

**SPONSOR: HOUSE OF REPRESENTATIVES  
145<sup>TH</sup> GENERAL ASSEMBLY  
HOUSE BILL NO.**

**AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE  
RELATING TO THE INVESTMENT FLEXIBILITY  
FOR WELL-CAPITALIZED INSURANCE COMPANIES**

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF  
DELAWARE:

1 § 1333. Additional investments.

2 An insurer may make additional loans or investments in excess of any aggregate  
3 investment limitation contained in Chapter 13 in accordance with Section 1333 (a) except  
4 for the aggregate limitations contained in Sections 1305 (1) and Section 1313 of this  
5 Chapter.

6 (a) An insurer may make additional loans or investments in accordance with the  
7 following:

8 A property and casualty insurer may invest an amount that is the lesser of i) policyholder  
9 surplus less any surplus write-ins less 400% of the authorized control level risk-based  
10 capital or ii) 10% of the insurer's cash and invested assets;

11 A life and health insurer may invest an amount that is the lesser of i) policyholder surplus  
12 less surplus from separate accounts less any surplus write-ins less 450% of the authorized  
13 control level risk-based capital or ii) 10% of the insurer's cash and invested assets;

14 No insurer shall make an investment pursuant to this section if the aggregate amount so  
15 invested will exceed 200% of the existing aggregate limitation stipulated in any section.

16 (b) No such loan or investment shall be represented by:

- 17 (1) Any item described in § 1102 (assets not allowed) of this title, or any loan or  
18 investment otherwise expressly prohibited in any section of Title 18;
- 19 (2) Investments in derivatives.
- 20 (c) The insurer shall keep a separate record of all loans and investments made under this  
21 section.
- 22 (d) Unless otherwise specified, an investment limitation computed on the basis of an  
23 insurer's cash and invested assets shall relate to the amount required to be shown on the  
24 statutory balance sheet of the insurer most recently required to be filed with the  
25 Commissioner or as shown by a current financial statement resulting from merger of  
26 another insurer, bulk reinsurance, or change in capitalization. For purposes of computing  
27 any limitation based upon cash and invested assets, the insurer shall deduct from the  
28 amount of its cash and invested assets the amount of the liability recorded on its statutory  
29 balance sheet for:
- 30 The return of acceptable collateral received in a reverse repurchase transaction or a  
31 securities lending transaction;
- 32 (2) Cash received in a dollar roll transaction; and
- 33 (3) The amount reported as borrowed money in the most recently filed financial  
34 statement, to the extent not included in paragraphs (1) and (2) of this subsection.

35 SYNOPSIS

36 This legislation adds a new Section 1333 to Chapter 13, Investments. The new  
37 section provides additional investment flexibility to domestic insurers that are well  
38 capitalized by increasing the aggregate investment limitations contained in various  
39 sections of Chapter 13. This legislation applies to insurers having a Risk Based Capital  
40 (RBC) level greater than 400% of the RBC Authorized Control Level.