

~~(H) A DERIVATIVE TRANSACTION THAT IS ENTERED INTO AS A HEDGING TRANSACTION MAY NOT BE CONSIDERED A REPLICATION TRANSACTION.~~

~~(16)~~ (17) "REPURCHASE TRANSACTION" MEANS A TRANSACTION IN WHICH AN INSURER PURCHASES SECURITIES FROM A BUSINESS ENTITY THAT IS OBLIGATED TO REPURCHASE THE PURCHASED SECURITIES OR EQUIVALENT SECURITIES FROM THE BUSINESS ENTITY AT A SPECIFIED PRICE, EITHER WITHIN A SPECIFIED PERIOD OF TIME OR ON DEMAND.

~~(17)~~ (18) "REVERSE REPURCHASE TRANSACTION" MEANS A TRANSACTION IN WHICH AN INSURER SELLS SECURITIES TO A BUSINESS ENTITY AND IS OBLIGATED TO REPURCHASE THE SOLD SECURITIES OR EQUIVALENT SECURITIES FROM THE BUSINESS ENTITY AT A SPECIFIED PRICE, EITHER WITHIN A SPECIFIED PERIOD OF TIME OR ON DEMAND.

~~(18)~~ (19) "SECURITIES LENDING TRANSACTION" MEANS A TRANSACTION IN WHICH SECURITIES ARE LOANED BY AN INSURER TO A BUSINESS ENTITY THAT IS OBLIGATED TO RETURN THE LOANED SECURITIES OR EQUIVALENT SECURITIES TO THE INSURER, EITHER WITHIN A SPECIFIED PERIOD OF TIME OR ON DEMAND.

~~(19)~~ (20) "SHELL BUSINESS ENTITY" MEANS A BUSINESS ENTITY HAVING NO ECONOMIC SUBSTANCE, EXCEPT AS A VEHICLE FOR OWNING INTERESTS IN ASSETS ISSUED, OWNED, OR PREVIOUSLY OWNED BY A PERSON DOMICILED IN A FOREIGN JURISDICTION.

[(a)] (A-1) Each life insurer shall have and continually maintain an amount equal to its entire reserves, as required by this article, in any combination of the types of assets authorized by subsections [(c) through (l)] (C) THROUGH (P) of this section subject to the limit, if any, set for each type or class of investment.

(b) (1) For purposes of this section, the entire reserves of a life insurer is the sum of the amounts listed in paragraph (2) of this subsection less the amount of net uncollected and deferred premiums.

(2) The sum to be used in paragraph (1) of this subsection consists of:

(i) the net present value of all outstanding policies in force, less reinsurance;

(ii) reserves for accidental death benefits and total and permanent disability benefits, less reinsurance;

(iii) the present value of supplementary contracts, including dividends left with the life insurer to accumulate at interest;

(iv) liabilities on canceled policies that are not included in net reserve and on which a surrender value may be demanded, and outstanding policy claims and losses; and

(v) any additional reserves that the Commissioner reasonably requires for the life insurance.

(c) The reserve investments of a life insurer may include: