

SUBSIDIARIES ENGAGED OR ORGANIZED TO ENGAGE EXCLUSIVELY IN THE OWNERSHIP AND MANAGEMENT OF ASSETS AUTHORIZED AS INVESTMENTS FOR THE INSURER of OR [a subsidiary] ONE OR MORE INSURANCE SUBSIDIARIES provided that EACH such subsidiary limits ITS 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] THE INVESTMENT WILL NOT CAUSE THE AMOUNT OF THE TOTAL INVESTMENT OF THE INSURER TO exceed any of the investment limitations [specified in] APPLICABLE TO THE INSURER UNDER paragraph (1) of this subsection or [in] UNDER §§ 86 through 107 of this article [applicable to the insurer; and].

(II) FOR THE PURPOSE OF THIS PARAGRAPH, THE "TOTAL INVESTMENT OF THE INSURER" SHALL INCLUDE:

1. ANY DIRECT INVESTMENT BY THE INSURER IN AN ASSET OTHER THAN SECURITIES OF ITS SUBSIDIARIES; AND

2. THE INSURER'S PROPORTIONATE SHARE OF ANY INVESTMENT IN AN ASSET BY ANY SUBSIDIARY OF THE INSURER, WHICH SHALL BE CALCULATED BY MULTIPLYING THE AMOUNT OF THE SUBSIDIARY'S INVESTMENT BY THE PERCENTAGE OF THE INSURER'S OWNERSHIP OF THE SUBSIDIARY;

(4) With the approval of the Commissioner, invest any GREATER amount in common stock, PREFERRED STOCK, DEBT OBLIGATIONS, OR OTHER SECURITIES 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 moneys 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)] (5) If the insurer's total liabilities, as calculated for NAIC annual statement purposes, are less than [ten (10)] 10 percent of assets, invest any amount in preferred stock and debt obligations of one or more subsidiaries, provided that