

but no such stock shall be sold or disposed of at a price less than that originally fixed by the stockholders.

Anything in this section to the contrary notwithstanding, any stock insurance company may issue to its officers or employes or to the officers or employes of any subsidiary corporation or to a trustee on their behalf, such number of its authorized but unissued shares as shall be prescribed by the stockholders having the majority interest. Such shares shall be issued at such times and upon such terms and conditions and in such manner as shall be determined by the board of directors.

Any such stock authorized to be issued to officers or employes and not taken by those entitled thereto may be sold and disposed of in such manner as the board of directors may determine.

Section 6. Section 421 of the act is amended to read: Section 421 of
act, amended.

Section 421. Dividends.—No stock life insurance company shall make any dividend on its capital except from the profits arising from its business; and, in estimating such profits, there shall be first charged as a liability: (a) The capital *stock* of the company; (b) *the amount of paid in surplus required under the provisions of section 206 (a)*; (c) all unpaid losses or other claims; [(c)] (d) all liabilities for [reserve] *reserves* as required by law; and [(d)] (e) also all sums due the company on bonds and mortgages, stocks, and book accounts, of which no part of the principal or the interest thereon has been paid during the last calendar year, and for which the foreclosure or suit has not been commenced for collection, or which, after judgment obtained thereon, shall have remained more than two years unsatisfied, and on which interest shall not have been paid; and [(e)] (f) also all interest due or accrued and remaining unpaid; and [(f)] (g) all other debts or obligations of the company.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 494

AN ACT

Amending the act of May 5, 1933 (P. L. 289), entitled "An act relating to nonprofit corporations; defining and providing for the organization, merger, consolidation, and dissolution of such corporations; conferring certain rights, powers, duties, and immunities upon them and their officers and members; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corpora-

tions of the first class within the provisions of this act; prescribing the terms and conditions upon which foreign nonprofit corporations may be admitted or may continue to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, prothonotaries of such courts, recorders of deeds, and certain State departments, commissions, and officers; authorizing certain local public officers and State departments to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations," permitting amendment of proposed resolutions of members, deleting the requirement of verification for articles of incorporation and merger, shortening the articles of incorporation, granting power to grant allowances or pensions, clarifying the method of directors' actions without a meeting and of the calling of meetings of members, specifying requirements for proxies, deleting an obsolete section on reorganization of volunteer fire companies, clarifying the content of articles of merger, authorizing service on the Secretary of the Commonwealth of process issued from courts of the United States, and repealing certain acts and parts of acts relating to corporations.

Nonprofit Corporation Law.

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

Act of May 5, 1933, P. L. 289, amended, added, reenacted or repealed as to designated sections and parts.

Section 1. The hereinafter designated sections and parts of sections of the act of May 5, 1933 (P. L. 289), known as the "Nonprofit Corporation Law," are amended, added, reenacted or repealed, as follows:

Subsection D, section 10 of act, added.

New Subsection D of Section 10.

Section 10. Notice of Meetings.—

* * * * *

D. Whenever the language of a proposed resolution is included in the written notice of a meeting of members of a nonprofit corporation, the members' meeting considering the resolution may adopt it with such qualifying or other amendments as do not enlarge its original purpose without further notice to members not present in person or by proxy.

Subsection A, section 202 of act, amended October 13, 1959, P. L. 1288 and November 30, 1959, P. L. 1613, further amended.

Subsection A of Section 202, amended October 13, 1959 (P. L. 1288) and November 30, 1959 (P. L. 1613).

Section 202. The Corporate Name.—A. The corporate name may be in any language, but must be expressed in English letters or characters. The corporate name shall not imply that the corporation is a governmental agency of the Commonwealth, or of the United States, or is subject to the supervision of the Department of Banking, the Public Utility Commission or of the Insurance Department, and shall not contain the word "bank," "banking," "banker," "savings," "trust," "deposit," "insurance," "mutual," "assurance," "indemnity," "casualty," "fiduciary," "benefit," "beneficial," "public service," "public utility," "building

and loan," "surety," "security," "guaranty," "guarantee," "cooperative," "State," "Commonwealth," "United States," or "Federal," except where the use of such words by ordinary and common interpretation could not imply that the corporation is a governmental agency of the Commonwealth or [of] the United States or is subject to the supervision of the Department of Banking, the Public Utility Commission or [of] the Insurance Department, nor shall the corporate name contain the word "college" or "university" when used in such a way as to give the impression that it is an educational institution conforming to the standards and qualifications prescribed by the State Council of Education, unless there be submitted a certificate from the State Council of Education certifying that the corporation or proposed corporation is entitled to use such designation.

* * * * *

Section 203, amended July 11, 1957 (P. L. 692).

Section 203. Articles of Incorporation.—Articles of incorporation shall be signed by each of the incorporators, [and acknowledged by at least three of them before any officer within or without this Commonwealth authorized to take acknowledgments,] and shall set forth, in the English language:

Section 203 of act, amended July 11, 1957, P. L. 692, further amended.

(1) The name of the proposed corporation, unless the name is in a foreign language, in which case it shall be set forth in English letters or characters, and a statement that such name has been registered with the Department of State within six months of the date of the application for a charter.

(2) The location and post-office address of its initial registered office in this Commonwealth.

(3) A [precise and accurate] statement of the purpose or purposes for which it is to be formed, and that it is a corporation which does not contemplate pecuniary gain or profit, incidental or otherwise, to its members.

(4) The term for which it is to exist, which may be perpetual.

(5) The name, place of residence, and post-office address of each of the incorporators.

(6) The names and addresses of three or more persons who are to act as directors until the election of their successors, and who may be given such titles as may be deemed appropriate, but who shall be subject to all of the provisions of this act relating to directors. The number of persons so named shall constitute the number of directors of the corporation until changed by the by-laws.

(7) A statement whether the corporation is to be organized upon a nonstock basis or a stock share basis,

and the aggregate number of shares, if any, which the corporation shall have authority to issue and the par value of each of the shares.

(9) Any lawful provision desired for the regulation of the affairs of the corporation, including restrictions upon the power to amend all or any part of the articles.

The authorized number and qualifications of its members, the different classes of membership, if any, the property, voting and other rights and privileges of each class of membership, and the liability of each class or all classes to dues or assessments, and the method of collection thereof, may be set forth either in the articles or in the by-laws.

Section 302 of act, amended July 11, 1957, P. L. 692, further amended.

Section 302, amended July 11, 1957 (P. L. 692).

Section 302. General Powers.—Subject to the limitations and restrictions contained in this act or in its articles, every nonprofit corporation shall have power:

(1) To continue as a corporation for the time specified in its articles, subject to the power of the General Assembly under the Constitution of this Commonwealth.

(2) To sue and be sued, complain and defend, in its corporate name.

(3) To have a corporate seal, which may be altered at pleasure, and to use the same by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

(4) To purchase, take, receive, lease as lessee, take by gift or bequest, or otherwise acquire, and to own, hold, use, and otherwise deal with any personal property, or any interest therein, situated in or out of this Commonwealth, which may be appropriate to enable it to accomplish fully and properly its corporate purpose or purposes.

(4.1) To purchase, take, receive, lease as lessee, take by gift or devise, or otherwise acquire, and to own, hold, use, and otherwise deal with any real property, or any interest therein, situated in or out of this Commonwealth, which may be necessary and proper for its legitimate business.

(5) To sell and convey, lease as lessor, and otherwise dispose of all or any part of its property and assets.

(6) To borrow money for any or all of the purposes for which it is organized, to issue its promissory notes, bonds, or other forms of certificates of indebtedness, for money, labor done, or money or property actually received, and to secure any of its obligations by mortgage, pledge, or deed of trust of or on any of its property, franchises and income.

(7) To elect or appoint and remove officers and agents of the corporation, and to define their duties and fix their compensation.

(8) To make, alter, amend, and repeal by-laws, not inconsistent with its articles or with law, for the administration and regulation of its affairs.

(9) To enter into any obligation appropriate for the transaction of its ordinary affairs.

(10) To purchase, take by gift, devise or bequest, or otherwise acquire, and to hold shares or bonds, securities, or evidences of indebtedness issued or created by any other corporation or corporations of this or any other state, and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote thereon: Provided, however, That such ownership of such shares, securities, or evidences of indebtedness does not result in pecuniary profit or gain to the members of the nonprofit corporation.

(11) To have and exercise all the powers and means appropriate to effect the purpose or purposes for which the corporation is organized.

(12) To dissolve and wind up.

(13) To transfer any part of its property and assets, in trust, to a corporate trustee which shall be a bank and trust company or trust company, incorporated under the laws of Pennsylvania, or a national banking association having fiduciary powers and having its principal office in Pennsylvania, and to authorize such corporate trustee to invest and reinvest such property and assets, subject to the same powers, restrictions and obligations with respect to investment and reinvestment of such property and assets as are applicable to the nonprofit corporation itself, and to pay over the net income therefrom to such nonprofit corporation at least semi-annually or at more frequent intervals if so agreed: Provided, however, That such transfer, in trust, may at any time be revoked by action of the directors.

(14) To make contributions and donations for the public welfare or for religious, charitable, scientific or educational purposes and, in time of war, to make contributions and donations in aid of war activities.

(15) To grant allowances or pensions to its directors, officers and employes and, after their death, to their dependents or beneficiaries whether or not such a grant was made during their lifetime.

The powers herein enumerated shall not be construed as limiting or enlarging the grant of authority hereinbefore made by this article, or as a limitation on the purposes for which a corporation may be organized. It shall not be necessary to set forth any of such enumerated

powers in the articles of the corporation. Except as otherwise provided in this act or in the articles or in the by-laws, the powers herein enumerated shall be exercised by the board of directors.

Section 502 of
act, amended
August 17, 1951,
P. L. 1287, fur-
ther amended.

Section 502, amended August 17, 1951 (P. L. 1287).

Section 502. Number, Qualifications and Election of Directors.—Subject to the provisions of this act, the number, qualifications, terms of office, manner of election, the compensation, and the powers and duties of the directors, the time, place and manner of calling, giving notice of, and conducting directors' meetings, and the number of directors which shall constitute a quorum may be prescribed by the articles or by-laws. If the by-laws so provide, meetings of directors may be held outside of the Commonwealth. Except as otherwise provided in the articles or by-laws—

(a) A director shall be elected for a term of at least one year.

(b) Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the board, though less than a quorum, and each person so elected shall be a director until his successor is elected by the members, who may make such election at the next annual meeting of the members, or at any special meeting duly called for that purpose and held prior thereto.

(c) The meetings of the board of directors may be held at such place as a majority of the directors may from time to time appoint, or as may be designated in the notice calling the meeting.

(d) Written notice of every meeting of the board of directors shall be given to each director at least five days prior to the day named for the meeting.

(e) When a meeting is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which such adjournment is taken.

(f) A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting, at which a quorum is present, shall be the acts of the board of directors [: Provided, That if all the directors shall severally or collectively consent in writing to any action to be taken by the corporation, such action shall be a valid corporate action as though it had been authorized at a meeting of the board of directors].

(g) The board of directors may, by resolution adopted by a majority of the whole board, delegate two or more

of its number to constitute an executive committee, which, to the extent provided in such resolution, shall have and exercise the authority of the board of directors in the management of the business of the corporation.

(h) *Any action which may be taken at a meeting of the directors may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all directors and shall be filed with the secretary of the corporation.*

Subsection C of Section 603.

Subsection C,
section 603 of
act, amended.

Section 603. Meetings of Members.—* * *

C. Special meetings of the members may be called at any time by the president, or the board of directors, or by such other officers or persons as may be provided in the articles or by-laws. At any time upon written request of any person [entitled to call] *who *has called a special meeting, it shall be the duty of the secretary to [call a special] fix the date of the meeting [of the members to be held at such time as the secretary may fix] to be held not [less than ten nor] more than sixty days after the receipt of the request and to give due notice thereof.* If the secretary shall neglect or refuse to [issue such call] *fix the date of the meeting and give notice thereof, the person or persons [making the request] calling the meeting may do so.*

* * * * *

Section 606, amended August 17, 1951 (P. L. 1287).

Section 606,
amended August
17, 1951, P. L.
1287, further
amended.

Section 606. Members' Voting Rights.—Unless otherwise provided in the articles or by-laws, every member of a nonprofit corporation shall be entitled to one vote. Voting by members shall be only in person, unless the by-laws specifically provide for voting by proxy. *Every proxy shall be executed in writing by the member or by his duly authorized attorney in fact and filed with the secretary of the corporation. A proxy shall be revocable at will notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the corporation. No unrevoked proxy shall be valid after eleven months from the date of its execution unless a longer time is expressly provided therein, but in no event shall a proxy be voted on after three years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker, unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the corporation. The manner of voting may be by ballot,*

* "have" in original.

mail, or any reasonable means provided in the articles or by-laws. In all elections for directors, each member having a right to vote shall have the right to multiply the number of votes to which he may be entitled by the total number of directors of all classes to be elected by either the members of the class or classes of which he is a part or by the members of any other class or classes, and he may cast the whole number of his votes for one candidate, or distribute them upon two or more candidates, as he may prefer. The candidates receiving the highest number of votes from each class or group of classes entitled to elect directors separately up to the number of directors to be elected by such class or group of classes shall be elected. No member shall sell his vote or issue a proxy for money or anything of value. Upon request of a member, the books or records of membership shall be produced at any general or special meeting of the corporation. If at any meeting the right of a person to vote is challenged, the presiding officer shall require such books or records to be produced as evidence of the right of the person challenged to vote, and all persons who appear by such books or records to be members may vote.

Section 803,
amended May 23,
1949, P. L. 1763,
further amended.

Section 803, amended May 23, 1949 (P. L. 1763).

Section 803. Articles of Merger or Consolidation.— Upon the approval of the plan of merger or the plan of consolidation by the corporation desiring to merge or consolidate, as provided in the preceding section, articles of merger or articles of consolidation, as the case may be, shall be executed under the seal of each corporation, shall be signed [and verified] by at least two duly authorized officers of each corporation, and shall, among other things, set forth:

(1) The name and location of the registered office of the domestic surviving or new corporation or, in the case of a foreign surviving or new corporation, the name of such corporation and its domiciliary state, together with the location of its office registered with such state.

(2) The time and place of the meeting of the members of each domestic corporation at which the joint plan was adopted, the kind and period of notice given to the members, and the total vote by which the joint plan was adopted.

(2.1) If any foreign corporation is a party to the merger or consolidation, the fact that the joint plan was authorized, adopted or approved, as the case may be, by such corporation, in accordance with the laws of the jurisdiction in which it was formed.

(3) [Any] *If the surviving or new corporation be a domestic corporation, any changes desired to be made in*

the articles, *including a restatement of the articles* of the surviving corporation in the case of a merger, or in the case of a consolidation, [if the new corporation be a domestic corporation,] all of the statements required by this act to be set forth in articles of incorporation in the case of *the* formation of a corporation.

(4) The names and addresses of the persons to be directors of the surviving or new corporation until the first regular meeting of its members.

(5) The plan of the merger or consolidation.

(6) If the surviving or new corporation is to be a foreign corporation, a designation of the Secretary of the Commonwealth and his successor in office as the true and lawful attorney of such corporation upon whom may be served all lawful process in any action or proceeding against it for enforcement against it of any obligation of any constituent domestic corporation or any obligation arising from the merger or consolidation proceedings or any action or proceeding to determine and enforce the rights of any member, and an agreement that the service of process upon the Secretary of the Commonwealth shall be of the same legal force and validity as if served on such corporation and that the authority for such service of process shall continue in force as long as any of the aforesaid obligations and rights remain outstanding in this Commonwealth.

Subsections A and B of Section 912, amended
August 17, 1951 (P. L. 1287).

Subsections A
and B, section
912 of act,
amended August
17, 1951, P. L.
1287, further
amended.

Section 912. Service of Process upon the Secretary of the Commonwealth.—A. Service of process against a qualified foreign nonprofit corporation upon the Secretary of the Commonwealth shall be made by the sheriff of Dauphin County by leaving the fee the plaintiff is required by law to pay to the Secretary of the Commonwealth for this service, and two copies of the process, at the office of the Secretary of the Commonwealth. The sheriff shall make due return of his service of the process to the court, magistrate, or justice of the peace issuing the same. Such process may be issued by any court, magistrate, or justice of the peace having jurisdiction of the subject matter of the controversy in any county of the Commonwealth in which the corporation shall have its registered office, or in the county in which the right of action arose. When legal process against any such corporation has been served upon the Secretary of the Commonwealth, he shall immediately send by mail, postage prepaid, one copy of such process directed to the corporation at its registered [address] office. The fee paid by the plaintiff to the Secretary of the Commonwealth at the time of the service shall be taxed in

the plaintiff's costs if he prevails in the suit necessitating the service of the process. The Secretary of the Commonwealth shall keep a record of the day and hour of the service of such process on him, and a certified copy of such record shall be sufficient evidence thereof. The service of process on the Secretary of the Commonwealth under this section shall be of the same legal force and validity as if the process had been served on the corporation, and the authority for such service of process shall continue in force as long as any liability remains outstanding against the corporation in this Commonwealth. *Where process is issued against any such foreign nonprofit corporation by any court of the United States empowered to issue such process under the laws of the United States, the Secretary of the Commonwealth is authorized to receive such process in the same manner as herein provided for process issued by courts of this Commonwealth.* Nothing herein contained shall limit or affect the right to serve any process, notice, or demand required or permitted by law to be served upon a foreign corporation in any other manner now or hereafter permitted by law.

B. Any foreign nonprofit corporation which shall have done any business in this Commonwealth without procuring a certificate of authority to do so from the Department of State shall be conclusively presumed to have designated the Secretary of the Commonwealth as its true and lawful attorney authorized to accept, on its behalf, service of process in any action arising out of acts or omissions of such corporation within this Commonwealth. On petition alleging conduct of business within the Commonwealth by any corporation not qualified by the Secretary of the Commonwealth or having otherwise designated him as agent for the service of process, the court of the county in which the action is instituted shall authorize service to be made upon the Secretary of the Commonwealth. Service shall be made by the sheriff of such county by transmitting to the Secretary of the Commonwealth and to the defendant, at his last known residence or place of business, by registered mail, return receipt requested, a copy of such process, together with a copy of the petition and order of the court, properly certified as such by the prothonotary. The return receipt by the post office department shall be evidence of service under this act. *Where process is issued against any such foreign nonprofit corporation by any court of the United States empowered to issue such process under the laws of the United States, the Secretary of the Commonwealth is authorized to receive such process in the same manner as herein provided for process issued by courts of this Commonwealth.* Nothing

herein contained shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon a foreign nonprofit corporation in any other manner now or hereafter permitted by law.

* * * * *

Section 2. The following acts and parts of acts are repealed to the extent specified: Specific repeals.

(1) The act of May 8, 1854 (P. L. 674, No. 662), entitled "An act to authorize the Courts to alter Charters in certain cases," absolutely.

(2) The act of May 7, 1855 (P. L. 477), entitled "A supplement to an act to authorize the Courts to alter Charters in certain cases, passed May the eighth, one thousand eight hundred and fifty-four," absolutely.

(3) The act of April 9, 1856 (P. L. 293, No. 308), entitled "Supplement to the acts relating to incorporations by the Courts of Common Pleas," absolutely.

(4) The act of March 26, 1867 (P. L. 44), entitled "An act to enlarge the jurisdiction of the courts of common pleas of this Commonwealth, relative to granting charters of incorporation, and confirming those heretofore granted," absolutely.

(5) The act of April 4, 1872 (P. L. 40), entitled "An act supplemental to an act, entitled 'A supplement to acts relating to incorporations by the courts of common pleas,' approved the ninth day of April, Anno Domini one thousand eight hundred and fifty-six," absolutely.

(6) Section 42, act of April 29, 1874 (P. L. 73), entitled "An act to provide for the incorporation and regulation of certain corporations," and its amendments absolutely.

(7) Section 2, act of May 2, 1899 (P. L. 160), entitled "An act to validate changes heretofore made in the names of certain corporations not conducted for profit, and to provide a method of making such changes hereafter," absolutely.

(8) The act of April 18, 1945 (P. L. 253, No. 114), entitled "An act relating to suits by shareholders against *officers or directors in a corporation, domestic or foreign, to enforce a secondary right because the corporation refuses to enforce rights, which may be asserted by it, requiring that plaintiff be a shareholder at the time of the transaction of which he complains, or that his shares thereafter devolved upon him by operation of law; requiring security for defendant's expenses, including attorneys' fees; and providing for the assessment and recovery of such expenses, including attorneys' fees," and its amendments as to nonprofit corporations.

* "officer" in original.

(9) Sections 1, 2 and 3, act of August 10, 1951 (P. L. 1199), entitled "An act concerning devises, bequests or gifts in trust for the care and maintenance of cemeteries, burial grounds or cemetery lots, trustees and substituted trustees thereof, sureties of said trustees, the investment of such trust funds, accounts of said trustees; approving actions and proceedings prior to this act; and repealing conflicting laws," and its amendments as to nonprofit corporations.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 495

AN ACT

Amending the act of June 21, 1939 (P. L. 566), entitled "An act defining the liability of an employer to pay damages for occupational disease, contracted by an employe arising out of and in the course of employment; establishing an elective schedule of compensation; providing procedure for the determination of liability and compensation thereunder; imposing duties on the Department of Labor and Industry, the Workmen's Compensation Board, Workmen's Compensation Referees, and deans of medical schools; creating a medical board to determine controverted medical issues; establishing an Occupational Disease Fund in custody of the State Workmen's Insurance Board; imposing upon the Commonwealth a part of the compensation payable for certain occupational diseases; making an appropriation; and prescribing penalties," relieving a fellow employe from liability except for intentional wrong.

The Pennsylvania Occupational Disease Act.

Act of June 21, 1939, P. L. 566, amended by adding a new section 205.

Fellow worker non-liability except for intentional wrong.

Effective date and applicability.

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

Section 1. The act of June 21, 1939 (P. L. 566), known as "The Pennsylvania Occupational Disease Act," is amended by adding, after section 204, a new section to read:

Section 205. If disability or death is compensable under this act, a person shall not be liable to anyone at common law or otherwise on account of such disability or death for any act or omission occurring while such person was in the same employ as the person disabled or killed, except for intentional wrong.

Section 2. This act shall take effect immediately, but shall not apply in the case of disability or death for which a right to compensation under this act accrued on or before the effective date of this act.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON