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CHAPTER 788

(House Bill 580)

AN ACT to repeal and re-enact, with amendments, Section 362 of Article 48A of the Annotated Code of Maryland (1972 Replacement Volume), title "Insurance Code," subtitle "21. Variable Contracts," to provide that any stock or mutual life insurance company may invest up to ~~[[50%]]~~ 25% of the assets of any segregated asset account in non-dividend paying stock, provided that the issuer of such stock has had a satisfactory earnings record as defined in the statute; ~~[[to provide that the amounts allocated by a life insurance company to the segregated asset account shall be owned by the life insurance company, that the company shall not be nor hold itself out to be a trustee with respect to such amounts,]]~~ that to the extent provided under any applicable life insurance or annuity contracts, that portion of the assets of any segregated asset account equal to the reserve and other contract liabilities with respect to such account will not be chargeable with liabilities arising out of any other business the life insurance company may conduct and generally relating to variable annuities.

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section 362 of Article 48A of the Annotated Code of Maryland (1972 Replacement Volume), title "Insurance Code," subtitle "21. Variable Contracts," be and it is hereby repealed and re-enacted, with amendments, to read as follows:

362.

(a) Any stock or mutual life insurer authorized to issue life insurance and/or annuities in this State may also issue individual and group variable life insurance and annuity contracts which provide for payment varying directly with the investment experience of a segregated asset account, upon being specifically authorized by the Commissioner to issue such variable contracts, such authorization being based on the insurer's compliance with rules and regulations promulgated by the Commissioner. Such rules and regulations may include requirements for a minimum capital and surplus in excess of the amount otherwise required for the issuance of life insurance and/or annuities which are not variable contracts, and such other requirements which the Commissioner deems appropriate to safeguard the interests of variable contract holders, other policyholders, insurers, and the public.

(b) The investments in any such segregated asset account shall be subject to the provisions of this article except that preferred and common stock investments of amounts allocated to any such account shall not be included in applying the 10% limitations provided in the first proviso of Section 96, subsection (6) of this article. Such investments shall also comply with rules and regulations promulgated by the Commissioner in regard to such segregated asset accounts. |