

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 20-0763.01 Jery Payne x2157

**HOUSE BILL 20-1136**

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**HOUSE SPONSORSHIP**

**Snyder,** Bird, Cutter, Exum, Gray, Michaelson Jenet, Woodrow

**SENATE SPONSORSHIP**

**Hansen and Tate,** Crowder, Williams A.

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**House Committees**  
Business Affairs & Labor

**Senate Committees**  
Business, Labor, & Technology

SENATE  
Amended 3rd Reading  
March 14, 2020

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**A BILL FOR AN ACT**

101 **CONCERNING THE REGULATION OF INVESTMENTS MADE BY DOMESTIC**  
102 **INSURANCE COMPANIES.**

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SENATE  
2nd Reading Unamended  
March 13, 2020

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

HOUSE  
3rd Reading Unamended  
February 27, 2020

Current law regulates the types and amounts of investments a domestic insurer may make, including investments in bonds and other evidences of indebtedness. **Section 1** of the bill clarifies the types of indebtedness that may be invested in and allows the domestic insurer to invest in the debts of an issuer that is in default in the payment of interest on the debt.

HOUSE  
Amended 2nd Reading  
February 21, 2020

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

Current law allows a domestic insurer to invest in first-priority mortgage loans in the United States and Canada. In connection with this, **section 2:**

- ! Authorizes investment in lower-priority loans if the holder of the lower-priority loan holds the first-priority loan;
- ! Repeals the requirement that a mortgage loan be evidenced by a written appraisal;
- ! Repeals the requirement that the mortgaged land have a building, be used for agriculture or pasture, or be income-producing;
- ! Repeals the requirement that improvements to the land be insured against fire loss;
- ! Repeals mortgage loan documentation requirements; and
- ! Authorizes domestic insurers to acquire mortgage loans for land located in other foreign jurisdictions that have a sovereign debt rating of "1" from the securities valuation office of the National Association of Insurance Commissioners if these assets do not exceed 10% of the domestic insurer's investments.

Current law allows a domestic insurer to invest in real estate for income. In connection with this, **section 3** broadens the current definition of "real estate", which covers fee simple ownership and leasehold estates, to include all interests in property, including mineral estates.

Current law allows a domestic insurer to invest in preferred or common stock in businesses within the United States and Canada. In connection with this, **section 4:**

- ! Broadens current law to allow investment in equity interests of businesses other than preferred or common stock;
- ! Repeals the requirement that the business not be in arrears as to dividends for the last 3 years;
- ! Repeals the requirement that any sinking fund for preferred stock must be current;
- ! Repeals the requirement that common stock must be registered on a national securities exchange or regularly traded on a national or regional basis;
- ! Limits the amount of equity that is not listed on a nationally registered securities exchange or securities market to 5% of the domestic insurer's assets; and
- ! Authorizes a domestic insurer to invest in equity interests in businesses created in other foreign jurisdictions that have a sovereign debt rating of "1" from the securities valuation office of the National Association of Insurance Commissioners if these assets do not exceed 3% of the domestic insurer's investments.

Current law allows a domestic insurer to invest in money market mutual funds. **Section 9** requires the funds to comply with certain federal regulations and requires government-backed funds to meet certain standards of the National Association of Insurance Commissioners.

**Sections 5 through 8** make conforming amendments.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 10-3-215, **amend** (1)  
3 introductory portion, (1)(a), (1)(d), (1)(e), and (2) introductory portion as  
4 follows:

5 **10-3-215. Evidences of indebtedness.** (1) A domestic insurance  
6 ~~companies~~ COMPANY may invest in lawfully issued interest-bearing  
7 ~~bonds, including bonds which~~ EVIDENCES OF INDEBTEDNESS, INCLUDING  
8 INTEREST-BEARING BONDS, BONDS THAT provide for imputed interest  
9 payable at maturity, revenue bonds, ~~and~~ debentures, and other ~~evidences~~  
10 ~~of indebtedness~~ INSTRUMENTS EVIDENCING INDEBTEDNESS FOR THE  
11 PAYMENT OF MONEY:

12 (a) ~~Of~~ ISSUED BY the United States, ~~or any~~ BY AN agency or  
13 instrumentality ~~thereof~~ OF THE UNITED STATES, or ~~of~~ BY any state,  
14 territory, district, or political subdivision of the United States;

15 (d) ~~Of the Dominion of~~ ISSUED BY Canada, ~~and~~ BY provinces ~~and~~  
16 OR districts ~~thereof and~~ of CANADA, OR BY counties, districts, townships,  
17 municipalities, ~~and~~ OR political subdivisions ~~thereof~~ OF CANADA, or  
18 guaranteed or insured as to the payment of principal and interest by ~~the~~  
19 ~~dominion of~~ Canada or by ~~any~~ A province or district ~~thereof~~ OF CANADA;

20 (e) ~~Of solvent~~ ISSUED BY institutions created under the laws of the  
21 United States, ~~or~~ of any state, territory, or district ~~thereof~~ OF THE UNITED  
22 STATES, or of ~~the dominion of~~ Canada or ~~any~~ A province ~~thereof~~ OF  
23 CANADA, which institutions are not referenced in ~~paragraph (a), (b), (c),~~

1 or (d) of this subsection (1) and which are not in default in the payment  
2 of interest on any of their bonds at the time the investment is made  
3 SUBSECTION (1)(a), (1)(b), (1)(c), OR (1)(d) OF THIS SECTION; but the  
4 aggregate value of all bonds and other evidences of indebtedness of any  
5 one such institution which THAT may be admitted assets under this section  
6 shall MUST not exceed three percent of the domestic insurance company's  
7 admitted assets except as:

8 (I) To those bonds and other evidences of indebtedness of  
9 insurance companies admitted to do business in any A state of the United  
10 States or in the District of Columbia, for coinsurance or reinsurance  
11 purposes, in which case they shall THE BONDS OR OTHER EVIDENCES OF  
12 INDEBTEDNESS MUST not exceed the greater of three percent of the  
13 domestic insurance company's admitted assets or five percent of the  
14 debtor insurance company's admitted assets OR LOANS; or

15 (II) ~~except as~~ May be otherwise authorized under section  
16 10-3-802;

17 (2) A domestic insurance companies COMPANY may invest in  
18 mortgage-backed securities, including without limitation, collateralized  
19 mortgage obligations and other obligations for the payment of money  
20 secured by participation certificates or loans secured, directly or  
21 indirectly, by real estate mortgages or deeds of trust if: ~~at the time the~~  
22 ~~investment is made, the entity issuing the obligation is not in default in~~  
23 ~~the payment of interest on the obligation and:~~

24 **SECTION 2.** In Colorado Revised Statutes, 10-3-216, **amend** (1)  
25 introductory portion, (1)(a)(II), (1)(d), (1)(e), (1)(f) introductory portion,  
26 (1)(i), and (1)(j); repeal (1)(c); and add (2) as follows:

27 **10-3-216. Mortgage loans.** (1) A domestic insurance companies

1 COMPANY may ~~invest in loans secured by first liens on real property~~  
2 ACQUIRE, EITHER DIRECTLY OR INDIRECTLY, OBLIGATIONS SECURED BY  
3 MORTGAGES ON REAL ESTATE located in the United States or Canada, BUT  
4 THE COMPANY SHALL NOT ACQUIRE A MORTGAGE LOAN THAT IS NOT  
5 SECURED BY A FIRST LIEN UNLESS THE COMPANY IS THE HOLDER OF THE  
6 FIRST LIEN. AUTHORITY TO ACQUIRE A MORTGAGE LOAN IS subject to the  
7 following: ~~provisions:~~

8 (a) (II) In all cases, value shall MUST be evidenced by the written  
9 appraisal of a qualified real estate appraiser, who may be an employee of  
10 the company; except that, in the case of property to be qualified under this  
11 section by reason of producing USED FOR THE PRODUCTION OF oil, OF gas,  
12 or OF other minerals, the appraisal must be made by an engineer or  
13 geologist qualified in the relevant field. and, in the case of FOR  
14 commercial properties of over one hundred thousand dollars in value, the  
15 appraiser must be a member of an institute of real estate appraisers, or its  
16 equivalent.

17 (c) ~~The land to which the first lien pertains shall be improved with~~  
18 ~~permanent buildings, or be used for agriculture or pasture, or be~~  
19 ~~income-producing land, including, but not limited to, land used for~~  
20 ~~parking lots or for the production of oil, gas, or other minerals; but loans~~  
21 ~~secured by first liens on land not meeting any of the foregoing~~  
22 ~~requirements of this paragraph (c) may be admitted assets of the company~~  
23 ~~under this part 2 in an amount not exceeding in the aggregate five percent~~  
24 ~~of its admitted assets.~~

25 ==  
26 (d) Any improvements shall MUST be insured against loss or  
27 damage by fire CASUALTY LOSS, for the benefit of the lending company.

1 by some A reliable fire PROPERTY AND CASUALTY insurance company for  
2 an amount not less than the unpaid balance of the obligation or the  
3 insurable value of the property, whichever is less.

4 (e) The company shall MUST hold such THE documents as are  
5 necessary to evidence its THE COMPANY'S ownership of such first THE  
6 COMPANY'S liens. If, under the law of the jurisdiction in which WHERE the  
7 real property is situated, it is necessary to the validity of the lien to record  
8 a mortgage or assignment thereof OF THE LIEN, the company shall MUST  
9 record such THE mortgage or assignment in compliance with such law.

10 (f) The entire obligation secured by a first lien on real estate shall  
11 MORTGAGE LOAN OBLIGATION MUST be owned by the company; except  
12 that the company may own such an THIS TYPE OF obligation in common  
13 with other participants if, at the time of the company's investment, each  
14 participant is:

15 (i) The maximum amount of a loan ~~or loans~~ made, directly or  
16 indirectly, to any one obligor ~~which~~ THAT may be an admitted asset of a  
17 THE company under this section shall MUST not exceed two percent of  
18 ~~such~~ THE company's admitted assets. ~~If, on April 5, 1973, a company has~~  
19 ~~outstanding a loan to any one obligor which, except for the provisions of~~  
20 ~~this paragraph (i) would be admitted assets under this section, or a~~  
21 ~~binding commitment for any such loan, any such loan outstanding on such~~  
22 ~~date shall continue to be admitted assets under this section, and any such~~  
23 ~~loan made on or after April 5, 1973, pursuant to any such binding~~  
24 ~~commitment shall be admitted assets under this section.~~

25 (j) The aggregate amount of investments of a company ~~which~~  
26 THAT may be admitted assets under this section shall MUST not exceed  
27 fifty percent of the company's admitted assets. ~~If a company has~~

1 ~~outstanding investments which, in the aggregate, exceed fifty percent of~~  
2 ~~the company's admitted assets on July 1, 1993, the company shall reduce~~  
3 ~~the excess amount invested in first liens on real property at the rate of at~~  
4 ~~least twenty percent of the July 1, 1993, excess each year for five years~~  
5 ~~until the first liens on the real property portfolio do not exceed fifty~~  
6 ~~percent of the company's admitted assets. If a fraternal benefit society has~~  
7 ~~outstanding investments which, in the aggregate, exceed sixty percent of~~  
8 ~~the society's admitted assets on July 1, 1993, the society shall reduce the~~  
9 ~~excess amount invested in first liens on real property at the rate of at least~~  
10 ~~twenty percent of the July 1, 1993, excess each year for five years until~~  
11 ~~the first liens on the real property portfolio do not exceed sixty percent of~~  
12 ~~the society's admitted assets. Thereafter, a fraternal benefit society shall,~~  
13 ~~over a five-year period, further reduce its outstanding aggregate~~  
14 ~~investments in first liens on real property to fifty percent of its admitted~~  
15 ~~assets by twenty percent per year, unless an exemption is granted by the~~  
16 ~~commissioner. Such exemption shall be based on an analysis of the~~  
17 ~~financial condition of the fraternal society.~~

18 (2) (a) A DOMESTIC INSURANCE COMPANY MAY ACQUIRE A  
19 MORTGAGE LOAN SECURED BY A MORTGAGE ON REAL ESTATE LOCATED IN  
20 A FOREIGN JURISDICTION HAVING A SOVEREIGN DEBT RATING OF "1" FROM  
21 THE SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF  
22 INSURANCE COMMISSIONERS IF THE MORTGAGE LOAN OTHERWISE MEETS  
23 THE REQUIREMENTS OF SUBSECTION (1) OF THIS SECTION; EXCEPT THAT  
24 THE AGGREGATE AMOUNT OF FOREIGN MORTGAGE LOANS THAT MAY BE  
25 ADMITTED ASSETS UNDER THIS SUBSECTION (2)(a) MUST NOT EXCEED TEN  
26 PERCENT OF THE COMPANY'S ADMITTED ASSETS.

27 (b) THIS SUBSECTION (2) DOES NOT APPLY TO A JURISDICTION

1 DESCRIBED IN SUBSECTION (1) OF THIS SECTION.

2 **SECTION 3.** In Colorado Revised Statutes, 10-3-220, **amend** (2)  
3 as follows:

4 **10-3-220. Real estate for production of income - definition.**

5 (2) (a) "Real estate", as used in this section, means ~~lands held in fee~~  
6 ~~simple or under leasehold estates, and improvements thereon or to be~~  
7 ~~placed thereon, consisting only of store or other business buildings, or of~~  
8 ~~dwellings, apartment houses, tenements, or other housing~~  
9 ~~accommodations~~ REAL PROPERTY; INTERESTS IN REAL PROPERTY, SUCH AS  
10 LEASEHOLDS; MINERALS AND OIL AND GAS THAT HAVE NOT BEEN SEVERED  
11 FROM THE FEE INTEREST; AND IMPROVEMENTS AND FIXTURES LOCATED ON  
12 OR IN REAL PROPERTY.

13 (b) "REAL ESTATE" DOES NOT INCLUDE MINERAL ESTATES THAT  
14 HAVE BEEN SEVERED FROM THE FEE INTEREST.

15 **SECTION 4.** In Colorado Revised Statutes, 10-3-226, **amend** (1),  
16 (3) introductory portion, and (3)(d); **repeal** (3)(a) and (3)(b); and **add**  
17 (3)(f), (4), and (5) as follows:

18 **10-3-226. Equity interests - definition.** (1) A domestic insurance  
19 ~~companies~~ COMPANY may invest in ~~preferred and common stocks issued~~  
20 ~~by any solvent corporation~~ EQUITY INTERESTS IN BUSINESS ENTITIES  
21 created under the laws of the United States, ~~or of any~~ A state of the United  
22 States OR the District of Columbia, or of Canada or any province ~~thereof~~  
23 OF CANADA, but the aggregate value of all ~~such stocks which~~ EQUITY  
24 INTERESTS THAT may be admitted assets under this section ~~shall~~ MUST not  
25 exceed ten percent of the company's admitted assets. For the purpose of  
26 ~~such~~ THIS limitation on aggregate value, a company may ~~if it so elects,~~  
27 determine the value of all its ~~stocks which~~ EQUITY INTERESTS THAT may

1 be admitted assets under this section on the basis of the aggregate initial  
2 cost of the ~~stocks~~ EQUITY INTERESTS in lieu of determining the value of  
3 all of ~~such stocks~~ THE EQUITY INTERESTS as provided in section 10-3-214.

4 (3) ~~All~~ Investments authorized by subsections (1) and (2) of this  
5 section are subject to the following restrictions ~~and limitations~~ at the time  
6 of investment:

7 (a) ~~The corporation issuing such preferred stock shall meet the~~  
8 ~~following qualifications:~~

9 (I) ~~If the class of preferred stock is cumulative preferred, the~~  
10 ~~corporation must not be in arrears as to its dividends, or, if the class of~~  
11 ~~preferred stock is noncumulative preferred, the corporation must have~~  
12 ~~paid full dividends on that class of preferred stock in each of the last three~~  
13 ~~years, or, if that class of noncumulative preferred stock has been~~  
14 ~~outstanding less than three years, the commissioner of insurance must~~  
15 ~~have approved the purchase thereof.~~

16 (II) ~~If there is a sinking fund for that class of preferred stock, the~~  
17 ~~corporation's sinking fund payments shall be on a current basis.~~

18 (III) ~~(Deleted by amendment, L. 81, p. 529, § 5, effective July 1,~~  
19 ~~1981.)~~

20 (b) ~~The corporation issuing such common stock shall meet the~~  
21 ~~following qualifications:~~

22 (I) ~~The corporation shall have had net earnings available for~~  
23 ~~dividends on its outstanding common stock in each of the three fiscal~~  
24 ~~years next preceding the date of acquisition.~~

25 (II) ~~The stock shall be registered on a national securities exchange~~  
26 ~~or regularly traded on a national or regional basis.~~

27 (III) ~~(Deleted by amendment, L. 81, p. 529, § 5, effective July 1,~~

1 1981.)

2 (d) (I) Investments in common stock in any one corporation, at the  
3 time of investment, shall MUST not exceed two percent of the admitted  
4 assets of the investing insurance company, and, at the time of investment,  
5 an insurance company shall not purchase more than five percent of the  
6 outstanding shares of common stock of any one corporation.

7 (II) THIS SUBSECTION (3)(d) DOES NOT APPLY TO INVESTMENTS IN  
8 MUTUAL FUNDS, OPEN-END INDEX FUNDS, OR EXCHANGE-TRADED INDEX  
9 FUNDS.

10 (f) INVESTMENTS IN EQUITY INTERESTS THAT ARE NOT LISTED ON  
11 A NATIONALLY REGISTERED SECURITIES EXCHANGE OR A SECURITIES  
12 MARKET REGULATED UNDER THE "SECURITIES EXCHANGE ACT OF 1934",  
13 15 U.S.C. SEC. 78a ET SEQ., AS AMENDED, MUST NOT EXCEED FIVE  
14 PERCENT OF THE ADMITTED ASSETS OF THE INVESTING COMPANY.

15 (4) AS USED IN THIS SECTION, "EQUITY INTEREST" MEANS:

16 (a) COMMON STOCK;

17 (b) PREFERRED STOCK;

18 (c) A TRUST CERTIFICATE;

19 (d) EQUITY INVESTMENTS IN AN INVESTMENT COMPANY OTHER  
20 THAN A QUALIFIED MONEY MARKET FUND, AS DEFINED IN SECTION  
21 10-3-242 (1);

22 (e) INVESTMENTS IN A COMMON TRUST FUND OF A BANK  
23 REGULATED BY A FEDERAL OR STATE AGENCY;

24 (f) AN OWNERSHIP INTEREST IN A MINERAL ESTATE THAT HAS BEEN  
25 SEVERED FROM THE FEE INTEREST;

26 (g) INSTRUMENTS THAT ARE OR MUST BE, AT THE OPTION OF THE  
27 ISSUER, CONVERTIBLE TO EQUITY;

- 1 (h) PARTNERSHIP INTERESTS;
- 2 (i) MEMBERSHIP INTERESTS IN LIMITED LIABILITY COMPANIES;
- 3 (j) INVESTMENTS IN MUTUAL FUNDS, OTHER THAN QUALIFIED
- 4 MONEY MARKET FUNDS AS DEFINED IN SECTION 10-3-242 (1); OR
- 5 (k) INVESTMENTS IN OPEN-END INDEX FUNDS OR
- 6 EXCHANGE-TRADED INDEX FUNDS.

7 (5) (a) A DOMESTIC INSURANCE COMPANY MAY INVEST IN EQUITY  
 8 INTERESTS IN BUSINESS ENTITIES CREATED UNDER THE LAWS OF A FOREIGN  
 9 JURISDICTION HAVING A SOVEREIGN DEBT RATING OF "1" FROM THE  
 10 SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF  
 11 INSURANCE COMMISSIONERS IF THE EQUITY INTERESTS OTHERWISE MEET  
 12 THE REQUIREMENTS OF SUBSECTIONS (1) TO (3) OF THIS SECTION; EXCEPT  
 13 THAT THE AGGREGATE AMOUNT OF THE FOREIGN EQUITY INTERESTS THAT  
 14 MAY BE ADMITTED ASSETS UNDER THIS SUBSECTION (5)(a) MUST NOT  
 15 EXCEED THREE PERCENT OF THE COMPANY'S ADMITTED ASSETS.

16 (b) THIS SUBSECTION (5) DOES NOT APPLY TO A JURISDICTION  
 17 DESCRIBED IN SUBSECTION (1) OF THIS SECTION.

18 **SECTION 5.** In Colorado Revised Statutes, 10-3-230, **amend** (1)  
 19 introductory portion and (1)(d) as follows:

20 **10-3-230. Additional investments.** (1) A domestic insurance  
 21 ~~companies~~ COMPANY may invest in any additional investments, except  
 22 items specifically defined as nonadmitted assets in this ~~title (except article~~  
 23 ~~15)~~ TITLE 10, OTHER THAN ARTICLE 15 OF THIS TITLE 10, and article 14 of  
 24 title 24, ~~C.R.S.~~, without regard to any limitation, condition, restriction, or  
 25 exclusion set forth in sections 10-3-215 to 10-3-229 and 10-3-242, and  
 26 regardless of whether the same or a similar type of investment has been  
 27 included in or omitted from ~~any such section~~ THESE SECTIONS, subject to

1 the following: ~~provisions:~~

2 (d) ~~In no event shall~~ The admitted asset value of investments in  
3 MORTGAGE loans ~~secured by first liens on real property~~ MUST NOT exceed  
4 the value limitations as set forth in section 10-3-216 (1)(i), ~~and (1)(j)~~, AND  
5 (2).

6 **SECTION 6.** In Colorado Revised Statutes, **amend** 10-3-236 as  
7 follows:

8 **10-3-236. Assets acquired through merger, consolidation, or**  
9 **reinsurance.** Any investments acquired ~~after May 31, 1969~~, through  
10 merger, consolidation, or reinsurance that are not admitted assets under  
11 this ~~title (except article 15)~~ TITLE 10, OTHER THAN ARTICLE 15 OF THIS  
12 TITLE 10, and article 14 of title 24 ~~C.R.S.~~, ~~shall not be~~ ARE NOT deemed  
13 admitted assets by reason of their acquisition through merger,  
14 consolidation, or reinsurance.

15 **SECTION 7.** In Colorado Revised Statutes, 10-3-237, **amend** (1)  
16 as follows:

17 **10-3-237. Assets acquired under prior law.**

18 (1) Notwithstanding any condition, restriction, or exclusion set forth in  
19 sections 10-3-215 to 10-3-229, any asset held by a DOMESTIC INSURANCE  
20 company on May 31, 1969, ~~which~~ THAT met the requirements of the law  
21 in effect immediately prior to ~~such~~ THAT date for an investment of the  
22 company's reserves, paid-up capital stock, and other liabilities ~~shall be~~ IS  
23 an admitted asset of the company, but, if any such asset is in a category  
24 for which a limitation expressed in terms of a percentage of admitted  
25 assets is prescribed in section ~~10-3-216 (1)(c)~~, 10-3-218, 10-3-220,  
26 10-3-225, or 10-3-226, ~~such~~ THE asset shall be taken into account in  
27 determining whether any additional investment in ~~such~~ THAT category

1 made after May 31, 1969, may be an admitted asset under the section  
2 prescribing ~~such~~ THE limitation.

3 **SECTION 8.** In Colorado Revised Statutes, 10-3-240, **amend** (1)  
4 as follows:

5 **10-3-240. Approval of investments.** (1) Except for investments  
6 made ~~pursuant to~~ UNDER sections 10-3-802 and 10-7-402, ~~no~~ A domestic  
7 insurance company ~~may~~ SHALL NOT, directly or indirectly, invest more  
8 than two percent of the company's admitted assets in stocks, bonds,  
9 debentures, notes, or other securities of its affiliates, as defined in section  
10 10-3-801, without the prior approval of the commissioner. ~~This section~~  
11 ~~shall apply only to investments made on or after July 1, 1975.~~

12 **SECTION 9.** In Colorado Revised Statutes, 10-3-242, **amend** (1)  
13 as follows:

14 **10-3-242. Qualified money market funds - definition.** (1) For  
15 the purposes of this section, "QUALIFIED money market fund" means ~~an~~  
16 ~~open-end, diversified management type of~~ A mutual fund THAT COMPLIES  
17 WITH 17 CFR 270.2a-7, AS AMENDED, AND THAT IS registered under the  
18 federal "Investment Company Act of 1940", 15 U.S.C. SEC. 80a-1 et seq.,  
19 as amended. ~~objectives of which include the maintenance of a stable net~~  
20 ~~asset value of a specified dollar amount per share and the shareholders of~~  
21 ~~which may withdraw the value of their shares by check, telephone, or~~  
22 ~~mail.~~ A domestic insurance ~~companies~~ COMPANY may invest in the shares  
23 of any one or more QUALIFIED money market funds subject to the  
24 following limitations:

25 (a) (I) A domestic insurance ~~companies~~ COMPANY may invest in  
26 QUALIFIED money market funds that, at the time the investment is made,  
27 are either: ~~listed or meet the eligibility conditions for listing on the U.S.~~

1 ~~direct obligations exempt list, U.S. direct obligations/full faith and credit~~  
2 ~~exempt list, or class 1 list, in the~~

3 (A) QUALIFIED MONEY MARKET FUNDS THAT INVEST ONLY IN  
4 OBLIGATIONS ISSUED, GUARANTEED, OR INSURED BY THE FEDERAL  
5 GOVERNMENT OF THE UNITED STATES OR IN COLLATERALIZED  
6 REPURCHASE AGREEMENTS COMPOSED OF THESE OBLIGATIONS, AND THAT  
7 QUALIFY FOR INVESTMENT WITHOUT A RESERVE UNDER THE purposes and  
8 procedures manual of the securities valuation office of the National  
9 Association of Insurance Commissioners; OR

10 (B) QUALIFIED MONEY MARKET FUNDS THAT QUALIFY FOR  
11 INVESTMENT USING THE BOND CLASS ONE RESERVE FACTOR UNDER THE  
12 PURPOSES AND PROCEDURES MANUAL OF THE SECURITIES VALUATION  
13 OFFICE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

14 (II) Investments in the shares of any one QUALIFIED money market  
15 fund qualifying under this ~~paragraph (a) shall~~ SUBSECTION (1)(a) MUST  
16 not exceed ten percent of the domestic insurance company's total admitted  
17 assets.

18 (b) Investments in shares of any one QUALIFIED money market  
19 fund not qualified under ~~paragraph (a) of this subsection (1) shall~~  
20 SUBSECTION (1)(a) OF THIS SECTION MUST not exceed five percent of the  
21 domestic insurance company's total admitted assets. The aggregate value  
22 of all shares that may be admitted assets under this ~~paragraph (b) shall~~  
23 SUBSECTION (1)(b) MUST not exceed ten percent of the ~~domestic insurance~~  
24 company's total admitted assets.

25 (c) At the time of an investment in a QUALIFIED money market  
26 fund under this section, the aggregate value of a domestic ~~insurer's~~  
27 INSURANCE COMPANY'S investment in ~~such money market~~ THE fund shall

1 MUST not exceed five percent of the shares of ~~such money market~~ THE  
2 fund.

3           **SECTION 10. Act subject to petition - effective date -**  
4 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following  
5 the expiration of the ninety-day period after final adjournment of the  
6 general assembly (August 5, 2020, if adjournment sine die is on May 6,  
7 2020); except that, if a referendum petition is filed pursuant to section 1  
8 (3) of article V of the state constitution against this act or an item, section,  
9 or part of this act within such period, then the act, item, section, or part  
10 will not take effect unless approved by the people at the general election  
11 to be held in November 2020 and, in such case, will take effect on the  
12 date of the official declaration of the vote thereon by the governor.

13           (2) (a) This act applies to investments made on or after the  
14 applicable effective date of this act; and

15           (b) On or after January 1, 2021, this act applies to all investments  
16 of an insurer.