

House Bill 2793

Sponsored by COMMITTEE ON CONSUMER PROTECTION

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Limits insurance company investments in stocks by aggregate amount and type. Prescribes phase-in period for new limitations.

A BILL FOR AN ACT

1
2 Relating to insurance company investments; creating new provisions; and amending ORS 733.620.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 733.620 is amended to read:

5 733.620. (1) Funds of an insurer may be invested in stocks (including trust certificates) of solvent
6 corporations organized and carrying on a business under the laws of a sovereign as follows:

7 (a) Preferred or guaranteed stocks if the corporation is not in default or arrears as to any pre-
8 ferred or guaranteed dividend and has continuously and regularly paid such dividends during the
9 preceding three years or has paid cash dividends for five years on common stock.

10 (b) Common stocks as provided in paragraph (c) of this subsection if:

11 (A) The obligations and preferred stock, if any, of such corporation are eligible for investment
12 under ORS 733.510 to 733.780; and

13 (B) The stock is registered on a national securities exchange regulated under the Securities
14 Exchange Act, or if of a type not commonly so registered is regularly traded on a broad national
15 or regional basis.

16 (c) Notwithstanding ORS 733.780 (1), not more than [25] **10** percent of admitted assets may be
17 in common stocks that have not paid a cash dividend during each of the five years preceding the
18 date of acquisition.

19 (2) An insurer shall not invest so as to own or control more than five percent of the voting
20 power outstanding of a corporation, nor shall it invest in the obligations or stocks of a corporation
21 if the insurer, directors, trustees and officers own or control, or as a result thereof shall own and
22 control, in the aggregate more than 50 percent of the voting power. This subsection does not apply
23 to limit the amount of an insurer's assets that may be invested in the voting securities of a deposi-
24 tory institution or any company that controls the depository institution.

25 **(3) An insurer may not acquire an investment under this section if, as a result of and**
26 **after giving effect to the investment, the aggregate amount of investments then held by the**
27 **insurer under this section would exceed the lesser of 20 percent of the insurer's admitted**
28 **assets or 100 percent of its surplus to policyholders.**

29 **SECTION 2. (1) An insurer authorized to transact insurance in this state on the day be-**
30 **fore the effective date of this 2009 Act that on the effective date of this 2009 Act does not**
31 **comply with the limitation on aggregate amount of investments set forth in ORS 733.620 (3),**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 as amended by section 1 of this 2009 Act, must comply with the limitation so that the ag-
2 gregate amount of investments held by the insurer under ORS 733.620 (3):

3 (a) Does not exceed 40 percent of the insurer's total admitted assets on December 31,
4 2010;

5 (b) Does not exceed 30 percent of the insurer's total admitted assets on December 31,
6 2011; and

7 (c) Does not exceed the lesser of 20 percent of the insurer's total admitted assets or 100
8 percent of its surplus to policyholders on December 31, 2012.

9 (2) An insurer authorized to transact insurance in this state on the day before the ef-
10 fective date of this 2009 Act that reapplies for a certificate of authority after having a cer-
11 tificate of authority revoked for any cause may not be granted authority to transact any
12 insurance in this state until the insurer complies with the applicable provisions of ORS
13 733.620 (3), as amended by section 1 of this 2009 Act.

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