



REQUIREMENTS FOR SECURITY DEPOSITS

Pursuant to Oklahoma Statute Title 36, Chapter 1, Section 613, Oklahoma requires all insurers licensed in Oklahoma maintain a deposit with the Oklahoma Insurance Department. Foreign insurers may, upon approval, satisfy this requirement with an equal or greater deposit with their state of domicile.

Title 36, Chapter 1, Article 6, Section 613 - Deposit Requirements

A. Except as provided in subsection C of this section, any insurer that incorporates or is authorized initially to transact the business of insurance in Oklahoma after October 1, 1980, shall not be issued a certificate of authority by the Insurance Commissioner unless it has deposited in trust with the Commissioner cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than Three Hundred Thousand Dollars (\$300,000.00). The Commissioner may require a greater amount to be deposited in trust if the Insurance Commissioner finds that a greater amount is warranted for the protection of the policyholders of the insurer pursuant to rules promulgated by the Commissioner. Any amount over Three Hundred Thousand Dollars (\$300,000.00) must be documented and reasons stated by the Commissioner in writing for the excess deposit amount. The Commissioner will annually review those insurers with deposits above Three Hundred Thousand Dollars (\$300,000.00) to determine whether such additional deposits remain justified.

B. The Commissioner shall not issue a certificate of authority to any insurer that incorporated or was initially authorized to transact the business of insurance in Oklahoma prior to October 1, 1980, unless it has deposited in trust with the Commissioner cash or securities eligible for the investment of capital funds of domestic insurers under this Code in an amount not less than the surplus in regard to policyholders, or net admitted assets (if a Lloyd's association) required pursuant to this Code to be maintained for authority to transact the kinds of insurance to be transacted, except that in the case of life and/or accident and health insurers the deposit shall be in the amount of One Hundred Thousand Dollars (\$100,000.00).

C. 1. As to domestic title insurers, the deposit shall be as required by Article 50 (Title Insurers).

2. As to foreign insurers, in lieu of such deposit or part thereof in this state, the Commissioner may accept the current certificate in proper form of the public official having supervision over insurers in any other state to the effect that a like deposit or part thereof by such insurer is being maintained in public custody in such state in trust for the purpose, among other reasonable purposes, of protection of all the insurer's policyholders or of all its policyholders and creditors.

3. As to alien insurers, other than title insurers, in lieu of such deposit or part thereof in this state, the Commissioner may accept the certificate of the official having supervision over insurance of another state in the United States, given under his or her hand and seal, that the insurer maintains within the United States by way of deposits with public depositaries, or in trust institutions within the United States approved by such official, assets available for discharge of its United States insurance obligations, which assets shall be in amount not less than the outstanding liabilities of the insurer arising out of its insurance transactions in the United States, together with the largest deposit required by this Code to be made in this state by any type of domestic insurer transacting like kinds of insurance.

D. Any securities deposited by insurers shall be issued to the Commissioner and the insurer and shall not be released by any company holding such security without the signatures of the Commissioner and the authorized insurer's personnel. Failure of any company holding such security to comply with this subsection may result, after hearing by the proper licensing authority, in a fine of not more than Twenty-five Thousand Dollars (\$25,000.00) per occurrence.

Pursuant to Oklahoma Statute Title 36, Chapter 1, § 1703, et. Seq., we accept:

- Certificates of Deposit (CD) or Time Deposits in solvent insured banks, savings and loan associations and trust companies located in Oklahoma:
- United States government obligations;
- State, county, and municipal general obligations (**no revenue, declining balance, refunding, refunded or pre-refunded bonds accepted**).
- Moody's Municipal Ratings must be SVO 1, Aaa, Aa, 1, 2, 3, A 1, 2, 3
- Standard and Poor's Municipal Ratings must be SVO 1, AAA, AA+, AA, AA-, A+, A, A-
- Securities deposited by insurers shall be issued (styled) to the **Oklahoma Insurance Commissioner AND the insurer**, and shall not be released by any financial institution holding such securities without the endorsement of each pursuant to Title 36 O.S. § 613(D). The **insurer must have an original, current Resolution on file with the Oklahoma Insurance Department** to allow for verification of the insurer's authorized corporate signers for matters relating to security deposits (**OAC 365:1-9-2**).

The Oklahoma Insurance Department will accept the above securities in the following forms only:

- Original security safekeeping or custody receipts and pledge notification must be signed by an authorized individual of the safekeeping bank and transferred to the Oklahoma Insurance Department electronically or by mail directly from the bank.
- Safekeeping/custody receipts must contain the styling "**Oklahoma Insurance Commissioner AND the Insurance Company's Name.**"
- Safekeeping financial institutions must have at least one branch in Oklahoma and be an approved safekeeping bank according to the Oklahoma State Treasurer's office.
- Certificates of Deposit (CD) and Time Deposits must be negotiable and transferable. Any CD or Time deposit that contains the wording "non-transferable" or "non-negotiable" will not be accepted. Updated maturity date and interest rate at CD renewal will be required for CDs and Time Deposits. The bank will be expected to complete and Certification and Agreement by Financial Institution for the CD or Time Deposit and provide same to the Oklahoma Insurance Department. The licensee must complete the Pledge Agreement for the CD or Time Deposit and provide same to the Oklahoma Insurance Department.

Title 36. Insurance, Chapter 1, Article 16 § 1703. Assets Eligible for Deposit

A. All such deposits required for authority to transact insurance business in Oklahoma shall consist of cash, under negotiable and transferable certificates of deposit or other time deposit instruments issued by solvent insured banks, savings and loan associations, and trust companies in Oklahoma, or a combination of the foregoing and the securities described in Sections 1607, 1608, 1609 and 1620 of this title.

B. All such deposits required pursuant to the laws of another state, province, or country, or pursuant to the retaliatory provision of Section 628 of this title, shall consist of such assets as are required or permitted by such laws, or as required pursuant to such retaliatory provision.

Title 36. Insurance, Chapter 1, Article 16 § 1607. United States Government Obligations

An insurer may invest any of its funds in:

1. Bonds or other evidences of indebtedness of the United States of America or of any of its agencies or instrumentalities when such obligations are guaranteed as to principal and interest by the United States of America or any agency or instrumentality thereof.
2. Bonds or other evidences of indebtedness which are guaranteed as to principal and interest by the United States of America or by any agency or instrumentality of the United States of America.
3. Bonds, debentures or other securities of the following agencies of the government of the United States, whether or not such obligations are guaranteed by such government:

- (a) Commodity credit corporation.
- (b) Federal national mortgage association and stock thereof when acquired in connection with sale of mortgage loans to such association.
- (c) Federal land banks, issued under provisions of the Act of Congress entitled the "Federal Farm Loan Act" and approved July 17, 1916, and any acts amendatory or supplementary to that Act.
- (d) Any federal home loan bank, issued under provisions of the Act of Congress entitled "Federal Home Loan Bank Act" and approved July 22, 1932.
- (e) The Home Owners' Loan Corporation, created by the Act of Congress entitled "Home Owners' Loan Act of 1933" and approved June 13, 1933.
- (f) Federal intermediate credit banks, created by the Act of Congress entitled "Agricultural Credits Act of March 4, 1923."
- (g) Central bank for cooperatives and regional banks for cooperatives organized under the Farm Credit Act of 1933, or by any of such banks.
- (h) Any other similar agency of the government of the United States and of similar financial quality.

Title 36. Insurance, Chapter 1, Article 16 § 1608. State, District or Canadian Obligations

An insurer may invest in bonds, notes, warrants and other securities not in default which are the direct obligations of any state of the United States or of the District of Columbia, or of the government of Canada or any province thereof, or for which the full faith and credit of such state, district, government or province has been pledged for the payment of principal and interest. Bonds, notes, warrants and other securities classified as revenue, prerefunded or declining balances are not considered acceptable investments for this purpose.

Title 36. Insurance, Chapter 1, Article 16 § 1609. County, District, City, School District or Canadian Obligations

An insurer may invest in bonds, notes, warrants and other securities not in default of any county, district, incorporated city, or school district in any state of the United States, or the District of Columbia, or in any province of Canada, which are the direct obligations of such county, district, city or school district and for payment of the principal and interest of which the county, district, city, or school district has lawful authority to levy taxes or make assessments. Bonds, notes, warrants and other securities classified as revenue, prerefunded or declining balances are not considered acceptable investments for this purpose.

Title 36. Insurance, Chapter 1, Article 16 § 1620. Banks, Savings and Loan

A. An insurer may invest or deposit any of its cash funds on deposit in checking or savings accounts, under certificates of deposit, or in solvent banks or trust companies, which are insured by the Federal Deposit Insurance Corporation.

B. An insurer may invest or deposit any of its funds in checking, share or saving accounts under certificates of deposit or time deposits in solvent savings and loan associations which are insured by the Federal Deposit Insurance Corporation.

C. An insurer may invest or deposit any of its cash funds in share, share draft, under certificates of deposit or time deposits in solvent credit unions which are insured by the National Credit Union Administration.

D. All certificates of deposits or other time deposit instruments shall be classified as negotiable and transferrable as required by Section 1703 of this title.

NOTE: Surplus lines companies are governed by Oklahoma Statute Title 36, Insurance, Chapter 1, Article 11. Although surplus lines companies are "insurers," they are considered "unauthorized insurers." Surplus lines insurers are not issued Certificates of Authority. Article 11 does not require deposits, but does grant the Commissioner the authority to require a surplus lines insurer to post a special deposit.

These guidelines will ensure the protection of the Oklahoma Insurance Commissioner's deposit and protect the Oklahoma Insurance Department from having deposits released without our permission or knowledge. Following these procedures will guarantee your deposit and withdrawal is not delayed.

For additional information from our Financial Division, please contact (405) 522-5392 or securitydeposit@oid.ok.gov.