

reporter not exceeding [seven thousand five hundred dollars (\$7500)] *twelve thousand five hundred dollars (\$12,500)* annually, and the amount and terms of his bond, shall be fixed by the Supreme Court, *which compensation shall be paid by the Commonwealth.*

Appointment of State Reporter for Superior Court, salary and bond.

Section 2. The Superior Court of Pennsylvania shall appoint, for a term of five (5) years from the effective date of this act and for succeeding terms of five (5) years thereafter, a person learned in the law to report its decisions and to be known as the State Reporter. Before entering upon his office, he shall give bond to the Commonwealth for the correct and faithful performance of his duties and shall take the oath prescribed by the Constitution, said bond and oath to be filed with the Secretary of the Commonwealth. The salary of such reporter, not exceeding [seven thousand five hundred dollars (\$7500)] *twelve thousand five hundred dollars (\$12,500)* annually, and the amount and terms of his bond shall be fixed by the Superior Court, *which compensation shall be paid by the Commonwealth.*

Act effective immediately.

Section 2. This act shall take effect immediately.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 501

AN ACT

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 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," authorizing life insurance companies to establish separate accounts in connection with pension retirement or profit sharing plans and regulating the use of such accounts.

The Insurance Company Law of 1921.

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

Act of May 17, 1921, P. L. 682, amended by adding a new section 406.2.

Section 1. The act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended by adding, after section 406.1, a new section to read:

Section 406.2. Separate Accounts.—(a) Any life insurance company organized under the laws of this Commonwealth may establish one or more separate accounts and allocate thereto, in accordance with agreements, any amounts which are received by such company in connection with pension, retirement or profit sharing plans and which are to be applied to purchase or provide retirement or other benefits under any individual group or other policies or contracts of such company.

(b) Any income and gains or losses realized or unrealized on each such separate account shall be credited to or charged against the amount allocated to such separate account without regard to the other income, gains or losses of such company.

(c) The amounts allocated to such separate accounts and any accumulations thereon may be invested and reinvested in any investments determined by such company in accordance with its agreements notwithstanding any restrictions on the investment of other funds by the company. Sections 404, 405 and 406.1 shall not be applicable to such investments.

(d) Investments allocated to separate accounts shall be disregarded in determining the application of sections 404, 405 and 406.1 to investments not so allocated.

(e) Funds allocated to separate accounts shall not be held by such company as trustee, but it shall hold such funds and make such reports thereof as may be required by the agreements establishing such accounts.

(f) This section shall not apply to any (i) reserves for benefits payable after funds held in a separate account are applied to purchase or provide retirement or other benefits, or (ii) funds with respect to which the insurer guarantees either principal or rate of investment return.

(g) Nothing in this section shall be construed as authorizing variable annuities or annuities under which payments vary in relation to investment experience of a separate account after funds held in a separate account are applied to purchase or provide retirement or other benefits.

(h) Assets allocated to a separate account shall be valued at fair market price at time of valuation, or if there is no readily available market, then as may be provided in the agreement establishing the separate account.

Section 2. This act shall take effect immediately.

Act effective
immediately.

APPROVED—The 24th day of August, A. D. 1963.

WILLIAM W. SCRANTON