

FIRE INSURANCE PREMIUMS
Act of May 25, 1921, P.L. 1124, No. 419
AN ACT

Cl. 40

Permitting certain domestic mutual fire insurance companies to issue cash premium policies without assessment liability; and providing for the distribution and escheat of the surplus of certain domestic mutual fire insurance companies in event of dissolution.

Section 1. Be it enacted, &c., That any domestic mutual fire insurance company, organized prior to May first, one thousand eight hundred and seventy-six, having a surplus not less than the minimum capital required for the organization of a domestic stock fire insurance company and an unearned premium reserve computed upon the same basis as that required of domestic stock fire insurance companies, may issue policies for a cash premium without any contingent liability for assessment.

Section 2. Any domestic mutual fire insurance company, incorporated by a special act of the Legislature prior to May first, one thousand eight hundred and seventy-six, and having a surplus and unearned premium reserve as required in section one, and whose charter provides for a premium deposit which shall remain as a pledge for the performance of the depositor's covenants, which deposit, under the provision of such charter, shall be returned to the depositor at the expiration of the policy, together with a proportional dividend of the profits after deducting losses and incidental charges, and whose charter further provides that the net profit, arising by interest or otherwise, shall be ascertained yearly to every member in proportion to his, her, or their deposit for which each member shall have credit on the company's books, payable at the cancellation of the policy, may, instead of collecting such deposit money as above provided under such charter, charge a cash premium in advance, on which no dividend or return shall be due or accrue, other than return premiums on canceled policies.

Section 3. The surplus of any domestic mutual fire insurance companies issuing policies in accordance with the provisions of section one or two of this act shall be held as a reserve for the payment of losses and expenses; and, in the event of dissolution of the company, shall be divided pro rata among the policyholders whose policies are in force at the time of dissolution, but no policyholder, other than loss claimants, shall receive more than the amount of the unearned cash premium last paid to the company for the current term of such policy. Any balance remaining shall escheat to the Commonwealth of Pennsylvania.