

OBLIGATIONS OF THE COUNTERPARTY TO MAKE SUCH A PAYMENT AND ASSUMING NO SETOFF OF AMOUNTS PAYABLE PURSUANT TO ANY OTHER INSTRUMENT OR AGREEMENT).

(II) FOR PURPOSES OF THIS PARAGRAPH, MARKET VALUE OR THE NET SUM PAYABLE, AS THE CASE MAY BE, SHALL BE DETERMINED AT THE END OF THE MOST RECENT QUARTER OF THE INSURER'S FISCAL YEAR AND SHALL BE REDUCED BY THE MARKET VALUE OF ACCEPTABLE COLLATERAL HELD BY THE INSURER OR A CUSTODIAN ON THE INSURER'S BEHALF.

~~(6)~~ (7) (I) "DERIVATIVE INSTRUMENT" MEANS AN AGREEMENT, OPTION, INSTRUMENT, OR A SERIES OR COMBINATION THEREOF:

1. TO MAKE OR TAKE DELIVERY OF, OR ASSUME OR RELINQUISH, A SPECIFIED AMOUNT OF ONE OR MORE UNDERLYING INTERESTS, OR TO MAKE A CASH SETTLEMENT IN LIEU THEREOF; OR

2. THAT HAS A PRICE, PERFORMANCE, VALUE, OR CASH FLOW BASED PRIMARILY UPON THE ACTUAL OR EXPECTED PRICE, LEVEL, PERFORMANCE, VALUE, OR CASH FLOW OF ONE OR MORE UNDERLYING INTERESTS.

(II) "DERIVATIVE INSTRUMENT" INCLUDES OPTIONS, WARRANTS USED IN A HEDGING TRANSACTION AND NOT ATTACHED TO ANOTHER FINANCIAL INSTRUMENT, CAPS, FLOORS, COLLARS, SWAPS, FORWARDS, FUTURES, AND ANY OTHER AGREEMENTS, OPTIONS, OR INSTRUMENTS SUBSTANTIALLY SIMILAR THERETO OR ANY SERIES OR COMBINATION THEREOF AND ANY AGREEMENTS, OPTIONS, OR INSTRUMENTS PERMITTED UNDER REGULATIONS ADOPTED UNDER THIS SECTION.

(III) "DERIVATIVE INSTRUMENT" DOES NOT INCLUDE COLLATERALIZED MORTGAGE OBLIGATIONS, OTHER ASSET-BACKED SECURITIES, PRINCIPAL-PROTECTED STRUCTURED SECURITIES, FLOATING RATE SECURITIES, OR INSTRUMENTS THAT AN INSURER IS OTHERWISE PERMITTED TO INVEST IN OR RECEIVE UNDER THIS ARTICLE OTHER THAN UNDER THIS SUBSECTION, AND ANY DEBT OBLIGATIONS OF THE INSURER.

~~(6)~~ (8) "DERIVATIVE TRANSACTION" MEANS A TRANSACTION INVOLVING THE USE OF ONE OR MORE DERIVATIVE INSTRUMENTS.

~~(7)~~ (9) "DOLLAR ROLL TRANSACTION" MEANS TWO SIMULTANEOUS TRANSACTIONS WITH DIFFERENT SETTLEMENT DATES NO MORE THAN 96 DAYS APART, SO THAT IN THE TRANSACTION WITH THE EARLIER SETTLEMENT DATE, AN INSURER SELLS TO A BUSINESS ENTITY, AND IN THE OTHER TRANSACTION THE INSURER IS OBLIGATED TO PURCHASE FROM THE SAME BUSINESS ENTITY, SUBSTANTIALLY SIMILAR SECURITIES OF THE FOLLOWING TYPES:

(I) ASSET-BACKED SECURITIES ISSUED, ASSUMED OR GUARANTEED BY THE GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, THE FEDERAL NATIONAL MORTGAGE ASSOCIATION, OR THE FEDERAL HOME LOAN MORTGAGE CORPORATION OR THEIR RESPECTIVE SUCCESSORS; AND