

7 thereunder, either before or after payment; nor shall the proceeds
8 thereof, when not made payable to a named beneficiary, constitute a
9 part of the estate of the person insured for the payment of his debts.

1 SEC. 14. The provisions of section 508.28, relating to medical
2 examination of applicants, shall not apply to insurance written under
3 this chapter.

Approved March 29, 1947.

CHAPTER 257

INSURANCE INVESTMENTS

S. F. 140

AN ACT to amend section five hundred eleven point eight (511.8), code 1946, relating to investments of life insurance companies and associations.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section five hundred eleven point eight (511.8), Code
2 1946, is amended by adding thereto immediately after subsection
3 twelve (12) the following new subsections:

4 1. Urban Real Estate. Any real estate located within the conti-
5 nental limits of the United States or the Dominion of Canada, other
6 than property used or to be used primarily for agricultural, horti-
7 cultural, ranching or mining purposes, which produces income or
8 which by suitable improvement will produce income. The term 'real
9 estate' as used in this paragraph shall include a leasehold of real
10 estate. Investments made in accordance with the provisions of this
11 subsection shall not be eligible in excess of five per cent (5%) of
12 the legal reserve.

13 2. Railroad Obligations. Bonds or other evidences of indebtedness
14 which carry a fixed rate of interest and are issued, assumed or
15 guaranteed by any railroad company incorporated under the laws
16 of the United States of America, or of any state, district, insular or
17 territorial possessions thereof, not in reorganization or receivership
18 at the time of such investment, provided that the railroad company

19 a. shall have had for the three year period immediately preceding
20 investment (for which the necessary data for the railroad company
21 shall have been published) a balance of income available for fixed
22 charges which shall have averaged per year not less than one and
23 one-quarter times the fixed charges for the latest year of the period;
24 and

25 b. shall have had for the three year period immediately preceding
26 investment (for which the necessary data for both the railroad
27 company and all Class I railroads shall have been published)

28 (1) a balance of income available for the payment of fixed charges
29 at least as many times greater than the fixed charges for the latest
30 year of the period as the balance of income available for the payment
31 of fixed charges of all Class I railroads for the same three year period
32 is times greater than the amount of all fixed charges for such Class I
33 railroads for the latest year of the period; and

34 (2) an amount of railway operating revenues remaining after
35 deduction of three times the fixed charges for the latest year of the
36 period from the balance of income available for the payment of fixed
37 charges for the three year period, which amount is as great a propor-
38 tion of its railway operating revenues for the same three year period
39 as is the proportion of railway operating revenues remaining for all
40 Class I railroads, determined in the same manner and for the same
41 period as for the railroad.

42 The terms 'Class I railroads', 'balance of income available for the
43 payment of fixed charges', 'fixed charges' and 'railway operating
44 revenues' when used in this subsection, are to be given the same
45 meaning as in the accounting reports filed by a railroad company in
46 accordance with the regulations for common carriers by rail of the
47 Inter-State Commerce Act; provided that the 'balance of income
48 available for the payment of fixed charges' and 'railway operating
49 revenues remaining', as the terms are used in this subsection, shall be
50 computed before deduction of federal income or excess profits taxes;
51 and that in computing 'fixed charges' there shall be excluded interest
52 and amortization charges applicable to debt called for redemption or
53 which will otherwise mature within six months from the time of
54 investment and for the payment of which funds have been or currently
55 are being specifically set aside.

56 The eligibility of railroad obligations described in the first sentence
57 of this subsection shall be determined exclusively as provided herein,
58 without regard to the provisions for qualification contained in sub-
59 sections four (4) and seven (7) of section five hundred eleven point
60 eight (511.8), Code 1946. Provisions for qualification contained in
61 this section shall not be construed as applying to equipment trust
62 obligations, guaranteed stocks, or contingent interest bonds of railroad
63 companies. Investments made in accordance with the provisions of
64 this subsection shall not be eligible in excess of ten per cent (10%)
65 of the legal reserve.

1 SEC. 2. This Act, being deemed of immediate importance, shall be
2 in full force and effect from and after its passage and publication in
3 the Norwalk Citizen, a newspaper published at Norwalk, Iowa, and
4 the Winterset Madisonian, a newspaper published at Winterset, Iowa.

Approved March 24, 1947.

I hereby certify that the foregoing act was published in the Norwalk Citizen, April
4, 1947, and the Winterset Madisonian, April 2, 1947.

ROLLO H. BERGESON, *Secretary of State.*