

AFTER SUCH INVESTMENT THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS WILL BE REASONABLE IN RELATION TO THE INSURER'S OUTSTANDING LIABILITIES AND ADEQUATE TO ITS FINANCIAL NEEDS. FOR PURPOSES OF THIS CLAUSE, "ACTUAL COST" SHALL MEAN TOTAL NET MONIES OR OTHER CONSIDERATION EXPENDED AND OBLIGATIONS ASSUMED IN THE ACQUISITION OR FORMATION OF A SUBSIDIARY AND, IN THE CASE OF THE FORMATION OF A SUBSIDIARY, ALL ORGANIZATIONAL EXPENSES AND CONTRIBUTION TO CAPITAL AND SURPLUS OF SUCH SUBSIDIARY WHETHER OR NOT REPRESENTED BY THE PURCHASE OF CAPITAL STOCK OR ISSUANCE OF OTHER SECURITIES. IF THE INSURER'S TOTAL LIABILITIES, AS CALCULATED FOR NAIC ANNUAL STATEMENT PURPOSES, ARE LESS THAN TEN (10) PERCENT OF ASSETS, INVEST ANY AMOUNT IN PREFERRED STOCK AND DEBT OBLIGATIONS OF ONE OR MORE SUBSIDIARIES, PROVIDED THAT AFTER SUCH INVESTMENT THE INSURER'S SURPLUS AS REGARDS POLICYHOLDERS, CONSIDERING SUCH INVESTMENT AS IF IT WERE A DISALLOWED ASSET, WILL BE REASONABLE IN RELATION TO THE INSURER'S OUTSTANDING LIABILITIES AND ADEQUATE TO ITS FINANCIAL NEEDS.

*(c) If an insurer ceases to control a subsidiary, it shall dispose of any investment therein made pursuant to this Section within three (3) years from the time of the cessation of control or within such further time as the Commissioner may prescribe, unless at any time after such investment shall have been made, such investment shall have met the requirements for investment under other sections of this Article, and the insurer has notified the Commissioner thereof.*

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*(a) Until all the requirements of this section have been complied with, no person shall make a tender offer for or a request or invitation for tenders of, or enter into an agreement to exchange securities for or otherwise acquire, any voting security or security convertible into voting security of a domestic insurer or an insurance holding company which controls one or more domestic insurers if, as a result of the consummation thereof, such person would, directly or indirectly, acquire control of such insurer or insurance holding company, and no person shall enter into an agreement to merge with or otherwise to acquire control of a domestic insurer or insurance holding company which controls one or more domestic insurers, unless*

*(1) such person has filed with the Commissioner and has at the same time sent to such insurer or insurance holding company a statement containing such of the following information, and such additional information, as the Commissioner may by rule or regulation prescribe as necessary or appropriate in the public interest or for the protection of policyholders PROVIDED, HOWEVER, THAT THE COMPANY TO BE ACQUIRED SHALL BE PROVIDED WITH SUCH INFORMATION BY THE COMMISSIONER ON THE DATE THE ATTEMPT TO ACQUIRE IS MADE PUBLIC:*