

No. 315

AN ACT

Authorizing certain mutual insurance companies, other than life insurance companies, now in existence under the provisions of the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), its supplements and amendments, to reincorporate as mutual life insurance companies; outlining the requirements and procedure; and defining the rights of dissenting members.

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

Section 1. Any mutual insurance company, other than a life insurance company, now in existence and fully subject to the provisions of the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), known as "The Insurance Company Law of 1921," its supplements and amendments, which is engaged only in the business of writing accident and health insurance, which has a surplus of at least two hundred thousand dollars (\$200,000) over all liabilities including unearned premium reserves, and which has no unpaid advances chargeable against such surplus as permitted by section eight hundred nine of the act, may reincorporate as a mutual life insurance company for the purposes set forth in clause (1) of subsection (a) of section two hundred two of the act, in the manner and subject to the provisions hereinafter set forth.

Certain mutual insurance companies writing accident and health may reincorporate to write life insurance.

Section 2. The board of directors of any such mutual insurance company, other than life, shall adopt a resolution directed to the members expressing the advisability of reincorporating the company as a mutual life insurance company for the purposes set forth in clause (1) of subsection (a) of section two hundred and two of The Insurance Company Law of 1921, its supplements and amendments; and directing that the question of such reincorporation be submitted to a vote of the members, at a meeting which may be either an annual or a special meeting.

Procedure to submit question of reincorporation to a vote of the members.

Section 3. Notice of the time and place of the meeting shall be given to all members at least thirty days before the date set for the meeting. The notice shall state the purposes of the meeting, include a copy of the resolution of the board of directors, and state that an appropriate resolution for the reincorporation will be submitted to the members, for their approval or disapproval at the meeting. The notice shall be mailed at least thirty days before the day of the meeting to the last known address of each member.

Notice requirements.

Publication re-
quirements.

Section 4. Notice of the time, place and object of the meeting and a brief resume of the proposed resolution for reincorporation shall also be given by publication not less than three times in at least two daily or weekly newspapers, and in the legal periodical, if any, designated by the rules of court of the proper county for the publication of legal notices, published in the city or county where the company is domiciled.

Voting and filing
of articles of
agreement with
Insurance Com-
missioner.

Section 5. If at the meeting two-thirds of the votes of the members, there cast in person or by proxy, favors the resolution to reincorporate the company into a mutual life insurance company, the resolution and the number of votes cast for and against it shall be spread upon the minutes of the meeting. Thereafter, if the company meets the requirements for the incorporation of mutual life insurance companies incorporated under the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), known as "The Insurance Company Law of 1921," its supplements and amendments (excepting that the company to be reincorporated under this act need not obtain or hold any applications for life insurance as specified in subsection (d) of section two hundred and six of the act for the incorporation of new companies), the company may file in duplicate with the Insurance Commissioner articles of agreement, which shall include a certified copy of the resolution for the reincorporation of the company as a mutual life insurance company.

Requirements of
articles of agree-
ment.

The articles of agreement shall set forth, in addition to other provisions required by law, the name to be used by the reincorporated company which will appropriately designate it as a mutual life insurance company. The articles shall be signed in duplicate by the officers and a majority of the directors of the company, who shall acknowledge it in duplicate before a person empowered to take acknowledgements of deeds.

Duties of Insur-
ance Commis-
sioner, Attorney
General, and the
Governor in case
of approval of
articles of agree-
ment.

Section 6. The subscribers shall forward the articles of agreement in duplicate to the Insurance Commissioner, who shall, if he approves it, certify in duplicate that all the requirements of this act in relation to the reincorporation have been complied with. The Insurance Commissioner shall submit the articles of agreement in duplicate to the Attorney General for examination. If the Attorney General finds them to be in accordance with the provisions of this act, and not inconsistent with the Constitution of this Commonwealth and of the United States, he shall certify the same in duplicate to the Governor, with his approval endorsed thereon. Upon the receipt of the articles of agreement, the Governor shall, if he approves them,

endorse his approval thereon in duplicate and cause letters patent to issue, reincorporating the company into a body corporate, with succession under the name designated in the articles of agreement.

Section 7. Upon the issuance of the letters patent, the applicant company shall turn over to the new mutual life insurance company all of its assets, subject to all of its liabilities. It shall also mail a notice to the members, and it shall advertise, once a week for four weeks in a newspaper of general circulation in any county in this Commonwealth in which it maintains any office and in the state *capital of any other state in which it was authorized to do business, the fact of the reincorporation, together with a statement that any dissenting member, who desires to cancel his policy or contract may do so by delivering it on or before a specified date, which shall not be later than six months after the date of the letters patent to the new mutual life insurance company, and receive the pro rata unearned premium for his policy.

Duties of the applicant company in case letters patent issue.

Section 8. Upon the reincorporation of a company, the Secretary of the Commonwealth shall cause the articles of agreement, together with the proceedings had thereon and certificate of the Governor, to be recorded in a book kept for that purpose. He shall return one of the articles of agreement, together with the letters patent, to the company, which shall have the same recorded in the recorder's office of the county in which the company is domiciled. The Secretary of the Commonwealth shall furnish the Insurance Commissioner with a certified copy of the letters patent, and shall also certify the duplicate articles of agreement, with all endorsements thereon, and file the same in the office of the Insurance Commissioner. Copies of the records, certified by the Secretary of the Commonwealth, may be used in evidence for or against the company with the same effect as the original.

Duties of the Secretary of Commonwealth.

Section 9. Upon receipt of notice from the president or secretary of the reincorporated company that the foregoing provisions of this act have been complied with, the Insurance Commissioner shall make an examination and, if he finds that there has been such compliance, he shall issue a certificate authorizing the company to commence business as a mutual life insurance company. Until such time as the Insurance Commissioner issues a certificate authorizing the new company to commence the business of writing life insurance under this act, the company shall have the same powers to transact business which were possessed by the applicant company prior to its reincorporation under this act.

Further action of the Insurance Commissioner required before writing life insurance business.

* "capital" in original.

Requirements for certificate of dissolution of the applicant company.

Section 10. After the date specified in the notice and advertisement referred to in section seven hereof, the new mutual life insurance company shall satisfy the Insurance Commissioner, after an examination, that it has paid the pro rata unearned premiums due to any dissenting members, who have cancelled their policies or contracts. Upon being so satisfied, the Insurance Commissioner shall certify that fact to the Secretary of the Commonwealth who shall thereupon issue a certificate of dissolution of the applicant mutual insurance company. When the certificate of dissolution has been recorded in the recorder's office of the county in which the company is domiciled, the applicant mutual insurance company shall cease to exist.

Section 11. Unless otherwise specified in this act a mutual life insurance company formed under this act shall have and may exercise all the rights and privileges and shall be subject to all the requirements imposed upon mutual life insurance companies formed under the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 682), known as "The Insurance Company Law of 1921," its supplements and amendments, and shall be subject to all the provisions of the act of May seventeen, one thousand nine hundred twenty-one (Pamphlet Laws 789), known as "The Insurance Department Act of one thousand nine hundred and twenty-one," its supplements and amendments, but it shall exercise no rights or privileges which other mutual life insurance companies may not exercise.

Effective and expiration date of act.

Section 12. This act shall take effect immediately and shall expire on December 31, 1957.

APPROVED—The 3rd day of February, A. D. 1956.

GEORGE M. LEADER

No. 316

AN ACT

Amending the act of May one, one thousand nine hundred twenty-nine (Pamphlet Laws 905), entitled "An act for the protection of the public safety; regulating the use of highways, and the operation of vehicles, tractors, street cars, trackless trolley omnibuses, bicycles, pedestrians, and the riding of animals upon the highways of this Commonwealth; providing for the titling, including liens, encumbrances, and legal claims; registration of certain vehicles and licensing the operators thereof, upon payment of prescribed fees; prescribing and limiting the powers