§ 1402. Minimum capital or minimum surplus to policyholder investments. (a) Before investing its funds in any other investments, every domestic insurer shall invest and maintain an amount equal to the greater of the minimum capital required by law or the minimum surplus to policyholders required to be maintained by law for a domestic stock corporation authorized to transact the same kinds of insurance, only in investments of the types specified in this section which are not in default as to principal or interest. Investments equal in value, determined pursuant to section one thousand four hundred fourteen of this article, to such amount and of such types shall at all times be maintained free and clear from any security interest other than as impressed upon a deposit with any government within the United States for the security of all policyholders or all policyholders and creditors of the insurer or upon trusteed assets held in trust for the security of all policyholders and creditors of the insurer.

(b) Not less than sixty percent of the amount of the required minimum capital or surplus to policyholder investments shall consist of the types specified in paragraphs one and two hereof:

(1) Obligations of the United States or of any agency thereof provided such agency obligations are guaranteed as to principal and interest by the United States.

(2) Direct obligations of this state or of any county, district or municipality thereof.

(3) Direct obligations of any state of the United States.

(4) Obligations secured by first mortgage loans which meet the standards specified in paragraph four of subsection (a) of section one thousand four hundred four of this article on property located in this state.