

## UNIFORM DEPOSIT LAW

### Table of Contents

Section 1.	Definitions
Section 2.	Deposit Requirement
Section 3.	Reciprocity
Section 4.	Designation of Depository
Section 5.	Rights of Insurer
Section 6.	Treatment of Deposit
Section 7.	Release of Deposit
Section 8.	Foreign or Alien Insurers
Section 9.	Constitutionality
Section 10.	Repealing Clause

### Section 1. Definitions

- A. “Policyholders” as used in this Act include claimants under the insurer's policies, claimants having claims which arise under or by reason of the insurer's policies and obligees under its surety contracts.
- B. “United States” means the states of the United States, the government of Puerto Rico and the District of Columbia.
- C. “State” means any state of the United States, the government of Puerto Rico or the District of Columbia.
- D. “Insurer” for the purpose of this Act means any insurance company except a life insurance company, and shall include any reciprocal or interinsurance exchange.

**Drafting Note:** In the event the code of the state where this bill is introduced does not include a definition of “domestic” or “foreign” or “alien” insurer, the following definitions shall apply:

“Alien insurer” means an insurer incorporated or organized under the laws of any country other than the United States.

“Domestic insurer” means an insurer incorporated or organized under the laws of this state.

“Foreign insurer” means an insurer incorporated or organized under the laws of any state as herein defined, other than this state.

### Section 2. Deposit Requirement

No foreign or alien insurer now or hereafter authorized to transact business in this state, except a life insurance company, shall do such business unless it shall deposit and continuously maintain with the commissioner of this state, or with an official of some other state of the United States, designated by law to accept such deposit, cash or securities having an admitted asset value of not less than [insert amount] dollars.

The deposit shall be held for the benefit and protection of all the policyholders of the insurer in the United States. If the deposit is made with an official of some other state, the commissioner shall be furnished with and shall accept as evidence of deposit the certificate of the state officer under his hand and seal certifying that the official holds the deposit for the benefit and protection of all the policyholders of the insurer in the United States.

### Section 3. Reciprocity

In the event a domestic insurer or an alien insurer using this state as a state of entry into the United States shall be required, pursuant to the laws of any other state, country, province, district or territory to make a deposit differing in amount or character from the deposit required of domestic insurers by the laws of this state, the insurer may deposit with the commissioner cash or securities of the kind and amount sufficient to enable the insurer to meet the requirement, and the commissioner shall issue a certificate as evidence of the deposit for filing with an official of the other state, country, province, district or territory.

**Section 4. Designation of Depositary**

Upon request of the insurer, the commissioner may designate any solvent trust company or other solvent financial institution having trust powers and domiciled in this state, as the commissioner's depositary to receive and hold a deposit. The deposit so held shall be at the expense of the insurer. The State of [insert state] shall be responsible for the safekeeping and return of all funds and securities deposited pursuant to this Act with the commissioner or in any depositary so designated by the commissioner.

**Section 5. Rights of Insurer**

So long as the insurer remains solvent and complies with this Act it may:

- A. Demand, receive, sue for and recover the income from securities or cash deposited in accordance with this Act;
- B. Exchange and substitute for the deposited cash or securities or any part thereof, cash or eligible securities of equivalent or greater value; and
- C. Inspect, at reasonable times, any deposit made in accordance with this Act.

**Section 6. Treatment of Deposit**

Any deposit made in this state under this Act shall be released and returned:

- A. To the insurer upon extinguishment by reinsurance or otherwise of all liability of the insurer for the security of which the deposit is held; or
- B. To the insurer to the extent the deposit is in excess of the amount required; or
- C. Upon proper order of a court of competent jurisdiction to the receiver, conservator, rehabilitator or liquidator of the insurer, or to any other properly designated official or officials who succeed to the management and control of the insurer's assets.

**Section 7. Release of Deposit**

No release shall be made except upon application to and the written order of the commissioner. The commissioner shall have no personal liability for release of any deposit or part thereof made by him or her in good faith.

**Section 8. Foreign or Alien Insurers**

A deposit made in accordance with the requirements of this Act shall be in lieu of any deposit heretofore required of a foreign or alien insurer under any other law of this state, and any such law is hereby repealed. Deposits made by foreign or alien insurers in compliance with the requirements of other laws of this state shall be released to the insurer upon compliance with the requirements of Section 2 of this Act.

**Drafting Note:** This section is not intended to apply to or affect any existing provisions relating to trusteeing of assets of alien insurers. This section should be reviewed in the light of the trustee assets law of the state where this bill is being introduced to determine whether any amendment of this section is necessary to make certain that such trustee assets law will not be affected.

**Section 9. Constitutionality**

If any part of this Act shall be held unconstitutional, that unconstitutionality shall not affect nor impair the validity of the remaining parts of this Act.

**Section 10. Repealing Clause**

All acts and parts of acts in conflict with this Act are hereby repealed.

*Chronological Summary of Action (all references are to the Proceedings of the NAIC).*

*1953 Proc. I 176, 178-181 (adopted).*