

§1103. General qualifications

1. No security or investment, other than real and personal property acquired under section 1125 (real estate), shall be eligible for acquisition unless it is interest bearing or interest accruing or entitled to dividends, if declared, or is otherwise income-entitled, is not then in default in any respect, and the insurer is entitled to receive for its exclusive account and benefit the interest or income accruing thereon.

Notwithstanding this subsection, nothing in this chapter may be deemed to prohibit an insurer from effecting or maintaining bona fide hedging transactions in foreign currency in connection with the purchase and sale of securities eligible for investment under this chapter or in contracts for future delivery of options, calls and other rights to purchase and puts and other rights to require another person to purchase, securities eligible for investment under this chapter, provided that those contracts, options, calls, puts and rights are traded on a national securities exchange or board of trade regulated under the laws of the United States and provided that the aggregate amount of those investments, as valued for all purposes in accordance with generally accepted accounting principles, shall not exceed 1% of the insurer's assets. For purposes of this subsection, a "bona fide hedging transaction" means a purchase or sale of foreign currency or of a contract, option, call, put or right, as the case may be, entered into for the purchase of offsetting changes in foreign currency exchange rates or in the market value of a security held or proposed to be acquired by the insurer.

[PL 1983, c. 442, §1 (AMD).]

2. No provision of this chapter shall prohibit the acquisition by an insurer of other or additional securities or property if received as a dividend or as a lawful distribution of assets, or upon a debt or judgment, or under a lawful and bona fide agreement of bulk reinsurance, merger or consolidation. Any security or property so acquired which is not otherwise an eligible investment under this chapter shall be disposed of pursuant to section 1133 if real estate, or pursuant to section 1134 if personal property or securities.

[PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). PL 1983, c. 442, §1 (AMD).

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