

Article - Insurance

[Previous][Next]

§5-505.

- (a) (1) In this section the following words have the meanings indicated.
- (2) “Board” means the board of directors of a life insurer.
- (3) “Committee” means a committee authorized by the board of directors of a life insurer.
- (b) (1) The board shall adopt a written plan for:
 - (i) acquiring and holding investments; and
 - (ii) engaging in investment practices.
- (2) The plan required under paragraph (1) of this subsection shall specify guidelines for the:
 - (i) quality, maturity, and diversification of investments; and
 - (ii) investment strategies that assure that investments and investment practices are appropriate for:
 - 1. the business conducted by the life insurer;
 - 2. the liquidity needs of the life insurer; and
 - 3. the capital and surplus requirements of the life insurer.
- (3) Before adopting the plan required under paragraph (1) of this subsection, the board shall review and assess the life insurer’s technical investment and administrative capabilities and investment expertise.
- (c) (1) The board shall supervise and direct any investments acquired and held under this subtitle.
- (2) At least annually, the board by formal resolution shall determine whether all investments have been made in accordance with delegations, standards, limitations, and investment objectives prescribed by the board or committee charged with the responsibility of directing the life insurer’s investments.
- (d) In order to determine whether the investment activity of the life insurer is consistent with the plan required under subsection (b) of this section, on at least a quarterly basis, the board or committee shall:
 - (1) receive and review a summary report on the life insurer’s investment

portfolio, investment activities, and investment practices engaged in under delegated authority; and

(2) review and revise as needed the plan required under subsection (b) of this section.

(e) In the discharge of duties under this section:

(1) the board shall require that the following be made available on a regular basis to the board:

(i) the records of any authorizations or approvals;

(ii) the reports of any action taken under the authority delegated under the plan required under subsection (b) of this section; and

(iii) any other documentation as the board may require; and

(2) each director shall perform their duties as a director, including any duties as a member of a committee:

(i) in good faith;

(ii) in a manner reasonably believed to be in the best interests of the insurer; and

(iii) with that degree of care that an ordinarily prudent person in a like position would use under similar circumstances.

(f) If a life insurer does not have a board, all references to the board in this section shall be deemed to be references to the governing body of the life insurer having authority equivalent to that of a board.

[Previous][Next]