

THE INVESTMENTS AUTHORIZED IN THIS SECTION ARE IN ADDITION TO INVESTMENTS IN COMMON STOCK, PREFERRED STOCK, DEBT OBLIGATIONS, AND OTHER SECURITIES ALLOWED ELSEWHERE IN THIS ARTICLE.

(B) CALCULATION OF INVESTMENTS.

IN CALCULATING INVESTMENTS UNDER THIS SECTION, A DOMESTIC INSURER:

(1) SHALL EXCLUDE INVESTMENTS IN DOMESTIC OR FOREIGN INSURANCE SUBSIDIARIES; AND

(2) WITH RESPECT TO INVESTMENTS IN ALL OTHER SUBSIDIARIES, SHALL INCLUDE:

(I) THE NET TOTAL OF MONEY SPENT, OBLIGATIONS ASSUMED, AND OTHER CONSIDERATION GIVEN TO ACQUIRE OR FORM THE SUBSIDIARY, INCLUDING ORGANIZATIONAL EXPENSES AND CONTRIBUTIONS TO CAPITAL AND SURPLUS OF THE SUBSIDIARY, WHETHER OR NOT REPRESENTED BY THE PURCHASE OF CAPITAL STOCK OR ISSUANCE OF OTHER SECURITIES; AND

(II) THE AMOUNT SPENT AFTER THE SUBSIDIARY IS ACQUIRED OR FORMED TO ACQUIRE ADDITIONAL COMMON STOCK, PREFERRED STOCK, DEBT OBLIGATIONS, AND OTHER SECURITIES AND ALL CONTRIBUTIONS TO THE CAPITAL OR SURPLUS OF THE SUBSIDIARY.

(C) LIMITATION ON INVESTMENTS — IN GENERAL.

A DOMESTIC INSURER MAY INVEST ANY AMOUNT IN COMMON STOCK, PREFERRED STOCK, DEBT OBLIGATIONS, AND OTHER SECURITIES OF ONE OR MORE SUBSIDIARIES IF:

(1) THE AMOUNT DOES NOT EXCEED THE LESSER OF 10% OF THE DOMESTIC INSURER'S ASSETS AND 50% OF THE DOMESTIC INSURER'S SURPLUS AS REGARDS POLICYHOLDERS; AND

(2) AFTER THE INVESTMENT, THE DOMESTIC INSURER HAS REMAINING SURPLUS AS REGARDS POLICYHOLDERS THAT:

(I) BEARS A REASONABLE RELATION TO THE DOMESTIC INSURER'S OUTSTANDING LIABILITIES; AND

(II) IS ADEQUATE TO MEET THE DOMESTIC INSURER'S FINANCIAL NEEDS.

(D) SAME — ON INSURER WITH CERTAIN LIABILITIES.

(1) FOR PURPOSES OF THIS SUBSECTION, TOTAL LIABILITIES ARE CALCULATED IN THE SAME MANNER THAT TOTAL LIABILITIES ARE CALCULATED FOR THE ANNUAL STATEMENT REQUIRED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(2) THIS SUBSECTION APPLIES ONLY TO A DOMESTIC INSURER WHOSE TOTAL LIABILITIES ARE LESS THAN 10% OF ITS ASSETS.