

veyance of said tract to the General State Authority for the construction of said hospital, and for the leasing thereof by the Commonwealth after construction.

Act of June 23, 1931 (P. L. 1199), amended by adding thereto section 3.

Section 1. Be it enacted, &c., That the act, approved the twenty-third day of June, one thousand nine hundred and thirty-one (Pamphlet Laws, one thousand one hundred ninety-nine), entitled "An act for the acceptance of a site from the University of Pittsburgh, and for surveys and the preparation of preliminary plans and estimates for a Western State Psychiatric Hospital; providing for the erection, construction, and equipment of said hospital when appropriations are made available, and for its management by the Department of Welfare," is hereby amended by adding thereto a new section to read as follows:

Property to be conveyed in fee to the General State Authority.

*Section 3. In lieu of procedure by the Department of Property and Supplies for obtaining and paying for preliminary surveys, plans, and estimates for the construction of the said hospital, and the improvement of the grounds connected therewith, and for the erection and financing of the erection of the same, the Secretary of Property and Supplies may convey the tract, so acquired, in fee to the General State Authority, and in such case, the Department of Property and Supplies, upon the undertaking by the General State Authority of the construction of a building or buildings for the said hospital, may enter into a contract to lease, as lessee, and, upon completion by the Authority of such construction, shall enter into a lease, as lessee, of the same for a period of not exceeding thirty (30) years, at an annual rental to be fixed and determined by the Authority, and, upon the commencement of the term of the said lease, the Department of Property and Supplies shall turn over the said hospital to the Department of Welfare for management, and for the care, maintenance, and treatment of psychiatric patients, pursuant to the intent of the act hereby amended.*

Upon the completion of the building program, the Department of Property and Supplies to lease buildings, as lessee.

When effective.

Section 2. This act shall become effective immediately upon its final enactment.

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

GEORGE H. EARLE

No. 378

AN ACT

Providing for the regulation by the Insurance Department of nonprofit corporations organized to provide hospitalization for subscribers; prescribing legal investments for the funds of such corporations, and the hospitals with which such corporations may enter into contracts for hospitalization; conferring powers

on the Insurance Department and the Department of Welfare; exempting such corporations from taxation; and providing penalties.

Be it enacted, &c., That,

Section 1. This act shall be known, and may be cited, as the "Nonprofit Hospital Plan Act."

"Nonprofit Hospital Plan Act."

Section 2. (a) Any nonprofit corporation, heretofore or hereafter organized under the Nonprofit Corporation Law, approved the fifth day of May, one thousand nine hundred thirty-three (Pamphlet Laws, two hundred eighty-nine), for the purpose of establishing, maintaining and operating a nonprofit hospital plan whereby hospitalization may be provided to subscribers to such plan by any hospital with which such corporation has a contract for such hospitalization, shall be subject to regulation by the Insurance Department, as provided in this act. Every such corporation shall be exempt from all other of the insurance laws of this Commonwealth, and no law hereafter enacted shall apply to such corporation, unless it be specifically designated therein;

Corporations subject to regulation by the Insurance Department.

(b) It shall be unlawful for any person, association or corporation, other than a nonprofit corporation, especially organized for the purpose, to establish, maintain or operate a nonprofit hospital plan whereby hospitalization may be provided to subscribers under such plan, as aforesaid.

Section 3. Any nonprofit corporation, subject to the provisions of this act, may enter into contracts for the rendering of hospitalization to any of its subscribers only with hospitals operated by the Commonwealth, or its agencies, or by political subdivisions, or by corporations organized under the laws of this Commonwealth for hospital purposes, or with such other hospitals as are approved by the Department of Welfare.

Section 4. The rates charged to subscribers by nonprofit corporations, subject to the provisions of this act, all rates of payments to hospitals made by such corporations pursuant to the contracts provided for in this act, all acquisition costs in connection with the solicitation of subscribers to such hospital plans, the reserves to be maintained by such corporations, the certificates issued by such corporations representing their subscribers' agreements, and any and all contracts entered into by any such corporation with any hospital, shall, at all times, be subject to the prior approval of the Insurance Department. Applications for such approval shall be made to the Insurance Department in such form, and shall set forth such information as the department may require. If any such application is not approved by the department, notice thereof shall forthwith be served on the applicant, either personally or by mail. Within thirty days from the date of such notice, the applicant

Rates.

Acquisition costs.

Reserves.

Certificates.

Contracts.

Applications for approval of Insurance Department.

Solicitors or agents for non-profit corporations.

may apply to the court of common pleas of Dauphin County by petition and a rule to show cause why the action of the department should not be set aside, and the application approved. Solicitors or agents for every nonprofit corporation, subject to the provisions of this act, shall meet the same prerequisites as existing law requires of agents for insurance companies.

Statement.

Subject to examination.

Section 5. Every nonprofit corporation, subject to the provisions of this act, shall annually, on or before the first day of March, file with the Insurance Department a statement, verified by at least two of the principal officers of the corporation, showing its condition on the thirty-first day of December then next preceding. Such statement shall be in such form, and shall contain such matters, as the department shall prescribe. Every such nonprofit corporation shall be subject to examination not less frequently than every three years by the Insurance Commissioner, and his agents, who shall have free access to all the books, records, papers and documents that relate to the business of the corporation, and the power to examine the officers, agents and members of the corporation, under oath, in relation to the affairs, transactions and conditions of the corporation. Such examinations shall be made at such times as the Insurance Department shall deem necessary.

Funds.

Section 6. Any law to the contrary notwithstanding, the funds equal to the reserves of any nonprofit corporation, subject to the provisions of this act, shall be invested in compliance with the requirements set forth by law for the investment of capital and reserves of life insurance companies. The funds of any such corporation, equal to its surplus, shall be invested in compliance with the requirements set forth by law for the investment of surplus of life insurance companies.

Dissolution or liquidation.

Section 7. No nonprofit corporation, subject to the provisions of this act, shall be dissolved in the manner provided by law, except with the prior approval of the Insurance Department. No court of common pleas shall enter a decree dissolving such a corporation unless and until a certificate of approval by the Insurance Department is filed with such court. Any dissolution or liquidation of a corporation, subject to the provisions of this act, shall be under the supervision of the Insurance Commissioner, who shall have all powers with respect thereto, granted to him under existing laws, governing the dissolution or liquidation of insurance companies.

Funds and investments exempt from taxation.

Section 8. Nonprofit corporations, subject to the provisions of this act, are hereby declared to be charitable and benevolent institutions, and all of their funds and investments shall be exempt from taxation by the Commonwealth and its political subdivisions.

Section 9. Any person, association or corporation, violating any of the provisions of this act, or any order of the Insurance Department made pursuant thereto, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be sentenced to pay a fine of not less than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000), or such person, or the partners of such association, or the officers or directors of such corporation responsible for such violation, shall be sentenced to imprisonment for not more than six (6) months, or both, in the discretion of the court.

Penalty for  
violation.

Section 10. This act shall become effective immediately upon its final enactment.

When effective.

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

GEORGE H. EARLE

No. 379

### AN ACT

To amend section sixteen of an act, approved the thirty-first day of May, one thousand nine hundred and eleven (Pamphlet Laws, four hundred sixty-eight), entitled "An act providing for the establishment of a State Highway Department, by the appointment of a State Highway Commissioner, two Deputy State Highway Commissioners, chief engineer, chief draughtsman, superintendents of highways, and a staff of assistants and employes; defining their duties and the jurisdiction of the State Highway Department, and fixing salaries of commissioner and deputies and other appointees; providing for taking over from the counties or townships of the Commonwealth certain existing public roads connecting county-seats, principal cities, and towns and extending to the State line; describing and defining same by route numbers as the State highways of the Commonwealth; providing for the improvement, maintenance and repair of said State highways solely at the expense of the Commonwealth, and relieving the several townships or counties from any further obligation and expense to improve or maintain the same, and relieving said townships or counties of authority over same; requiring boroughs and incorporated towns to maintain certain State highways wholly and in part; requiring the State Highway Commissioner to make maps to be complete records thereof; conferring authority on the State Highway Commissioner; providing for the payment of damages in taking of property, or otherwise, in the improvement thereof; providing for purchase or acquiring of turnpikes or toll-roads forming all or part of any State highway, and procedure therein; providing for work of improvement of State highways to be done by contract, except where the State Highway Commissioner decides the work be done by the State; providing aid by the State to counties and townships desiring the same in the improvement of township or county roads; defining highways and State-aid highways; providing method of application for State aid in the improvement, maintenance and repair of township or county roads and prescribing the contents of township, county, borough, or incorporated town petitions; providing for percentage of cost of improvement or