

2016 Regular Session

HOUSE BILL NO. 1031

BY REPRESENTATIVE CHAD BROWN

INSURERS: Provides relative to certain investments in Real Estate Investment Trusts by domestic insurers

1 AN ACT

2 To amend and reenact R.S. 22:584(C)(1)(a) and (b) and (D)(1)(a)(i) and (ii), relative to  
3 certain investments in Real Estate Investment Trusts by domestic insurers; to allow  
4 for investments in certain corporations; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 22:584(C)(1)(a) and (b) and (D)(1)(a)(i) and (ii) are hereby amended  
7 and reenacted to read as follows:

8 §584. Investments in securities

9 \* \* \*

10 C.(1)(a) Any domestic life insurer, in addition to the investment permitted  
11 by Subsection A of this Section, may invest in the shares of capital stock, American  
12 Depository Receipts, which are listed on a national securities exchange, and  
13 securities of any solvent corporation ~~(other than a corporation engaged solely in the~~  
14 ~~business of owning and operating real estate, or a corporation having substantially~~  
15 ~~all of its assets invested in the shares of such corporations, except as specifically~~  
16 ~~provided in Subparagraph (b) of this Paragraph)~~ created under the laws of the United  
17 States, or of any of the states of the United States, or the District of Columbia,  
18 provided that the shares or American Depository Receipts of such corporation are  
19 registered on a national securities exchange, as provided in an Act of Congress of the  
20 United States, entitled the "Securities Exchange Act of 1934", approved June 6,

1 1934, as amended, or local exchanges, or are readily marketable, or shares of foreign  
2 corporations listed on the New York Stock Exchange or the American Stock  
3 Exchange, and provided further that such corporation is listed on a national securities  
4 exchange at the time of the investment or has earned during any three years of the  
5 five-year period next preceding the date of the investment, a sum applicable to  
6 dividends equal in the aggregate to not less than twelve percent of the par value (or,  
7 in the case of shares having no par value, the stated value) of its outstanding shares.

8 (b) Any domestic life insurer, in addition to the investment permitted by  
9 Subsection A of this Section, may invest in the stock of a real estate investment trust  
10 (REIT) domiciled in Louisiana or in the stock of a REIT whose stock is listed on the  
11 New York Stock Exchange or the American Stock Exchange, provided such  
12 investment shall not exceed five percent of the total number of shares of any one  
13 such trust and that not more than two percent of the insurer's admitted assets are  
14 invested in shares of any one such trust. Shares in each such trust which has over  
15 one-half of its assets invested in ownership of real estate or which has such  
16 ownership as its stated investment objective shall be considered real estate  
17 investment for purposes of conforming with the limitation on real estate ownership  
18 imposed by Subsection G of this Section.

19 \* \* \*

20 D. Any domestic insurer, in addition to the investments permitted by  
21 Subsection A of this Section, may invest an amount equal to its capital and surplus  
22 if it is a stock company, and, if it is a company other than stock, it may invest an  
23 amount equal to its surplus over all liabilities as follows:

24 (1)(a)(i) In shares of capital stock, American Depositary Receipts listed on  
25 a national securities exchange, including the National Association of Securities  
26 Dealers Automated Quotations (NASDAQ), bonds, securities, or other evidences of  
27 indebtedness of any solvent corporation ~~(other than a corporation engaged solely in~~  
28 ~~the business of operating real estate or a corporation having substantially all of its~~  
29 ~~assets invested in the shares of such corporation except as specifically provided in~~

1        ~~Item (ii) of this Subparagraph~~ created under the laws of the United States, or the  
2        states of the United States, or the District of Columbia, or a foreign corporation  
3        whose stock is listed on a national securities exchange, including NASDAQ,  
4        provided that such insurer may not, except in the case of shares permitted by  
5        Paragraph (9) of Subsection A of this Section, invest in the shares or American  
6        Depository Receipts of a corporation unless such corporation is listed on a national  
7        securities exchange, including NASDAQ, at the time of the investment or has earned  
8        during any three years of the five-year period next preceding the date of the  
9        investment, a sum applicable to dividends equal in the aggregate to not less than  
10       twelve percent of the par value (or, in the case of shares having no par value, the  
11       issued value) of its outstanding shares, or if such shares have been issued less than  
12       five years, has earned a sum applicable to dividends during the tenure of such issue,  
13       equal to not less than four percent per annum of the par value, (or, in the case of  
14       shares having no par value, the issued value) of its outstanding shares.

15                (ii) In the stock of a real estate investment trust (REIT) domiciled in  
16        Louisiana or in the stock of a REIT whose stock is listed on the New York Stock  
17        Exchange, the American Stock Exchange, or NASDAQ, provided such investment  
18        shall not exceed five percent of the total number of shares of any one such trust and  
19        that not more than two percent of its admitted assets are invested in shares of any one  
20        such trust. Shares in each such trust which has over one-half of its assets invested  
21        in ownership of real estate or which has such ownership as its stated investment  
22        objective shall be considered real estate investment for purposes of conforming with  
23        the limitation on real estate ownership imposed by Subsection G of this Section.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 1031 Original

2016 Regular Session

Chad Brown

**Abstract:** Allows domestic insurers to invest in the stock of a Real Estate Investment Trust (REIT).

Present law allows any domestic life insurer to invest in shares of capital stock listed on a national securities exchange and in the securities of a solvent corporation with the following exceptions:

- (1) Corporations engaged solely in the business of owning and operating real estate.
- (2) Corporations having substantially all of its assets invested in the shares of those corporations.

Proposed law repeals those exceptions.

Present law allows a domestic life insurer to invest up to five percent of its admitted assets in the shares or securities of a REIT whose stock is listed on the New York Stock Exchange or the American Stock Exchange.

Proposed law retains present law and additionally allows the domestic life insurer to invest in a REIT domiciled in Louisiana whose stock is not listed on the New York Stock Exchange or the American Stock Exchange.

With respect to domestic insurers, proposed law allows an insurer to invest in shares of capital stock listed on a national securities exchange, bonds, securities, or other evidences of indebtedness of any solvent corporation with the following exceptions:

- (1) Corporations engaged solely in the business of owning and operating real estate.
- (2) Corporations having substantially all of its assets invested in the shares of those corporations.

Proposed law repeals those exceptions.

Present law allows the domestic insurer to also invest in REIT stock whose stock is listed on the New York Stock Exchange, the American Stock Exchange, or NASDAQ.

Proposed law allows the insurer to invest in a REIT domiciled in Louisiana.

Proposed law does not otherwise change the limitations on investments by domestic insurers contained in present law.

(Amends R.S. 22:584(C)(1)(a) and (b) and (D)(1)(a)(i) and (ii))