

## No. 447

## AN ACT

## HB 1579

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 any life insurance company organized under the laws of the Commonwealth of Pennsylvania to grant and dispose of variable annuities and to amend its charter accordingly and to invest in corporations authorized to issue variable annuity contracts.

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

Section 1. Clause (1) of subsection (a) of section 202, act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," is amended to read:

Section 202. Purposes for Which Companies May Be Incorporated; Underwriting Powers.—(a) Stock or mutual life insurance companies may be incorporated for any or all of the following purposes:

(1) To insure the lives of persons, and every insurance appertaining thereto; to grant and dispose of annuities, including variable annuity contracts under which values or payments or both vary in relation to the investment experience of the issuer or a separate account or accounts maintained by the issuer and to insure against personal injury, disablement, or death resulting from traveling or general accidents, and against disablement resulting from sickness, and every insurance appertaining thereto.

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Section 2. The first paragraph of subsection (a) of section 405.1 of the act, added August 27, 1963 (P. L. 1390), is amended to read:

Section 405.1. Acquisition and Retention of Subsidiary Life Insurance Companies by Life Insurance and Limited Life Insurance Companies Organized Under the Laws of This Commonwealth.—(a) In addition to investments in subsidiaries to the extent if any permissible under the provisions of section four hundred six point one, (g), (1) and (2), any surplus funds and the balance of the reserves of any life insurance company or limited life insurance company organized under the laws of this Commonwealth, may, subject to all other provisions of this section, be used to invest in, acquire and retain the stock (whether acquired before or after the enactment of this section) including voting trust certificates, interim receipts and other similar instruments representing such stock of one or more solvent life in-

insurance companies transacting like classes of business or companies authorized to grant and dispose of variable annuity contracts.

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Section 3. Subsections (a), (f) and (g) of section 406.2 of the act, added August 24, 1963 (P. L. 1194), subsection (a) amended December 22, 1965 (P. L. 1151), are amended 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 (i) may allocate thereto [in accordance with agreements,] any amounts paid to the insurer which are to be or may be applied to the purchase of an individual or group contract providing annuity benefits which may include other benefits incidental thereto payable in fixed or variable dollar amounts or any amounts which are received by such company in accordance with agreements 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; and (ii) in addition to amounts allocated under (i) may allocate to such account or accounts amounts which otherwise would be subject to investment in accordance with sections 404, 405 and 406.1: Provided, That the aggregate amount so allocated under this clause (ii) shall not exceed five hundred thousand dollars (\$500,000), one per centum (1%) of its admitted assets as of the preceding December 31, or five per centum (5%) of its surplus to policyholders as of the preceding December 31, whichever is the greater: Provided further, That such company shall be entitled to withdraw at any time in whole or in part, its participation in any separate account to which funds have been allocated as provided in this [subsection] clause (ii) and to receive, upon withdrawal, its proportionate share of the value of the assets of the separate account at the time of withdrawal.

\* \* \*

(f) [This section] Section 406.2 shall not apply to any [(i)] reserves for benefits payable after funds held in a separate account are applied to purchase or provide fixed retirement or other fixed 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].

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Section 4. Section 406.2 of the act, added August 24, 1963 (P. L. 1194), is amended by adding at the end thereof, two new subsections to read:

Section 406.2. Separate Accounts.—

\* \* \*

(i) Any domestic life insurance company which establishes one or more separate accounts pursuant to section 406.2 may amend its charter to provide for special voting rights and procedures for the owners of variable annuities under separate account relating to investment policy, investment advisory services and selection of certified public accountants in relation to the administration of the assets in any such separate account.

(j) Annuities authorized by section 406.2 shall not be subject to the act of June 24, 1939 (P. L. 748), as amended, known as "The Pennsylvania Securities Act," or to regulation by the Pennsylvania Securities Commission.

Section 5. This act shall take effect immediately.

APPROVED—The 19th day of January, A. D. 1968.

RAYMOND P. SHAFER

No. 448

AN ACT

HB 2062

Creating a Joint Legislative Air and Water Pollution Control and Conservation Committee, providing for the terms and appointment of members and for organization of the committee and employment of personnel, providing for study of air and water pollution laws and their enforcement, providing for information and assistance from other agencies of government, and making an appropriation.

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

Section 1. (a) A joint legislative committee to be known as the Joint Legislative Air and Water Pollution Control and Conservation