

5-604. AUTHORIZATION OF INVESTMENTS AND LOANS.

(A) REQUIRED.

AN INSURER MAY NOT MAKE AN INVESTMENT OR LOAN UNLESS THE INVESTMENT OR LOAN IS AUTHORIZED BY:

- (1) THE BOARD OF DIRECTORS OF THE INSURER; OR
- (2) A COMMITTEE AUTHORIZED BY THE BOARD OF DIRECTORS OF THE INSURER TO SUPERVISE OR MAKE INVESTMENTS AND LOANS.

(B) DUTIES OF COMMITTEE.

THE COMMITTEE DESCRIBED IN SUBSECTION (A)(2) OF THIS SECTION SHALL:

- (1) RECORD ITS MINUTES; AND
- (2) SUBMIT REGULAR REPORTS OF THE COMMITTEE TO THE BOARD OF DIRECTORS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 100.

In the introductory language of subsection (a) of this section, the former word "approved" is deleted as included in the word "authorized". Similarly, in subsection (a)(2) of this section, the former word "charged" is deleted as included in the word "authorized".

Subsection (b) of this section is revised in the active voice to clarify that the committee authorized to supervise or make investments is responsible for recording minutes and submitting reports.

Defined term: "Insurer" § 1-101

5-605. PROHIBITED INVESTMENTS AND LOANS.

(A) IN GENERAL.

IN ADDITION TO INVESTMENTS OTHERWISE EXCLUDED UNDER THIS ARTICLE, AN INSURER MAY NOT DIRECTLY OR INDIRECTLY INVEST IN OR LEND ITS FUNDS ON SECURITY OF:

- (1) OBLIGATIONS, STOCK, OR OTHER SECURITIES OF A CORPORATION, ASSOCIATION, OR OTHER BUSINESS UNIT THAT IS INSOLVENT AT THE TIME OF THE ACQUISITION OR LOAN, EXCEPT SECURITIES ELIGIBLE FOR INVESTMENT UNDER § 5-608 OF THIS SUBTITLE;
- (2) A MORTGAGE OR DEED OF TRUST, OR REAL PROPERTY OR AN INTEREST IN REAL PROPERTY, THAT DOES NOT COME WITHIN THE CLASS OF INVESTMENTS SPECIFIED IN § 5-608 (J), (K), (L), AND (M) OF THIS SUBTITLE;
- (3) THE CAPITAL STOCK OF THE INSURER;