

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 94.

In the introductory language of subsection (c) of this section, the former reference to "cash" is deleted as unnecessary in light of the broader reference to "currency".

Defined terms: "Insurance" § 1-101

"Insurance contract" § 1-101

"Life insurer" § 1-101

"Reinsurance" § 1-101

5-510. INVESTMENT REQUIREMENTS.

(A) MINIMUM REQUIREMENTS.

BEFORE INVESTING IN OTHER CLASSES OR TYPES OF INVESTMENT, EACH LIFE INSURER SHALL INVEST AND MAINTAIN INVESTED, IN CASH AND SECURITIES OF THE CLASSES DESCRIBED IN SUBSECTION (B) OF THIS SECTION, FUNDS IN AN AMOUNT NOT LESS THAN THE MINIMUM PAID-IN CAPITAL STOCK REQUIRED UNDER THIS ARTICLE FOR AUTHORITY TO ENGAGE IN THE LIFE INSURANCE BUSINESS.

(B) AUTHORIZED INVESTMENTS.

THE INVESTMENTS REQUIRED BY SUBSECTION (A) OF THIS SECTION MAY BE MADE ONLY IN CASH OR THE FOLLOWING CLASSES OF SECURITIES:

(1) BONDS OR OTHER EVIDENCES OF INDEBTEDNESS OF THE UNITED STATES OR AN AGENCY OF THE UNITED STATES IF THE OBLIGATION IS GUARANTEED AS TO PRINCIPAL AND INTEREST BY THE UNITED STATES;

(2) BONDS OR OTHER EVIDENCES OF INDEBTEDNESS THAT ARE THE DIRECT OBLIGATIONS OF THE STATE OR OF A COUNTY, DISTRICT, OR MUNICIPAL CORPORATION OF THE STATE; OR

(3) BONDS OR OTHER EVIDENCES OF INDEBTEDNESS THAT ARE DIRECT OBLIGATIONS OF ANOTHER STATE.

(C) ADDITIONAL INVESTMENT REQUIREMENTS.

AFTER SATISFYING THE MINIMUM INVESTMENT REQUIREMENTS OF SUBSECTION (A) OF THIS SECTION, EACH LIFE INSURER SHALL INVEST AND MAINTAIN INVESTED ADDITIONAL FUNDS, TO BRING ITS INVESTMENTS UP TO AN AMOUNT NOT LESS THAN 100% OF THE LIFE INSURER'S REQUIRED RESERVES, IN CASH OR THE CLASSES OF SECURITIES OR INVESTMENTS AUTHORIZED UNDER § 5-511 OF THIS SUBTITLE.

(D) LIENS.

A LIFE INSURER SHALL MAINTAIN THE MINIMUM INVESTMENTS REQUIRED BY THIS SECTION FREE AND CLEAR FROM ANY LIEN OR PLEDGE, OTHER THAN AS A DEPOSIT REQUIRED OR ALLOWED UNDER § 4-106 OF THIS ARTICLE.