

(B) DETERMINATION OF NET EARNINGS.

(1) (I) IF NET EARNINGS ARE DETERMINED BY RELYING ON CONSOLIDATED EARNINGS STATEMENTS OF PARENT AND SUBSIDIARY INSTITUTIONS:

1. THE NET EARNINGS SHALL BE DETERMINED AFTER PROVIDING FOR THE INCOME TAXES OF SUBSIDIARIES AND MAKING PROPER ALLOWANCE FOR ANY MINORITY STOCK INTEREST; AND

2. EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE REQUIRED COVERAGE OF FIXED CHARGES SHALL BE COMPUTED ON A BASIS THAT INCLUDES FIXED CHARGES AND PREFERRED DIVIDENDS OF SUBSIDIARIES OTHER THAN THOSE PAYABLE BY THE SUBSIDIARIES TO THE PARENT CORPORATION OR TO OTHER SUBSIDIARIES.

(II) IF THE MINORITY COMMON STOCK INTEREST IN THE SUBSIDIARY CORPORATION IS SUBSTANTIAL, THE FIXED CHARGES AND PREFERRED DIVIDENDS MAY BE APPORTIONED IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE COMMISSIONER.

(2) (I) THIS PARAGRAPH APPLIES TO AN ISSUING, ASSUMING, OR GUARANTEEING INSTITUTION, WHETHER OR NOT IN LEGAL EXISTENCE DURING THE ENTIRE 5-YEAR PERIOD IMMEDIATELY PRECEDING THE DATE OF INVESTMENT BY THE INSURER, THAT HAS AT ANY TIME DURING THE 5-YEAR PERIOD ACQUIRED THE ASSETS OF ANOTHER INSTITUTION SUBSTANTIALLY AS AN ENTIRETY BY PURCHASE, MERGER, CONSOLIDATION, OR OTHERWISE, OR HAS BEEN REORGANIZED PURSUANT TO BANKRUPTCY LAW.

(II) IN APPLYING THE EARNINGS TESTS UNDER THIS SECTION, THE EARNINGS OF THE PREDECESSOR, CONSTITUENT, OR REORGANIZED INSTITUTION AVAILABLE FOR INTEREST AND DIVIDENDS FOR THE PART OF THE PERIOD THAT PRECEDED THE ACQUISITION OR REORGANIZATION MAY BE INCLUDED IN THE EARNINGS OF THE ISSUING, ASSUMING, OR GUARANTEEING INSTITUTION FOR THE PART OF THE PERIOD DETERMINED IN ACCORDANCE WITH ADJUSTED OR PRO FORMA CONSOLIDATED EARNINGS STATEMENTS COVERING THAT PART OF THE PERIOD AND GIVING EFFECT TO ALL STOCK OUTSTANDING AND ALL FIXED CHARGES EXISTING IMMEDIATELY AFTER THE ACQUISITION OR REORGANIZATION.

(C) CLASSES OF RESERVE INVESTMENTS.

THE RESERVE INVESTMENTS OF AN INSURER SHALL CONSIST OF THE CLASSES OF ASSETS SET FORTH IN THIS SECTION, SUBJECT TO ANY LIMIT SET FOR EACH TYPE OR CLASS OF ASSET.

(D) GOVERNMENT OBLIGATIONS.

(1) THE RESERVE INVESTMENTS OF AN INSURER MAY INCLUDE: