

New inventory and bond to be delivered to sheriff.

for any reason, to discharge such person as an insolvent debtor, as provided in said laws, and such person upon such refusal, shall surrender himself immediately to the sheriff or keeper of the jail of said county, it shall be lawful for such person thereupon to make out and deliver to such sheriff or keeper a new inventory and a new bond as and in the manner, and of the tenor and effect mentioned in the second section of the said act to which this is a supplement; whereupon such person shall be discharged from the custody of such sheriff or keeper; and he shall be entitled to make a new application to said court for his discharge under the said act, and the same proceedings shall be had for that purpose, as fully and effectually as if no previous application had been made.

Insurance Companies.

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An act to provide for the regulation and incorporation of insurance companies.

Revision—Approved April 9, 1875.

I. As to the insurance companies of other states doing business within this state.

1. That all insurance companies organized under the laws of other states, or foreign governments, and transacting insurance in this state, shall, during the month of January of each year, furnish to the secretary of state, a statement signed and sworn to by their president and secretary, specifying the name of the company, where located, the amount of paid up capital and assets, of which they are possessed; showing the manner of investments, whether in bonds, mortgages, real estate, public stocks or other securities, and particularizing the amount of each class of investment; also the amount of income for the year past, the amount of losses for the same time, the amount of claims unpaid, the amount necessary for reinsurance, the whole number of policies issued in this state for the preceding year, the gross amount of cash premiums received therefor, for the same period, the name and residence of each agent in this state and the amount of premiums received by each during the preceding year; and it shall be the duty of the secretary of state to prepare a form of statement to be filled up by such insurance companies or associations, establishing agencies or transacting the business of insurance in this state, which shall conform to the above requirements.
2. If upon filing the statement aforesaid it shall appear that the company or association is possessed of an actually paid in and well invested capital stock of at least one hundred and fifty thousand dollars over and above all claims and liabilities, and has paid the license and tax hereinafter provided for, then the secretary of state shall issue a certificate of authority to the company for the transaction of business, and allowing agencies to be established in this state.
3. Annually, on or before the first day of February in each year, every such fire, life, accident, marine or live stock insurance company, shall pay to the secretary of state the sum of fifty dollars, as license for transacting business in this state, and pay a tax of two per centum on all premiums received by said companies in this state for the preceding year; *provided, however,* that life insurance companies of states which do not impose a greater assessment upon the agents of such companies incorporated by this state, shall pay annually on or before the first day of February to the secretary of state, in lieu of the tax of two per centum, the sum of twenty dollars for each and every agent appointed by and acting for them.
4. When there shall exist in any city, borough or township of this state, an organized fire department, and a charitable association or organization for the accumulation and disbursement of a fund for the benefit of disabled or incapacitated firemen or their families, all the moneys received by the secretary of state as herein provided as payment of the tax of two per centum upon the premiums received by the agents of foreign fire insurance companies within the limits of such city, borough or township, shall be received for the benefit of and be appropriated and applied to the use of the charitable fund of the said fire department; and the secretary of state, before the first day of April in each year, shall upon due proof of the *bona fide* existence of such organization or association, pay over the sums by him received for the benefit of its charitable fund during the preceding year, as above provided, to the treasurer thereof, or to such other officer as may be duly authorized to receive the same, taking a proper receipt therefor.
5. The secretary of state shall, on the first day of April of each year, make a full and complete statement to the comptroller, of all sums of money received by him from the said foreign insurance companies on account of the license, and tax of two per centum and of all payments in lieu of said tax; and he shall also give an account of all payments made by him to charitable fire associations, in pursuance of the fourth section of this act; and the amount remaining in his hands he shall pay over to the treasurer of the state upon a receipt countersigned by the comptroller.

Foreign companies to make annual statement.

P. L. 1867, p. 776, § 1.

Amended.

Certificate of authority to transact business.
Ib. § 2.
Amended.

License and tax on premiums.
Ib. § 3.

Appropriation of tax.
Ib. § 4.

Secretary of state to make statement of moneys received.
Ib. § 5.

Certificate of authority to agents to be issued.
Ib. § 6.

6. The secretary of state shall issue a certificate of authority to all agents appointed and commissioned by any such foreign insurance company, which have complied with the requirements of this act, to transact business in the state for one year from the first day of February, anno domini eighteen hundred and seventy-five, and the same shall be renewed annually during the month of January every year.

Certificate may be revoked.
Ib. § 7.

7. The secretary of state shall have authority to revoke and cancel any certificate issued by him upon being satisfied that the statement upon which such certificate of authority was issued, is fraudulent, or that the capital of the company since the issuing of the certificate has become impaired.

No insurance to be made without certificate of authority.
Ib. § 8.

8. It shall not be lawful for any person or persons to seek, take, or effect, or cause, or procure to be made or effected, or receive application for any insurance of whatever kind, by or in behalf of any person, insurance company or association not incorporated under and by virtue of the laws of this state, and no person shall, directly or indirectly, take, effect, or renew a policy of insurance of any kind, on any person or thing, within this state, for any such person, association or company, without having first obtained the certificate of authority, as mentioned in this act.

Penalty for violation of preceding section.
Ib. § 9.
Amended.

9. Every violation of the last section of this act shall subject the party violating to a penalty of five hundred dollars for each violation, which shall be sued for and recovered, in the name of the state, by the prosecutor of the pleas of the county in which such violation shall occur, and one-half of the said penalty, when recovered, shall be paid into the treasury of the said county, for the charitable fund of any fire department therein, or if none, for said county, and the other half to the informer of violation.

Licenses and taxes of life insurance companies.

P. L. 1872, p. 9.

10. When by the laws of any other state or nation any taxes, fines, penalties, licenses, fees, deposits of moneys or of securities, or other obligations or prohibitions are imposed on life insurance companies of this state doing business in such other state or nation, or upon their agents therein, so long as such laws continue in force, the same taxes, fines, penalties, licenses, fees, deposits, obligations and prohibitions, of whatever kind, shall be imposed upon all such insurance companies of such other state or nation doing business within this state and upon their agents here; *provided*, that nothing herein shall be held to repeal or reduce the license fee of fifty dollars required of life insurance companies of other states doing business in this state, or the further payment of twenty dollars for each and every agent appointed by and acting for them, when by the provisions of this act such two per centum is not payable.

Proviso.

Licenses, fees and taxes of fire insurance companies.

P. L. 1872, p. 25.
Amended.

11. When by the laws of any other state or nation, any taxes, fines, penalties, licenses, fees, deposits of moneys or of securities, or other obligations or prohibitions are imposed on insurance companies, other than life insurance, of this state doing business in such other state or nation, or upon their agents therein, so long as such laws continue in force the same taxes, fines, penalties, licenses, fees, deposits, obligations and prohibitions of whatever kind shall be imposed upon all such insurance companies of such other state or nation doing business within this state and upon their agents here; *provided*, that nothing herein shall be held to repeal or reduce the license fee of fifty dollars required of fire insurance companies of other states doing business in this state, or the further payment of a tax of two per centum on all premiums received by said companies in this state for the preceding year.

Proviso.

Duty of the secretary of state.

P. L. 1873, p. 145.

12. The provisions of the last two sections of this act shall be held and construed to apply to and include any and all rules, regulations, requirements or impositions of whatever kind, as well by any department or officer of the government of any state or nation, as by the laws thereof; and it is hereby expressly made and declared to be the duty of the secretary of state of this state to strictly enforce the provisions aforesaid in this section mentioned.

Life insurance companies of other states may purchase, hold and convey real estate in this state.

P. L. 1852, p. 159,
§ 11.

13. Any insurance company organized under the laws of any other state or of the United States, and transacting the business of insurance in this state, shall be permitted to purchase, hold and convey real estate situate in this state, for the purposes, and no other, and in the manner herein set forth, to wit:

Amended.

I. Such as shall be requisite for its immediate accommodation in the transaction of its business; or,

II. Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted, or for money due; or,

III. Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings; or,

IV. Such as shall have been purchased at sales upon judgments, decrees or mortgages obtained or made for such debts; and it shall not be lawful for any such company to purchase, hold or convey real estate in this state in any other case, or for any other purpose; and all such real estate as may be acquired as aforesaid, and which shall not be necessary for the accommodation of such company in the convenient transaction of its business, shall be sold and disposed of within five years after such company shall have acquired title to the same; and it shall not be lawful for such company to hold such real estate for a longer period than that above mentioned, unless the said company shall procure a certificate from the chancellor, that the interests of the company will suffer materially by a forced sale of such real estate; in which event the time for the sale may be extended for such period as the chancellor shall direct in such certificate.

II. As to the insurance companies of this state.

1. FORMATION, POWERS AND MANAGEMENT.

14. That any number of persons, not less than thirteen in number, may associate and form an incorporated company for either of the following purposes, to wit:

Association for marine, fire and life insurance.

I. To make insurance upon vessels, freights, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidences of debts, bottomry and *respondentia* interests, and to make all and every insurance appertaining to or connected with marine risks of transportation and navigation.

P. L. 1852, p. 159, § 1.
Amended.

II. To make insurance on dwellings, houses, stores, and all kinds of buildings, and upon household furniture, merchandise, live stock and other property, against loss or damage by fire and the risks of inland navigation and transportation.

III. To make insurance upon the health or lives of individuals, and against accidents and every insurance appertaining thereto, or connected with health, accident or life risks, and to grant, purchase or dispose of annuities.

15. Any company organized under this act shall have power to make re-insurance of any risks taken by them respectively, and may make insurance upon any or all of the risks mentioned in the subdivisions of the last preceding section; but no company making insurance on the health or lives of individuals shall be permitted to take any other kind of risks, nor shall the business of life, accident or health insurance be in any wise connected or united in any company making insurance on marine or fire risks.

Life and health insurance not to be done by companies taking any other kind of risks.
Ib. § 2.

16. Such persons shall make, acknowledge and file in the office of the secretary of state, a declaration in writing, signed by all the corporators, expressing their intention and desire to form a company for the purpose of transacting the business of insurance, and setting forth:

Declaration in writing to be filed with secretary of state, etc.
Ib. § 3.
Amended.

I. The name of such company to be used in its business and dealings.

II. The place where the office of said company is located and its general business conducted.

III. The character of the insurance business proposed to be carried on by said company, that is to say, whether the same shall be under the first, second or third sub-divisions of the twenty-fourth section of this act or any branch of either of such sub-divisions.

IV. Whether the said proposed company shall be a joint stock insurance company, or a mutual insurance company.

V. If the same shall be a joint stock insurance company, the amount of the capital stock thereof, and the number of shares into which it is divided, and the sum with which they will commence business; if the same shall be a mutual insurance company, the amount of cash capital stock subscribed, and with which they propose to commence business.

VI. The names and residences of the subscribers to the capital stock

already subscribed for and the number of shares by them respectively agreed to be taken.

VII. The period at which such company shall commence and terminate, not exceeding thirty years, except in case of life insurance, which may be perpetual.

VIII. The number of trustees or directors proposed to be elected, and the manner and times of electing them.

IX. Said declaration and certificate shall also comprise a copy of the charter, if any, proposed to be adopted by said company.

Notice of intended corporation to be published.
Ib. § 3.

17. Such person shall cause a notice of their intention to form such company to be published once in each week, for two weeks, in a public newspaper in the county in which such insurance company is proposed to be located, and if no newspaper be published in such county, then in a newspaper of this state published nearest to the same.

Subscription to stock.
Ib. § 4.

18. It shall be lawful for the individuals associated for the purpose of organizing any company under this act, after having published the notice and filed their declaration and charter as required by the preceding section, to open books for subscription to the capital stock of the company so intended to be organized, and to keep the same open until the full amount specified in the charter is subscribed; or in case the business of such company is proposed to be conducted on the plan of mutual insurance, then to open books to receive propositions, and enter into agreements, in the manner and to the extent hereinafter specified.

Organization may be joint stock or mutual.

19. Such companies may be organized under this act, either as companies having capital stock to be subscribed and paid for and divided into shares, which companies are herein called joint stock insurance companies, or they may be formed for the purposes aforesaid on the plan of mutual insurance, which companies are herein called mutual insurance companies.

Amount of capital required.
Ib. § 5.
Amended.

20. No joint stock insurance company formed under this act shall be organized with a smaller capital than one hundred thousand dollars, or entitled to commence business until said sum is actually paid in cash; nor shall any mutual insurance company, for the purpose of marine or fire insurance, be entitled to commence business until agreements have been entered into for insurance, the premiums on which shall amount to twenty thousand dollars, and notes have been received in advance therefor, payable at or within twelve months from the date thereof, and thirty thousand dollars shall have been subscribed as capital stock, and actually paid in cash; such notes shall be considered a part of the capital stock of such mutual insurance company, and shall be valid and negotiable and collectable for paying any losses which may accrue, or any other lawful use or purpose.

Capital of life, health, or accident companies.
Ib. § 6.
Amended.

21. No company formed under this act for doing the business of life, health, or accident insurance on the plan of mutual insurance, shall commence business until a cash capital of twenty-five thousand dollars shall have been paid in cash as aforesaid.

Duty of attorney general and secretary of state.
Ib. § 13.
Amended.

22. The certificate and charter filed by such persons shall be examined by the attorney general, at or before the expiration of such notice, and if found by him to be in accordance with this act, and not inconsistent with the constitution or laws of this state, he shall so certify them to the secretary of state; and the secretary of state shall thereupon make examination and ascertain whether the capital herein required of the company named in the charter, according to the nature of the business proposed to be transacted by such company, has been paid, and is possessed by said company in money, or in such bonds and mortgages as are required by this act; or, if a mutual company, whether it has received and is in actual possession of the capital, premium notes, and *bona fide* engagements of insurance, or other securities, to the full extent and of the value herein required; and he shall further ascertain the name and residence of the maker of each premium note forming part of the capital, and the amount of such note; and the incorporators of such company shall be required to certify, under oath, that the capital exhibited on such examination is *bona fide* property of said company; such certificates shall be filed with the secretary of state, who shall thereupon deliver to such company a certified copy of their certificate of organization, and the charter, if

Certificate of authority.

any, accompanying the same, and of said certificates, which on being filed in the office of the clerk of the county where the company is to be located, shall be their authority to commence business and issue policies; and such certified copy of the said certificate of organization, charter, and of said certificates, may be used in evidence, for or against such company, with the same effect with the originals.

23. It shall not be lawful for any company organized under this act to transact business until such company shall have deposited with the comptroller of this state the sum of twenty thousand dollars in stocks or in bonds and mortgages; such stocks shall be the public stocks or bonds of this state, or of the United States, or the states of New York, Ohio, Massachusetts or Pennsylvania, or of the incorporated cities of this state, bearing at least six per centum interest; such mortgages shall be on unencumbered productive real estate within this state, worth double the amount so invested; and the said comptroller may from time to time, after such company shall have commenced the transaction of business, require further deposits of stocks, bonds and mortgages, as aforesaid, to an amount equal to one-fifth of the issued policies of such company, not to exceed in all the sum of one hundred thousand dollars.

Deposit required
before doing
business.
Ib. § 8.
Amended

24. To every mortgage deposited with the comptroller of this state as herein provided, the president of the company depositing the same shall annex his affidavit that said mortgage was made and taken in good faith for money loaned by the company to the amount therein named, and that no part thereof has since been paid or returned, and that he has reason to believe and does believe that the premises thereby mortgaged are worth at least double the amount of the mortgage thereon; the comptroller shall prescribe such regulations for ascertaining the title and value of such real estate as he may deem necessary; the comptroller shall hold said stocks, bonds and mortgages as security for policy holders in said companies, but shall, so long as any company so depositing shall continue solvent, and shall comply with all the requisites of the laws of this state applicable to such company, permit such company to collect the interest or dividends on its bonds and mortgages or stocks so deposited, and from time to time to withdraw any of such securities, on depositing with the comptroller other like securities, stocks or mortgages, the par value of which shall be equal to the par value of such as may be withdrawn; each mortgage, so substituted, to be also accompanied with an affidavit, as required in the preceding section; and the comptroller shall prescribe such regulations for ascertaining the title and value of the real estate covered by the mortgage so substituted as he may deem necessary.

Comptroller to
prescribe regula-
tions to secure
proper invest-
ments on bond
and mortgage.

25. The secretary of state shall be satisfied and so certify upon said certified copy of such certificate of organization, before giving such company the same, that such deposit as herein required to be made, of stocks or mortgages, with the comptroller has been duly made by such company.

Secretary of state
to certify as to
deposit.

26. It shall be lawful for any joint stock company organized under this act to increase the amount of their capital stock in the manner hereinafter mentioned; the directors of such company, or a majority of them, shall file in the office of the secretary of state a declaration of their intention to increase their capital, and they shall publish notice of the same for thirty days in the manner prescribed in the seventeenth section of this act.

Increase of capi-
tal stock.
P. L. 1856, p. 312,
§ 1.

27. It shall be lawful for the said directors or a majority of the same, after having published the notice before mentioned, and filed a copy of the same, with proof of publication, in the office of the secretary of state, to open books of subscriptions for said increase of capital, and keep the same open until the full amount thereof shall be subscribed; and they shall for forty days after opening said books, give the stockholders in said company the privilege of subscribing for said stock; and if at the end of said time they shall not have subscribed for the same, then other persons may subscribe therefor.

Directors to open
books of sub-
scription
therefor.
Ib. § 2.

28. The whole of the increased capital shall be paid, and may be invested, and an examination thereof shall be made, and a certificate of such examination filed, as is provided in this act; and thereupon the said increase shall be deemed a part of the capital of said company, subject to all the provisions of this act applying to the same.

When increase to
be deemed part
of capital.
Ib. § 3.

Suits between companies and stockholders.

P. L. 1852, p. 159,
§ 18.

Companies so formed bodies corporate.

Ib. § 19.

Prohibition of trade by a company.

Ib. § 20.

Investments of capital or accumulations.

Ib. § 10.

Amended.

Power to hold lands and restrictions thereon.

Ib. § 11.

Amended.

Trustees liable until stock invested.

Ib. § 21.

Limit of liability.

P. L. 1854, p. 455,
§ 2.

Amended.

29. Suits at law may be maintained by any corporation formed under this act against any of its members or stockholders for any cause relating to the business of such corporation; also suits at law may be prosecuted and maintained by any member or stockholder against such corporation for losses which may accrue if payment is withheld more than two months in all risks after such losses shall have become due.

30. All companies formed under this act shall be deemed and taken to be bodies corporate and politic, in fact and in name, and shall be subject to all the provisions of the laws of this state in relation to corporations, so far as the same are applicable.

31. No company formed under this act shall directly or indirectly deal or trade in buying and selling any goods, wares, merchandise or other commodities whatever, unless said goods, wares or merchandise shall come into possession of said company in the legitimate pursuit of their business.

32. It shall be lawful for any company organized under this act to invest its capital, or the funds accumulated by its business, or any part thereof, in bonds and mortgages on unencumbered real estate, within this state, worth double the amount so invested, and also in the stocks or bonds of the incorporated cities of this state, or the stocks or bonds of this state or of the United States, or the states of New York, Ohio, Massachusetts or Pennsylvania, and to lend the same, or any part thereof, on the security of such stock or bonds; and any company organized for the purpose of marine insurance may, in addition to the foregoing, loan their funds on bottomry and *respondentia*, and change and reinvest the same, as occasion may from time to time require.

33. Any company organized by special charter of this state or under the provisions of this act, shall be permitted to purchase, hold, and convey real estate for the purposes (and no other) and in the manner herein set forth, that is to say:

I. Such as shall be requisite for its immediate accommodation in the transaction of its business; or,

II. Such as shall have been mortgaged to it in good faith by way of security for loans previously contracted or for moneys due; or,

III. Such as shall have been conveyed to it in satisfaction of debts previously contracted in the course of its dealings; or,

IV. Such as shall have been purchased at sales upon judgments, decrees, or mortgages obtained or made for such debts; and it shall not be lawful for any incorporated company, as aforesaid, to purchase, hold or convey real estate, in any other case or for any other purpose; and all such real estate as may be acquired as aforesaid, and which shall not be necessary for the accommodation of such company, in the convenient transaction of its business, shall be sold and disposed of within five years after such company shall have acquired title to the same; and it shall not be lawful for such company to hold such real estate for a longer period than that above mentioned, unless the said company shall procure a certificate from the chancellor that the interests of the company will suffer materially by a forced sale of such real estate, in which event the time for the sale may be extended to such a time as the chancellor shall direct in said certificate.

34. The trustees and corporators of any company organized under this act, and those entitled to a participation of the profits, shall be jointly and severally liable until the whole amount of the capital proposed to be raised by the company shall have been paid in, and a certificate thereof recorded, as hereinbefore provided; notes taken in advance of premiums, under this act, are not to be considered debts of the company, in determining whether a company is insolvent, but are to be regarded as assets of the company.

35. When any company shall be formed under the provisions of this act, the capital stock of which by the terms of its charter shall exceed the sum hereby required for the organization of such company, the trustees and corporators of such company, and those entitled to a participation of the profits of the same, shall be relieved from the joint and general liability in the last section of the act mentioned, when capital to the

amount required for such organization shall be paid in and invested as herein required.

36. Any existing joint stock company, incorporated by this state for either of the purposes mentioned in this act, may, at any time after notice being given for three months in a newspaper of this state, published in the county where such company is located, and if no newspaper be published in such county, then in a newspaper published nearest to the same, of such intention, and with the written consent of three-fourths in amount of its stockholders, or if a mutual company, with the unanimous consent of its trustees or directors, extend its original charter to the time specified by the provisions of this act, by altering or amending the same, so as to accord with the provisions of this act, and filing a copy of the same, so altered or amended, together with a declaration, under its corporate seal, signed by its president and directors, of their desire for such extension, and also the written consent of three-fourths in amount of its stockholders, and the unanimous consent of the trustees or directors as aforesaid to such extension, in the office of the secretary of state; and upon the filing such consent, declaration and charter, the same proceedings shall be had as are required by the thirty-second section of this act; and any of the mutual insurance companies already chartered by the legislature of this state may, after giving ninety days' notice in three of the public papers of the state, change to joint stock companies, by proceeding in accordance with and conforming their charter to the provisions of this act.

Extension of charter of companies already incorporated.

P. L. 1852, p. 159, § 16.

37. All the charters formed or extended under this act shall be of thirty years' duration each, except those of life insurance, which shall be without limit of time, but the legislature may at any time alter, amend or repeal this act, or dissolve and provide for the closing up the business and affairs of any company formed under it.

Charters to continue 30 years, except life companies. Ib. § 17.

38. No dividend shall ever be made by any company incorporated under this act when its capital stock is impaired, or when the making of such dividend would have the effect of impairing its capital stock; and any dividend so made shall subject the stockholders receiving the same to a joint and several liability to the creditors of said company to the extent of the dividend so made.

Fraudulent dividends. Ib. § 22.

39. It shall be lawful for any mutual company, established in conformity with the provisions of this act, to unite a cash capital to any extent, as an additional security to the members over and above their premiums and stock notes, which additional cash capital shall be left open for accumulation, and shall be loaned and invested as provided in the thirty-second section of this act; and the company may allow an interest on such cash capital, and a participation in its profits, and prescribe the liability of the owner or owners thereof to share in the losses of the company; and such cash capital shall be liable as the capital stock of the company in the payment of its debts; every company organized under this act shall pay into the treasury of this state, for the school fund, one-quarter of one percentum per annum on its capital stock, and which amount shall be paid in, under oath or affirmation of the president and secretary thereof.

Surplus capital in mutual companies. Ib. § 23. Amended.

Tax on capital stock.

40. The secretary of state shall be entitled to charge and receive from the persons or companies requiring his service under this act such fees as are allowed by law for similar services; and when duties are required of him not provided for by law, such further compensation as the attorney general may direct.

Fees of secretary of state.

41. Whenever it shall appear to the satisfaction of the secretary of state, as the result of examination, as provided for by this act, that any joint stock insurance company, incorporated by the legislature of this state, shall have a net surplus, after providing for the capital stock, reinsurance and all claims for losses and other actual liabilities, of not less than fifty thousand dollars, which amount shall be represented by scrip issued by said company, the secretary of state shall issue a certificate of the amount of such net surplus, and such company upon a vote therefor of a majority of all the directors thereof, may increase the capital stock to the amount of such certificate, or any portion thereof, in exchange for said scrip, and may issue certificate of such stock, which shall contain the same provisions, and in shares of similar amount with that originally issued; in the case

Capital stock may be increased to amount of surplus earned.

P. L. 1874, p. 29.

Mutual companies may also increase capital stock equal to the amount of net surplus.

of mutual insurance companies of this state, if upon such examination the secretary of state shall find a net surplus, after providing for reinsurance and all claims for losses and other actual liabilities, equal to the amount of scrip issued, he shall issue a certificate of the amount of such net surplus, and such company, upon a vote therefor, of a majority of all the directors thereof, may create a capital stock for the whole or any portion of the amount of such scrip, in exchange for said scrip, and may issue certificates of such stock, which shall be divided into shares of such amount, and the holders thereof shall be entitled to such privileges, and subject to such liabilities as the board of directors thereof may determine not inconsistent with the charter of such company, or with the laws of this state.

Deposit of securities necessary to commence business in other states.

P. L. 1853, p. 426.

42. *Whereas*, by the laws of some of the United States it is provided that insurance companies incorporated under the laws of this state shall not transact business in said states except on a deposit of securities in said laws named; therefore, it shall be lawful for the treasurer of this state to receive from any insurance company incorporated under the laws of this state a deposit of such securities as shall be necessary to enable such company to transact business in any of the United States under the laws of said states, respectively.

The company may draw dividends.
Ib. § 2.

43. The said securities shall be held by the treasurer so long as such company shall desire to transact business in the states requiring such deposit; but the company making the deposit shall be at liberty to draw the dividends or receive the interest on such securities; and whenever any such company shall desire to discontinue its business in said states, and such deposit shall no longer be required by the laws of said states, the treasurer shall return the said securities to the company depositing the same.

Compensation of treasurer.
Ib. § 3.

44. The treasurer, for performing the duties required by the two preceding sections of this act, shall receive such compensation as is provided for performing like duties by this act.

Proviso.

45. Nothing in either of the three last preceding sections of this act shall be construed in anywise to alter or interfere with any of the requirements hereinbefore made of the deposit of securities by companies not specially incorporated, but organized under the provisions hereinbefore enacted.

2. STATEMENTS, RETURNS, REMEDIES.

Life insurance companies to make return and secretary of state to value policies.

P. L. 1872, p. 8.
" 1872, p. 30.

46. It shall be the duty of every life insurance company incorporated by the laws of this state to make returns in January of each year to the secretary of this state, showing all its policies and annuity bonds in force on the first day of said month, with such particulars of the same as are necessary for the valuation thereof, as is hereinafter directed; the secretary of state shall thereupon compute or cause to be computed the value of such policies and bonds, or what is known as the reinsurance fund therefor, according to the American experience table of mortality and interest at the rate of four and a half per centum, or according to the actuaries' mortality and four per centum interest, or according to any other recognized standard of valuation as he may deem best for the security of the business and the safety of the persons insured; upon such valuation being made and a certificate thereof furnished by the secretary, each company shall pay to such officer to defray the expense thereof, the sum of one cent for every thousand dollars of the whole amount insured by its policies so valued.

Companies incorporated or doing business in this state shall file statement of its condition.

P. L. 1874, p. 49.

47. That every fire, life, accident, marine or other insurance company incorporated or doing business, or which may be hereafter authorized to do business under the laws of this state, shall, annually, during the month of January, file in the department of state of this state, a statement exhibiting its condition on the thirty-first day of December last preceding, as by this act required of insurance companies of other states and nations doing business in this state; and for this purpose it shall be the duty of the secretary of state to furnish blank forms for statements, the same as now in use, which forms may by him be from time to time changed, as may be requisite to secure full information as to the standing and condition of such insurance companies; *provided*, that the statements required

of purely mutual companies taking notes in whole or in part for premiums, which notes are liable to assessments, shall be in such form as the secretary of state may prescribe adapted to the use of such companies; any insurance company failing to make and file such statement for the space of thirty days from the time above fixed for such filing, or to reply in writing to any inquiry made by the secretary of state touching the same, within twenty days, shall be subject to a penalty of five hundred dollars, and a like penalty for every month that such company shall continue thereafter to transact any business of insurance without filing such statement, to be sued for and recovered in the name and for the benefit of the state, by the attorney general, on notice of the secretary of state.

Mutual companies to report in form as required by secretary of state.

Penalty.

48. That it shall be the duty of the secretary of state, whenever he shall deem it expedient, or at the request of such company, or like request in writing by three or more policy holders therein, or creditors thereof, himself, or by such person or persons as he may designate, to examine into the affairs of any fire insurance company organized under the laws of, or by its agents doing business in, this state; *provided*, that not more than one examination shall be made at the request of policy holders or creditors in any one year; and it shall be the duty of the officers or agents of any such company doing business in this state to exhibit all its books, records and accounts for the purpose of such examination, and otherwise to facilitate the same so far as it may be in their power to do, and for that purpose the secretary of state, or his representatives, shall have power to examine, under oath, the officers and agents of any company relative to the business and affairs of such company; and whenever the secretary of state shall deem it necessary to the public good, he shall publish the result of such examination in two newspapers published in the city of Trenton, and two published in the county where the company is located; and whenever it shall appear, as the result of such examination, that the assets of any fire insurance company organized under the laws of this state, after charging it with an amount requisite for the reinsurance of all its outstanding risks and with its other proper liabilities, excepting capital stock paid in, amount to less than three-fourths of such capital, if it be a joint stock capital company, or in the case of mutual companies, if the assets, less unsettled claims and other actual liabilities, amount to less than three-fourths of the sum requisite for reinsurance, then he shall call upon said company to make up such deficiency within such reasonable time as he shall fix, and on failure to comply with such requisition he shall communicate the fact to the attorney general, whose duty it shall then become to apply forthwith to the chancellor for an order to show cause why an injunction should not issue restraining them from doing further business, and the chancellor shall thereupon proceed to hear the allegations and proofs of the respective parties; and in case it shall appear to his satisfaction that the assets and funds of said company are not sufficient as aforesaid, or that the interests of the people so require, the chancellor shall decree a dissolution of said company and a distribution of its effects; the chancellor shall have power to refer the application of the attorney general to a master to inquire into and report upon the facts alleged.

Secretary of state to examine into condition of fire insurance companies. Ib. § 2.

Officers of companies to exhibit books, &c., and aid in examination.

Result of examination to be published.

When exhibit of New Jersey companies not satisfactory they shall be required to make up deficiency.

On failure to comply attorney general shall apply to chancellor to restrain company from doing further business.

Chancellor may dissolve company if examination unsatisfactory.

If exhibit of foreign companies not satisfactory, certificates shall be revoked. Ib. § 3.

Revocation shall be published.

After which no business shall be transacted, under penalty.

49. That whenever it shall appear to the secretary of state, as the result of examination as provided in this act, that the affairs of any company not incorporated by this state and doing business herein, are in an unsound condition, estimated in the same manner prescribed in the preceding sections, he shall revoke the certificates granted to such company and its agents, and shall cause a notification thereof to be published at least six times in two newspapers published in the cities of Trenton and Newark respectively; and all agents of such company, after the first publication of such notice, shall be required to discontinue the issuing of new policies or the renewing of any previously issued; and any such agent who shall make, issue or deliver any policy, or the renewal of any policy of insurance, or collect or receive any premium of insurance, or in any way transact any business of insurance on behalf of any such company, shall be liable to the same penalties, to be recovered in like manner as prescribed in the ninth section of this act.

- This act to apply to life insurance companies.
Ib. § 4.
- Secretary of state shall be commissioner of insurance.
Ib. § 5.
- Shall report to the legislature.
- Expenses shall not exceed ten per cent. of receipts.
- No company of this state shall issue policies without certificate and authority from secretary of state.
Ib. § 7.
- Deposits of security shall be subject to approval of secretary of state.
Ib. § 8.
- Penalty for effecting insurance in companies which have not complied with the law.
Ib. § 6.
- The act to apply to all persons and companies effecting insurance, in whatever manner, on property or lives in this state.
50. That the provisions of the foregoing sections, so far as may be, shall be held to apply to life insurance companies of this state, or of other states and governments doing business in this state, and such companies shall be subject to the same examinations, liabilities and requirements as by such sections imposed upon fire insurance companies, and the same duties are imposed upon the secretary of state, the attorney general and the chancellor; *provided*, that injunction shall issue only when it shall appear by examination that the assets of any life insurance company, as aforesaid, are not sufficient to re-insure its outstanding risks and discharge its total actual liabilities; the actual expenses of all examinations made under authority of this act shall be paid by the companies examined.
51. That the secretary of state shall be, by virtue of his office, commissioner of insurance, and it shall be his duty to make annual report to the legislature, containing a summary of the statement of every insurance company filed in his office as required by law, together with such facts and information touching the same as may be in his possession, which report shall be published as are other legislative documents; and for the purpose of carrying out the provisions of this act the said secretary shall be authorized to expend from the sum annually received from taxes on insurance companies of other states an amount not exceeding ten per centum thereof; the penalty for violation of this act, except where otherwise provided, shall be the same, to be collected in the same manner as provided in the ninth section of this act.
52. That no insurance company hereafter organized in this state shall issue policies until, upon examination by the secretary of state, it shall have been found to have complied with the laws thereof; nor until the said secretary shall have issued his certificate, setting forth such fact, and authorizing the company to commence business, and that no insurance company organized under the laws of this state, or transacting business in this state, shall expose itself to loss on any risk or hazard by fire, to an amount exceeding ten per centum of its paid up capital, or, in the case of mutual companies, of their net assets; *provided*, that no joint stock capital insurance company shall hereafter be organized in this state, or do any business of insurance, until it shall have a fully paid up capital of at least one hundred thousand dollars, and that no such company shall make any loan or investment on the security of its own capital stock.
53. That the deposits of securities now required, or which may hereafter be required to be made by any insurance company of this state, shall be approved by the secretary of state, and he shall have authority to examine the same at all times, and may order the same, or any part thereof, changed at his pleasure, and no change or transfer of the same shall be made without his assent.
54. That any person or firm who shall in any manner act for or on behalf of another in the placing or procuring of any insurance in any company of another state or nation that has not complied with the laws of this state, shall be liable to the same penalties to be recovered in like manner as prescribed in section nine of this act; certificates of authority may be issued to persons to place or cause to be procured insurance in companies which have complied with the laws of this state, although such person may not be the commissioned agent of such company, and that the amount to be paid for filing the statements required by this act, or any of them, and for certificates to agents of foreign companies shall be five dollars.
55. The several provisions of this act shall be deemed and held to extend to and include all and every person and persons who shall, within this state, make or cause to be made, procure, or cause to be procured, or who shall, directly or indirectly, act in the making or causing to be made, or in the procuring or causing to be procured, any agreement, contract or policy of insurance upon property or lives in this state, by any insurance company not incorporated by the laws of this state, or by any individual residing out of this state, notwithstanding such person or persons shall not be the agent or agents of such insurance company or individual or individuals, or shall not act for or in behalf of such company or individual or individuals, or that such agreement, contract or policy of insurance shall appear to have been made or entered into out of this state.

3. DISSOLUTION.

56. The provisions in the "Act concerning corporations" contained for the winding up and dissolving of any corporation, are hereby severally made applicable, so far as possible, to any corporation formed or organized by virtue hereof; and the fifty-third and fifty-fourth sections of the act "to authorize and regulate the business of banking," shall be and the same are hereby extended to all insurance companies incorporated under the laws of this state, and, so far as practicable, to the business and assets of companies of other states doing business herein.

Provisions in corporation act, for winding up, applicable.

57. That this act shall be held and construed to extend to and include any and every company transacting the business of insurance of whatever kind in this state, and all acts or parts of acts inconsistent or conflicting with this act, be and the same are hereby repealed.

Act to apply to all companies doing business of insurance of any kind.
Repealer.

Supplement.

Approved April 21, 1876.

P. L. 1876, p. 301.

58. SEC. 1. That whenever it shall appear by examination, as now authorized by law, that any insurance company organized under the laws of this state holds as collateral security for the payment of any loan, any stock, bond or security of whatever description, which has not a cash market value of at least twenty-five per centum more than the amount of such loan, the secretary of state shall have authority to require the reduction of such loan or an increase of collateral security, so that the security shall be at least twenty-five per centum in excess of the amount loaned as aforesaid.

Collateral security must be 25 per cent in excess of the amount loaned.

59. SEC. 2. That if any insurance company shall not comply with the requirements of the foregoing section within ten days after receiving notice in writing from the secretary of state, it shall be his duty to disallow any loan the security wherefor is less than twenty-five per centum in excess of the amount loaned, and deduct the amount thereof from the assets of the company holding the same.

Secretary of state may notify to make good deficiency, and disallow amount if not done.

60. SEC. 3. That if it shall appear, upon examination as aforesaid, that any such insurance company holds any bond which is secured by mortgage upon real estate which is not a first lien, or that the value of such real estate is less than fifty per centum in excess of the amount of the bond which it is mortgaged to secure, the secretary of state shall have authority to disallow any such bond, and deduct the amount thereof from the assets of any company holding the same, after having given the company at least twenty days' notice, in writing, to change or conform any such loan to the requirements of this act.

Mortgage must be first lien, and 50 per cent. in excess of amount of bond.

Secretary of state may disallow after notice.

61. SEC. 4. That every insurance company of another state or nation shall, upon application for authority to transact business in this state, file a duly authenticated copy of its charter or certificate of organization, and that the charge therefor shall be twenty dollars, and for certificates of authority to agents of any such company, two dollars each; *provided*, that there shall be no charge for annual license to such company, and that nothing herein contained shall alter or repeal the reciprocal provisions of sections ten, eleven and twelve of the act to which this is a supplement; and there shall be paid by every insurance company authorized to transact business in this state, for filing the annual statement as now required by law, twenty dollars.

Filing charter.

Fee for. \$20.
Agent's certificates, \$2 each.
No license fee.

Filing statement, \$20.

62. SEC. 5. That it shall not be lawful for any person within this state to negotiate any insurance, or deliver any policy or certificate of renewal thereof, or receive any premium thereon, on any property or thing, or on the life of any person in this state, in any company that has not complied with the requirements of this act and the act to which this is a supplement, under a penalty of five hundred dollars for each offence, to be sued for and collected on complaint, in the name of the state, by the prosecutor of the pleas for the county where the offence shall have been committed; and the person or persons against whom a judgment shall be obtained shall be committed to the county jail until such fine and costs are paid or otherwise discharged; and one-half of said penalty, when recovered, shall be paid to the charitable fund of any fire department in said county, and the other half to the complainant.

No policy in unauthorized company to be delivered, nor premium collected.

Penalty.

Repealer.

63. SEC. 6. That this act shall take effect immediately, and that all acts or parts of acts inconsistent with this act be and the same are hereby repealed.

A further supplement to an act entitled "An act to regulate the business of fire, life, accident, marine and live stock insurance, by companies or associations not incorporated by this state," approved April ninth, eighteen hundred and sixty-seven.

P. L. 1875, p. 108.

Approved April 9, 1875.

No foreign company, nor any person for them, shall effect insurance before compliance with law.

64. SEC. 1. That it shall not be lawful for any insurance company of any kind whatsoever, not incorporated under or by virtue of the laws of this state, itself or by its agents, surveyors, canvassers, or other representative of whatever designation, nor for any such agent, canvasser or representative of, nor for any person on behalf of any such insurance company to open or maintain any office, or in any manner, directly or indirectly, transact any business of insurance within this state, notwithstanding such business may be transacted wholly with citizens of other states, without having previously complied with the provisions of the act to which this is a supplement, and the various supplements thereto.

Certificates of officers of other states to be received as such states receive certificates of this state.

65. SEC. 2. That if by virtue of the law of any state or nation, or by any rule, regulation or requirement of the officer charged with the execution of the insurance laws of any such state or nation, any certificate of the secretary of state of this state, in any wise relating to the business or condition of any insurance company of this state transacting business or applying for authority to transact business in any such state or nation, shall be refused or not recognized, then it shall be the duty of the secretary of state of this state to refuse to accept any certificate of such officer of another state or nation, in any wise relating to the business or condition of any insurance company of such state or nation, transacting business or applying for authority to transact business in this state, and any insurance company of such other state or nation, transacting business or applying for authority to transact business in this state, shall be subject to the same rules, regulations, exactions, examinations, and in the case of life insurance companies, to the same valuation of policies, and in every other respect to the same requirements as by the act to which this is a supplement and the various supplements thereto, are imposed upon insurance companies of this state; and it shall not be lawful for any insurance company of such other state or nation, itself or by its agents, or otherwise, or by any person on behalf thereof, directly or indirectly, to transact any business of insurance within this state, without having fully complied with the provisions of this act.

Penalty for violation of this act.

66. SEC. 3. That the penalty for every violation of this act shall be five hundred dollars, to be sued for and collected, on complaint, in the name of the state, by the prosecutor of the pleas for the county where the offence shall have been committed; and the person or persons against whom a judgment shall be obtained, shall be committed to the county jail until such fine and costs are paid or otherwise discharged; and one-half of said penalty, when recovered, shall be paid to the charitable fund of any fire department in said county, and the other half to the complainant.

Interest.

1. Seven per cent. to be rate of interest.
2. Only sum lent on usurious contract to be recovered without interest and costs.
3. Person offending against first section may be examined as a witness.
4. Borrower may file bill in equity.
5. Rate of brokerage.
6. Canal and railroad bonds excepted.
7. What contracts usurious in Monmouth county.