

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 57th Legislature (2019)

4 ENGROSSED SENATE
5 BILL NO. 1015

By: Quinn of the Senate

and

Moore of the House

6
7
8
9 An Act relating to insurance; amending 36 O.S. 2011,
10 Section 1616, which relates to limitations on
11 investments in corporate securities; classifying
12 certain type of investment; defining single purpose
13 entity; and providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. AMENDATORY 36 O.S. 2011, Section 1616, is
16 amended to read as follows:

17 Section 1616. A. Except with the consent of the Insurance
18 Commissioner, no domestic life insurer shall, in addition to other
19 investments permitted by this article, invest an amount equal in the
20 aggregate to more than ten percent (10%) of its assets, or in the
21 case of a domestic nonlife insurer, an amount equal in the aggregate
22 to more than twenty percent (20%) of its assets in the shares of
23 solvent corporations created or existing under the laws of the
24 United States or of any state. Investing in the shares of mutual

1 funds that invest only in bonds or preferred stocks shall be
2 considered as investing in bonds or preferred stocks, and investing
3 in mutual funds that invest in common stocks shall be considered as
4 investing in common stocks. However, investments in the shares of
5 subsidiaries or companion insurance companies shall be governed by
6 Section 1652 of this title and this subsection shall not apply to
7 investments by domestic insurers in the shares of insurance
8 subsidiaries.

9 B. For the purpose of determining the investment limitation
10 imposed by this article, the insurer shall value securities
11 purchased pursuant to the provisions of this article at the cost of
12 the security or at the market value of the security, whichever is
13 lower.

14 C. Investments in securities of a single purpose entity shall
15 be treated the same as an investment in the underlying assets held
16 by the single purpose entity. For the purposes of this subsection,
17 "single purpose entity" means an entity formed for purposes of
18 holding a single asset or class of assets.

19 SECTION 2. This act shall become effective November 1, 2019.
20

21 COMMITTEE REPORT BY: COMMITTEE ON INSURANCE, dated 04/10/2019 - DO
22 PASS.
23
24