

(1) AN INSURER MAY NOT DIRECTLY OR INDIRECTLY INVEST IN OR LEND ITS FUNDS ON SECURITY OF STOCKS, SHARES, BONDS, OR OBLIGATIONS OF A PERSON OR GOVERNMENTAL OR BUSINESS UNIT OF OR IN A FOREIGN COUNTRY OR SUBDIVISION OF A FOREIGN COUNTRY, UNLESS THE FOREIGN INVESTMENTS CONFORM SUBSTANTIALLY WITH THE LIMITATIONS IMPOSED BY THIS SECTION ON LIKE DOMESTIC INVESTMENTS.

(2) THE AGGREGATE AMOUNT OF FOREIGN INVESTMENTS HELD BY AN INSURER UNDER PARAGRAPH (1) OF THIS SUBSECTION AND UNDER § 5-608(O) AND (P) OF THIS SUBTITLE MAY NOT EXCEED THE GREATER OF:

(I) 10% OF THE INSURER'S TOTAL ADMITTED ASSETS;

(II) ONE AND ONE-HALF TIMES THE AMOUNT OF THE INSURER'S RESERVES AND OTHER OBLIGATIONS UNDER THE INSURANCE CONTRACTS OR REINSURANCE CONTRACTS IN THAT COUNTRY; AND

(III) THE AMOUNT NECESSARY TO ENABLE THE INSURER TO TRANSACT INSURANCE BUSINESS IN THE FOREIGN COUNTRY, DIRECTLY OR THROUGH A SUBSIDIARY CORPORATION.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 106.

In subsection (a)(3) of this section, the former specific reference to the "investing" insurer is deleted as surplusage.

In subsection (c)(2)(ii) of this section, the reference to the "insurance contracts or reinsurance" contracts "in that country" is added for clarity.

Defined terms: "Commissioner" § 1-101

"Insurance" § 1-101

"Insurance business" § 1-101

"Insurance contract" § 1-101

"Insurer" § 1-101

"Person" § 1-101

"Premium" § 1-101

"Reinsurance" § 1-101

5-606. LIMITATION ON AMOUNT OF INVESTMENTS.

(A) INVESTMENT IN ONE PERSON.

(1) EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS SUBTITLE, AN INSURER MAY NOT HAVE MORE THAN 10% OF ITS TOTAL ADMITTED ASSETS INVESTED IN OR LENT ON THE SECURITIES OF ONE PERSON:

(2) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO:

(I) THE CLASSES OF GOVERNMENTAL OBLIGATIONS ELIGIBLE FOR MINIMUM CAPITAL INVESTMENTS OF THE INSURER, INCLUDING THOSE OBLIGATIONS ELIGIBLE UNDER § 5-608(L) OF THIS SUBTITLE; OR