

304.7-457 Rated credit investments.

- (1) Subject to the limitations of KRS 304.7-455(4) to (6), but not to the limitations of KRS 304.7-455(1) to (3), an insurer may acquire rated credit instruments issued, assumed, guaranteed, or insured by:
 - (a) The United States; or
 - (b) A government sponsored enterprise of the United States, if the instruments of the government sponsored enterprise are assumed, guaranteed, or insured by the United States or are otherwise backed or supported by the full faith and credit of the United States.
- (2)
 - (a) Subject to the limitations of KRS 304.7-455(4) to (6), but not to the limitations of KRS 304.7-455(1) to (3), an insurer may acquire rated credit instruments issued, assumed, guaranteed, or insured by:
 1. Canada; or
 2. A government sponsored enterprise of Canada, if the instruments of the government sponsored enterprise are assumed, guaranteed, or insured by Canada or are otherwise backed or supported by the full faith and credit of Canada;
 - (b) However, an insurer shall not acquire an instrument under this subsection if, as a result of and after giving effect to the investment, the aggregate amount of investments then held by the insurer under this subsection would exceed forty percent (40%) of its admitted assets.
- (3)
 - (a) Subject to the limitations of KRS 304.7-455(4) to (6), but not to the limitations of KRS 304.7-455(1) to (3), an insurer may acquire rated credit instruments, excluding asset-backed securities:
 1. Issued by a government money market mutual fund, a class one money market mutual fund, or a class one bond mutual fund;
 2. Issued, assumed, guaranteed, or insured by a government sponsored enterprise of the United States other than those eligible under subsection (1) of this section;
 3. Issued, assumed, guaranteed, or insured by a state, if the instruments are general obligations of the state; or
 4. Issued by a multilateral development bank;
 - (b) However, an insurer shall not acquire an instrument of any one (1) fund, any one (1) enterprise or entity, or any one (1) state under this subsection if, as a result of and after giving effect to the investment, the aggregate amount of investments then held in any one (1) fund enterprise or entity, or state under this subsection would exceed ten percent (10%) of its admitted assets.
- (4) Subject to the limitations of KRS 304.7-455, an insurer may acquire preferred stocks that are not foreign investments and that meet the requirements of rated credit instruments if, as a result of and after giving effect to the investment:
 - (a) The aggregate amount of preferred stocks then held by the insurer under this subsection does not exceed twenty percent (20%) of its admitted assets; and

- (b) The aggregate amount of preferred stocks then held by the insurer under this subsection that are not sinking fund stocks or rated P1 or P2 by the SVO does not exceed ten percent (10%) of its admitted assets.
- (5) Subject to the limitations of KRS 304.7-455, in addition to those investments eligible under subsections (1) to (4) of this section, an insurer may acquire rated credit instruments that are not foreign investments.
- (6) An insurer shall not acquire special rated credit instruments under this section if, as a result of and after giving effect to the investment, the aggregate amount of special rated credit instruments then held by the insurer would exceed five percent (5%) of its admitted assets.

Effective: July 14, 2000

History: Created 2000 Ky. Acts ch. 388, sec. 22, effective July 14, 2000.