

VIRGINIA ACTS OF ASSEMBLY -- 2002 SESSION

CHAPTER 73

An Act to amend and reenact § 38.2-1413 of the Code of Virginia, relating to limits on investments of insurers in cash or cash equivalents.

[S 188]

Approved March 4, 2002

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1413 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1413. Investment limits for one obligor, one issue or one loan.

A. No domestic insurer shall have at any one time any combination of investments in or loans upon the security of the property and securities of any one obligor or issuer aggregating an amount exceeding the lesser of five percent of the insurer's total admitted assets or twenty percent of the insurer's surplus to policyholders. The limitations prescribed by this section shall not apply to the following:

1. Investments in or loans upon the security of general obligations of the United States;
2. Investments in foreign securities made eligible by subsection A of § 38.2-1433;
3. Investments in mortgage pass-through securities made eligible by § 38.2-1437.1;
4. Deposits in institutions insured by a federal deposit insuring agency to the extent of coverage by such deposit insuring agency;

5. Investments in subsidiaries made eligible by § 38.2-1427.3; ~~or~~

6. Investments in obligations of an agency or instrumentality of the United States made eligible by subsection B of § 38.2-1415; provided that at no time shall the insurer invest pursuant to subsection B of § 38.2-1415 in excess of ten percent of its total admitted assets in any one obligor or issuer of such obligations; *or*

7. *Other assets defined or classified by the National Association of Insurance Commissioners accounting practices and procedure manual, or any successor publication, as cash or cash equivalents or as a short term investment that is rated "AAA" or better or the equivalent rating by Moody's Investors Service, Inc., Standard & Poor's or Fitch IBCA, or any successor to the rating business of any of them, provided that at no time shall the amount of any such asset placed for or by the insurer in or with any one depository, issue, obligor, or issuer exceed the lesser of ten percent of the insurer's total admitted assets or twenty percent of the insurer's surplus to policyholders.*

B. No domestic insurer shall invest in excess of one percent of its total admitted assets in any one issue of any obligations made eligible for investment under § 38.2-1423 or § 38.2-1424.

C. No domestic insurer shall invest in excess of one-half of one percent of its total admitted assets in any one loan made eligible by subdivision 3 of § 38.2-1434.

D. The principal loan amount disbursed, excluding advances made to enforce or protect the security for the loan, by a domestic insurer under any single wrap-around mortgage made pursuant to § 38.2-1435 shall not exceed one percent of its total admitted assets.

E. The amount loaned under § 38.2-1430 shall be subject to the limitations of this section applicable to the kinds of securities or obligations pledged in connection with the loan.