

through its own employes, or where the State or county is a party or cooperates through its employes or the loan of its equipment with the borough to a street repair, maintenance or improvement;

(d) Those made for any surety company bond or policy of insurance.

It shall not be lawful for any burgess, or member of council of any borough, or any officer, agent, or employe thereof, to be in any way interested, either directly or indirectly, in any contract for the sale or furnishing of any supplies or materials to be furnished to or for the use of such borough involving the expenditure by the borough of more than [ten] *twenty-five* dollars (\$25) in any one month or more than [one] *three* hundred dollars (\$300) in any year, or to receive any reward or gratuity from any person interested in such contract or sale; nor shall any burgess, member of council, officer, agent, or employe, of any borough, be a member of any partnership, or a stockholder or officer of any corporation, or an agent or employe of any individual, partnership, or corporation, in any way interested in any contract for the sale or furnishing of any supplies or materials to be furnished to or for the use of or any work to be done for such borough involving the expenditure by the borough of more than [ten] *twenty-five* dollars (\$25) in any one month or more than [one] *three* hundred dollars (\$300) in any year; and any person violating these provisions, or any of them, shall forfeit his office or appointment in such borough, and also shall be guilty of a misdemeanor, and, upon conviction thereof, be sentenced to pay a fine not exceeding five hundred dollars (\$500).

APPROVED—The 21st day of May, A. D. 1937.

GEORGE H. EARLE

No. 209

AN ACT

To amend the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty-two), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies; Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," by adding thereto sections four hundred and twenty B (420B), four hundred and twenty C (420C), and four

hundred and twenty D (420D), defining industrial insurance; and providing uniform policy provisions and prohibited policy provisions for industrial insurance contracts.

Sections 420B,
420C, 420D,
added to act of
May 17, 1921
(P. L. 682).

Section 1. Be it enacted, &c., That the act, approved the seventeenth day of May, one thousand nine hundred and twenty-one (Pamphlet Laws, six hundred eighty-two), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," is hereby amended by adding thereto sections four hundred and twenty B (420B), four hundred and twenty C (420C), and four hundred and twenty D (420D) to read as follows:

Industrial insur-
ance defined.

Section 420B. Definition of Industrial Insurance.—Industrial life or industrial endowment insurance is hereby declared to be that form of insurance, either

(1) *Under which premiums are payable weekly, or*
(2) *Under which premiums are payable monthly or oftener, but other than weekly, if the face amount of insurance provided in the policy is less than one thousand dollars, and the words "Industrial Policy" are printed upon the face of the policy.*

In all such policies, as above defined in subdivision one (1), the words "industrial policy" must be printed upon the policy as a part of the descriptive matter.

Section 420C. Uniform Industrial Policy Provisions.—From and after the first day of January, nineteen hundred and thirty-eight 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:

Contents of
policies.

Insured entitled
to 4 weeks'
grace.

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

Policy to be
entire contract.

(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 relating to benefits in the event of total and permanent disability and those granting additional insurance specifically against death by accident.

Policy to be incontestable after 2 years.

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

Misstatement of age.

(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.

Policy to participate in any surplus.

(f) A provision that in event of default in premium payments, after premiums have been paid for three full years, there shall be available 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 values 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

In case of default in payment of premium.

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 nonforfeiture value is not requested within the required period, it shall be provided that a stipulated form of insurance shall automatically become effective.

Nonforfeiture options.

(g) A table showing, in figures, the nonforfeiture 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, such table to begin with the year in which such values become available and providing that the company will furnish upon request an extension of such table beyond the years shown in the policy.

Policy may be reinstated within 1 year of default.

(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, 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 and upon the presentation of evidence satisfactory to the company of the insurability of the insured.

Time of settlement after death of 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.

Department to approve policies.

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 in this Commonwealth, any provision which may be prescribed by the laws of the state or govern-

ment 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 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 therein.

Any of the foregoing provisions, or parts thereof, not applicable to nonparticipating or term 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 nonforfeiture provisions prescribed in subsection (f) of this section.

Section 420D. Prohibited Industrial Policy Provisions.—From and after the first day of January, nineteen hundred and thirty-eight, 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:

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

Limiting right of action to less than 2 years.

(b) A provision by which the settlement on the maturity of any policy shall be of less value than the amount promised on the face of the policy plus dividend additions, if any, less any indebtedness to the company on or secured by the policy, and less any premium that may, by the terms of the policy, be deducted, payments to be made in accordance with the terms of the policy.

Settlement provisions.

(c) A provision to the effect that the agent soliciting the insurance is the agent of the person insured under said policy, or making the acts or representations of such agent binding upon the person so insured under said policy.

That agent is the agent of person insured.

(d) A provision by which the company may pay the proceeds of the policy at the death of the insured to any person other than the beneficiary designated in the policy, except that the policy may provide that, if the beneficiary does not within the period stated therein, which shall not be less than thirty (30) days after the death of the insured, submit proof of claim in the manner and form required by this policy, or if there is no beneficiary designated in the policy, other than the estate of the insured, or if the beneficiary is a minor or is not legally qualified to give a valid release, or dies before the insured, then, in any such case, the company may pay the proceeds of the policy to the executor or administrator of the insured, or to any relative by blood or connection by marriage of the insured appearing to the company to be equitably entitled to the same.

Beneficiary.

Limiting
liability.

(e) A provision by which the company may deny liability under the policy for the reason that the insured has previously obtained other insurance from the same company.

APPROVED—The 21st day of May, A. D. 1937.

GEORGE H. EARLE

—
No. 210

AN ACT

Relating to statements made in negotiations for annuity or pure endowment contracts and policies or certificates of life, endowment, accident or health insurance.

Statements made
in negotiating
for certain types
of insurance.

Section 1. Be it enacted, &c., That all statements made by the applicant for an annuity or pure endowment contract, or statements made by the insured or in his behalf in the negotiation for a policy or certificate of life, endowment, accident or health insurance, or any reinstatement thereof issued by any insurance company, association, fraternal benefit society, beneficial society or exchange doing business in this Commonwealth, shall be deemed, in the absence of fraud, to be representations and not warranties:

In absence of
fraud, state-
ments shall be
deemed repre-
sentations.

APPROVED—The 21st day of May, A. D. 1937.

GEORGE H. EARLE

—
No. 211

AN ACT

To facilitate vehicular traffic between the eastern and western sections of the Commonwealth by providing for the construction, operation and maintenance of a turnpike from a point at or near Middlesex in Cumberland County to a point at or near Irwin in Westmoreland County; providing for the creation of the Pennsylvania Turnpike Commission, and conferring powers and imposing duties on said commission; authorizing the issuance of turnpike revenue bonds of the Commonwealth, payable solely from tolls, to pay the cost of such turnpike; providing that no debt of the Commonwealth shall be incurred in the exercise of any of the powers granted by this act; providing for the collection of tolls for the payment of such bonds and for the cost of maintenance, operation and repair of the turnpike; making such bonds exempt from taxation; constituting such bonds legal investments in certain instances; prescribing conditions upon which such turnpike shall become free; providing for condemnation; granting certain powers and authority to municipal subdivisions and agencies of the Commonwealth to cooperate with the commission; and authorizing the issuance of turnpike revenue refunding bonds.

Highways.

Section 1. Be it enacted, &c., That, in order to facilitate vehicular traffic between the eastern and western