

(2) EACH DIRECTOR SHALL PERFORM THEIR DUTIES AS A DIRECTOR, INCLUDING ANY DUTIES AS A MEMBER OF A COMMITTEE:

(I) IN GOOD FAITH;

(II) IN A MANNER REASONABLY BELIEVED TO BE IN THE BEST INTERESTS OF THE INSURER; AND

(III) WITH THAT DEGREE OF CARE THAT AN ORDINARILY PRUDENT PERSON IN A LIKE POSITION WOULD USE UNDER SIMILAR CIRCUMSTANCES.

(F) IF A LIFE INSURER DOES NOT HAVE A BOARD, ALL REFERENCES TO THE BOARD IN THIS SECTION SHALL BE DEEMED TO BE REFERENCES TO THE GOVERNING BODY OF THE LIFE INSURER HAVING AUTHORITY EQUIVALENT TO THAT OF A BOARD.

5-511.

(a) (1) In this section and in § 5-509 of this subtitle the following words have the meanings indicated.

(15) "~~LOWER GRADE OBLIGATION INVESTMENT~~" MEANS AN INVESTMENT OBLIGATION THAT IS RATED FOUR, FIVE, OR SIX BY THE SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(16) "~~MEDIUM GRADE OBLIGATION INVESTMENT~~" MEANS AN INVESTMENT OBLIGATION THAT IS RATED THREE BY THE SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

[(15)](17) "Qualified guarantor" means a guarantor against which an insurer has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

[(16)](18) "Qualified primary credit source" means the credit source to which an insurer looks for payment as to an investment and against which an insurer has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction.

(19) (I) "REPLICATION TRANSACTION" MEANS A DERIVATIVE TRANSACTION THAT IS INTENDED TO REPLICATE THE PERFORMANCE OF ONE OR MORE ASSETS THAT A LIFE INSURER IS AUTHORIZED TO ACQUIRE UNDER THIS SECTION.

(II) "REPLICATION TRANSACTION" DOES NOT INCLUDE A DERIVATIVE TRANSACTION ENTERED INTO AS A HEDGING TRANSACTION.

(d) (1) The reserve investments of a life insurer may include:

(vi) asset backed securities rated investment grade by at least one of the nationally recognized statistical rating organizations, and which either trade on a regulated nationally recognized exchange or are traded by a minimum of two registered broker-dealers. To the extent necessary to satisfy the reserve requirements of this subtitle, a life insurer may not have more than[: