

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 362(a).

In subsection (b) and the introductory language of subsection (c) of this section, the former term "rules" is deleted in light of the term "regulations". See the General Revisor's Note to this article.

Defined terms: "Annuity contract" § 1-101

"Commissioner" § 1-101

"Insurer" § 1-101

"Life insurance" § 1-101

"Mutual insurer" § 1-101

"Stock insurer" § 1-101

16-602. INVESTMENTS OF SEGREGATED ASSET ACCOUNTS.

(A) IN GENERAL.

(1) EXCEPT AS PROVIDED IN PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE INVESTMENTS OF A SEGREGATED ASSET ACCOUNT ARE SUBJECT TO THE PROVISIONS OF THIS ARTICLE.

(2) PREFERRED AND COMMON STOCK INVESTMENTS OF AMOUNTS ALLOCATED TO A SEGREGATED ASSET ACCOUNT MAY NOT BE INCLUDED IN APPLYING THE 10% LIMITATIONS UNDER § 5-511(F) OF THIS ARTICLE.

(3) UP TO 25% OF THE ASSETS OF A SEGREGATED ASSET ACCOUNT MAY BE INVESTED IN NONDIVIDEND PAYING STOCK IF THE ISSUER OF THE STOCK HAS NOT HAD A NET OPERATING LOSS:

(I) IN MORE THAN 2 OF ITS 12 FISCAL QUARTERS IMMEDIATELY PRECEDING THE DATE OF PURCHASE OF THE STOCK; OR

(II) IN MORE THAN 2 OF ITS FISCAL QUARTERS FROM THE DATE OF ITS INCORPORATION IF IT HAS NOT BEEN INCORPORATED FOR AT LEAST 3 YEARS BEFORE THE DATE OF PURCHASE OF THE STOCK.

(B) COMPLIANCE WITH REGULATIONS REQUIRED.

THE INVESTMENTS OF A SEGREGATED ASSET ACCOUNT SHALL COMPLY WITH THE REGULATIONS OF THE COMMISSIONER.

(C) LIABILITIES FROM OTHER BUSINESS.

TO THE EXTENT PROVIDED UNDER THE APPLICABLE CONTRACTS, THE PART OF THE ASSETS OF A SEGREGATED ASSET ACCOUNT EQUAL TO THE RESERVES AND OTHER CONTRACT LIABILITIES WITH RESPECT TO THE ACCOUNT MAY NOT BE CHARGEABLE WITH LIABILITIES ARISING OUT OF ANY OTHER BUSINESS THAT THE INSURER MAY CONDUCT.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 362(b) and (d).