

304.7-423 Investment practices that are allowed without regard to limitations of this subtitle.

- (1) Solely for the purpose of acquiring investments that exceed the quantitative limitations of KRS 304.7-403, 304.7-405, 304.7-407, 304.7-409, 304.7-411, 304.7-413, 304.7-415, and 304.7-417, an insurer may acquire under this subsection an investment, or engage in investment practices described in KRS 304.7-415, but an insurer shall not acquire an investment, or engage in investment practices described in KRS 304.7-415, under this subsection if, as a result of and after giving effect to the transaction:
 - (a) The aggregate amount of investments then held by an insurer under this subsection would exceed three percent (3%) of its admitted assets; or
 - (b) The aggregate amount of investments as to one (1) limitation in KRS 304.7-403, 304.7-405, 304.7-407, 304.7-409, 304.7-411, 304.7-413, 304.7-415, and 304.7-417 then held by the insurer under this subsection would exceed one percent (1%) of its admitted assets.
- (2)
 - (a) In addition to the authority provided under subsection (1) of this section, an insurer may acquire under this subsection an investment of any kind, or engage in investment practices described in KRS 304.7-415, that are not specifically prohibited by this subtitle, without regard to the categories, conditions, standards, or other limitations of KRS 304.7-403, 304.7-405, 304.7-407, 304.7-409, 304.7-411, 304.7-413, 304.7-415, and 304.7-417 if, as a result of and after giving effect to the transaction, the aggregate amount of investments then held under this subsection would not exceed the lesser of:
 1. Ten percent (10%) of its admitted assets; or
 2. Seventy-five percent (75%) of its capital and surplus.
 - (b) However, an insurer shall not acquire any investment or engage in any investment practice under this subsection if, as a result of and after giving effect to the transaction, the aggregate amount of all investments in any one (1) person then held by the insurer under this subsection would exceed three percent (3%) of its admitted assets.
- (3) In addition to the investments acquired under subsections (1) and (2) of this section, an insurer may acquire under this subsection an investment of any kind, or engage in investment practices described in KRS 304.7-415, that are not specifically prohibited by this subtitle without regard to any limitations of KRS 304.7-403, 304.7-405, 304.7-407, 304.7-409, 304.7-411, 304.7-413, 304.7-415, and 304.7-417 if:
 - (a) The commissioner grants prior approval;
 - (b) The insurer demonstrates that its investments are being made in a prudent manner and that the additional amounts will be invested in a prudent manner; and
 - (c) As a result of and after giving effect to the transaction, the aggregate amount of investments then held by the insurer under this subsection does not exceed the greater of:
 1. Twenty-five percent (25%) of its capital and surplus; or

2. One hundred percent (100%) of capital and surplus less ten percent (10%) of its admitted assets.
- (4) An investment prohibited under KRS 304.7-363, not permitted under KRS 304.7-419, or additional derivative instruments acquired under KRS 304.7-419 shall not be acquired under this section.

Effective: July 15, 2010

History: Amended 2010 Ky. Acts ch. 24, sec. 1020, effective July 15, 2010. --
Created 2000 Ky. Acts ch. 388, sec. 18, effective July 14, 2000.