

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

REVISED

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

LLS NO. 20-0763.01 Jery Payne x2157

HOUSE BILL 20-1136

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A BILL FOR AN ACT

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

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>.)

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.

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.*

SENATE
2nd Reading Unamended
March 13, 2020

HOUSE
3rd Reading Unamended
February 27, 2020

HOUSE
Amended 2nd Reading
February 21, 2020

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.

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)(f) introductory portion, (1)(i), and (1)(j); **repeal**
26 (1)(a)(II), (1)(c), (1)(d), and (1)(e); 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 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 oil, gas, or other minerals, the appraisal~~
12 ~~must be made by an engineer or geologist qualified in the relevant field,~~
13 ~~and, in the case of commercial properties of over one hundred thousand~~
14 ~~dollars in value, the appraiser must be a member of an institute of real~~
15 ~~estate appraisers, or its equivalent.~~

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

24 (d) ~~Any improvements shall be insured against loss or damage by~~
25 ~~fire, for the benefit of the lending company, by some reliable fire~~
26 ~~insurance company for an amount not less than the unpaid balance of the~~
27 ~~obligation or the insurable value of the property, whichever is less.~~

1 (e) ~~The company shall hold such documents as are necessary to~~
2 ~~evidence its ownership of such first liens. If, under the law of the~~
3 ~~jurisdiction in which the real property is situated, it is necessary to the~~
4 ~~validity of the lien to record a mortgage or assignment thereof, the~~
5 ~~company shall record such mortgage or assignment in compliance with~~
6 ~~such law.~~

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

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

22 (j) The aggregate amount of investments of a company ~~which~~
23 THAT may be admitted assets under this section ~~shall~~ MUST not exceed
24 fifty percent of the company's admitted assets. ~~If a company has~~
25 ~~outstanding investments which, in the aggregate, exceed fifty percent of~~
26 ~~the company's admitted assets on July 1, 1993, the company shall reduce~~
27 ~~the excess amount invested in first liens on real property at the rate of at~~

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

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

24 (b) THIS SUBSECTION (2) DOES NOT APPLY TO A JURISDICTION
25 DESCRIBED IN SUBSECTION (1) OF THIS SECTION.

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

1 **10-3-220. Real estate for production of income - definition.**

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

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

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

15 **10-3-226. Equity interests - definition.** (1) A domestic insurance
16 ~~companies~~ COMPANY may invest in ~~preferred and common stocks issued~~
17 ~~by any solvent corporation~~ EQUITY INTERESTS IN BUSINESS ENTITIES
18 created under the laws of the United States, ~~or of any~~ A state of the United
19 States OR the District of Columbia, or of Canada or any province ~~thereof~~
20 OF CANADA, but the aggregate value of all ~~such stocks which~~ EQUITY
21 INTERESTS THAT may be admitted assets under this section ~~shall~~ MUST not
22 exceed ten percent of the company's admitted assets. For the purpose of
23 ~~such~~ THIS limitation on aggregate value, a company may ~~if it so elects,~~
24 determine the value of all its ~~stocks which~~ EQUITY INTERESTS THAT may
25 be admitted assets under this section on the basis of the aggregate initial
26 cost of the ~~stocks~~ EQUITY INTERESTS in lieu of determining the value of
27 all of ~~such stocks~~ THE EQUITY INTERESTS as provided in section 10-3-214.

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

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

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

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

15 ~~(III) (Deleted by amendment, L. 81, p. 529, § 5, effective July 1,~~
16 ~~1981.)~~

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

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

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

24 ~~(III) (Deleted by amendment, L. 81, p. 529, § 5, effective July 1,~~
25 ~~1981.)~~

26 (d) (I) Investments in common stock in any one corporation, at the
27 time of investment, ~~shall~~ **MUST** not exceed two percent of the admitted

1 assets of the investing insurance company, and, at the time of investment,
2 an insurance company shall not purchase more than five percent of the
3 outstanding shares of common stock of any one corporation.

4 (II) THIS SUBSECTION (3)(d) DOES NOT APPLY TO INVESTMENTS IN
5 MUTUAL FUNDS, COMMINGLED FUNDS, OR OPEN-END OR
6 EXCHANGE-TRADED INDEX FUNDS.

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

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

13 (a) COMMON STOCK;

14 (b) PREFERRED STOCK;

15 (c) A TRUST CERTIFICATE;

16 (d) EQUITY INVESTMENTS IN AN INVESTMENT COMPANY OTHER
17 THAN A QUALIFIED MONEY MARKET FUND, AS DEFINED IN SECTION
18 10-3-242 (1);

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

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

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

25 (h) PARTNERSHIP INTERESTS; OR

26 (i) MEMBERSHIP INTERESTS IN LIMITED LIABILITY COMPANIES.

27 (5) (a) A DOMESTIC INSURANCE COMPANY MAY INVEST IN EQUITY

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

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

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

13 **10-3-230. Additional investments.** (1) A domestic insurance
14 ~~companies~~ COMPANY may invest in any additional investments, except
15 items specifically defined as nonadmitted assets in this ~~title (except article~~
16 ~~15)~~ TITLE 10, OTHER THAN ARTICLE 15 OF THIS TITLE 10, and article 14 of
17 title 24, ~~C.R.S.~~, without regard to any limitation, condition, restriction, or
18 exclusion set forth in sections 10-3-215 to 10-3-229 and 10-3-242, and
19 regardless of whether the same or a similar type of investment has been
20 included in or omitted from ~~any such section~~ THESE SECTIONS, subject to
21 the following: ~~provisions:~~

22 (d) ~~In no event shall~~ The admitted asset value of investments in
23 MORTGAGE loans ~~secured by first liens on real property~~ MUST NOT exceed
24 the value limitations as set forth in section 10-3-216 (1)(i), ~~and~~ (1)(j), AND
25 (2).

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

1 **10-3-236. Assets acquired through merger, consolidation, or**
2 **reinsurance.** Any investments acquired ~~after May 31, 1969,~~ through
3 merger, consolidation, or reinsurance that are not admitted assets under
4 this ~~title (except article 15)~~ TITLE 10, OTHER THAN ARTICLE 15 OF THIS
5 TITLE 10, and article 14 of title 24 ~~C.R.S., shall not be~~ ARE NOT deemed
6 admitted assets by reason of their acquisition through merger,
7 consolidation, or reinsurance.

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

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

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

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

25 **10-3-240. Approval of investments.** (1) Except for investments
26 made ~~pursuant to~~ UNDER sections 10-3-802 and 10-7-402, ~~no~~ A domestic
27 insurance company ~~may~~ SHALL NOT, directly or indirectly, invest more

1 than two percent of the company's admitted assets in stocks, bonds,
2 debentures, notes, or other securities of its affiliates, as defined in section
3 10-3-801, without the prior approval of the commissioner. ~~This section~~
4 ~~shall apply only to investments made on or after July 1, 1975.~~

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

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

18 (a) (I) A domestic insurance ~~companies~~ COMPANY may invest in
19 QUALIFIED money market funds that, at the time the investment is made,
20 are either: ~~listed or meet the eligibility conditions for listing on the U.S.~~
21 ~~direct obligations exempt list, U.S. direct obligations/full faith and credit~~
22 ~~exempt list, or class 1 list, in the~~

23 (A) QUALIFIED MONEY MARKET FUNDS THAT INVEST ONLY IN
24 OBLIGATIONS ISSUED, GUARANTEED, OR INSURED BY THE FEDERAL
25 GOVERNMENT OF THE UNITED STATES OR IN COLLATERALIZED
26 REPURCHASE AGREEMENTS COMPOSED OF THESE OBLIGATIONS, AND THAT
27 QUALIFY FOR INVESTMENT WITHOUT A RESERVE UNDER THE purposes and

1 procedures manual of the securities valuation office of the National
2 Association of Insurance Commissioners; OR

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

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

11 (b) Investments in shares of any one QUALIFIED money market
12 fund not qualified under ~~paragraph (a) of this subsection (1) shall~~
13 SUBSECTION (1)(a) OF THIS SECTION MUST not exceed five percent of the
14 domestic insurance company's total admitted assets. The aggregate value
15 of all shares that may be admitted assets under this ~~paragraph (b) shall~~
16 SUBSECTION (1)(b) MUST not exceed ten percent of the ~~domestic insurance~~
17 company's total admitted assets.

18 (c) At the time of an investment in a QUALIFIED money market
19 fund under this section, the aggregate value of a domestic insurer's
20 INSURANCE COMPANY'S investment in ~~such money market~~ THE fund shall
21 MUST not exceed five percent of the shares of ~~such money market~~ THE
22 fund.

23 **SECTION 10. Act subject to petition - effective date -**
24 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
25 the expiration of the ninety-day period after final adjournment of the
26 general assembly (August 5, 2020, if adjournment sine die is on May 6,
27 2020); except that, if a referendum petition is filed pursuant to section 1

1 (3) of article V of the state constitution against this act or an item, section,
2 or part of this act within such period, then the act, item, section, or part
3 will not take effect unless approved by the people at the general election
4 to be held in November 2020 and, in such case, will take effect on the
5 date of the official declaration of the vote thereon by the governor.

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

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