WEST VIRGINIA LEGISLATURE
REGULAR SESSION, 1984

ENROLLED

HOUSE BILL No. 1919

(By Mr. Riffe)

Passed March 10, 1984

In Effect Ninety Days From Passage
ENROLLED

H. B. 1919
(By Delegate Riffle)

[Passed March 10, 1984; in effect ninety days from passage.]

AN ACT to amend and reenact article eight, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, by adding thereto three new sections, designated sections twenty-three, twenty-four and twenty-five, all relating to the authorized investments of insurers and authorizing the insurance commissioner to adopt certain rules and regulations relating thereto.

Be it enacted by the Legislature of West Virginia:

That article eight, chapter thirty-three of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended by adding thereto three new sections, designated section twenty-three, twenty-four and twenty-five, all to read as follows:

ARTICLE 8. INVESTMENTS.

§33-8-23. Repurchase agreements.

1 (a) Subject to the limitations and restrictions contained herein, an insurer may make loans to or purchases of securities from a solvent bank, savings and loan association, credit union or securities broker registered under the Securities Exchange Act of 1934 under an agreement, commonly called repurchase agreement, which agreement provides for the purchase by the insurer of securities and which agreement matures within ninety days or less and provides for the repurchase by such entity of the same or similar securities purchased by the insurer, provided:
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(1) Such loan collateral or securities purchased would otherwise be authorized as investments under the provisions of this chapter, and the total market value of such securities equals or exceeds the amount of such loan or purchase when it is made; and

(2) Such loan collateral or securities purchased from any one bank, savings and loan association, credit union or securities broker does not exceed the greater of five percent of the insurer’s assets or five percent of the amount of capital, surplus and undivided profits of such bank, savings and loan association, credit union or securities broker.

(b) The insurance commissioner may promulgate reasonable rules, regulations and orders consistent with and implementing the provisions of this article.


(a) Subject to the rules and regulations promulgated by the commissioner and the limitations contained in subsections (b) and (d) of this section with respect to assets owned by an insurer, any insurer may, for purposes of protecting such assets against the risk of changing asset values or interest rates and for risk reduction only, buy put options or sell call options and terminate the same, buy or sell interest rate futures contracts and options on interest rate futures contracts, or utilize such other instruments or devices as are consistent with this article and are traded on an established exchange regulated by the securities and exchange commission or the commodities futures trading corporation.

(b) An insurer may engage in the purchase of put options or sale of call options and terminate such options, only with regard to:

(1) Securities owned by the insurer; or

(2) Securities which the insurer may obtain through exercise of warrants or conversion rights held by the insurer.

(c) Subject to the rules and regulations promulgated by the commissioner and the limitations contained in subsection (d) of this section with respect to cash flows reasonably
anticipated to be available for investment purposes within the succeeding twelve months, which anticipation cannot exceed an amount equal to ten percent of such insurer's admitted assets, an insurer may, for purposes of protecting such cash flows against the risk of changing asset values or interest rates and for risk reduction only, buy or sell interest rate futures contracts and options on interest rate futures contracts or utilize such other instruments or devices as are consistent with this article and are traded on an established exchange regulated by the securities and exchange commission or the commodities futures trading corporation.

(d) An insurer may engage in the practices authorized by this article only if prior thereto the board of directors of such insurer has adopted a written policy which specifies:

(1) The types of risk-limiting practices approved for such insurer;

(2) The aggregate maximum limits in such instruments, which maximum limits must be reasonably related to the insurer's business needs and its capacity to fulfill its obligations thereunder;

(3) The specific assets or class of assets or cash flows for which risk-limiting practice may be employed; and

(4) That the insurer's accounting or investment records shall specifically identify the assets or cash flows for which each risk-limiting practice is used.

(e) The commissioner is hereby authorized to adopt such reasonable rules and regulations, not inconsistent with the provisions of this article, which prescribe reasonable limits, standards and guidelines with respect to such risk-limiting devices and plans related thereto.

§33-8-25. Securities not otherwise specified.

Notwithstanding any expressed or implied prohibitions, an insurance company may, after the effective date of this amendment, invest any of its funds and accumulations in investments which do not otherwise qualify under any other provision of this article: Provided, That the amount of any
one such investment under this section shall not exceed one percent of the admitted assets of any such insurance company; and that the investment authorized by this section shall not exceed the lesser of (a) five percent of its admitted assets or (b) the amount of its capital and surplus in excess of two hundred thousand dollars as shown on its last annual statement prior to the date of the acquisition of such investment as filed with the commissioner.
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

James L. Delin  
Chairman Senate Committee

Donald Cicello  
Chairman House Committee

Originating in the House.
Takes effect ninety days from passage.

Jared C. Smith  
Clerk of the Senate

Donald L. Kopp  
Clerk of the House of Delegates

Wanda R. Mathew  
President of the Senate

Henry T. Eriksen  
Speaker House of Delegates

The within is approved this the 30th day of March, 1984.

Governor

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