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February 25, 2019

By: Quinn

An Act relating to insurance; amending 36 O.S. 2011, Section 1616, which relates to limitations on investments in corporate securities; classifying certain type of investment; defining single purpose entity; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 36 O.S. 2011, Section 1616, is amended to read as follows:

Section 1616. A. Except with the consent of the Insurance Commissioner, no domestic life insurer shall, in addition to other investments permitted by this article, invest an amount equal in the aggregate to more than ten percent (10%) of its assets, or in the case of a domestic nonlife insurer, an amount equal in the aggregate to more than twenty percent (20%) of its assets in the shares of solvent corporations created or existing under the laws of the United States or of any state. Investing in the shares of mutual funds that invest only in bonds or preferred stocks shall be considered as investing in bonds or preferred stocks, and investing in mutual funds that invest in common stocks shall be considered as

1 investing in common stocks. However, investments in the shares of
2 subsidiaries or companion insurance companies shall be governed by
3 Section 1652 of this title and this subsection shall not apply to
4 investments by domestic insurers in the shares of insurance
5 subsidiaries.

6 B. For the purpose of determining the investment limitation
7 imposed by this article, the insurer shall value securities
8 purchased pursuant to the provisions of this article at the cost of
9 the security or at the market value of the security, whichever is
10 lower.

11 C. Investments in securities of a single purpose entity shall
12 be treated the same as an investment in the underlying assets held
13 by the single purpose entity. For the purposes of this subsection,
14 "single purpose entity" means an entity formed for purposes of
15 holding a single asset or class of assets.

16 SECTION 2. This act shall become effective November 1, 2019.

17 COMMITTEE REPORT BY: COMMITTEE ON RETIREMENT AND INSURANCE
18 February 25, 2019 - DO PASS
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