

## No. 272

## AN ACT

Amending the act of April 25, 1929 (P. L. 723), entitled "An act regulating the investment of funds by administrative departments, boards, commissions, and officers of the State Government," increasing the investment powers of State administrative departments, boards, commissions or officers.

## Investments.

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

Clause (13), section 1, act of April 25, 1929, P. L. 723, amended August 26, 1953, P. L. 1459, further amended.

Section 1. Clause (13) of section 1, act of April 25, 1929 (P. L. 723), entitled "An act regulating the investment of funds by administrative departments, boards, commissions, and officers of the State Government," amended August 26, 1953 (P. L. 1459), is amended to read:

Type of securities made lawful investments for State administrative departments, boards and commissions.

Section 1. Be it enacted, &c., That any administrative department, board, commission, or officer of the State Government, authorized by law to make investments of funds in the custody or under the control of such department, board, commission, or officer, excepting only the moneys in the State Sinking Fund, may lawfully invest such funds in any of the following securities:

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(13) Corporate Bonds. Any fixed interest-bearing obligation, including bonds, notes, debentures and [car-trust certificates] *equipment obligations, including equipment trust certificates, conditional sale agreements or assignments of conditional sale agreements and participations therein* issued, guaranteed or assumed by a corporation organized under the laws of the United States or any commonwealth or state thereof, or the District of Columbia, shall be an authorized investment, if—

(i) Purchased in the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income to be derived therefrom as well as the probable safety of their capital;

(ii) Either the issuing corporation or a guaranteeing or assuming corporation has earned a net profit in eight of the preceding ten fiscal years, as reflected in its statements; and

(iii) Either the issuing corporation or an assuming corporation has not defaulted in the payment of principal or interest on any of its outstanding funded indebtedness during the preceding ten fiscal years.

When a corporation has acquired a substantial part of its property within ten years immediately preceding such investment by consolidation or merger or, by the purchase of a substantial part of the property of any other corporation or corporations, the earnings of the predecessor or constituent corporations shall be consolidated so as to ascertain whether the requirements of this section have been satisfied.

“Corporation,” as used in this clause, shall include a voluntary association, a joint-stock association or company, a business trust, a Massachusetts trust, a common-law trust, and any other organization organized and existing for any lawful purpose and which, like a corporation, continues to exist notwithstanding changes in the personnel of its members or participants, and conducts its affairs through a committee, a board, or some other group acting in a representative capacity; and

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Section 2. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 28th day of August, A. D. 1959.

DAVID L. LAWRENCE

No. 273

### 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,” increasing the amount of salary, compensation or emolument which may be paid without prior vote of the board of directors.

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

The Insurance Company Law of 1921.

Section 1. Section 402, act of May 17, 1921 (P. L. 682), known as “The Insurance Company Law of 1921,” is amended to read:

Section 402, act of May 17, 1921, P. L. 682, amended.

Section 402. Compensation of Officers, Directors, Trustees, Et Cetera.—No domestic stock or mutual life insurance company shall make any agreement with any officer, director, trustee, or salaried employe whereby the company agrees that, for services rendered or to be rendered, the salary or compensation or emolument will