

## **Title 210 - NEBRASKA DEPARTMENT OF INSURANCE**

### **Chapter 6 - DEPOSIT OF SECURITIES; DEFINITIONS; AUTHORIZED DEPOSITORIES; MANNER OF DEPOSITING AND WITHDRAWING SECURITIES; INSURANCE**

**001 Statutory authority.** Neb. Rev. Stat. §44.319.11 provides that the Director of Insurance may designate any bank or trust company domiciled in the State of Nebraska as the depository for the Department of Insurance to receive and hold for safekeeping purposes any securities deposited pursuant to law. It also provides that the Director of Insurance shall adopt reasonable rules and regulations relative to the manner in which securities may be deposited and withdrawn. Pursuant to this authorization and §44-101.01, IT IS Hereby Ruled:

**002 Definitions.** Unless the context clearly indicates otherwise:

002.01. "Director" shall mean the Director of Insurance.

002.02. "Department" shall mean the Department of Insurance.

002.03. "Authorized Depository" shall mean a bank or trust company domiciled in the State of Nebraska which has been designated by the Director to accept for safekeeping purposes securities deposited pursuant to Neb.Rev.Stat. §§44-319.01 through 44-319.13, §44-812, §44-821, §44-822, §44-825, §44-150, §44-32-139. §44-3308, §44-3808 and §44-4718.

002.04. "Deposit" shall mean the delivery of securities by an insured to the director or the delivery of securities to any authorized depository, either by physical delivery of such securities or by the transfer of title to such securities by bookkeeping entry pursuant to Neb. Rev. Stat. §8-1302 and §30-3211.

002.05. "Receipt" shall mean a receipt issued by the Department to evidence and describe securities deposited with the Department or an authorized depository.

002.06. "Custody Receipt" shall mean a receipt issued by an authorized depository to evidence and describe securities deposited with it.

002.07. "Insurer" shall mean stock and mutual insurance companies, reciprocal exchange, and all assessment associations except domestic assessment hail associations and those domestic assessment companies hereafter organized primarily to write coverage on farm properties against the perils of fire, lightning, windstorm and hail.

002.08. "Securities" shall mean securities eligible for deposit as prescribed by Neb. Rev. Stat. §44-319.01(4).

**003 Depositories.** The Director shall, from time to time, designate in writing, banks, and trust companies to act as authorized depositories to receive and hold for safekeeping purposes any securities deposited pursuant to Neb. Rev. Stat. §§44-319.01 through 44-319.13, §44-821, §44-822, §44-825, §44-32,139, §44-308, §44-3808. §44-718 and §44-150. A listing of authorized depositories shall be made available to any insured upon request.

All negotiable securities must be deposited directly with any authorized depository. No such securities shall be mailed or otherwise delivered to the Department, which is hereby authorized to accept for deposit and safekeeping purposes, non-negotiable securities only.

#### **004 Registered securities**

004.01. All registered securities, except stock certificates, which are deposited with the Department or any authorized depository, must be registered as follows:

Director of Insurance for State of Nebraska, Trustee for the benefit of all the policyholders in the United States, of the

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(Name of insurance company) (City) (State)

under Neb. Rev. Stat. §44-319.02 and §44-319.05.

NOTE:

1. Domestic assessment associations required to deposit securities under the rule, except health and accident assessment associations, must substitute Neb. Rev. Stat. §44-319.03 for §44-319.02.

2. Health and accident assessment associations must substitute Neb. Rev. Stat. §44-821 for §44-319.03.

004.02. Stock certificates may be deposited only with the Department. Stock certificates will be accepted for deposit only if accompanied by (1) a certified copy of a resolution of the Board of Directors authorizing the official depositing said stock certificates to execute assignments thereof and (2) an assignment (on form separate from certificate) as nearly as practical to the following

For value received, \_\_\_\_\_ (Name of Company)

hereby sell, assign and transfer unto Director of Insurance for the State of Nebraska, Trustee for all the policyholders in the United States of \_\_\_\_\_ (Name of Company) ( ) shares of \_\_\_\_\_ (Type of Stock)

Capitol Stock of the \_\_\_\_\_ (Name of Corporation)

standing in \_\_\_\_\_ name on the books of said \_\_\_\_\_ (Name of Corporation)

represented by Certificate No. \_\_\_\_ herewith and do hereby irrevocably

constitute and appoint \_\_\_\_\_ attorney to transfer said stock on the books of substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_ (Name of Company)

\_\_\_\_\_ Official

Witnessed:

\_\_\_\_\_

The signature of the official executing the assignment must be properly guaranteed.

004.03. In the event any insurer deposits securities with the Department or authorized depository pursuant to the laws or requirements of any other state, territory, possession, province or country, such securities need not be deposited in accordance with sections 004.01 and 004.02 above, but may be registered or deposited in any manner required or permitted by the laws or requirements of such other state, territory, possession, province or country unless it has deposited the maximum amount required by law with this state, in accordance with the provisions of this rule, for the benefit of all of its policyholders in the United States.

**005 Amount.** Unless required by the laws of another state, territory, possession, province or country in which the insurer is licensed, no insurer shall deposit any securities the value of which substantially exceeds one-hundred thousand dollars (\$100,000), as determined by the admissible value in the insurer's filed annual statement; Provided however, insurers may deposit securities exceeding one-hundred thousand dollars (\$100,000), if by so doing they obviate the necessity of making a deposit in another state, territory, possession, province or country, or add some privilege, right or facility for doing business therein.

**006. Deposit - procedure.** The Department shall issue its receipt for all securities deposited with it. It shall also issue

its receipt for securities deposited with authorized depositories provided the insurer procures and submits to the Department a custody receipt from such authorized depository which permits release and provides for disposition only upon request at the direction of the Director. Said custody receipt may be neither negotiable nor transferable and must so indicate.

**007 Withdrawal - procedure - generally.** Securities deposited with either the Department or an authorized depository shall be released only upon surrender of the department receipt. In the event such receipt is lost or destroyed, an officer of the insurer must file an affidavit stating the reasons for failure to surrender said receipt, and indicating the securities to be released. In the event the insurer desires to withdraw only a portion of the securities described on a department receipt, the Department upon surrender of said receipt or upon filing of the affidavit aforementioned, shall issue its receipt for the securities remaining on deposit as described in the Department's copy of the applicable receipt. Except as hereinafter provided, no securities shall be released if the aggregate value of all securities on deposit will fall below the amount required by law, until an equivalent amount is first deposited with the Department or an authorized depository. In the event of maturity or other good cause being shown, the Department may release securities on deposit, even though the aggregate value will fall below the amount required by law upon the condition that the securities released will be sold, and the proceeds reinvested in securities to be immediately deposited with the Department or an authorized depository.

**008 Withdrawal - losses.** Securities withdrawn to pay losses will be released only upon formal application of the insurer and upon written order of the Director.

**009 Foreign insurers - retaliation.** Whenever the laws of another jurisdiction require domestic insurance companies to deposit securities with a governmental or other agency in such jurisdiction, this Department shall require all similar insurance companies domiciled in said other jurisdiction to file a corporate surety bond acceptable to the Department in favor of the Department of Insurance, State of Nebraska conditioned upon the same purposes and requirements of the laws of said other jurisdiction. In lieu of a corporate surety bond, said companies shall deposit securities with an authorized depository as described in section 003 of this rule acceptable to the Department in favor of the Department of Insurance conditioned upon the same purposes and requirements of the laws of said other jurisdiction.

**010 Current deposits.** Insurers whose deposits do not presently comply with the provisions of this rule must bring said deposits into compliance herewith as soon as practical.

**011 Eligible securities.** All domestic insurers are urged whenever possible to utilize only United States Government bonds for deposit purposes. However, other eligible securities will be accepted.