

## LEGISLATURE OF PENNSYLVANIA.

## FILE OF THE HOUSE OF REPRESENTATIVES.

No.

805

Session of  
1919.

INTRODUCED BY MR. W. T. WALLACE, MARCH 10, 1919.

REFERRED TO COMMITTEE ON MUNICIPAL CORPORATIONS,  
MARCH 11, 1919.

## AN ACT

Relating to fraternal benefit societies operating on the lodge plan providing for and regulating the issuing surrender for cancellation or exchange of certificates for the payment of death or annuity benefits upon the lives of certain children for whose support and maintenance members of such society are responsible

1 Section 1 *Be it enacted by the Senate and House of Repre-*  
2 *sentatives of the Commonwealth of Pennsylvania in General Assembly*  
3 *met and it is hereby enacted by the authority of the same That*  
4 any fraternal benefit society authorized to do busi-  
5 ness in this State and operating on the lodge  
6 plan may provide in its constitution and by-laws in ad-  
7 dition to other benefits provided for therein for the pay-  
8 ment of death or annuity benefits upon the lives of  
9 children between the ages of two and eighteen years at  
10 next birthday for whose support and maintenance a mem-  
11 ber of such society is responsible Any such society may

1 at its option organize and operate branches for such  
2 children and membership in local lodges and initiation  
3 therein shall not be required of such children nor shall  
4 they have any voice in the management of the society  
5 The total benefits payable as above provided shall in no  
6 case exceed the following amounts at ages at next birth-  
7 day at time of death respectively as follows Two thirty-  
8 four dollars three forty dollars four forty-eight dollars  
9 five fifty-eight dollars six one hundred and forty dollars  
10 seven one hundred and sixty-eight dollars eight two hun-  
11 dred dollars nine two hundred and forty dollars ten  
12 three hundred dollars eleven three hundred and eighty  
13 dollars twelve four hundred and sixty dollars thirteen to  
14 fifteen five hundred and twenty dollars and sixteen to  
15 eighteen years where not otherwise authorized by law six  
16 hundred dollars

17 Section 2 No benefit certificate as to any child shall  
18 take effect until after medical examination or inspection  
19 by a licensed medical practitioner in accordance with the  
20 laws of the society nor shall any such benefit certificate  
21 be issued unless the society shall simultaneously put in  
22 force at least five hundred such certificates on each of  
23 which at least one assessment has been paid nor where the  
24 number of lives represented by such certificate falls below  
25 five hundred The death benefit contributions to be made  
26 upon such certificate shall be based upon the "Standard  
27 Industrial Mortality Table" or the "English Life Table  
28 Number Six" and a rate of interest not greater than  
29 four per centum per annum or upon a higher standard

1 provided that contributions may be waived or returns may  
2 be made from any surplus held in excess of reserve  
3 and other liabilities as provided in the by-laws and pro-  
4 vided further that extra contributions shall be made if  
5 the reserves hereafter provided for become impaired

6 Section 3 Any society entering into such insurance  
7 agreements shall maintain on all such contracts the re-  
8 serve required by the standard of mortality and interest  
9 adopted by the society for computing contributions as pro-  
10 vided in Section two and the funds representing the  
11 benefit contributions and all accretions thereon shall be  
12 kept as separate and distinct funds independent of the  
13 other funds of the society and shall not be liable for  
14 nor used for the payment of the debts and obligations  
15 of the society other than the benefits herein authorized  
16 Provided That a society may provide that when a child  
17 reaches the minimum age for initiation into membership  
18 in such society any benefit certificate issued hereunder may  
19 be surrendered for cancellation and exchanged for any  
20 other form of certificate issued by the society provided  
21 that such surrender will not reduce the number of lives  
22 insured in the branch below five hundred and upon the  
23 issuance of such new certificate any reserve upon the  
24 original certificate herein provided for shall be transferred  
25 to the credit of the new certificate Neither the person  
26 who originally made application for benefits on account of  
27 such child nor the beneficiary named in such original  
28 certificate nor the person who paid the contributions shall  
29 have any vested right in such new certificate the free

1 nomination of a beneficiary under the new certificate be-  
2 ing left to the child so admitted to benefit membership

3 Section 4 An entirely separate financial statement of  
4 the business transactions of the assets and liabilities aris-  
5 ing therefrom shall be made in its annual report to the  
6 Insurance Commissioner by the society availing itself of  
7 the provisions hereof The separation of assets funds and  
8 liabilities required hereby shall not be terminated rescinded  
9 or modified nor shall the funds be diverted for any use  
10 other than as specified in section three as long as any  
11 certificates issued hereunder remain in force and this re-  
12 quirement shall be recognized and enforced in any liqui-  
13 dation re-insurance merger or other change, in the condi-  
14 tion of the status of the society

15 Section 5 Any society shall have the right to provide  
16 in its laws and the certificate issued hereunder for speci-  
17 fied payments on account of the expense or general fund  
18 which payments shall or shall not be mingled with the  
19 general fund of the society as its constitution and by-  
20 laws may provide

21 Section 6 In the event of the termination of mem-  
22 bership in the society by the person responsible for the  
23 support of any child on whose account a certificate may  
24 have been issued as provided herein the certificate may  
25 be continued for the benefit of the estate of the child  
26 provided the contributions are continued or for the bene-  
27 fit of any other person responsible for the support and  
28 maintenance of such child who shall assume the payment  
29 of the required contributions