40-2b01. United States government obligations; call options. Any life insurance company heretofore or hereafter organized under any law of this state may invest by loans or otherwise, with the direction or approval of a majority of its board of directors or authorized committee thereof, any of its funds, or any part thereof in bonds or other evidences of indebtedness issued, assumed or guaranteed by the United States of America, or by any agency or instrumentality thereof. Such life insurance company may write call options on government obligations permitted under this section which it owns. Call options may be purchased for the sole purpose of closing out a position taken previously with respect to one or more options having been written. The purchase of a call option for any reason other than as a closing transaction and the writing of naked (uncovered) call options are hereby prohibited.

Any United States government obligation owned by an insurance company obligated under an unexpired written call option shall be valued at the lesser of the striking price or value established in accordance with the method of valuation as prescribed by the commissioner of insurance for financial reporting purposes.

"Striking price" means the price per United States government obligation, exclusive of selling costs, the company would receive should the call option be exercised by the holder.

History: L. 1972, ch. 179, § 1; L. 1989, ch. 134, § 2; July 1.