

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 592

98TH GENERAL ASSEMBLY

1543H.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 375.534, 375.1070, and 375.1072, RSMo, and to enact in lieu thereof five new sections relating to insurance company investments.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 375.534, 375.1070, and 375.1072, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 375.534, 375.1070, 375.1072, 375.1074, and 375.1078, to read as follows:

375.534. 1. In addition to other foreign investments permitted by Missouri law for the type or kind of insurance company involved, the capital, reserves and surplus of all insurance companies of whatever kind and character organized under the laws of this state, having admitted assets of not less than one hundred million dollars, may be invested in securities, investments and deposits issued, guaranteed or assumed by a foreign government or foreign corporation, or located in a foreign country, whether denominated in United States dollars or in foreign currency, subject to the following conditions:

(1) Such securities, investments and deposits shall be of substantially the same kind, class and quality of like United States investments eligible for investment by an insurance company under Missouri law;

(2) An insurance company shall not invest or deposit in the aggregate more than **[five]** **twenty** percent of its admitted assets under this section, except that an insurance company may reinvest or redeposit any income or profits generated by investments permitted under this section; **[and]**

(3) **The aggregate amount of foreign investments then held by the insurer under this subsection in a single foreign jurisdiction shall not exceed ten percent of its admitted**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 **assets as to a foreign jurisdiction that has a sovereign debt rating of SVO "1" or five**
18 **percent of its admitted assets as to any other foreign jurisdiction; and**

19 (4) Such securities, investments and deposits shall be aggregated with United States
20 investments of the same class in determining compliance with percentage limitations imposed
21 under Missouri law for investments in that class for the type or kind of insurance company
22 involved.

23 2. This section shall not apply to an insurer organized under chapter 376.

375.1070. [1. Sections 375.1070 to 375.1075 may be cited as the "Investments in
2 Medium and Lower Quality Obligations Law".

2.] Sections 375.1070 to [375.1075] **375.1078** shall not apply to an insurer organized
2 under chapter 376.

375.1072. As used in sections 375.1070 to [375.1075] **375.1078**, the following terms
2 mean:

3 (1) "Admitted assets", the amount thereof as of the last day of the most recently
4 concluded annual statement year, computed in the same manner as admitted assets in section
5 379.080 for insurers other than life;

6 (2) "Aggregate amount of medium to lower quality obligations", the aggregate statutory
7 statement value thereof;

8 (3) "Institution", a corporation, a joint-stock company, an association, a trust, a business
9 partnership, a business joint venture or similar entity;

10 (4) "Medium to lower quality obligations", obligations which are rated three, four, five
11 and six by the Securities Valuation Office of the National Association of Insurance
12 Commissioners.

375.1074. Except as otherwise specified by Missouri law, no domestic insurer shall
2 **acquire an investment directly or indirectly through an investment subsidiary if, as a result**
3 **of and after giving effect to the investment, the insurer would hold more than five percent**
4 **of its admitted assets in the investments of all kinds issued, assumed, accepted, insured, or**
5 **guaranteed by a single person.**

375.1078. 1. No insurer shall acquire, directly or indirectly through an investment
2 **subsidiary, a Canadian investment otherwise permitted under Missouri law if, after giving**
3 **effect to the investment, the aggregate amount of the investments then held by the insurer**
4 **would exceed twenty-five percent of its admitted assets.**

5 **2. For any insurer that is authorized to do business in Canada or that has**
6 **outstanding insurance, annuity, or reinsurance contracts on lives or risks resident or**
7 **located in Canada and denominated in Canadian currency, the limitations of subsection**
8 **1 of this section shall be increased by the greater of:**

9 **(1) The amount the insurer is required by applicable Canadian law to invest in**
10 **Canada or to be denominated in Canadian currency; or**

11 **(2) One hundred twenty-five percent of the amount of the insurer's reserves and**
12 **other obligations under contracts on risks resident or located in Canada.**

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