

years next preceding the date of acquisition by such insurer, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as hereinafter defined, shall have been not less than one and one-quarter times the total of its fixed charges for such year, or obligations which, at the date of acquisition by such insurer, are adequately secured and have investment qualities and characteristics wherein the speculative elements are not predominant. In determining the adequacy of collateral security, not more than one third of the total value of such required collateral shall consist of stock other than stock meeting the requirements of subdivision (3) OF THIS SECTION.

DRAFTER'S NOTE: This corrects stylistic errors in internal references in Article 48A, § 104(2)(i).

The stylistic errors occurred in Ch. 553 of the Acts of 1963.

The stylistic errors were noted by the Michie Company and by the professional staff of the Legislative Division of the Department of Legislative Reference.

(3) Preferred or guaranteed stocks or shares of any solvent institution, created or existing under the laws of the United States or of any state, district or territory thereof, if all of the prior obligations, and prior preferred stocks, if any, of such institution at the date of acquisition by such insurer are eligible as investments under this article; and if qualified under paragraph (i) or paragraph (ii) [following] OF THIS SUBSECTION:

(i) Preferred stocks or shares shall be deemed qualified if both of the following requirements are met:

(A) The net earnings of such institution available for its fixed charges for a period of five fiscal years next preceding the date of acquisition by such insurer shall have averaged per year not less than one and one-half times the sum of its average annual fixed charges, if any, its average annual maximum contingent interest, if any, and its average annual preferred dividend requirements applicable to such period; and

(B) During either of the last two years of such period such net earnings shall have been not less than one and one-half times the sum of its fixed charges, contingent interest and preferred dividend requirements for such year. The term "preferred dividends requirements" shall be deemed to mean cumulative or noncumulative dividends whether paid or not.

(ii) Guaranteed stocks or shares shall be deemed qualified if the assuming or guaranteeing institution meets the requirements of [paragraph (ii) of subsection (2)]