

[CHAPTER 503]

AN ACT

June 19, 1948
[S. 612]
[Public Law 672]

To amend section 35 of chapter III of the Act of June 19, 1934, entitled "An Act to regulate the business of life insurance in the District of Columbia", as amended, and to repeal section 36 of said chapter III of said Act, as amended, so as to permit certain additional investments.

Life insurance,
D. C.
48 Stat. 1153, 1152.
D. C. Code §§ 35-
536, 35-535.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 36 of chapter III of the Act of June 19, 1934, entitled "An Act to regulate the business of life insurance in the District of Columbia", as amended, is hereby repealed, and that section 35 of said chapter III of said Act, as amended, is amended to read as follows:

Government bonds.

"SEC. 35. INVESTMENTS OF FUNDS OF DOMESTIC COMPANIES.—A domestic company shall invest its funds only in—

"(1) Bonds, notes, or other evidences of indebtedness of the United States, any State, Territory or possession of the United States, the District of Columbia, the Dominion of Canada, any province of the Dominion of Canada, or of any administration, agency, authority, or instrumentality of any of the political units enumerated.

"(2) Bonds, notes, or other evidences of indebtedness guaranteed or insured as to principal and interest by the United States, any State, Territory or possession of the United States, the District of Columbia, the Dominion of Canada, any Province of the Dominion of Canada, or by an administration, agency, authority, or instrumentality of any of the political units enumerated.

Municipal, etc.,
bonds.

"(3) Bonds, notes, or other evidences of indebtedness issued, guaranteed, or insured as to principal and interest by a city, county, drainage district, road district, school district, tax district, town, township, village or other civil administration, agency, authority, instrumentality or subdivision of a State, Territory or possession of the United States, or the District of Columbia, or of the Dominion of Canada, or any province thereof, provided such obligations are authorized by law and are (a) direct and general obligations of the issuing, guaranteeing, or insuring governmental unit, administration, agency, authority, district, subdivision, or instrumentality; or (b) payable from designated revenues pledged to the payment of the principal and interest thereof.

Bonds of specified
agencies, etc.

"(4) Legally authorized bonds, debentures, notes, collateral trust certificates, and other such evidences of indebtedness, and share certificates, which have been or may be issued by (a) the Federal home-loan bank; (b) the Home Owners' Loan Corporation; (c) any Federal savings and loan association; (d) the Reconstruction Finance Corporation; (e) the Federal Farm Loan Board; (f) any Federal land bank; (g) the Federal Intermediate Credit Bank; (h) any housing authority organized under the public housing laws of the District of Columbia or any State of the United States, or in notes, bonds, or loans secured by mortgage or deed of trust insured under the provisions of the National Housing Act, as amended, or guaranteed or insured pursuant to the provisions of title III of an Act of Congress of the United States of June 22, 1944, cited as the 'Servicemen's Readjustment Act of 1944', as heretofore or hereafter amended, or by any entity, corporation, or agency which has been or which may be created by or authorized by any Act which has been enacted, or which may hereafter be enacted by the Congress of the United States, or any amendment thereto, which has for its purpose the relief of, refinancing of, or assistance to owners of mortgaged or encumbered homes, farms, or other real estate.

58 Stat. 291.
38 U. S. C. §§ 694-
694J.
Post, p. 1275.

Bonds, etc., secured
by first lien on real
estate.

"(5) (a) Bonds, notes, or loans secured by first lien on real estate in the United States or Dominion of Canada worth at least 40 per centum more than the amount loaned thereon: *Provided*, That this

limitation shall not apply to any of the classes of securities mentioned in subsection (4) of this section, if guaranteed or insured in whole or in part as therein provided; but nothing in this section shall be deemed to prohibit a company from renewing or extending a loan for the original amount where there has been a shrinkage in the value of such real estate nor to prohibit a company from accepting, as part payment for real estate sold by it, a lien thereon for more than the percentage herein specified of the purchase price of such real estate. For the purpose of this section real estate shall not be deemed to be encumbered by reason of the existence of taxes or assessments that are not delinquent, instruments creating or reserving mineral, oil, water, or timber rights, rights-of-way, joint driveways, sewer rights, rights in walls, nor by reason of building restrictions or other restrictive covenants, nor when such real estate is subject to lease in whole or in part whereby rents or profits are reserved to the owner.

Unencumbered real estate.

“(b) Bonds, notes, or loans secured by first lien on leasehold estates in improved real property located in the United States or Dominion of Canada, where such real property is unencumbered except by rentals to accrue therefrom to the owner of the fee, and where there is no condition or right of reentry or forfeiture under which such lien can be cut off, subordinated or otherwise disturbed, so long as the lessee is not in default, provided the value of such leasehold, with improvements thereon shall be at least 50 per centum more than the amount loaned thereon: *Provided*, That this limitation shall not apply to any of the classes of securities mentioned in subsection (4) of this section, if guaranteed or insured in whole or in part as therein provided. Such loan shall be completely amortized during the unexpired portion of the lease or leasehold estate securing its payment.

Leasehold estates.

“(c) Loans or advances by a company for the purpose of making repairs, alterations, additions, or improvements to homes or other buildings on improved real estate upon which real estate or upon a leasehold estate in said real estate such company then holds a first lien to secure a loan previously made: *Provided*, That no such loan or advance shall be made in a sum in excess of \$2,000: *And provided further*, That the amount of such loan or advance when added to the balance due on the original indebtedness shall not exceed the amount originally secured by the first lien.

Loans for repairs, improvements, etc.

Limitation.

“(d) Ground rents in the District of Columbia or any State of the United States: *Provided*, That in the case of unexpired redeemable ground rents the premiums paid, if any, shall be amortized over the period between the date of acquisition and earliest redemption date, or charged off at any time prior to redemption date; and in the case of expired redeemable ground rents the premiums paid, if any, shall be charged off at the time of acquisition. Redeemable ground rents purchased at a discount shall be carried at an amount not greater than the cost of acquisition.

Ground rents.

“(6) 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 one million dollars 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 (a) for the vesting of title to such equipment, free from encumbrance in a corporate trustee or (b) 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.

Transportation equipment.

“(7) Bonds and other evidences of indebtedness of any solvent corporation created under the laws of the United States or any State

Bonds of solvent corporations.

- Restriction. thereof, or the District of Columbia, or the Dominion of Canada or any province thereof: *Provided*, That (1) 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; (2) 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 (3) 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 and taxes other than Federal, State, and District of Columbia income taxes, but nonrecurring items of income and expense may be eliminated.
- "Net earnings available for fixed charges." 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.
- "Fixed charges." Bills of exchange. "(8) Bank certificates of deposit and bankers' acceptances, and other bills of exchange of the kind and maturities made eligible by law for purchase in the open market by Federal Reserve banks.
- Preferred stock. "(9) 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.
- Common stocks. "(10) Common stocks 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, which shall have paid common dividends in cash for not less than five years next preceding the purchase of such stocks, and where the bonds and other evidences of indebtedness, if any, and the preferred stock, if any, of such corporation are eligible as investments under the provisions of subsections (7) and (9), respectively, of this section, and where the total investment in the common stock of any one corporation does not exceed 1 per centum of the investing company's admitted assets."
- Loans. "(11) Loans upon the pledge of any of the securities aforesaid.

“(12) A life-insurance company may also purchase for its own benefit any policy of life insurance or other obligation of the company and claims of the holders thereof, and may lend to the holders of its life-insurance policies sums not exceeding in any case the reserve value of the policy at the time the loan is made, and for the payment of any such loan the policy and all amounts payable thereunder shall be pledged.

Purchase of policies.

“(13) A company doing business in a foreign country may invest the funds required to meet its obligations in such country and in conformity to the laws thereof in the same kind of securities in such foreign country that such company is allowed by law to invest in the United States.

Company in business in a foreign country.

“(14) A life-insurance company may also acquire, hold, and convey real estate for the purposes and in the manner following:

Real estate holdings.

“(a) the building in which it has its principal office and the land on which it stands;

“(b) such as shall be requisite for its convenient accommodation in the transaction of its business;

“(c) such as shall have been acquired for the accommodation of its business;

“(d) such as shall have been conveyed to it in satisfaction of debts, previously contracted, in the course of its dealings;

“(e) such as it shall have purchased at trustee sale or sales on judgments, decrees, or mortgages obtained or made for such debts; and

“(f) such as it may purchase or hold for the production of income. It may improve or otherwise develop in any manner such real estate and the improvements thereon, and may own, maintain, manage, collect, and receive income from, and sell or convey the same. No company shall, in any period of twelve consecutive months, invest in or agree to pay for real estate, including improvements thereon, under the authority of this item (f) an aggregate amount in excess of 2 per centum of its admitted assets as shown in its most recent annual statement; nor shall the total value of real estate and improvements thereon acquired or held by a company for the production of income under the provisions of this item (f) at any time exceed 5 per centum of its said admitted assets. No investment shall be made by any company pursuant to this item (f) if such company then owns real estate having a total value in excess of 10 per centum of its said admitted assets or if such investment will cause such company's aggregate investments in real estate owned by it to exceed 10 per centum of its said admitted assets: *Provided*, That for the purpose of applying said 10 per centum limitation real estate shall include all real estate then owned by the company and such real estate as it may have owned and sold on contract, to the extent of the balance unpaid on such contract of sale; or if the balance unpaid on account of real estate owned and sold by a company is secured by mortgage or other instrument, there shall be included as real estate the amount, if any, by which the balance unpaid exceeds 75 per centum of the value of such real estate. A company may, subject to the limitations and conditions of this item (f), elect to consider property acquired as specified in items (c), (d), and (e) as real estate for the production of income as defined in this item (f). Such election shall be duly authorized and recorded by the board of directors or by a committee thereof charged with the duty of supervising loans or investments.

Limitation.

All such real estate specified in items (c), (d), and (e) of this subsection (14), which shall not be necessary for its accommodation in the convenient transaction of its business, and which it has not elected to

Sale of property.

hold for the production of income, shall be sold by the company and disposed of within five years after it shall have acquired the title to the same, or within five years after the same shall have ceased to be necessary for the accommodation of its business, unless the company file with the Superintendent an application for extension of time, supported by such evidence as may be required by the Superintendent, establishing to his satisfaction that an extension would be to the advantage of the company and that the interests of the company would be affected adversely by a forced sale thereof, in which event the time for the sale may be extended to such time as the Superintendent shall direct.

Approval of loans or investments.

“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 thereof charged with the duty of supervising loans or investments.

Restriction on joint underwriting, etc.

“No such company shall subscribe to or participate in any underwriting of the purchase or sale of securities or property, jointly with any other corporation, firm, or person, or enter into any agreement to withhold from sale any of its securities or property; but the disposition of its assets shall at all times be within the control of the company.

Acceptance of securities, etc.

“Nothing in this Act shall prohibit a company from accepting in good faith, to protect its interests, securities or property, other than herein referred to, in payment of or to secure debts due or to become due the company.”

Approved June 19, 1948.

[CHAPTER 504]

AN ACT

June 19, 1948
[S. 692]

[Public Law 673]

To authorize a mileage allowance of 7 cents per mile for United States marshals and their deputies for travel on official business.

U. S. marshals.
Mileage allowance.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That United States marshals and their deputies shall, under regulations prescribed by the Attorney General and whenever such mode of transportation is authorized or approved as more advantageous to the Government, be paid in lieu of actual expenses of transportation not to exceed 7 cents per mile for use of privately owned automobiles or airplanes when used on official business or when used in necessary travel on official trips. In addition to the mileage allowance prescribed in this Act, there shall be allowed to United States marshals and their deputies reimbursement for the actual cost of ferry fares and bridge, road, and tunnel tolls.

Reimbursement for tolls, etc.

Approved June 19, 1948.

[CHAPTER 505]

AN ACT

June 19, 1948
[S. 1082]

[Public Law 674]

To credit certain service performed by employees of the postal service who are transferred from one position to another within the service for purposes of determining eligibility for promotion.

Postal service.
Credit for certain service.

59 Stat. 435.
39 U. S. C. §§ 851-876; Supp. I, § 853 *et seq.*
Post., pp. 490, 1108, 1165, 1260.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any employee of the postal service who is in a position for which salary grades are provided in the Act entitled “An Act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes”, approved July 6, 1945, and who transfers or is transferred from such position to any other position in the postal service for