

VIRGINIA ACTS OF ASSEMBLY -- 2001 SESSION

CHAPTER 387

An Act to amend and reenact § 38.2-1428 of the Code of Virginia, relating to investments of domestic insurers; hedging transactions.

[H 2721]

Approved March 19, 2001

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1428 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1428. Hedging transactions.

A domestic insurer may effect or maintain bona fide hedging transactions pertaining to securities otherwise eligible for investment under §§ 38.2-1415 through 38.2-1427 *and* 38.2-1433, including, but not limited to: (i) financial futures contracts, warrants, options, calls and other rights to purchase, and (ii) puts and other rights to require another person to purchase such securities. The contracts, options, calls, puts, and rights shall be traded on a commodity exchange regulated under the Commodity Exchange Act, as amended, or on a securities exchange or on an over-the-counter market regulated under the Securities Exchange Act of 1934, as amended. For purposes of this section, a "bona fide hedging transaction" means a purchase or sale of a contract, warrant, option, call, put or right entered into for the purpose of (a) minimizing interest rate *or foreign currency* risks in respect of ~~interest~~ obligations on insurance policies or contracts supported by securities held by the insurer or (b) offsetting changes in the market values or yield rates of securities held by the insurer, *currency risks or other items that qualify for hedge accounting*.