

RCW 48.13.071 Limitations on investments—Special rules for certain investments.

(1) Class limitations. For the purposes of RCW 48.13.101, the following limitations on classes of investments apply:

(a) Investments authorized by RCW 48.13.061(2), and investments authorized by RCW 48.13.061(7) that are of the types described in RCW 48.13.061(2);

(i) The aggregate amount of medium and lower grade investments, twenty percent of its admitted assets;

(ii) The aggregate amount of lower grade investments, ten percent of its admitted assets;

(iii) The aggregate amount of investments rated 5 or 6 by the securities valuation office, five percent of its admitted assets;

(iv) The aggregate amount of investments rated 6 by the securities valuation office, one percent of its admitted assets; or

(v) The aggregate amount of medium and lower grade investments that receive as cash income less than the equivalent yield for treasury issues with a comparative average life, one percent of its admitted assets;

(b) Investments authorized by RCW 48.13.061(3), forty-five percent of admitted assets in the case of life insurers and twenty-five percent of admitted assets in the case of nonlife insurers;

(c) Investments authorized by RCW 48.13.061(4), other than subsidiaries of the types authorized under RCW 48.13.061(4) (a) through (k), twenty percent of admitted assets in the case of life insurers and twenty-five percent of admitted assets in the case of nonlife insurers;

(i) Individual investments authorized by RCW 48.13.061(4), except for subsidiaries, shall be limited to ten percent of the voting interest in any one entity;

(ii) Investments authorized in RCW 48.13.061(4) in one or more subsidiaries shall be limited to the lesser of ten percent of admitted assets or fifty percent of surplus;

(d) Investments authorized by RCW 48.13.061(5), ten percent of admitted assets;

(e) Investments authorized by RCW 48.13.061(6), twenty percent of admitted assets in the case of life insurers, and ten percent of admitted assets in the case of nonlife insurers;

(f) Investments authorized by RCW 48.13.061(7), twenty percent of admitted assets;

(g) Investments authorized by RCW 48.13.061(8), two percent of admitted assets; and

(h) Investments authorized by RCW 48.13.061(10), two percent of admitted assets.

(2) Individual limitations. For purposes of determining compliance with RCW 48.13.101, securities of a single issuer and its affiliates, other than United States government securities and subsidiaries authorized by RCW 48.13.061(4), shall not exceed three percent of admitted assets in the case of life insurers, and five percent in the case of nonlife insurers. Investments in the voting securities of a depository institution, or any company that controls a depository institution, shall not exceed five percent of the insurer's admitted assets.

(3) Investment subsidiaries. For purposes of determining compliance with the limitations of this section, the admitted portion of assets of subsidiaries authorized by RCW 48.13.061(4) shall be deemed to be owned directly by the insurer and any other investors in

proportion to the market value or if there is no market, the reasonable value, of their interest in the subsidiaries.

(4) Effect of quantity limitations. To the extent that investments exceed the limitations specified in subsections (1) and (2) of this section, the excess may be assigned to the investment class authorized in RCW 48.13.061(12), until that limit is exhausted.

(5) Special rule for mutual funds, pooled investment vehicles, and other investment companies, excluding mutual funds listed on the securities valuation office's United States direct obligations/full faith and credit exempt list, class 1 list, and/or bond fund list (securities valuation office listed mutual funds). At the discretion of the commissioner, as may be deemed necessary in order to determine compliance with this chapter in relation to limitations of particular classes of investments, the commissioner may require that investments in mutual funds, pooled investment vehicles, or other investment companies be treated for purposes of this chapter as if the investor owned directly its proportional share of the assets owned by the mutual fund, pooled investment vehicle, or investment company to the extent such individual nonsecurities valuation office listed mutual funds, pooled investment vehicles, and other investment companies exceed two percent of admitted assets or, in aggregate, ten percent of admitted assets.

(6) Unless otherwise specified, an investment limitation computed on the basis of an insurer's admitted assets or capital and surplus shall relate to the amount required to be shown on the statutory balance sheet of the insurer most recently required to be filed with the commissioner.

(7) Investments authorized by RCW 48.13.061(3) shall not exceed eighty percent of the fair value of the particular property at the time of the investment, unless guaranteed or insured.

(a) The fair value shall be determined by a competent appraiser at the time of the investment.

(b) Buildings and other improvements shall be kept insured for the benefit of the mortgagee. [2011 c 188 s 8.]