

HOUSE BILL NO. HB0087

Insurance investment amendments.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

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

9

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

11

12 **Section 1.** W.S. 26-7-102(a) by creating new
13 paragraphs (v) through (ix), 26-7-103(e), 26-7-106(a)(i),
14 26-7-107(a)(xv) and by creating new paragraphs (xvii)
15 through (xix) and by creating a new subsection (b),

1 26-7-110(a)(intro) and 26-24-129 by creating a new
2 subsection (e) are amended to read:

3

4 **26-7-102. Definitions of terms used in chapter;**
5 **determination of net earnings.**

6

7 (a) As used in this chapter:

8

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

12

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

15

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

20

21 (A) An investment shall not be deemed to be
22 foreign if the issuing person, qualified primary credit

1 source or qualified guarantor is a domestic jurisdiction or
2 a person domiciled in a domestic jurisdiction, unless:

3
4 (I) The issuing person is a shell
5 business entity; and

6
7 (II) The investment is not assumed,
8 accepted, guaranteed or insured or otherwise backed by a
9 domestic jurisdiction or a person, that is not a shell
10 business entity, domiciled in a domestic jurisdiction.

11
12 (B) For purposes of this paragraph:

13
14 (I) "Qualified guarantor" means a
15 guarantor against which an insurer has a direct claim for
16 full and timely payment, evidenced by a contractual right
17 for which an enforcement action can be brought in a
18 domestic jurisdiction;

19
20 (II) "Qualified primary credit source"
21 means the credit source to which an insurer looks for
22 payment as to an investment and against which an insurer
23 has a direct claim for full and timely payment, evidenced

1 by a contractual right for which an enforcement action can
2 be brought in a domestic jurisdiction;

3
4 (III) "Shell business entity" means a
5 business entity having no economic substance except as a
6 vehicle for owning interests in assets issued, owned or
7 previously owned by a person domiciled in a foreign
8 jurisdiction.

9
10 (viii) "High grade investment" means a credit
11 instrument rated one (1) or two (2) by the securities
12 valuation office;

13
14 (ix) "Securities valuation office" means the
15 securities valuation office of the National Association of
16 Insurance Commissioners, or any successor office
17 established by the National Association of Insurance
18 Commissioners.

19
20 **26-7-103. Eligible investments.**

21

22 (e) An insurer authorized to transact insurance in a
23 foreign ~~country~~ jurisdiction may make investments, in

1 aggregate amount not exceeding its deposit and reserve
2 obligations incurred in that ~~country~~foreign jurisdiction,
3 in securities of or in that ~~country~~foreign jurisdiction
4 possessing characteristics and of a quality similar to like
5 investments in the United States.

6

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

9

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

13

14 (i) No insurer shall have at any time any
15 combination of investments in or loans upon the security of
16 the obligations, property or securities of any one (1)
17 person, institution, corporation or municipal corporation
18 aggregating an amount exceeding five percent (5%) of the
19 insurer's admitted assets, except this does not apply to
20 general obligations of the United States of America or of
21 any state ~~or~~and shall not include policy loans made under
22 W.S. 26-7-108 or mutual funds that are registered with the
23 federal securities and exchange commission and are

1 diversified within the meaning of the Investment Company
2 Act of 1940 as from time to time amended. Investments in
3 diversified mutual funds shall be limited to ten percent
4 (10%) of the insurer's admitted assets per fund;

5

6 **26-7-107. Authorized investments.**

7

8 (a) An insurer may invest in:

9

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

17

18 (xvii) Obligations issued by any solvent
19 corporation in a foreign jurisdiction, other than an
20 insurance company, that are traded in the United States on
21 United States exchanges and denominated in United States
22 dollars and subject to United States securities laws. The

1 obligations must be high grade investments and are subject
2 to the five percent (5%) limitation in W.S. 26-7-106(a)(i);

3
4 (xviii) Interests in a partnership or limited
5 liability company, if the insurer has one hundred million
6 dollars (\$100,000,000.00) or more in surplus and a total
7 adjusted capital that is at least five (5) times its
8 authorized control level risk-based capital. An insurer's
9 investment in any one partnership or limited liability
10 company shall not exceed five percent (5%) of the insurer's
11 admitted assets. The aggregate of all investments in
12 partnerships and limited liability companies shall not
13 exceed ten percent (10%) of the insurer's admitted assets;

14
15 (xix) Securities issued by an exchange-traded
16 fund as defined in 17 C.F.R. 270.6c-11(a) as from time to
17 time amended provided the following conditions are met:

18
19 (A) The exchange-traded fund is registered
20 under the Investment Company Act of 1940 as from time to
21 time amended;

22

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

4
5 (C) The exchange-traded fund is solvent and
6 reported at least one hundred million dollars
7 (\$100,000,000.00) of net assets in the fund's most recent
8 annual report or more recent audited financial statement;
9 and

10
11 (D) Shares of the exchange-traded fund are
12 listed and traded on a national securities exchange.

13
14 (b) At any one (1) time, the aggregate amount of
15 foreign investments shall not exceed twenty percent (20%)
16 of the insurer's admitted assets.

17
18 **26-7-110. Miscellaneous loans and investments.**

19
20 (a) An insurer may make loans or investments not
21 otherwise expressly permitted under this chapter, in
22 aggregate amounts not over five percent (5%) of the
23 insurer's admitted assets and not over one percent (1%) of

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

16
17 **26-24-129. Home office records and assets; penalty**
18 **for removal; out-of-state branch operations.**

19
20 (e) An insurer may request an exemption, in writing,
21 from holding its invested assets at a financial institution
22 that has a physical location in this state if the insurer
23 provides sufficient documentation that the financial

1 institutions in this state do not have adequate technology
2 to support the insurer's required financial reporting
3 requirements or the financial institutions' fees are cost
4 prohibitive for the insurer. The commissioner shall issue
5 an order approving or denying the exemption request within
6 thirty (30) days after all supporting documentation for the
7 request has been received. The commissioner may vacate any
8 previous exemption order upon the determination that there
9 are financial institutions with physical locations in this
10 state that provide adequate technology and competitive fee
11 structures or if the insurer is experiencing material
12 financial solvency concerns. The commissioner shall provide
13 any insurer that has had its previous approval to use an
14 out-of-state financial institution revoked at least thirty
15 (30) days to return its invested assets to this state.
16 Before moving any of its invested assets, the insurer shall
17 execute a custodial agreement with the financial
18 institution that has been approved by the commissioner.

19

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

21

22

(END)