Public Law 86-731

AN ACT

To amend section 35 of chapter III of the Life Insurance Act for the District of Columbia.

September 8, 1960
[H. R. 10921]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the last sentence of paragraph (a) of subsection (5) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35-535(5)(a)) is amended to read as follows: "For the purpose of this section, real estate shall not be deemed to be encumbered by reason of the existence of—

D. C. life insurance companies.
Investments.
62 Stat. 480.
Real estate.

"(i) taxes or assessments that are not delinquent.

"(ii) assessments or other charges made by nongovernmental agencies under instruments creating or reserving the right to make charges for the creation or maintenance of roadways, utilities, recreational or other community facilities or for supplying services or benefits for the community in which such real estate is situated, notwithstanding such charges are or may become a lien against the real estate, provided no such charges are delinquent.

"(iii) instruments creating or reserving mineral, oil, gas, water, or timber rights, easements, rights-of-way, joint driveways, sewer rights, rights in walls.

"(iv) building restrictions or other restrictive covenants, or leases with or without an option to purchase.

"(v) conditions or rights of reentry or forfeiture which are insured against by a title insurance company, or which cannot cut off, subordinate, or otherwise disturb the aforesaid first lien on real estate."

(b) Subsection (6) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35-535(6)) is amended to read as follows:

Transportation equipment.

"(6)(a) Notes, bonds, or equipment trust certificates secured by any transportation equipment leased or sold to a common carrier, domiciled within the United States or the Dominion of Canada, with gross revenues exceeding $1,000,000 in the fiscal year immediately preceding purchase, which notes, bonds, or equipment trust certificates provide a right to receive determined rental, purchase or other fixed obligatory payments adequate to retire the obligations within twenty years from date of issue and also provide (i) for the vesting of title to such equipment, free from encumbrance in a corporate trustee or (ii) for the creation of a first lien on such equipment, provided at the date of purchase such notes, bonds, or trust certificates are not in default as to principal or interest, and provided further that no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such notes, bonds, or equipment trust certificates of any one corporation.

"(b) Notes, bonds, or other evidences of indebtedness evidencing rights to receive partial payments agreed to be made upon any contract of leasing or conditional sale, the issue of which has been approved by the proper public authority if such approval was required by law at the time of issue, if such lessee or conditional vendee is a solvent corporation domiciled within the United States or the Dominion of Canada, and if the bonds or other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section: *Provided, however*, That no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such notes, bonds, or other evidences of indebtedness of any one corporation.

"(c) Equipment or machinery for use in transportation, manufacturing, production or distribution, leased or to be leased to any solvent corporation domiciled within the United States or the Dominion of Canada, if the bonds or other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section: *Provided, however*, That no company shall invest an amount in excess of 2 per centum of its admitted assets in such equipment or machinery leased or to be leased to any one corporation."

(c) Subsection (7) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(7)) is amended to read as follows:

Bonds of solvent corporations.

"(7)(a) Bonds and other evidences of indebtedness of any solvent corporation created under the laws of the United States or any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof: *Provided*, That (i) no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such obligations of any one corporation; (ii) the net earnings of the issuing corporation available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by such insurance company shall have averaged yearly, and during the last year of said five-year period shall have been not less than one and one-half times its annual fixed charges at the time of the investment, or, if a new issue, as shown by the pro forma statement of the corporation; and (iii) there shall have been no defaults in interest thereon, or on any such obligations of such corporation which are of equal or higher priority with those purchased, during the period of five years next preceding the date of acquisition, or, if outstanding for less than five years, at any time since said obligations were issued. The term 'net earnings available for fixed charges', as used herein, shall mean the net income after deducting all operating and maintenance expenses, depreciation and depletion, and taxes other than Federal, State, and District of Columbia income taxes, but nonrecurring items of income and expense may be eliminated. The term 'fixed charges' as used herein shall include interest on all of the fixed interest bearing debt of the corporation outstanding and maturing in more than one year, as of the date of acquisition, and in case of investment in contingent interest obligations, said term shall also include maximum annual contingent interest as of said date. The earnings of all predecessor, merged, consolidated, or purchased companies may be included through the use of consolidated or pro forma statements provided the fixed charges of all such companies are also included.

"(b) Certificates, notes, or other obligations issued by trustees or receivers of any corporation created or existing under the laws of the United States or of any State, District, or Territory thereof, which, or the assets of which, are being administered under the direction of any court having jurisdiction: *Provided*, That no company shall invest an amount in excess of 2 per centum of its admitted assets in any one issue of such certificates, notes or other obligations of any one corporation."

(d) Subsection (9) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(9)) is amended to read as follows:

Preferred stock.

"(9)(a) Preferred stock of any solvent corporation (other than its own) created under the laws of the United States, or of any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof, where such corporation has not failed in any one of the three fiscal years next preceding such investment, to have earned a sum applicable to dividends on such preferred stock equal at least to three times the amount of dividends due in that year, or where in case of issuance of new preferred stock such earnings applicable to dividends are equal to at least three times the amount of pro forma annual dividend requirements after giving effect to such new financing, and where the bonds and other evidences of indebtedness, if any, of such corporation are eligible as investments under the provisions of subsection (7) of this section, and where the total investment in any one issue of such preferred stock of any one corporation does not exceed 1 per centum of the investing company's admitted assets.

"(b) Stocks or other securities guaranteed by any solvent corporation created under the laws of the United States, or any State thereof, or the District of Columbia, or the Dominion of Canada, or any Province thereof, if the guaranteeing corporation has not failed in any one of the three fiscal years next preceding such investment to have earned a sum applicable to interest on outstanding indebtedness and dividends on all guaranteed stocks equal to at least twice the amount of interest and guaranteed dividends payable for that year. No company shall invest in excess of 1 per centum of its assets in any one issue of guaranteed stocks made eligible for investment under this subsection." Guaranteed stocks or securities.

(e) Subsection (11) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535(11)) is amended to read as follows:

"(11) Loans upon the pledge of any of the securities aforesaid, not exceeding 85 per centum of the market value of the collateral taken as security at the date of the loan." Loans.

(f) Paragraph (f) of subsection (14) of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535 (14)(f)) is amended by deleting the last sentence in its entirety and substituting the following two sentences in lieu thereof: "Such election shall be duly authorized and recorded by the board of directors or by a committee of directors, officers, or employees of the company designated by the Board charged with the duty of supervising loans or investments. The minutes of any such committee shall be duly recorded and regular reports of such committee shall be submitted to the board of directors." Certain real estate holdings.

(g) Section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended by adding a new subsection (15) and a new subsection (16) immediately following subsection (14), which ends with the words "as the Superintendent shall direct." The new subsections read as follows:

"(15) Any domestic life insurance company may also lend or invest its funds, to an extent that the cost of such investments shall not exceed in the aggregate the lesser of (i) 5 per centum of its total admitted assets, or (ii) the amount of capital, surplus, and contingency reserves in excess of $150,000, in loans or investments (other than common stocks of insurance companies) not otherwise permitted under this section: *Provided, however*, That no company shall invest in excess of 1 per centum of its admitted assets in any one such loan or investment. The company shall keep a separate record of all loans and investments made under this subsection. In the event that, subsequently to being made under the provisions of this subsection, a loan or investment is determined to have become qualified under some other part of this section, the company may consider such loan or investment as being held under the applicable provision and such loan or investment shall no longer be considered as having been made under this subsection. Loans and investments.

"(16) The compliance of a particular investment with the restrictions that not more than a specified percentage of the investing company's admitted assets may be invested therein, as set forth in subsections (6), (7), (9), (10), (14), or (15) of this section, whichever is applicable, shall be determined as of the date of the making or acquisition of each such investment."

(h) The second from last paragraph of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended to read as follows: "No loan or investment, except loans on the security of life insurance policies, shall be made by any such company, unless the same shall have been authorized or be approved by the board of directors or by a committee of directors, officers or employees of the company designated by the board charged with the duty of supervising loans or investments. The minutes of any such committee shall be duly recorded and regular reports of such committee shall be submitted to the board of directors."

Approval of loans or investments.

(i) The next to the last paragraph of section 35 of chapter III of the Life Insurance Act (D.C. Code 35–535) is amended by adding the following sentence at the end thereof: "Nothing contained in this paragraph shall be construed to invalidate or prohibit such a company from joining with one or more other investors to share in the purchase of any securities or the making of any loan for investment purposes."

Joint loans or investments.

Effective date.

SEC. 2. The amendments made by this Act shall become effective on September 1, 1960.

Approved September 8, 1960.

Public Law 86-732

September 8, 1960
[H. R. 12533]

AN ACT

To amend the Migratory Bird Treaty Act to increase the penalties for violation of that Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Migratory Bird Treaty Act (16 U.S.C. 707) is amended to read as follows:

Migratory Bird Treaty Act, amendment.
Penalties increase.
40 Stat. 756.

"SEC. 6. (a) Except as otherwise provided in this section, any person, association, partnership, or corporation who shall violate any provisions of said conventions or of this Act, or who shall violate or fail to comply with any regulation made pursuant to this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not more than $500 or be imprisoned not more than six months, or both.

"(b) Whoever, in violation of this Act, shall—

"(1) take by any manner whatsoever any migratory bird with intent to sell, offer to sell, barter or offer to barter such bird, or

"(2) sell, offer for sale, barter or offer to barter, any migratory bird shall be guilty of a felony and shall be fined not more than $2,000 or imprisoned not more than two years, or both.

"(c) All guns, traps, nets and other equipment, vessels, vehicles, and other means of transportation used by any person when engaged in pursuing, hunting, taking, trapping, ensnaring, capturing, killing, or attempting to take, capture, or kill any migratory bird in violation of this Act with the intent to offer for sale, or sell, or offer for barter, or barter such bird in violation of this Act shall be forfeited to the United States and may be seized and held pending the prosecution of any person arrested for violating this Act and upon conviction for such violation, such forfeiture shall be adjudicated as a penalty in addition to any other provided for violation of this Act. Such forfeited property shall be disposed of and accounted for by, and under the authority of, the Secretary of the Interior."

Approved September 8, 1960.