

HOUSE No. 1222

The Commonwealth of Massachusetts

PRESENTED BY:

Tackey Chan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to insurance companies.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Tackey Chan</i>	<i>2nd Norfolk</i>	<i>2/17/2021</i>

HOUSE No. 1222

By Mr. Chan of Quincy, a petition (accompanied by bill, House, No. 1222) of Tackey Chan relative to insurance company investments. Financial Services.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Second General Court
(2021-2022)**

An Act relative to insurance companies.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Subsection 14G of Section 63 of Chapter 175 of the General Laws is hereby amended by
2 inserting after paragraph (3) the following paragraphs:-

3 (4) are of a bond exchange-traded fund registered under the Investment Company Act of
4 1940 (the “1940 Act”), 15 USC 80a-1 et seq. if:

5 (a) the exchange-traded fund is solvent and reported at least \$100 million of net assets in
6 the exchange-traded fund’s latest annual or more recent certified audited financial statement;

7 (b) the exchange-traded fund operates as a corporation, trust, or substantially similar legal
8 structure registered with the U.S. Securities and Exchange Commission (“SEC”) under the 1940
9 Act and its offered shares are registered under the Securities Act of 1933 (the “Securities Act”).

10 Each individual exchange-traded fund shall be treated as a separate investment company or
11 issuer for purposes of the disclosure, liability and investor protection provisions of the 1940 Act
12 and other federal securities laws;

13 (c) the National Association of Insurance Commissioners Securities Valuation Office
14 (“NAIC-SVO”) has designated the exchange-traded fund as meeting the criteria to be placed on
15 the list promulgated by the NAIC-SVO of exchange-traded funds eligible for reporting as a long-
16 term bond in the Purposes and Procedures Manual (“ETF Bond List”) of the NAIC-SVO or
17 successor publication;

18 (d) the exchange-traded fund uses the systematic value accounting methodology to
19 calculate its Net Asset Value (“NAV”); and

20 (e) the amount of the insurance company’s investment in the exchange-traded fund does
21 not exceed 15 percent of the insurance company’s capital and surplus.

22 The provisions of the subparagraph do not authorize an insurance company to invest in
23 bond exchange-traded funds that has embedded structural features designed to deliver
24 performance that does not track the full unlevered and positive return of the underlying index or
25 exposure, including a leverage or inverse exchange-traded fund.

26 An insurer may deposit with the department shares of a bond exchange-traded fund
27 described by Subsection (4) as a statutory deposit if state law requires a statutory deposit from
28 the insurer.