Memorandum Bulletin of November 28, 1990

Change to required deposit calculation and form doc-ins-766-10/89

November 28, 1990

Pursuant to review of SDCL 58-7-1, Deposit of Reserves with Director — Amounts required of domestic insurers, it is the opinion of the Division that calculations have been incorrect in the past and procedures must be revised. Please note that the calculation is essentially unchanged for property/casualty insurers.

First, life insurers have been calculating a portion of the required deposit based on 50% of unearned premium on accident and health business, when in fact the Code requires only property/casualty insurers to base deposit amounts on 50% of unearned premiums.

Secondly, SDCL 58-7-1 requires life insurers to deposit an amount not less than the required reserves on their outstanding policies, including annuity and supplementary contracts (see attached copy). {Footnote 1} It is the opinion of the Division that "outstanding policies" was intended to mean all policies written by a company. Review of deposit statements shows the aggregate reserve for accident and health policies (Page 3, Line 2, Col. 1) of the annual statement has been omitted from the deposit calculation.

Therefore, the Statement of Deposit form has been changed to reflect the corrected interpretation of SDCL 58-7-1. The new form, DOC-INS-766-11/90, is included in the annual statement packet distributed by the Division of Insurance.

Mary Jane Cleary
Director of Insurance

FORM DOC-INS-766-11/90

STATEMENT OF DEPOSITS
NAIC No.

Name and Address: 

deposes and says pursuant to the provisions of SDCL 58-7-1, it is required to have on deposit with the Division of Insurance of the State of South Dakota as of Dec. 31, _____:

LIFE

1. Aggregate reserve for life, annuity and supplementary contracts involving life contingencies $_______ 1.
2. Aggregate reserve accident and health policies $_______ 2.
3. Reserve for supplementary contracts not involving life contingencies $_______ 3.
4. Add line 1, 2, and 3 $_______ 4.
5. Policy Loans & Liens $_______ 5.
7. Add lines 5 & 6 $_______ 7.
8. Subtract line 7 from 4 $_______ 8.

PROPERTY/CASUALTY


LIFE AND PROPERTY/CASUALTY (COMPLETE 10 THROUGH TOTAL)

10. Deposits required under retaliatory laws (Attach list of state statutory citation and itemized amounts) $_______ 10.

11. Total deposit required. (Not less than $200,000.00 per SDCL 58-6-33.)

   11a. Life (Add line 8 and 10) $_______ 11a.

   11b. Property/Casualty (Add line 9 and 10) $_______ 11b.

   The assets on deposit _____________, 19 _____, to meet the required deposit, consist of the following:

12. Bonds (valued at amortized values) (Par value $_______ 11b. ) $_______ 12.

13. Stocks (at market value) $_______ 13.


15. Savings and Loan Shares $_______ 15.
17. Collateral Loans (not to exceed 75% of market value) $_______ 17.
18. Real Property (valued per SDCL 58-26-5, 7, 8) $_______ 18.
19. Other (describe and show valuation method) If credit for deposits in other states is claimed, include total on this line and attach separate schedule showing breakdown by type $_______ 19.

TOTAL $___________

I hereby certify that the above statement is a full and true statement of the deposit requirements of said company to the best of my information, knowledge, and belief.

__________________________
(NAME)

__________________________
(TITLE)

__________________________
(DATE)

{Footnote 1} Not reproduced herein. See the NILS South Dakota Insurance Code