

ORIGINAL HOUSE  
BILL NO. HB0087

ENROLLED ACT NO. 15, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2022 BUDGET SESSION

AN ACT relating to insurance; amending requirements for eligible and authorized investments by domestic insurance companies including investments in foreign jurisdictions; providing an exemption to the requirement that an insurer holds its invested assets at a financial institution with a physical location in Wyoming; providing definitions; providing for exemptions as specified; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 26-7-102(a) by creating new paragraphs (v) through (ix), 26-7-103(e), 26-7-106(a)(i), 26-7-107(a)(xv) and by creating new paragraphs (xvii) through (xix) and by creating a new subsection (b), 26-7-110(a)(intro) and 26-24-129 by creating a new subsection (e) are amended to read:

**26-7-102. Definitions of terms used in chapter; determination of net earnings.**

(a) As used in this chapter:

(v) "Domestic jurisdiction" means the United States and Canada and includes any state, province or political subdivision of the United States or Canada;

(vi) "Foreign jurisdiction" means a jurisdiction other than a domestic jurisdiction;

(vii) "Foreign investment" means an investment in a foreign jurisdiction, or an investment in a person, real estate or asset domiciled in a foreign jurisdiction. Each of the following apply to this paragraph:

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(A) An investment shall not be deemed to be foreign if the issuing person, qualified primary credit source or qualified guarantor is a domestic jurisdiction or a person domiciled in a domestic jurisdiction, unless:

(I) The issuing person is a shell business entity; and

(II) The investment is not assumed, accepted, guaranteed or insured or otherwise backed by a domestic jurisdiction or a person, that is not a shell business entity, domiciled in a domestic jurisdiction.

(B) For purposes of this paragraph:

(I) "Qualified guarantor" means a guarantor against which an insurer has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction;

(II) "Qualified primary credit source" means the credit source to which an insurer looks for payment as to an investment and against which an insurer has a direct claim for full and timely payment, evidenced by a contractual right for which an enforcement action can be brought in a domestic jurisdiction;

(III) "Shell business entity" means a business entity having no economic substance except as a vehicle for owning interests in assets issued, owned or previously owned by a person domiciled in a foreign jurisdiction.

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(viii) "High grade investment" means a credit instrument rated one (1) or two (2) by the securities valuation office;

(ix) "Securities valuation office" means the securities valuation office of the National Association of Insurance Commissioners, or any successor office established by the National Association of Insurance Commissioners.

**26-7-103. Eligible investments.**

(e) An insurer authorized to transact insurance in a foreign ~~country~~ jurisdiction may make investments, in aggregate amount not exceeding its deposit and reserve obligations incurred in that ~~country~~ foreign jurisdiction, in securities of or in that ~~country~~ foreign jurisdiction possessing characteristics and of a quality similar to like investments in the United States.

**26-7-106. Diversification of and limits on investments.**

(a) An insurer shall invest in or hold as admitted assets only categories of investments within applicable limits as follows:

(i) No insurer shall have at any time any combination of investments in or loans upon the security of the obligations, property or securities of any one (1) person, institution, corporation or municipal corporation aggregating an amount exceeding five percent (5%) of the insurer's admitted assets, except this does not apply to general obligations of the United States of America or of any state ~~or~~ and shall not include policy loans made under

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W.S. 26-7-108 or mutual funds that are registered with the federal securities and exchange commission and are diversified within the meaning of the Investment Company Act of 1940 as from time to time amended. Investments in diversified mutual funds shall be limited to ten percent (10%) of the insurer's admitted assets per fund;

**26-7-107. Authorized investments.**

(a) An insurer may invest in:

(xv) Nonassessable common stocks, other than insurance stocks, of any solvent corporation organized and existing under the laws of any foreign country jurisdiction, any such investment to be subject to the limitations of W.S. 26-7-106*;*. ~~At any one time, the aggregate amount of foreign investments shall not exceed twenty percent (20%) of the insurer's admitted assets;~~

(xvii) Obligations issued by any solvent corporation in a foreign jurisdiction, other than an insurance company, that are traded in the United States on United States exchanges and denominated in United States dollars and subject to United States securities laws. The obligations must be high grade investments and are subject to the five percent (5%) limitation in W.S. 26-7-106(a)(i);

(xviii) Interests in a partnership or limited liability company, if the insurer has one hundred million dollars (\$100,000,000.00) or more in surplus and a total adjusted capital that is at least five (5) times its authorized control level risk-based capital. An insurer's investment in any one partnership or limited liability company shall not exceed five percent (5%) of the insurer's admitted assets. The aggregate of all investments in

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partnerships and limited liability companies shall not exceed ten percent (10%) of the insurer's admitted assets;

(xix) Securities issued by an exchange-traded fund as defined in 17 C.F.R. 270.6c-11(a) as from time to time amended provided the following conditions are met:

(A) The exchange-traded fund is registered under the Investment Company Act of 1940 as from time to time amended;

(B) Shares of the exchange-traded fund are registered under the Securities Act of 1933 as from time to time amended;

(C) The exchange-traded fund is solvent and reported at least one hundred million dollars (\$100,000,000.00) of net assets in the fund's most recent annual report or more recent audited financial statement; and

(D) Shares of the exchange-traded fund are listed and traded on a national securities exchange.

(b) At any one (1) time, the aggregate amount of foreign investments shall not exceed twenty percent (20%) of the insurer's admitted assets.

**26-7-110. Miscellaneous loans and investments.**

(a) An insurer may make loans or investments not otherwise expressly permitted under this chapter, in aggregate amounts not over five percent (5%) of the insurer's admitted assets and not over one percent (1%) of those assets as to any one loan or investment, if the loan

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or investment fulfills the requirements of W.S. 26-7-103 and otherwise qualifies as a sound investment. An insurer with one hundred million dollars (\$100,000,000.00) or more in surplus and a total adjusted capital that is at least five (5) times its authorized control level risk-based capital may make loans or investments not otherwise expressly permitted under this chapter, in aggregate amounts not over ten percent (10%) of the insurer's admitted assets and not over two percent (2%) of those assets as to any one (1) loan or investment, if the loan or investment fulfills the requirements of W.S. 26-7-103 and otherwise qualifies as a sound investment. For all insurers, no such loan or investment shall be represented by:

**26-24-129. Home office records and assets; penalty for removal; out-of-state branch operations.**

(e) An insurer may request an exemption, in writing, from holding its invested assets at a financial institution that has a physical location in this state if the insurer provides sufficient documentation that the financial institutions in this state do not have adequate technology to support the insurer's required financial reporting requirements or the financial institutions' fees are cost prohibitive for the insurer. The commissioner shall issue an order approving or denying the exemption request within thirty (30) days after all supporting documentation for the request has been received. The commissioner may vacate any previous exemption order upon the determination that there are financial institutions with physical locations in this state that provide adequate technology and competitive fee structures or if the insurer is experiencing material financial solvency concerns. The commissioner shall provide any insurer that has had its previous approval to use an

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out-of-state financial institution revoked at least thirty (30) days to return its invested assets to this state. Before moving any of its invested assets, the insurer shall execute a custodial agreement with the financial institution that has been approved by the commissioner.

**Section 2.** This act is effective July 1, 2022.

(END)

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Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the House.

\_\_\_\_\_  
Chief Clerk