§ 4515. Conditions for avoiding separate funds. (a) Any authorized society which maintains reserves, including deficient premium reserves, at least equal to those required by the minimum standards of valuation hereinafter specified and which does not exceed the expense limits hereinafter specified shall not be required, if its constitution or by-laws so permit, to create or maintain a separate fund or funds, for the payment of insurance benefits as required by subsection (a) of section four thousand five hundred fourteen of this article nor to comply with the provisions of subsections (b) and (d) of such section and subsection (d) of section four thousand five hundred seven of this article.

(b) (1) Such minimum standards of valuation shall be:

(A) as to all contracts for life insurance benefits issued prior to January first, nineteen hundred forty-eight, the American Experience Table of Mortality or the American Men Ultimate Table of Mortality with interest at three and one-half per centum,

(B) as to all contracts for life insurance benefits issued on and after January first, nineteen hundred forty-eight, and prior to January first, nineteen hundred fifty-six, the American Experience Table of Mortality or the American Men Ultimate Table of Mortality with interest at three per centum, and

(C) as to all contracts for life insurance benefits issued on and after January first, nineteen hundred fifty-six, the applicable mortality tables as specified in subsection (c) of section four thousand five hundred seventeen of this article.

(2) The deficient premium reserve as to all such contracts issued prior to January first, nineteen hundred forty-eight, shall be determined in the manner prescribed in subsection (b) of section four thousand five hundred seventeen of this article and as to all such contracts issued on and after January first, nineteen hundred forty-eight, shall be determined in the manner prescribed in section four thousand two hundred eighteen of this chapter.

(3) Such minimum standard of valuation as to all contracts for annuity benefits issued on and after January first, nineteen hundred forty-eight, shall be the 1937 Standard Annuity Mortality Table with interest at three per centum.

(c) No such society shall, except as provided for in subsection (f)

hereof, make or incur in any calendar year, or permit to be made or incurred on its behalf or under any agreement with it, total life insurance expenses as defined in subsection (d) hereof in excess of the total life insurance expense limit as defined in subsection (e) hereof.

(d) The total life insurance expenses of any such society within the meaning of this section, shall include all expenses, made or incurred on its behalf with its permission or under any agreement with it, in the business of fraternal life insurance, except:

(1) taxes, licenses and fees,

(2) disbursements for altruistic, educational, fraternal or recreational activities which are made from funds collected solely for such purposes and in addition thereto disbursements for like purposes in an amount not exceeding one and one-half per centum of the premiums received for life insurance contracts during such calendar year,

(3) that portion of its total investment expenses not exceeding one-fourth of one per centum of the mean amount of its total invested assets during such calendar year,

(4) taxes and other outlays exclusively in connection with real estate and commissions, or salaries and expenses in lieu of commissions, on mortgage loans, and

(5) outlays representing the accrued liability for services rendered by the society's employees prior to coverage under employees pension plans.

(e) The total life insurance expense limit, within the meaning of this section, shall be the sum of the following items:

(1) seven per centum of all life insurance premiums received by such society during such calendar year,

(2) thirty-five per centum of all first year life insurance premiums received by such society during such calendar year,

(3) one hundred seventy-five one thousandths of one per centum of the aggregate amount of life insurance of such society in force at the beginning of such calendar year and of the aggregate amount of such insurance issued during, and in force at the end of, such calendar year,

(4) three-tenths of one per centum of the aggregate amount of life insurance of such society in force at the beginning of such calendar year and of the aggregate amount of such insurance issued during, and in force at the end of, such calendar year, and

(5) thirty-five one hundredths of one per centum of the aggregate amount of life insurance of such society issued during, and is in force at the end of, such calendar year, exclusive of additional insurance purchased by the application of certificate dividends.

(f) The total life insurance expense limit of any such society which has in force at the end of the next preceding calendar year less than one million dollars of life insurance shall be increased by one hundred per centum; and for any other such society, such limits shall be increased by one hundred per centum less two-tenths of one per centum for each one million dollars of life insurance in excess of one million dollars of life insurance until the extra margin is sixty per centum of said limit, and thereafter said extra margin shall decrease by one-third of one per centum for each ten million dollars of life insurance in force at the end of the next preceding calendar year until the extra margin is fifty per centum; and thereafter said extra margin shall decrease by one-half of one per centum for each ten million dollars of life insurance in force at the end of the next preceding calendar year until such extra margin is reduced to zero.

(g) The amounts of life insurance referred to in this section shall not include additional benefits payable for accidental death or for total and permanent disability.

(h) No such society, and no person, firm or corporation, on its behalf or under any agreement with it, shall pay or allow to any agent, broker, employee or other person, for services in procuring an application for life insurance, for collecting any premium thereon or for any other service performed in connection therewith, any compensation greater than that which has been determined by agreement made in advance of the rendering of such service.

(i) The superintendent may, in his discretion, accept satisfactory approximations of the figures required in this section. If any such society shall in any calendar year make or incur total life insurance expenses in excess of the total life insurance expense limit, the superintendent may, upon written application of such society, suspend such limit for such society for the calendar year in which such excess was incurred.

(j) Notice of intention to comply with the provisions of this section shall be given in writing to the superintendent by any such society,

accompanied by a certified copy of the authorizing resolution of the board of directors.