§ 1411. Authorization of, and restrictions on, investments. (a) No domestic insurer shall make any loan or investment, except as provided in subsection (h) hereof, unless authorized or approved by its board of directors or a committee thereof responsible for supervising or making such investment or loan. The committee's minutes shall be recorded and a report submitted to the board of directors at its next meeting.

(b) No such insurer shall participate in any underwriting of the purchase or sale of securities in advance of their issuance. Any such insurer may enter into any agreement to sell or withhold from sale any of its property as long as the insurer is not participating in an underwriting. The disposition of its property shall be the responsibility of its board of directors, in accordance with its charter and by-laws.

(c) Except as otherwise specifically provided in this chapter, no domestic insurer shall pledge or transfer any securities as collateral for a loan (including a sale of securities subject to an unconditional obligation to repurchase the same) if such loan and all other outstanding loans secured by pledge or deposit of its securities will exceed, when the loan is made, five percent of its admitted assets as shown by its last sworn statement to the superintendent, unless the superintendent shall first give his permission for such loan as necessary in the conduct of the insurer's business. No pledge or transfer of securities for a loan shall be made if the insurer does not receive the loan's proceeds. Nothing in this section shall be construed as prohibiting an insurer from selling or purchasing individually or on its account jointly with one or more of its subsidiaries the securities of any investment company to which the insurer or any of its subsidiaries renders management, investment advisory or sales services, nor from participating in such sales or purchases jointly with any person in the insurer's holding company system, as defined in section one thousand five hundred one of this chapter.

(d) No domestic stock insurer shall purchase its own capital shares except pursuant to section seven thousand three hundred two of this chapter or pursuant to a plan of stock redemption and retirement approved by the superintendent as reasonable and equitable. No domestic insurer shall enter into any agreement in connection with the sale of any property to repurchase such property or any part thereof, except

that such an insurer may (subject to the provisions of subsection (b) of this section) sell securities subject to an unconditional obligation to repurchase the same on a date not more than one year from the date of sale. This subsection shall not apply to the purchase or sale of directors' qualifying shares.

(e) No director or officer of an insurer doing business in this state shall receive, in addition to his fixed salary or compensation, any money or valuable thing, directly or indirectly, or through any substantial interest in any other corporation or business unit, for negotiating, procuring, recommending or aiding in any purchase or sale of property, or loan, made by such insurer or any affiliate or subsidiary thereof; nor shall he be pecuniarily interested, as principal, co-principal, agent or beneficiary, directly or indirectly, or through any substantial interest in any other corporation or business unit, in any such purchase, sale or loan. This subsection shall not prohibit:

(1) a member of the board of directors of an insurer, other than life, from receiving his share of the usual commission earnings of a stock exchange firm of which he is a partner;

(2) an insurer, other than life, or any life insurer all of whose shares (except directors' qualifying shares) is owned by any corporation organized primarily for, and engaged primarily in the business of, providing support, relief, pensions, annuities or insurance for the priests, clergy or ministers of any religious denomination or their dependents, from paying any corporation or partnership in which any director of the insurer has an interest or is an officer or director or partner, a reasonable fee for investment advice, provided such compensation is not in excess of the amounts customarily charged for the same type of service; or

(3) any transaction or class of transactions which comply with section one thousand five hundred five or article sixteen of this chapter.

(f) (1) No insurer doing business in this state shall, except as provided in subsection (h) hereof, make any loan to any of its directors or officers, directly or indirectly, or through its subsidiaries; nor shall any such director or officer accept any such loan directly or indirectly.

(2) No such insurer shall make any advance to any of its directors or

officers for future services to be performed beyond a period of one year from the date of making such advance.

(g) No insurer doing business in this state, nor any affiliate or subsidiary thereof, shall directly or indirectly guarantee the financial obligation of any director or officer of such insurer, affiliate or subsidiary, and any such guaranty shall be void. In this subsection, "guarantee" shall not include the making of a contract of insurance of the kind specified in paragraphs thirteen, fourteen, fifteen or sixteen of subsection (a) of section one thousand one hundred thirteen of this chapter.

(h) Nothing contained in this chapter shall prohibit a life insurance company from making a policy loan upon its policy or contract in an amount not exceeding the net reserve value of the policy or contract, or any insurer from:

(1) Acquiring (i) in the case of an insurer making investments under the authority of section one thousand four hundred four of this article, such real property serving as the residence of a non-director officer as may be acquired under the provisions of paragraph five of subsection (a) of section one thousand four hundred four of this article, or (ii) in the case of an insurer making investments under the authority of section one thousand four hundred five of this article, real property serving as the residence of a non-director officer, under the provisions of paragraph four of subsection (a) of section one thousand four hundred five of this article and with the approval of the superintendent in the case of domestic insurers, in connection with the relocation by the insurer of the place of employment of such officer (including any relocation in connection with initial employment), at a purchase price not exceeding the lesser of the value of such property as determined by an independent appraiser for the purpose of such acquisition or one hundred fifty thousand dollars, provided such officer has made reasonable efforts otherwise to dispose of such property for a period of not less than one month immediately prior to such acquisition; or

(2) Making a loan to a non-director officer secured by real property owned by such officer and improved with a one-family dwelling, which is to serve as such officer's residence, provided that (i) such loan qualifies under paragraph four of subsection (a) of section one thousand four hundred four (in the case of an insurer that makes investments

under the authority of section one thousand four hundred four) or paragraph three of subsection (a) of section one thousand four hundred five (in the case of an insurer that makes investments under the authority of section one thousand four hundred five) of this article, (ii) such loan is made in connection with the relocation by the insurer of the place of employment of such officer (including any relocation in connection with initial employment), and (iii) in the case of a domestic insurer, such loan is approved by the superintendent.

For the purposes of paragraphs one and two of this subsection, paragraphs four and five of subsection (a) of section one thousand four hundred four and paragraphs three and four of subsection (a) of section one thousand four hundred five of this article, real property shall include a condominium unit and stock of a cooperative apartment corporation, if such stock entitles the holder thereof to a proprietary lease of a one-family apartment serving as the residence of the officer.