

CHAPTER 56
FORMERLY
SENATE BILL NO. 53
AS AMENDED BY
SENATE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO INSURANCE AND TO THE INVESTMENT FLEXIBILITY FOR WELL-CAPITALIZED INSURANCE COMPANIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 13, Title 18, Delaware Code by adding a new section 1333 to read as follows:

“§ 1333. Additional investments.

An insurer may make additional loans or investments in excess of any aggregate investment limitation contained in Chapter 13 in accordance with Section 1333 (a) except for the aggregate limitations contained in Sections 1305 (1) and Section 1313 of this Chapter.

(a) An insurer may make additional loans or investments in accordance with the following:

(1) A property and casualty insurer may invest an amount that is the lesser of i) policyholder surplus less any surplus write-ins less 400% of the authorized control level risk-based capital, or ii) 10% of the insurer’s cash and invested assets;

(2) A life and health insurer may invest an amount that is the lesser of i) policyholder surplus less surplus from separate accounts less any surplus write-ins less 450% of the authorized control level risk-based capital, or ii) 10% of the insurer’s cash and invested assets;

No insurer shall make an investment pursuant to this section if the aggregate amount so invested will exceed 200% of the existing aggregate limitation stipulated in any section of Title 18.

(b) No such loan or investment shall be represented by:

(1) Any item described in § 1102 (assets not allowed) of this title, or any loan or investment otherwise expressly prohibited in any section of Title 18;

(2) Investments in derivatives.

(c) The insurer shall keep a separate record of all loans and investments made under this section.

(d) Unless otherwise specified, an investment limitation computed on the basis of an insurer's cash and invested assets shall relate to the amount required to be shown on the statutory balance sheet of the insurer most recently required to be filed with the Commissioner or as shown by a current financial statement resulting from merger of another insurer, bulk reinsurance, or change in capitalization. For purposes of computing any limitation based upon cash and invested assets, the insurer shall deduct from the amount of its cash and invested assets the amount of the liability recorded on its statutory balance sheet for:

(1) The return of acceptable collateral received in a reverse repurchase transaction or a securities lending transaction;

(2) Cash received in a dollar roll transaction; and

(3) The amount reported as borrowed money in the most recently filed financial statement, to the extent not included in paragraphs (1) and (2) of this subsection.”

Approved June 23, 2011