



South Carolina
Department of Insurance
Division of Financial Services
1201 Main Street, Suite 1000
Columbia, S.C. 29201

MARK SANFORD
Governor

SCOTT H. RICHARDSON, CPCU
Director of Insurance

Mailing Address:
P.O. Box 100105
Columbia, S.C. 29202-3105
Telephone: (803) 737-6109 Fax: (803) 737-6232
E-mail: tcampbell@doi.sc.gov

Fee, Tax, Deposit, and Minimum Capital and/or Surplus Requirements

1. Biennial License Fee of \$800.00 (paid in even-numbered years).
2. Biennial Fixed License Fee as follows (paid in even-numbered years):

Life and Annuities	\$400.00	Surety	\$400.00
Accident & Health	\$400.00	Marine	\$400.00
Property	\$400.00	Title	\$400.00
Casualty	\$400.00		
3. For life insurance, the insurance premium tax rate is equal to three-fourths of one percent (.75%) of the total premiums collected. For accident & health, property, casualty, surety, marine and title insurance, the insurance premium tax rate is equal to one and one-fourth percent (1.25%) of the total premiums collected.
4. Fire Department/Fire Inspection/Fire Maintenance tax of two and thirty-five hundredths percent (2.35%) on all fire premiums collected in South Carolina.
5. Workers' Compensation tax equal to two and one-half percent (2.50%).
6. The following deposit(s) will be required by a foreign insurer operating in South Carolina:
 - a. Acceptable securities having a current market value of between \$125,000 and \$200,000. See attached S.C. Code Ann. Section 38-9-80 (2002) and 25A S.C. Code Ann. Regs. 69-15 (1989).
 - b. In addition to the above deposit, a foreign insurer writing surety is required to deposit securities with a current market value of \$100,000. See attached S.C. Code Ann. Section 38-15-30.
 - c. A foreign mutual or reciprocal insurer possessed of at least \$10,000,000 of surplus, according to its most recent Annual Statement, may be relieved of making the above deposit(s) by filing a Certificate of Deposit, duly authenticated by the appropriate state official holding the deposit, which shows that the insurer has on deposit with him for the protection of all policyholders acceptable securities having a current market value of not less than \$1,000,000. See attached S.C. Code Ann. Section 38-9-100.

7. Capital and Surplus Requirements

<u>Stock Company</u>	<u>Capital</u>	<u>Surplus</u>
Life	\$ 600,000	\$ 600,000
Accident and Health	600,000	600,000
Life, Accident and Health	1,200,000	1,200,000
Property	1,200,000	1,200,000
Casualty	1,200,000	1,200,000
Surety	1,200,000	1,200,000
Marine	1,200,000	1,200,000
Title	600,000	600,000
Multiple Lines	1,500,000	1,500,000

<u>Mutual Company</u>	<u>Surplus</u>
Life	\$1,200,000
Accident and Health	1,200,000
Life, Accident and Health	2,400,000
Property	2,400,000
Casualty	2,400,000
Surety	2,400,000
Marine	2,400,000
Title	1,200,000
Multiple Lines	3,000,000

8. S.C. Code Ann. Section 38-7-90 (a copy of which is on the attachment) states:

"When the laws of any other state or the regulation or actions of any public official of another state subject, or would subject, insurance companies chartered by this State, or agents or representatives, to fees, taxes, obligations, restrictions, or penalties for the privilege of doing business in that state which are greater than those required by this state of similar insurers organized or domiciled in the other state by or in this state for the privilege of doing business herein, then all similar insurers organized or domiciled in that state are subjected to the greater requirements which are or would be imposed by or in that state upon similar insurers of this state. This section must be applied, regardless of whether an insurer chartered by this state is doing business in the other state. The application of this section is based upon a compromise of the aggregate requirements imposed by this state with the aggregate requirements imposed by the other state. Taxes, fees, or other obligations imposed by municipalities are considered in the application of this section".

Attachments

Companies with total capital and surplus of less than \$10,000,000:

SECTION 38-9-80. Certificates of deposits or securities required; amounts; factors considered in setting amounts; limits.

(A) The director or his designee shall require every insurer transacting, or desiring to transact, business in this State to deposit with him certificates of deposit of building and loan associations chartered by South Carolina or federal savings and loan associations located within the State in which deposits are guaranteed by the Federal Savings and Loan Insurance Corporation, not to exceed the amount covered by insurance, or of national banks located within the State or banks chartered by South Carolina in which deposits are guaranteed by the Federal Deposit Insurance Corporation, not to exceed the amount covered by insurance, or other securities which:

- (1) qualify as legal investments under the laws of this State for public sinking funds (**See 11-9-660 below**);
- (2) are not in default as to principal or interest;
- (3) have a current market value of not less than ten thousand nor more than two hundred thousand dollars, as determined by the director or his designee pursuant to the standards promulgated by the department.

Regulation 69-15. South Carolina Deposits Required of Insurers.

Under S. C. Code Section 38-9-80, every domestic, foreign or alien insurance company, transacting or desiring to transact business in South Carolina is required to make deposits with the director or his designee in accordance with standards promulgated by him. The director or his designee is empowered to prescribe the amounts required, within the limits set forth in the statute, and he is specifically authorized to subsequently increase or decrease the amount of deposit required of any particular insurer.

The amount which an insurer is required to deposit is related to its surplus as regards policyholders (capital and surplus for stock insurers or surplus for mutual, fraternal benefit societies and reciprocal insurers), as set forth in its most recent annual statement filed pursuant to S. C. Code Section 38-13-80. Such amount is to be determined in accordance with the following table:

Surplus as Regards Policyholders	Market Value of Deposit
Under \$1,000,000	\$200,000
\$1,000,000 or more but less than \$3,000,000	\$175,000
\$3,000,000 or more but less than \$5,000,000	\$150,000
\$5,000,000 or more	\$125,000

The director or his designee may subsequently increase or decrease the amount of deposit required of an insurer depending upon particular circumstances, such as the current financial condition of the insurer in relation to its previous financial condition, the type or amount of business written by the insurer, the method of operation of the insurer, etc. The insurer will be notified of the amount of deposit it is required to make.

SECTION 11-9-660. Investment of funds.

(A) The State Treasurer has full power to invest and reinvest all funds of the State in any of the following:

- (1) obligations of the United States, its agencies and instrumentalities;
- (2) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
- (3) obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;
- (4) certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
- (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
- (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.

(B) The State Treasurer may contract to lend securities invested pursuant to this section.

(C) The State Treasurer shall not invest in obligations issued by any country or corporation principally located in any country which the United States Department of State determines commits major human rights violations based on the Country Reports on Human Rights Practices by the Bureau of Democracy, Human Rights and Labor of the U. S. Department of State.

SECTION 38-15-30. Deposit of securities required.

Insurers doing business in this State who offer or undertake to become surety upon any bond or other surety contract must in addition to any other deposit required by the laws of this State deposit with the director bonds of the United States or of any state of the United States in the market value of one hundred thousand dollars which are receipted for by the director or his designee and held by him. The securities must be held to pay any final judgment entered against the insurer in a court of competent jurisdiction in this State requiring it to pay any loss or liability arising during the term of the bond or while the securities are held. Any judgment obtained is a lien upon the securities. When the insurer ceases to do business in this State, has settled all claims against it, and has been released from all bonds upon which it has been taken as surety, the securities deposited are delivered to the proper party on presentation of the receipt of the director or his designee for the securities. While the securities are deposited with the director, the owner is entitled to collect the interest on them. The faith of the State is pledged for the return of the deposited securities to the person entitled to receive them.

An insurer which has complied with the provisions required of qualified insurers in **Section 38-9-100** is relieved of making the deposit required by this section and, subject to the provisions of Section 38-7-90, is entitled to the return of the deposit filed or deposited by it under this section.

A domestic insurer making a voluntary deposit provided by Section 38-9-110 is relieved of making this deposit if the insurer meets the definition of a qualified insurer as defined in Section 38-9-100 and if the voluntary deposit meets the requirements of that section.

Companies with total capital and surplus of greater than \$10,000,000

SECTION 38-9-100. Deposit of securities not necessary when made with other states.

If a qualified insurer deposits with an officer or official body of another state for the protection of all its policyholders, or all its policyholders and creditors, acceptable securities not in default as to principal or interest and of a current market value of not less than one million dollars, and delivers to the director or his designee a certificate to that effect, authenticated by the appropriate state official holding the deposit, the insurer may be relieved of making the deposit required by Section 38-9-80. For the purpose of this section a 'qualified insurer' is a licensed stock insurer possessed of at least ten million dollars of capital and surplus or a licensed mutual, fraternal, or reciprocal insurer possessed of at least ten million dollars of surplus, according to its most recent annual statement filed with the director or his designee and, in the discretion of the director or his designee, may include eligible surplus lines insurers which meet these capital and surplus requirements. For the purpose of this section, "acceptable securities" means bonds of the United States or of a state of the United States, or of a municipality or county, upon which is pledged the full faith and credit of the appropriate political division, or bonds or notes secured by mortgages or deeds of trust on otherwise unencumbered real estate of a market value of not less than double the amount loaned, or other securities approved by the director or his designee.