

1 (A) an employee pension benefit plan or employee welfare benefit
2 plan that is covered by the Employee Retirement Income Security Act of 1974
3 (29 U.S.C. §1001, et seq. whether active or terminated);

4 (B) a plan described by Section 401(a), 401(k), or 403(b), Internal
5 Revenue Code of 1986, if established or maintained by an employer;

6 (C) a government or church plan, as defined by Section 414,
7 Internal Revenue Code of 1986, a government or church welfare benefit plan, or a
8 deferred compensation plan of a state or local government or tax exempt organization
9 described under Section 457, Internal Revenue Code of 1986; or

10 (D) a nonqualified deferred compensation arrangement established
11 or maintained by an employer or plan sponsor;

12
13 (2) individual or group bank-owned life insurance (BOLI) with consent
14 granted in compliance with Insurance Code §1103.056, subject to Insurance Code
15 §1152.055; and

16 (3) any new business under orders previously issued by the commissioner
17 under Insurance Code §1152.055.

18
19 **§7.303. Definitions.** The following words and terms, when used in this subchapter,
20 have the following meanings, unless the context clearly indicates otherwise:

21 (1) BOLI--A life insurance policy owned by a banking
22 institution.

1 (2) Insurer--A life insurance company authorized to conduct the business
2 of insurance in Texas.

3 (3) General account--All assets of the insurer other than assets in
4 separate accounts established under Insurance Code Chapter 1152.

5 (4) Separate account--An account established under Insurance Code
6 Chapter 1152.

7 (5) New business--Issuance of a new contract subject to this subchapter.
8 This term does not include a renewal of a group contract or issuance of certificates
9 under an existing group contract.

10 (6) Seed money--Amounts transferred from the general account to the
11 separate account in order to obtain initial scale in the separate account in conjunction
12 with the initiation of the separate account.

13
14 **§7.304. Reserves and Investment Guidelines; Annual and Quarterly Statements.**

15 An insurer must comply with the following requirements for separate accounts
16 containing contracts issued or delivered for issue in this state subject to this subchapter
17 and must comply with the following requirements specific to those contracts:

18 (1) Investment strategy. The investment strategy for separate accounts
19 must comply with either (a) all Texas statutory and regulatory requirements for
20 investment and asset protection that pertain to general accounts or (b) all statutory and
21 regulatory requirements for investment and asset protection that pertain to general
22 accounts under the laws of the insurer's state of domicile. In either case, such limits will

1 be applied by aggregating the separate account assets and the insurer's assets as
2 though the aggregate assets allocated to the separate account were the insurer's total
3 admitted assets.

4 (2) Premium taxes. Premiums collected are subject to all applicable
5 premium taxes and fees imposed by the Insurance Code as though the insurer had not
6 established separate accounts.

7 (3) Annual and quarterly statement. The insurer must disclose in the
8 notes to the insurer's financial statements, relating to separate accounts, the amounts of
9 any reserves held in the general account required under this section and any liability
10 established by the insurer required by this section. The insurer must also disclose
11 these amounts by type of business and separate accounts involved.

12 (4) Financial strength. The insurer must maintain an overall financial
13 strength rating of "A" or higher by A.M. Best Company or a comparable rating from a
14 Credit Rating Provider on the NAIC Credit Rating Provider List and a risk-based capital
15 percentage greater than 600 percent when measured against the authorized control
16 level in order to write new business. The insurer must cease writing new business if the
17 insurer fails to meet any of these requirements.

18 (5) Supporting reserves. If the insurer determines that any general
19 account assets are necessary to support reserves for guarantees of separate account
20 products under this subchapter, the insurer must maintain these reserves and
21 supporting assets in the general account.

1 (6) Asset transfers. An insurer must establish a liability for any general
2 account assets transferred to the separate account. Transfers, except for seed money,
3 must be repaid within 180 days from the date of transfer. Seed money must be repaid
4 to the general account within three years from the date of transfer. The insurer must
5 track those transfers and repayments to ensure compliance. An insurer must stop
6 writing new business if a transfer is not repaid as required by this section. Once
7 repayment occurs, the insurer may resume writing new business.

8
9 **§7.305. Other Requirements.** Requirements under this subchapter are in addition to
10 any other filing requirements in Chapter 3 of this title (relating to Life, Accident, Health
11 Insurance, and Annuities) and Chapter 7 of this title (relating to Corporate and Financial
12 Regulation).