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§5–509.

(a) The definitions in § 5-511 of this subtitle apply in this section.

(b) This section does not apply to Canadian securities and investments that are eligible for investment under other provisions of this subtitle.

(c) Subject to the limitations of § 5-511 of this subtitle, a life insurer may acquire foreign investments, or engage in investment practices with persons of or in foreign jurisdictions, of substantially the same types as those that a life insurer is allowed to acquire under this subtitle, other than those of the type prohibited under § 5-506 of this subtitle if, as a result of and after giving effect to the investment:

(1) the aggregate amount of foreign investments then held by the life insurer under this subsection does not exceed 20% of its admitted assets; and

(2) the aggregate amount of foreign investments then held by the life insurer under this subsection in a single foreign jurisdiction does not exceed:

(i) 10% of its admitted assets for a foreign jurisdiction that has a sovereign debt rating of investment grade or higher by a nationally recognized statistical rating organization; or

(ii) 3% of its admitted assets for any other foreign jurisdiction.

(d) (1) Subject to the limitations of § 5-511 of this subtitle, a life insurer may acquire investments or engage in investment practices denominated in foreign currencies, whether or not they are foreign investments acquired under subsection (c) of this section, or additional foreign currency exposure as a result of the termination or expiration of a hedging transaction with respect to investments denominated in a foreign currency, if:

(i) the aggregate amount of investments then held by the life insurer under this subsection denominated in foreign currencies does not exceed 10% of its admitted assets; and

(ii) the aggregate amount of investments then held by the life insurer under this subsection denominated in the foreign currency of a single foreign jurisdiction does not exceed:

1. 10% of its admitted assets for a foreign jurisdiction that has a sovereign debt rating of investment grade or higher by a nationally recognized statistical rating organization; or

2. 3% of its admitted assets for any other foreign jurisdiction.

(2) Notwithstanding paragraph (1) of this subsection, an investment is not considered denominated in foreign currency if the acquiring insurer enters into one or more contracts in derivative transactions and the business entity counterparty agrees under the contract or contracts to exchange all payments made on the foreign currency denominated investment for United States currency at a rate that effectively insulates the investment cash flows against future changes in currency exchange rates during the period the contract or contracts are in effect.

(e) (1) In addition to investments allowed under subsections (c) and (d) of this section, a life insurer that is authorized to do business in a foreign jurisdiction, and that has outstanding insurance, annuity, or reinsurance contracts on lives or risks resident or located in that foreign jurisdiction and denominated in the foreign currency of that jurisdiction, may acquire foreign investments with respect to that foreign jurisdiction, and may acquire investments denominated in the currency of that jurisdiction, subject to the limitations of § 5-511 of this subtitle.

(2) Notwithstanding paragraph (1) of this subsection, investments made under this subsection in obligations of foreign governments, their political subdivisions, and government sponsored enterprises are not subject to the limitations of § 5-511 of this subtitle if those investments carry a rating of investment grade or higher by a nationally recognized statistical rating organization.

(3) The aggregate amount of investments acquired by the life insurer under this subsection may not exceed the greater of:

(i) the amount that the life insurer is required by the law of the foreign jurisdiction to invest in the foreign jurisdiction; and

(ii) 115% of the amount of its reserves, net of reinsurance, and other obligations under the contracts on lives or risks resident or located in the foreign jurisdiction.

(f) (1) In addition to investments allowed under subsections (c) and (d) of this section, a life insurer that is not authorized to do business in a foreign jurisdiction, but which has outstanding insurance, annuity, or reinsurance contracts on lives or risks resident or located in that foreign jurisdiction and denominated in the foreign currency of that jurisdiction, may acquire foreign investments with respect to that foreign jurisdiction, and may acquire investments denominated in the currency of that jurisdiction, subject to the limitations of § 5-511 of this subtitle.

(2) Notwithstanding paragraph (1) of this subsection, investments made under this subsection in obligations of foreign governments, their political subdivisions, and government sponsored enterprises are not subject to the limitations of § 5-511 of this subtitle if those investments carry a rating of investment grade or higher by a nationally recognized statistical rating organization.

(3) The aggregate amount of investments acquired by the life insurer

under this subsection may not exceed 105% of the amount of its reserves, net of reinsurance, and other obligations under the contracts on lives or risks resident or located in the foreign jurisdiction.

(g) (1) Investments acquired under this section shall be aggregated with investments of the same type made under all other provisions of this subtitle, and in a similar manner, for purposes of determining compliance with the limitations, if any, contained in the other provisions of this subtitle.

(2) Investments in obligations of foreign governments, their political subdivisions, and government sponsored enterprises, except for those exempted under subsections (e) and (f) of this section, are subject to the limitations of § 5-511 of this subtitle.

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