

accomplishes the same purpose. Therefore, it is not necessary for me to sign House Bill 551.

Sincerely,
Robert L. Ehrlich, Jr.
Governor

House Bill No. 551

AN ACT concerning

Life Insurance - Separate Investment Accounts - Asset Holding Requirements

FOR the purpose of requiring certain life insurers that offer certain investment accounts to hold assets that equal or exceed certain reserve requirements; requiring that assets held for certain investment accounts be valued in accordance with certain provisions of law; and generally relating to asset holding requirements for separate investment accounts that provide a fixed guaranteed return that is not subject to market value adjustment.

BY repealing and reenacting, with amendments,

Article - Insurance

Section 5-512(k)

Annotated Code of Maryland

(1997 Volume and 2002 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Insurance

5-512.

(k) (1) Investments made with respect to separate investment accounts shall be valued for the purpose of any valuation required by this article:

 [(1)] (I) at the market value of the investment on the date of the valuation; or

 [(2)] (II) if there is no readily available market, in accordance with the terms of the written agreement referred to in subsection (c) of this section.

(2) (I) IF A SEPARATE INVESTMENT ACCOUNT PROVIDES A FIXED GUARANTEED RETURN THAT IS NOT SUBJECT TO MARKET VALUE ADJUSTMENT, THE LIFE INSURER SHALL HOLD ASSETS THAT EQUAL OR EXCEED THE RESERVE AMOUNT THAT WOULD BE REQUIRED IF THE SEPARATE INVESTMENT ACCOUNT WAS AN OBLIGATION OF THE LIFE INSURER'S GENERAL ACCOUNT.