

percent of such insurer's assets or forty percent (40%) of such insurer's surplus as regards policyholders, provided that 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, and provided further, as used in this paragraph, the term "cost" shall include all money or other consideration expended and obligations assumed in the acquisition or formation of a subsidiary including 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;

(2) 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 common stock of one or more subsidiaries, provided that after such investment the insurer's assets and 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;

(3) Invest any amount in common stock of a subsidiary provided that such subsidiary limits investments in the common stock of any one corporation or in any other asset so that the amount of any one investment when multiplied by the percentage of the insurer's ownership in said subsidiary, plus the insurer's direct investment in such asset does not exceed any of the investment limitations specified in paragraph (1) of this subsection or in Secs. 86 through 107 of this article applicable to the insurer; and

(4) With the approval of the Commissioner, invest any amount in common stock 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.

(5) Invest in preferred stock and debt obligations of one or more affiliates in an amount which together with the actual cost at the time of acquisition or formation or other such investments under this paragraph does not exceed the lesser of five (5) percent of such insurer's assets or forty (40) percent of such insurer's surplus as regards policyholders, provided that 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.

(6) 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.

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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