(9) (I) IN A REPURCHASE TRANSACTION, THE INSURER SHALL RECEIVE AS ACCEPTABLE COLLATERAL TRANSFERRED SECURITIES HAVING A MARKET VALUE AT LEAST EQUAL TO 102% OF THE PURCHASE PRICE PAID BY THE INSURER FOR THE SECURITIES.

(II) IF AT ANY TIME THE MARKET VALUE OF THE ACCEPTABLE COLLATERAL IS LESS THAN 100% OF THE PURCHASE PRICE PAID BY THE INSURER, THE BUSINESS ENTITY COUNTERPARTY SHALL BE OBLIGATED TO PROVIDE ADDITIONAL ACCEPTABLE COLLATERAL, THE MARKET VALUE OF WHICH, TOGETHER WITH THE MARKET VALUE OF ALL ACCEPTABLE COLLATERAL THEN HELD IN CONNECTION WITH THE TRANSACTION, AT LEAST EQUALS 102% OF THE PURCHASE PRICE.

(III) SECURITIES ACQUIRED BY AN INSURER IN A REPURCHASE TRANSACTION MAY NOT BE SOLD IN A REVERSE REPURCHASE TRANSACTION, LOANED IN A SECURITIES LENDING TRANSACTION, OR OTHERWISE PLEDGED.

(O) (1) THE RESERVE INVESTMENTS OF A LIFE INSURER MAY INCLUDE DERIVATIVE TRANSACTIONS UNDER THIS SUBSECTION, WHETHER ENTERED INTO DIRECTLY OR INDIRECTLY THROUGH AN INVESTMENT SUBSIDIARY, UNDER THE CONDITIONS OF PARAGRAPHS (2) THROUGH (7) OF THIS SUBSECTION.

(2) (I) AN INSURER MAY USE DERIVATIVE INSTRUMENTS UNDER THIS SUBSECTION TO ENGAGE IN HEDGING TRANSACTIONS ~~AND INCOME GENERATION TRANSACTIONS.~~

~~(II) AN INSURER SHALL BE ABLE TO DEMONSTRATE TO THE COMMISSIONER THE INTENDED HEDGING CHARACTERISTICS AND THE ONGOING EFFECTIVENESS OF THE DERIVATIVE TRANSACTION OR COMBINATION OF THE TRANSACTIONS THROUGH CASH FLOW TESTING OR OTHER APPROPRIATE ANALYSES.~~

~~(III) THE COMMISSIONER MAY ADOPT REASONABLE REGULATIONS FOR INVESTMENTS AND TRANSACTIONS UNDER THIS SUBSECTION, INCLUDING REGULATIONS TO IMPOSE FINANCIAL SOLVENCY STANDARDS, VALUATION STANDARDS, AND REPORTING REQUIREMENTS~~.

(II) PRIOR TO ENTERING INTO ANY DERIVATIVE TRANSACTION, THE BOARD OF DIRECTORS OF THE INSURER SHALL APPROVE A DERIVATIVE USE PLAN THAT:

1. DESCRIBES INVESTMENT OBJECTIVES AND RISK CONSTRAINTS, SUCH AS COUNTERPARTY EXPOSURE AMOUNTS;

2. DEFINES PERMISSIBLE TRANSACTIONS IDENTIFYING THE RISKS TO BE HEDGED AND THE ASSETS OR LIABILITIES BEING REPLICATED; AND

3. REQUIRES COMPLIANCE WITH INTERNAL CONTROL PROCEDURES THAT DEMONSTRATE THE INTENDED HEDGING CHARACTERISTICS AND THE ONGOING EFFECTIVENESS OF THE DERIVATIVE TRANSACTION OR COMBINATION OF THE TRANSACTIONS THROUGH CASH FLOW TESTING OR OTHER APPROPRIATE ANALYSES.