

boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or authorizing the reorganization of certain administrative departments, boards, and commissions; defining the powers and duties of the Governor and other executive and administrative officers, and of the several administrative departments, boards, commissions, and officers; fixing the salaries of the Governor, Lieutenant Governor, and certain other executive and administrative officers; providing for the appointment of certain administrative officers, and of all deputies and other assistants and employes in certain departments, boards, and commissions; and prescribing the manner in which the number and compensation of the deputies and all other assistants and employes of certain departments, boards and commissions shall be determined," requiring the President Pro Tempore of the Senate to appoint two additional members and the Speaker of the House of Representatives to appoint two additional members to the State Planning Board.

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

Section 1. Section 448, act of April 9, 1929 (P. L. 177), known as "The Administrative Code of 1929," is amended by adding at the end thereof, a new clause to read:

Section 448. Advisory Boards and Commissions.—The advisory boards and commissions, within the several administrative departments, shall be constituted as follows:

\* \* \*

<sup>1</sup> (o) The State Planning Board shall continue as an advisory board in the Governor's Office and as it is presently constituted as provided in Reorganization Plan No 1 of 1955, printed at 1955 (P. L. 2045), except that in addition to the other members the President Pro Tempore of the Senate shall appoint two members, neither of whom shall be members of the same political party, and the Speaker of the House of Representatives shall appoint two members, neither of whom shall be members of the same political party.

APPROVED—The 14th day of March, A. D. 1968.

RAYMOND P. SHAFER.

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No. 19

AN ACT

HB 55

Amending the act of May 17, 1921 (P. L. 682), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of

<sup>1</sup> "(m)" in original.

insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," further regulating investments of certain insurance companies.

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

Section 1. Section 405, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended by adding after clause (b), a new clause to read:

Section 405. Investment of Surplus and Balance of Reserve.—Except as provided in section four hundred five point one, and subject to the provisions of section four hundred six point one, any surplus funds and the balance of the reserves of any life insurance company, organized under the laws of this Commonwealth, may be invested in the following classes of investment:

\* \* \*

(b.1) Shares of Regulated Investment Companies.—Stocks or shares of any regulated investment company formed under the laws of the United States or any state, district or territory thereof, or of the Dominion of Canada or any province thereof.

"Regulated Investment Company" as used in this section shall mean a corporation or company which is registered as an investment company under the Federal Investment Company Act of 1940, as from time to time amended, and which has no preferred stock, bonds, loans or any other outstanding securities having preference or priority as to assets or earnings over its common stock and which shall have net assets of not less than ten million dollars (\$10,000,000) at the date of purchase: Provided, That the limitation as to size of net assets shall not apply to an investment in stock or shares of a regulated investment company, the principal underwriter or investment adviser of which is, or in the case of an investment company which has not yet commenced operation is proposed to be, a subsidiary of the life insurance company making the investment.

\* \* \*

Section 2. Clause (2) of subsection (g) of section 406.1 of the act,

added May 9, 1947 (P. L. 201) and amended August 27, 1963 (P. L. 1390), is amended to read:

Section 406.1. General Investment Provisions and Restrictions.— Investment under authority of section four hundred four, or four hundred five and holding of real estate under authority of section four hundred six by any life insurance company, organized under the laws of this Commonwealth, shall be subject to the following provisions:

\* \* \*

(g) Exclusive of investments in subsidiaries as provided in section four hundred five point one no investment shall be made which would result in total investments in, or in loans upon, any of the following classes of investment of an amount in excess of the percentage of such company's admitted assets on the thirty-first day of December next preceding the date of investment, which is specified in the class.

\* \* \*

(2) Common stock or common shares of corporations, including stock or shares of regulated investment companies, but excluding stock or shares of corporations incorporated for a purpose stated in subsection (e) or (f) of section four hundred six, and excluding stock or shares guaranteed by corporations whose obligations would be eligible for investment under section four hundred four, five per cent (5%).

\* \* \*

Section 3. Sections 518 and 603 of the act, amended June 2, 1965 (P. L. 77), are amended to read:

Section 518. Investment of Surplus.—Any money over and above the capital of any stock fire, stock marine, and stock fire and marine insurance company, may be invested in the securities above enumerated, or in the bonds or notes of any public instrumentality of this Commonwealth, or of any other state, territory or possession of the United States, or of the District of Columbia, or of any foreign country or political subdivision thereof, or in the stock or other evidence of indebtedness of any solvent corporation created under the laws of any of said jurisdictions or of the United States or loaned upon the pledge of the same, except its own stock, or invested in stock or shares of any regulated investment company, formed under the laws of the United States or any state, district or territory thereof, or of the Dominion of Canada or any province thereof as hereinbefore defined in section 405, but the total investments hereafter made by such company in stocks of other insurance companies which have invested in or loaned its funds on the stock of the first investing company shall not exceed five per centum of the gross assets of the first investing company; nor shall the total investments hereafter made by such company in the stocks or other evidence of indebtedness of solvent corporations created under the laws of any foreign country or of any

political subdivision thereof exceed ten per centum of the moneys of such company over and above its capital and the reserves which it is required to maintain under the laws of this Commonwealth. The current market value of such securities shall at the time of any loan thereon be at least twenty per centum (20%) more than the sum loaned thereon. No such insurance company shall invest any of its funds in any unincorporated business or enterprise nor in the stocks or evidence of indebtedness of any corporation, the owners or holders of which stock or evidence of indebtedness may, in any event, be or become liable on account thereof to any assessment, except for taxes; nor shall any of its funds be loaned on personal security except a loan for defraying in whole or part the expenses of an employe transferred or about to be transferred to a new place of employment with such company. Not more than one-fifth ( $1/5$ ) of its capital shall be invested in a single mortgage. If any investment or loan is made in a manner not authorized by this act, the officers and directors making or authorizing the same shall be personally liable for any loss occasioned thereby.

Section 603. Investment of Surplus; Restrictions.—Any money over and above the capital of any such stock casualty insurance company may be invested in the securities above enumerated, or loaned upon the security of the same; or in the bonds or notes of any public instrumentality of this Commonwealth, or of any other state, territory or possession of the United States, or of the District of Columbia, or of any foreign country or political subdivision thereof, or in the stock or other evidence of indebtedness of any solvent corporation created under the laws of any of such jurisdictions or of the United States or loaned upon the pledge of the same, except its own stock, or invested in stock or shares of any regulated investment company, formed under the laws of the United States or any state, district or territory thereof, or of the Dominion of Canada or any province thereof as hereinbefore defined in section 405. The total investments hereafter made by such company in stocks of other insurance companies which have invested in or loaned its funds on the stock of the first investing company shall not exceed five per centum of the gross assets of the first investing company, nor shall the total investments hereafter made by such company in the stocks or other evidence of indebtedness of solvent corporations created under the laws of any foreign country or of any political subdivision thereof exceed ten per centum of the moneys of such company over and above its capital and the reserves which it is required to maintain under the laws of this Commonwealth. The current market value of such securities at the time of any loan thereon shall be at least fifteen per centum (15%) more than the sum loaned thereon. No such insurance company shall invest any of its funds in any unincorporated business or enterprise;

nor in the stock or evidence of indebtedness of any corporation the owners or holders of which stock or evidence of indebtedness may, in any event, be or become liable on account thereof to any assessment, except for taxes; nor shall any of its funds be loaned on personal security except a loan for defraying in whole or part the expenses of an employe transferred or about to be transferred to a new place of employment with such company. Not more than one-fifth (1/5) of its capital shall be invested in a single mortgage. No such company shall enter into any agreement to withhold from sale any of its property; but the disposition of its property shall be at all times within the control of its board of directors or trustees. If any investment or loan is made in a manner not authorized by this act, the officers and directors making or authorizing the same shall be personally liable for any loss occasioned thereby.

Any such stock casualty insurance company may invest in the capital stock and obligations of a corporation or corporations formed for the purpose of taking and holding title to real estate and erecting or maintaining thereon a building or buildings to be used in whole or in part for the accommodation and transaction of the business of such insurance company without being subject to the limitation hereinbefore prescribed as to investment in the stock of a solvent corporation; but no such insurance company shall invest more than fifty per centum (50%) of its capital and surplus in the stock and other obligations of any such corporation or corporations, nor acquire and hold any of the stock or other obligations of any such corporation or corporations, if the total amount of the capital and other obligations of such corporation or corporations exceeds in the aggregate fifty per centum (50%) of the capital and surplus of such insurance company, without the written approval of the Insurance Commissioner.

APPROVED—The 14th day of March, A. D. 1968.

RAYMOND P. SHAFER.

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No. 20

AN ACT

SB 1212

Amending the act of March 31, 1949 (P. L. 372), entitled "An act to promote the welfare of the people of the Commonwealth; creating The General State Authority as a body corporate and politic with power to construct, improve, equip, furnish, and operate projects, and to lease the same, and to fix fees, rentals, and charges for the use thereof; authorizing and regulating the issuance of bonds for said Authority, and providing for the payment of such bonds, and the rights of the holders thereof; and to enter into agreements with the Government of the United States or any Federal agency; and authorizing the Department of Property and Supplies to grant, assign, convey, or lease to the Authority lands of the Commonwealth and interests