

NOTWITHSTANDING THE LIMITATIONS SPECIFIED IN SUBSECTIONS (C), (D), AND (E) OF THIS SECTION, AND TREATING THE INVESTMENT AS IF IT WERE A NONADMITTED ASSET, WITH THE APPROVAL OF THE COMMISSIONER, A DOMESTIC INSURER MAY INVEST ANY AMOUNT IN COMMON STOCK, PREFERRED STOCK, DEBT OBLIGATIONS, AND OTHER SECURITIES OF ONE OR MORE SUBSIDIARIES IF, AFTER THE INVESTMENT, THE DOMESTIC INSURER HAS REMAINING SURPLUS AS REGARDS POLICYHOLDERS THAT:

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

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

**REVISOR'S NOTE:** This section is new language derived without substantive change from former Art. 48A, § 493(b).

In subsection (a) of this section, the reference to "investments authorized in this section" is added for clarity.

In the introductory language of subsection (b) of this section, the reference to calculations of investments under this "section" is substituted for the former reference to those investments made under this "subsection" to reflect the organization of this section. Former Art. 48A, § 493(b)(1)(ii) clearly specified that it applied to calculations of all investments made under former subsection (b). However, because the provision appeared as a subparagraph of former paragraph (1), the scope inadvertently may have been misinterpreted as only applying to investments made under former paragraph (1).

In the introductory language of subsection (b)(2) of this section, the reference to investments in "all other" subsidiaries is added for clarity.

In subsection (b)(2)(i) and (ii) of this section, the former phrase "other than a domestic or foreign insurance subsidiary" is deleted as unnecessary in light of subsection (b)(1) of this section to the same effect.

In subsections (d)(3) and (f) of this section, the references to a "nonadmitted" asset are substituted for the former references to a "disallowed" asset to conform to terminology used in the insurance industry and throughout this article.

In subsection (f) of this section, the qualification "[n]otwithstanding the limitations specified in subsections (c), (d), and (e) of this section" is added for clarity.

Defined terms: "Commissioner" § 1-101

"Domestic insurer" § 1-101

"Insurance" § 1-101

"Subsidiary" § 7-101