

# Senate Study Bill 2090

## Bill Text

PAG LIN

1 1 Section 1. Section [511.8](#), subsection 19, unnumbered  
1 2 paragraph 1, Code 1997, is amended to read as follows:  
1 3 Bonds or other evidences of indebtedness, not to include  
1 4 currency, issued, assumed, or guaranteed by a foreign  
1 5 government other than Canada, or by a corporation incorporated  
1 6 under the laws of a foreign government other than Canada.

~~Any~~

1 7

~~such~~

- ~~Such~~ governmental obligations must be valid, legally  
1 8 authorized and issued, and on the date of acquisition have  
1 9 predominantly investment qualities and characteristics as  
1 10 provided by rule.

~~Any such~~

- ~~Such~~ corporate obligations must  
1 11 meet the qualifications established in subsection 5

~~of this~~

1 12

~~section~~

- for bonds and other evidences of indebtedness issued,  
1 13 assumed, or guaranteed by a corporation incorporated under the  
1 14 laws of the United States or Canada. Foreign investments  
1 15 authorized by this subsection are not eligible in excess of  
1 16

~~two~~

- ~~ten~~ percent of the legal reserve of the life insurance  
1 17 company or association. Investments in obligations of a  
1 18 foreign government other than Canada are not eligible in  
1 19 excess of two percent of the legal reserve in the securities  
1 20 of foreign governments of any one foreign nation. Investments  
1 21 in a corporation incorporated under the laws of a foreign  
1 22 government other than Canada are not eligible in excess of two  
1 23 percent of the legal reserve in the securities of any one  
1 24 foreign corporation.

1 25 Sec. 2. Section [515.35](#), subsection 4, paragraph i, Code  
1 26 Supplement 1997, is amended to read as follows:

1 27 i. FOREIGN INVESTMENTS. Obligations of and investments in  
1 28 foreign countries, as follows:

1 29 (1) A company may acquire and hold other investments in  
1 30 foreign countries that are required to be held as a condition  
1 31 of doing business in those countries, so long as such  
1 32 investments are of substantially the same types as those  
1 33 eligible for investment under this section.  
1 34 (2) A company

~~may~~

- shall not invest

~~not~~

- more than two
  - 1 35 percent of its admitted assets

~~in the obligations of foreign~~

- - 2 1

~~governments, corporations, or business trusts, or~~

- in the
  - 2 2 stocks or stock equivalents of foreign corporations or
  - 2 3 business trusts, other than the stocks or stock equivalents of
  - 2 4 foreign corporations or business trusts incorporated or formed
  - 2 5 under the laws of Canada, and then only if the

~~obligations,~~

- - 2 6 stocks

~~or stock equivalents of such foreign corporations or~~

- 2 7 business trusts are regularly traded on the New York, London,
- 2 8 Paris, Zurich, Hong Kong, Toronto, or Tokyo stock exchange, or
- 2 9 a similar exchange approved by the commissioner by rule or
- 2 10 order.

- 2 11 (3) A company may invest in the obligations of a foreign
- 2 12 government other than Canada or of a corporation incorporated
- 2 13 under the laws of a foreign government other than Canada. Any
- 2 14 such governmental obligation must be valid, legally authorized
- 2 15 and issued, and on the date of acquisition have predominantly
- 2 16 investment qualities and characteristics as provided by rule.
- 2 17 Any such corporate obligation must on the date of acquisition
- 2 18 have investment qualities and characteristics, and must not
- 2 19 have speculative elements which are predominant, as provided
- 2 20 by rule. A company shall not invest more than two percent of
- 2 21 its admitted assets in the obligations of a foreign government
- 2 22 other than Canada. A company shall not invest more than two
- 2 23 percent of its admitted assets in the obligations of a
- 2 24 corporation incorporated under the laws of a foreign
- 2 25 government other than a corporation incorporated under the
- 2 26 laws of Canada.

- 2 27 (4) A company shall not invest more than ten percent of
- 2 28 its admitted assets in foreign investments pursuant to this
- 2 29 paragraph.

2 30 EXPLANATION

- 2 31 This bill amends provisions relating to authorized
- 2 32 investments of domestic insurance companies in foreign
- 2 33 governments and foreign corporations. The bill amends Code
- 2 34 section 511.8, relating to life insurance companies and
- 2 35 associations, and Code section 515.35, relating to insurance
- 3 1 companies other than life insurance. The bill provides that
- 3 2 investments in foreign government obligations must, at the
- 3 3 time of acquisition, have predominantly investment qualities
- 3 4 and characteristics as provided by rule of the insurance
- 3 5 commissioner. The bill provides that investments in foreign
- 3 6 governments and foreign corporations are limited to an
- 3 7 investment of 2 percent of the company's assets in any one
- 3 8 foreign government or corporation, and limited to a total
- 3 9 investment of 10 percent of the company's assets in foreign
- 3 10 investments. The limitation is determined as a percentage of
- 3 11 the reserves of a life insurance company or the admitted
- 3 12 assets of a nonlife company. The limitation established does
- 3 13 not include investments in the government of Canada or
- 3 14 corporations incorporated under the laws of Canada.

