

## FINANCIAL REQUIREMENTS

### I. Property/Casualty Companies

#### (b) Class of Business (Stock)

|  | <u>Capital</u>   | <u>Surplus</u>   | <u>Total</u>     |
|--|------------------|------------------|------------------|
| (1) Fire, Allied Lines                 | \$100,000        | \$ 50,000        | \$150,000        |
| (2) Inland Marine Auto Physical Damage | 100,000          | 50,000           | 150,000          |
| (3) Ocean Marine                       | <u>200,000</u>   | <u>100,000</u>   | <u>300,000</u>   |
| <b>Total (b) Authority</b>             | <b>\$400,000</b> | <b>\$200,000</b> | <b>\$600,000</b> |

Minimum capital and surplus for any one (c) authority is at least \$750,000 and \$375,000, respectively. For any two or more classes of insurance, the capital must equal the greater of **\$750,000** or the **sum of total required for each class**; surplus must equal or exceed 50% of the minimum required capital.

#### (c) Class of Business

|      |                                      | <u>Capital</u>     | <u>Surplus</u>     | <u>Total</u>       |
|------|--------------------------------------|--------------------|--------------------|--------------------|
| (1)  | Fidelity & Surety                    | 200,000            | 100,000            | 300,000            |
| (2)  | Accident & Health                    | 50,000             | 25,000             | 75,000             |
| (3)  | Glass                                | 50,000             | 25,000             | 75,000             |
| (4)  | Other Liability                      | 50,000             | 25,000             | 75,000             |
| (5)  | Boiler & Machinery                   | 50,000             | 25,000             | 75,000             |
| (6)  | Burglary & Theft                     | 50,000             | 25,000             | 75,000             |
| (7)  | Credit                               | 100,000            | 50,000             | 150,000            |
| (8)  | Water Damage                         | 50,000             | 25,000             | 75,000             |
| (9)  | Elevator                             | 50,000             | 25,000             | 75,000             |
| (10) | Livestock                            | 50,000             | 25,000             | 75,000             |
| (11) | Auto Liability                       | 500,000            | 250,000            | 750,000            |
| (12) | Mine                                 | 50,000             | 25,000             | 75,000             |
| (13) | Personal Property Floater            | 50,000             | 25,000             | 75,000             |
| (14) | Workers' Compensation                | 750,000            | 375,000            | 1,125,000          |
|      |                                      |                    |                    |                    |
|      | Total (c) Authority                  | \$1,950,000        | \$975,000          | \$2,925,000        |
|      |                                      |                    |                    |                    |
|      | <b>Total (b) &amp; (c) Authority</b> | <b>\$2,350,000</b> | <b>\$1,175,000</b> | <b>\$3,525,000</b> |

Mutual insurers issuing non-assessable policies must possess surplus equal to the capital required for stock insurers.

## **II. Reciprocal Exchanges**

Must possess a total surplus amount equal to the capital and surplus required for property/casualty companies for the applicable classes of business in order to issue non-assessable policies.

## **III. Title Companies**

Must possess capital of at least **\$500,000** and contributed surplus of at least **\$250,000**.

## **IV. Life Insurers**

|                            | <b><u>Capital</u></b> | <b><u>Surplus</u></b> | <b><u>Total</u></b> |
|----------------------------|-----------------------|-----------------------|---------------------|
| Life and Annuities         | \$1,000,000           | \$ 500,000            | \$1,500,000         |
| Accident and Health        | <u>100,000</u>        | <u>50,000</u>         | <u>150,000</u>      |
|                            |                       |                       |                     |
| <b>Total (a) Authority</b> | <b>\$1,100,000</b>    | <b>\$550,000</b>      | <b>\$1,650,000</b>  |

Mutual life insurers must maintain unimpaired policyholders surplus equal to the capital required for a stock insurers.

No additional amounts are required by stock life insurers for variable life and variable annuity authority.

Note: The above capital and surplus amounts are statutory minimums. The Insurance Commissioner has the discretion to require additional amounts. Because Section 503 of the Insurance Department Act requires insurers to maintain the minimum required capital and surplus unimpaired at all times, the Insurance Commissioner will require newly-incorporated insurers to demonstrate possession of surplus over the statutory minimum amount. The exact amount of additional surplus will be dependent upon the financial forecasts included in the insurer's business plan.