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No. 1919

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OFFICE OF THE GOVERNOR

WEST VIRGINIA LEGISLATURE

REGULAR SESSION, 1984

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ENROLLED

HOUSE BILL No. 1919

(By Mr. Del. 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
2 herein, an insurer may make loans to or purchases of
3 securities from a solvent bank, savings and loan association,
4 credit union or securities broker registered under the Securities
5 Exchange Act of 1934 under an agreement, commonly called
6 repurchase agreement, which agreement provides for the pur-
7 chase by the insurer of securities and which agreement matures
8 within ninety days or less and provides for the repurchase
9 by such entity of the same or similar securities purchased by
10 the insurer, provided:

11 (1) Such loan collateral or securities purchased would
12 otherwise be authorized as investments under the provisions
13 of this chapter, and the total market value of such securities
14 equals or exceeds the amount of such loan or purchase
15 when it is made; and

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

22 (b) The insurance commissioner may promulgate reason-
23 able rules, regulations and orders consistent with and im-
24 plementing the provisions of this article.

§33-8-24. Risk-limiting provisions.

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

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

16 (1) Securities owned by the insurer; or

17 (2) Securities which the insurer may obtain through exer-
18 cise of warrants or conversion rights held by the insurer.

19 (c) Subject to the rules and regulations promulgated by
20 the commissioner and the limitations contained in subsection
21 (d) of this section with respect to cash flows reasonably

22 anticipated to be available for investment purposes within
23 the succeeding twelve months, which anticipation cannot ex-
24 ceed an amount equal to ten percent of such insurer's ad-
25 mitted assets, an insurer may, for purposes of protecting
26 such cash flows against the risk of changing asset values or
27 interest rates and for risk reduction only, buy or sell interest
28 rate futures contracts and options on interest rate futures
29 contracts or utilize such other instruments or devices as are
30 consistent with this article and are traded on an established
31 exchange regulated by the securities and exchange commission
32 or the commodities futures trading corporation.

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

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

38 (2) The aggregate maximum limits in such instruments,
39 which maximum limits must be reasonably related to the
40 insurer's business needs and its capacity to fulfill its obliga-
41 tions thereunder;

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

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

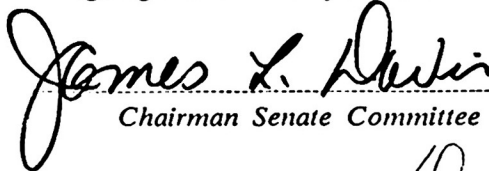
47 (e) The commissioner is hereby authorized to adopt such
48 reasonable rules and regulations, not inconsistent with the
49 provisions of this article, which prescribe reasonable limits,
50 standards and guidelines with respect to such risk-limiting
51 devices and plans related thereto.

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

1 Notwithstanding any expressed or implied prohibitions,
2 an insurance company may, after the effective date of this
3 amendment, invest any of its funds and accumulations in
4 investments which do not otherwise qualify under any other
5 provision of this article: *Provided*, That the amount of any

6 one such investment under this section shall not exceed one
7 percent of the admitted assets of any such insurance com-
8 pany; and that the investment authorized by this section
9 shall not exceed the lesser of (a) five percent of its admitted
10 assets or (b) the amount of its capital and surplus in excess
11 of two hundred thousand dollars as shown on its last annual
12 statement prior to the date of the acquisition of such in-
13 vestment as filed with the commissioner.

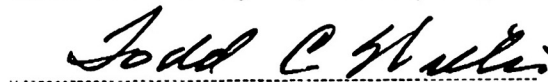
The Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.

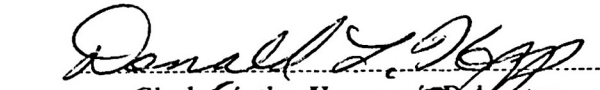
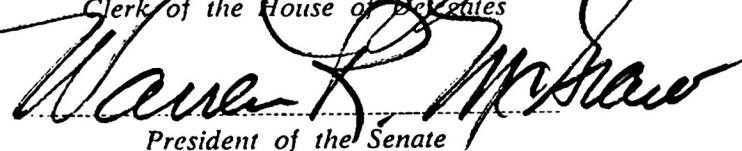

Chairman Senate Committee

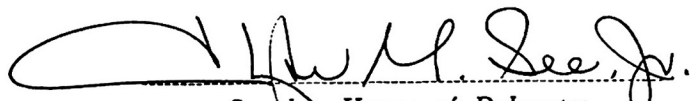

Chairman House Committee

Originating in the House.

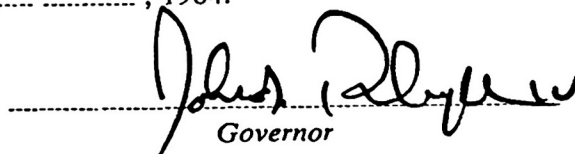
Takes effect ninety days from passage.


Clerk of the Senate


Clerk of the House of Delegates

President of the Senate


Speaker House of Delegates

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


Governor



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