

section shall not include any deposit of securities or cash with any government, nor trustee assets, held in trust for the benefit or protection of all or any class of the policyholders, or policyholders and creditors, of such insurer.

(2) No securities or other investments shall be eligible for purchase or acquisition under this section unless they are interest bearing or income paying, but defaults in interest or income occurring subsequent to such purchase or acquisition shall not affect the allowance thereof as an admitted asset at the market value thereof unless otherwise specifically provided in this Act.

(3) Nothing contained in this sub-section shall prohibit the acquisition by an insurer of other securities of property if distributed to it as a dividend or if acquired by it pursuant to a lawful plan of reorganization, or if acquired by it pursuant to a lawful and bona fide agreement of bulk reinsurance or consolidation.

(4) Any domestic stock or mutual insurance company or Lloyds Association, other than a life insurance company or a fraternal benefit association, which has investments fully complying with the requirements of sub-division (1) of this sub-section, may acquire investments eligible under the provisions of Sub-section 4. Any such insurer whose investments do not fully comply with such requirements may, during a period of ten years from the effective date of this Act, acquire such additional kinds of securities if acquired in substitution for other securities heretofore lawfully acquired by it and if such substitution results in a net reduction in the aggregate amount of the insurer's investments in securities not eligible under Sub-section 3.

3. CLASSES OF RESERVE INVESTMENTS.

The reserve investments of every domestic stock and mutual insurance company and Lloyds Association, other than a life insurance company or a fraternal benefit association, shall consist of the following:

(1) GOVERNMENT OBLIGATIONS. Bonds or other evidences of indebtedness, not in default as to principal or interest, which are valid and legally authorized obligations issued, assumed or guaranteed by the United States of America or by any state thereof or by any territory or possession of the United States or by the District of Columbia or by any county, city, town, village, municipality or district therein or by any political subdivision thereof or by any civil divi-