§ 1408. Acquisition of insurance company shares; limitations thereon. (a) Any insurer which makes investments under the authority of subsection (c) of section one thousand four hundred three of this article and which meets the requirements of such subsection and section one thousand four hundred two of this article, may invest in, or otherwise acquire, the shares, including voting trust certificates, certificates of deposit, interim receipts and other similar instruments representing such shares, of any other insurance companies, including for purposes of this section any corporation having a majority of its assets invested in one or more insurance companies, in an amount which, together with its present holdings and with any indirect or proportionate interest in insurance company shares held by it through any intermediate subsidiary, shall not exceed in value thirty-five percent of the surplus to policyholders of such acquiring insurer, or fifty percent of its surplus over and above its liabilities and capital, whichever is greater. No United States branch of an alien insurer shall be permitted to acquire or hold any shares of any alien insurance corporation.

(b) This section shall not prohibit the acquisition of insurance company shares by the acceptance of a stock dividend nor prohibit the owner of previously lawfully acquired shares of an insurance company from making a contribution, with the approval of the superintendent, to such other insurance company's surplus. Notwithstanding any other provisions of this chapter, any domestic insurer or United States branch of an alien insurer, which, prior to January first, nineteen hundred forty, acquired shares of other insurance companies in accordance with law in force at the time of such acquisition, may continue to hold them. In determining the financial condition of a domestic insurer shares of other insurance companies shall be valued in accordance with subsection (c) of section one thousand four hundred fourteen of this article but in no event shall their aggregate value be allowed as an admitted asset in excess of fifty per centum of the surplus to policyholders or sixty per centum of the surplus of such insurer, whichever is greater.

(c) In applying the formulas of this section, the initial calculation of surplus shall include voluntary reserves not required by law and the value of insurance company shares before adjustment for any excess holdings thereof.

(d) A United States branch of an alien insurer, other than one licensed to do in this state the business of life insurance, shall be subject to the foregoing limitations, except that its trusteed surplus statement shall be used in determining compliance. For the purpose of this section the surplus to policyholders of a United States branch shall be deemed to be its trusteed surplus and its surplus shall be deemed to be its trusteed surplus less an amount equal to the paid-in-capital specified in table one of paragraph one of subsection (a) of section four thousand one hundred three of this chapter for a domestic stock property/casualty insurance company licensed to do the same kinds of insurance except as such amount may be modified by paragraph five of subsection (a) of section four thousand one hundred three of this chapter.