real estate and erecting or maintaining thereon a building or buildings to be used in whole or in part for the accommodation and transaction of the business of such insurance company without being subject to the limitation hereinbefore prescribed as to investment in the stock of a [dividend paying] *solvent* corporation; but no such insurance company shall invest more than fifty per centum (50%) of its capital and surplus in the stock and other obligations of any such corporation or corporations, nor acquire and hold any of the stock or other obligations of any such corporation or corporations, if the total amount of the capital and other obligations of such corporation or corporations exceeds in the aggregate fifty per centum (50%) of the capital and surplus of such insurance company, without the written approval of the Insurance Commissioner.

Section 23. Section 610 of said act, as amended by the act, approved the twenty-fourth day of May, one thousand nine hundred thirty-three (Pamphlet Laws 989), is hereby further amended to read as follows:

Section 610. Foreign Companies, Associations, and Exchanges to Do Business through Resident Agents.—Other than companies subject to the provisions of section five hundred and one of this act, no insurance company, association, or exchange, not incorporated or organized under the laws of this Commonwealth, but authorized to transact business herein, shall make, write, place, or cause to be made, written, or placed, any policy or contract of insurance in this Commonwealth except through an agent, whether an individual, copartnership, or corporation, who or which is a resident of this Commonwealth, or maintains his, her, or its principal place of business in this Commonwealth, and who or which shall receive a commission thereon when the premium is paid, to the end that the State may receive the taxes required by law to be paid on the

Section 610, said act, as amended by act of May 24, 1933, P. L. 989, further amended.

premiums collected for insurance written or placed in this State: Provided, however, That the Insurance Commissioner may, under such regulations and restrictions as may be deemed necessary, issue licenses to non-resident agents who are licensed in the state in which they reside, but such agents shall not countersign any policy or contract of insurance, but all such policies and contracts shall be signed only by resident agents who or which shall receive a commission thereon when the premium is paid: *Provided further, That counter-signature shall not be required in the case of policies and contracts as defined in clause (1) of subdivision (a) of section two hundred two of this act issued by life insurance companies.*

Clause (b) of section 629, said act, as last amended by act of June 24, 1939, P. L. 678, further amended.

Section 24. Clause (b) of section 629 of said act, as last amended by the act, approved the twenty-fourth day of June, one thousand nine hundred thirty-nine (Pamphlet Laws 678), is hereby further amended to read as follows:

Section 629. Limitations.—

* * * * *

(b) Nothing in subdivision (b) of this article shall apply to nor in any way affect life insurance, endowment or annuity contracts, or contracts supplemental thereto, which contain only such provisions relating to accident and health insurance as—(a) provide additional benefits in case of death by accidental means, and as (b) operate to safeguard such contracts against lapse, or to give a special surrender value or special benefit or an annuity in the event that the insured or annuitant shall become totally and permanently disabled, as defined by the contract or supplemental contract. The Insurance Commissioner shall have power to make reasonable rules and regulations concerning such provisions [, and contracts or supplemental contracts containing such provisions shall not be issued or delivered to any person in the Commonwealth unless and until a copy of the form thereof has been filed with the Insurance Commissioner in accordance with the provisions of section four hundred nine of an act, approved May seventeen, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty two)].

Clause (c) of section 629, said act, which section was last amended by act of June 24, 1939, P. L. 678, repealed.

Section 25. Clause (c) of section 629 of said act, which section was last amended by the act, approved the twenty-fourth day of June, one thousand nine hundred thirty-nine (Pamphlet Laws 678), is hereby repealed.

Act effective immediately.

Section 26. The provisions of this act shall become effective immediately upon final enactment.

APPROVED—The 19th day of July, A. D. 1951.

JOHN S. FINE