



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB3796

Introduced 2/25/2009, by Rep. Karen A. Yarbrough

SYNOPSIS AS INTRODUCED:

215 ILCS 5/13	from Ch. 73, par. 625
215 ILCS 5/43	from Ch. 73, par. 655
215 ILCS 5/66	from Ch. 73, par. 678

Amends the Illinois Insurance Code. In the provisions concerning minimum capital and surplus requirements, increases the minimum capital and surplus requirements for businesses authorized to write certain kinds of insurance policies.

LRB096 08395 RPM 18507 b

1 AN ACT concerning insurance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Sections 13, 43, and 66 as follows:

6 (215 ILCS 5/13) (from Ch. 73, par. 625)

7 (Section scheduled to be repealed on January 1, 2017)

8 Sec. 13. Minimum capital and surplus requirements.

9 (1) A company organized after December 31, 2009 ~~1985~~ under
10 this Article must have and at all times maintain a paid-up
11 capital of not less than the minimum capital requirement
12 applicable to the class or classes and clause or clauses of
13 section 4 describing the kind or kinds of insurance which it is
14 authorized to write, as follows:

15 Life, Accident, Health and Legal Expense

16 (a) Class 1, Clauses (a), (b) or (c), \$1,250,000
17 ~~\$1,000,000~~; more than one clause, \$1,250,000 ~~\$1,000,000~~.

18 Casualty, Fidelity and Surety

19 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
20 or (j) \$1,250,000 ~~\$1,000,000~~; more than one clause,
21 \$1,250,000 ~~\$1,000,000~~.

22 Fire, Marine and Legal Expense

23 (c) Class 2, Clauses (e), (f), (k), (l) or Class 3, any

1 or all clauses or any combination thereof, \$1,250,000
2 ~~\$400,000~~.

3 Multiple Line

4 (d) Class 2, any or all clauses other than those
5 specified in (c) above, and Class 3, any or all clauses,
6 \$1,250,000 ~~\$1,000,000~~.

7 Glass and Livestock and Domestic Animals

8 (e) Class 2, Clause (f) only or (k) only, \$1,250,000
9 ~~\$100,000~~; provided any company to which this subparagraph
10 is applicable shall not expose itself to any loss on any
11 one risk in an amount exceeding \$5,000.

12 Any company organized prior to January 1, 2010 ~~1986~~ and
13 regulated under this Article must have and at all times
14 maintain paid-up capital of not less than the minimum capital
15 that was required for that particular company at the time it
16 was organized, unless any clause or clauses have been added. If
17 any clause or clauses have been added, then such company must
18 have and at all times maintain paid-up capital of not less than
19 the minimum capital requirement applicable to the class or
20 classes and clause or clauses of Section 4 at the time that the
21 additional clause or clauses are authorized.

22 (2) A company organized after December 31, 2009 ~~1985~~ under
23 this Article must have at the time its Certificate of Authority
24 is issued by the Director paid-in surplus of not less than the
25 minimum paid-in surplus requirement applicable to the class or
26 classes and clause or clauses of Section 4 describing the kind

1 or kinds of insurance which it is authorized to write, as
2 follows:

3 Life, Accident, Health and Legal Expense

4 (a) Class 1, Clauses (a), (b) or (c), \$1,250,000
5 ~~\$1,000,000~~; more than one clause, \$1,250,000 ~~\$1,000,000~~.

6 Casualty, Fidelity and Surety

7 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
8 or (j), \$1,250,000 ~~\$1,000,000~~; more than one clause,
9 \$1,250,000 ~~\$1,000,000~~.

10 Fire, Marine and Legal Expense

11 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
12 any or all clauses or any combination thereof, \$1,250,000
13 ~~\$600,000~~.

14 Multiple Line

15 (d) Class 2, any or all clauses other than those
16 specified in (c) above, and Class 3, any or all clauses,
17 \$1,250,000 ~~\$1,000,000~~.

18 Glass and Livestock and Domestic Animals

19 (e) Class 2, Clause (f) only or (k) only, \$1,250,000
20 ~~\$150,000~~; provided any company to which this subparagraph
21 is applicable shall not expose itself to any loss on any
22 one risk in an amount exceeding \$5,000.

23 (3) Any company organized after December 31, 2009 ~~1985~~
24 under this Article must have and at all times maintain, in
25 addition to the minimum capital required by paragraph (1) of
26 this Section, minimum surplus requirement applicable to the

1 class or classes and clause or clauses of Section 4 describing
2 the kind or kinds of insurance which it is authorized to write,
3 as follows:

4 Life, Accident, Health and Legal Expense

5 (a) Class 1, Clauses (a), (b) or (c), \$1,000,000
6 ~~\$500,000~~; more than one clause, \$1,000,000 ~~\$500,000~~.

7 Casualty, Fidelity and Surety

8 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
9 or (j), \$1,000,000 ~~\$500,000~~; more than one clause,
10 \$1,000,000 ~~\$500,000~~.

11 Fire, Marine and Legal Expense

12 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
13 any or all clauses or any combination thereof, \$1,000,000
14 ~~\$300,000~~.

15 Multiple Line

16 (d) Class 2, any or all clauses other than those
17 specified in (c) above, and Class 3, any or all clauses,
18 \$1,000,000 ~~\$500,000~~.

19 Glass and Livestock and Domestic Animals

20 (e) Class 2, Clause (f) only or (k) only, \$1,000,000
21 ~~\$50,000~~; provided any company to which this subparagraph is
22 applicable shall not expose itself to any loss on any one
23 risk in an amount exceeding \$5,000.

24 (4) Any company organized prior to January 1, 2010 ~~1986~~ and
25 regulated under this Article, in addition to the minimum
26 capital which is required by paragraph (1) of this Section,

1 must have and at all times maintain until December 31, 2010
2 ~~1986~~, minimum surplus of \$500,000 ~~\$300,000~~; and on December 31,
3 2010 ~~1986~~ and thereafter such company must have and maintain at
4 all times, surplus of no less than the following amounts:

5 Life, Accident, Health and Legal Expense

6 (a) Class 1, Clauses (a), (b) or (c), \$1,000,000
7 ~~\$500,000~~; more than one clause, \$1,000,000 ~~\$500,000~~.

8 Casualty, Fidelity and Surety

9 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
10 or (j), \$1,000,000 ~~\$500,000~~; more than one clause,
11 \$1,000,000 ~~\$500,000~~.

12 Fire, Marine and Legal Expense

13 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
14 any or all clauses or any combination thereof, \$1,000,000
15 ~~\$300,000~~.

16 Multiple Line

17 (d) Class 2, any or all clauses other than those
18 specified in (c) above, and Class 3, any or all clauses,
19 \$1,000,000 ~~\$500,000~~.

20 Glass and Livestock and Domestic Animals

21 (e) Class 2, Clause (f) only or (k) only, \$1,000,000
22 ~~\$50,000~~; provided any company to which this subparagraph is
23 applicable shall not expose itself to any loss on any one
24 risk in an amount exceeding \$5,000.

25 (5) Any company organized prior to January 1, 2010 ~~1986~~ and
26 regulated under this Article must have on December 31, 2012

1 ~~1990~~ and thereafter maintain until December 31, 2014 ~~1995~~ the
2 greater of (a) minimum capital required by paragraph (1) of
3 this Section plus the surplus required to be maintained after
4 December 31, 2010 ~~1986~~ by paragraph (4) of this Section; or (b)
5 combined capital and surplus of not less than the minimum
6 requirement applicable to the class or classes and clause or
7 clauses of Section 4 describing the kind or kinds of insurance
8 which it is authorized to write as follows:

9 Life, Accident, Health and Legal Expense

10 (a) Class 1, Clauses (a), (b) or (c), \$1,750,000
11 ~~\$1,200,000~~; more than one clause, \$1,750,000 ~~\$1,200,000~~.

12 Casualty, Fidelity and Surety

13 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
14 or (j), \$1,750,000 ~~\$1,200,000~~; more than one clause,
15 \$1,750,000 ~~\$1,200,000~~.

16 Fire, Marine and Legal Expense

17 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
18 any or all clauses or any combination thereof, \$1,750,000
19 ~~\$600,000~~.

20 Multiple Line

21 (d) Class 2, any or all clauses other than those
22 specified in (c) above, and Class 3, any or all clauses,
23 \$1,750,000 ~~\$1,200,000~~.

24 Glass and Livestock and Domestic Animals

25 (e) Class 2, Clause (f) only or (k) only, \$1,750,000
26 ~~\$100,000~~; provided any company to which this subparagraph

1 is applicable shall not expose itself to any loss on any
2 one risk in an amount exceeding \$5,000.

3 (6) Any company organized prior to January 1, 2010 ~~1986~~ and
4 regulated under this Article must have on December 31, 2014
5 ~~1995~~ and thereafter maintain at all times combined capital and
6 surplus of not less than the minimum requirement applicable to
7 the class or classes and clause or clauses of Section 4
8 describing the kind or kinds of insurance which it is
9 authorized to write as follows:

10 Life, Accident, Health and Legal Expense

11 (a) Class 1, Clauses (a), (b) or (c), \$2,250,000
12 ~~\$1,500,000~~; more than one clause, \$2,250,000 ~~\$1,500,000~~.

13 Casualty, Fidelity and Surety

14 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
15 or (j), \$2,250,000 ~~\$1,500,000~~; more than one clause,
16 \$2,250,000 ~~\$1,500,000~~.

17 Fire, Marine and Legal Expense

18 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
19 any or all clauses or any combination thereof, \$2,250,000
20 ~~\$700,000~~.

21 Multiple Line

22 (d) Class 2, any or all clauses other than those
23 specified in (c) above, and Class 3, any or all clauses,
24 \$2,250,000 ~~\$1,500,000~~.

25 Glass and Livestock and Domestic Animals

26 (e) Class 2, Clause (f) only or (k) only, \$2,250,000

1 ~~\$150,000~~; provided any company to which this subparagraph
2 is applicable shall not expose itself to any loss on any
3 one risk in an amount exceeding \$5,000.

4 (7) Any company organized prior to January 1, 2010 ~~1986~~ and
5 regulated under this Article experiencing a change in control,
6 as control is defined in Section 131.1(b) of this Code, must
7 have simultaneously with the change in control and thereafter
8 maintain at all times combined capital and surplus of not less
9 than the minimum requirement applicable to the class or classes
10 and clause or clauses of Section 4 describing the kind or kinds
11 of insurance which it is authorized to write as follows:

12 Life, Accident, Health and Legal Expense

13 (a) Class 1, Clauses (a), (b) or (c), \$2,250,000
14 ~~\$1,500,000~~; more than one clause, \$2,250,000 ~~\$1,500,000~~.

15 Casualty, Fidelity and Surety

16 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
17 or (j), \$2,250,000 ~~\$1,500,000~~; more than one clause,
18 \$2,250,000 ~~\$1,500,000~~.

19 Fire, Marine and Legal Expense

20 (c) Class 2, Clauses (e), (f), (k), (l), or Class 3,
21 any or all clauses or any combination thereof, \$2,250,000
22 ~~\$700,000~~.

23 Multiple Line

24 (d) Class 2, any or all clauses other than those
25 specified in (c) above, and Class 3, any or all clauses,
26 \$2,250,000 ~~\$1,500,000~~.

1 Glass and Livestock and Domestic Animals

2 (e) Class 2, Clause (f) only or (k) only, \$2,250,000
3 ~~\$150,000~~; provided any company to which this subparagraph
4 is applicable shall not expose itself to any loss on any
5 one risk in an amount exceeding \$5,000.

6 Notwithstanding, the foregoing provisions of this
7 paragraph (7), any company which experiences a change in
8 control, as control is defined in Section 131.1(b) of this
9 Code, by reason of any laws of descent, distribution or
10 probate, shall be exempt from the requirements of this
11 paragraph (7) for a period of 2 years following the date of
12 death or incompetency giving rise to the change in control.

13 (8) Any company organized prior to September 10, 1971 or
14 converted from a mutual company to a stock company between July
15 1, 1983 and June 30, 1985, which had less than \$1,000,000
16 capital and surplus on January 1, 1986, and whose authority is
17 limited to Class 2 of Section 4 of this Code and which is
18 regulated under this Article, shall be exempt from the
19 requirements of paragraphs (5) and (6) of this Section.

20 (9) The Director shall take action under Section 34 of this
21 Code against any company which fails to maintain the minimum
22 surplus required by this Section. The words "minimum surplus"
23 mean the net total of the following accounts, where applicable,
24 as they appear in the annual statement of a stock company on
25 the usual and proper annual statement form prescribed by the
26 National Association of Insurance Commissioners: paid-in

1 surplus; contributed surplus; unassigned or earned surplus;
2 and special surplus.

3 (Source: P.A. 87-315.)

4 (215 ILCS 5/43) (from Ch. 73, par. 655)

5 (Section scheduled to be repealed on January 1, 2017)

6 Sec. 43. Minimum surplus requirements.

7 (1) No company organized after December 31, 1985 under this
8 Article may receive a certificate of authority from the
9 Director to issue policies or contracts of insurance until it
10 has complied with the requirements in respect of original
11 surplus applicable to the class or classes and clause or
12 clauses of section 4 describing the kind or kinds of insurance
13 it is organized to write, as set forth in the following table:

14 Life, Accident, Health and Legal Expense

15 (a) Class 1, Clauses (a), (b) or (c), a surplus of at
16 least \$2,500,000 ~~\$2,000,000~~; more than one clause, a
17 surplus of at least \$2,500,000 ~~\$2,000,000~~.

18 Casualty, Fidelity and Surety

19 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
20 or (j), a surplus of at least \$2,500,000 ~~\$2,000,000~~; more
21 than one clause, a surplus of at least \$2,500,000
22 ~~\$2,000,000~~.

23 Fire, Marine and Legal Expense

24 (c) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
25 or all clauses or any combination thereof, a surplus of at

1 least \$2,500,000 ~~\$1,000,000~~.

2 Multiple Line

3 (d) Class 2, any or all clauses other than those
4 specified in (c) above, and Class 3, any or all clauses, a
5 surplus of at least \$2,500,000 ~~\$2,000,000~~.

6 Glass and Livestock and Domestic Animals

7 (e) Class 2, Clause (f) only or (k) only, \$2,500,000
8 ~~\$250,000~~; provided any company to which this subparagraph
9 is applicable shall not expose itself to any loss on any
10 one risk in an amount exceeding \$5,000.

11 (2) Every company subject to this Article and organized on
12 or after June 28, 1965 must have and at all times maintain a
13 minimum surplus equal to 2/3 of the original surplus required
14 for that particular company at the time it was organized. Any
15 such company organized prior to June 28, 1965 must have and at
16 all times maintain a minimum surplus equal to that which would
17 have been required for that particular company at the time it
18 was issued a Certificate of Authority. Any company which has
19 added any clause or clauses must have and at all times maintain
20 minimum surplus not less than the minimum surplus requirement
21 applicable to the class or classes and clause or clauses of
22 Section 4 at the time that the additional clause or clauses are
23 authorized. Any company organized prior to October 1, 1972 must
24 have and at all times maintain, in addition to the minimum
25 surplus required to be maintained by that particular company,
26 additional minimum surplus of not less than \$300,000.

1 (3) Any company organized prior to January 1, 2010 ~~1986~~ and
2 regulated under this Article, in addition to the minimum
3 surplus which is required by paragraph (2) of this Section must
4 have by December 31, 2010 ~~1986~~ and at all times maintain until
5 December 31, 2012 ~~1990~~ additional minimum surplus of \$200,000.

6 (4) Provided, however, mutual companies organized prior to
7 October 1, 1972 and authorized to engage only in insurance
8 business as specified in Class 2(f) of Section 4 on an
9 assessable basis shall not be required to establish an
10 additional minimum surplus as provided herein.

11 (5) Subsections (2) and (3) shall be applicable until
12 December 31, 2012 ~~1990~~ for all companies organized prior to
13 January 1, 2010 ~~1986~~; thereafter, such companies must have and
14 maintain surplus as required by subsections (7) and (8).

15 (6) Every company subject to this Article and organized
16 after December 31, 2009 ~~1985~~ under this Article must maintain
17 minimum surplus applicable to the class or classes and clause
18 or clauses of Section 4 describing the kind or kinds of
19 insurance which it is authorized to write, as follows:

20 Life, Accident, Health and Legal Expense

21 (a) Class 1, Clauses (a), (b) or (c), a surplus of at
22 least \$2,250,000 ~~\$1,500,000~~; more than one clause, a
23 surplus of at least \$2,250,000 ~~\$1,500,000~~.

24 Casualty, Fidelity and Surety

25 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
26 or (j), a surplus of at least \$2,250,000 ~~\$1,500,000~~; more

1 than one clause, a surplus of at least \$2,250,000
2 ~~\$1,500,000~~.

3 Fire, Marine and Legal Expense

4 (c) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
5 or all clauses or any combination thereof, a surplus of at
6 least \$2,250,000 ~~\$700,000~~.

7 Multiple Line

8 (d) Class 2, any or all clauses other than those
9 specified in (c) above, and Class 3, any or all clauses, a
10 surplus of at least \$2,250,000 ~~\$1,500,000~~.

11 Glass and Livestock and Domestic Animals

12 (e) Class 2, Clause (f) only or (k) only, \$2,250,000
13 ~~\$150,000~~; provided any company to which this subparagraph
14 is applicable shall not expose itself to any loss on any
15 one risk in an amount exceeding \$5,000.

16 (7) Any company organized prior to January 1, 2010 ~~1986~~,
17 regulated under this Article must have by December 31, 2012
18 ~~1990~~, and thereafter maintain until December 31, 2014 ~~1995~~,
19 surplus not less than the minimum applicable to the class or
20 classes and clause or clauses of Section 4 describing the kind
21 or kinds of insurance which it is authorized to write, as
22 follows:

23 Life, Accident, Health and Legal Expense

24 (a) Class 1, Clauses (a), (b) or (c), a surplus of at
25 least \$1,750,000 ~~\$1,200,000~~; more than one clause, a
26 surplus of at least \$1,750,000 ~~\$1,200,000~~.

1 Casualty, Fidelity and Surety

2 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
3 or (j), a surplus of at least \$1,750,000 ~~\$1,200,000~~; more
4 than one clause, a surplus of at least \$1,750,000
5 ~~\$1,200,000~~.

6 Fire, Marine and Legal Expense

7 (c) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
8 or all clauses or any combination thereof, a surplus of at
9 least \$1,750,000 ~~\$600,000~~.

10 Multiple Line

11 (d) Class 2, any or all clauses other than those
12 specified in (c) above, and Class 3, any or all clauses, a
13 surplus of at least \$1,750,000 ~~\$1,200,000~~.

14 Glass and Livestock and Domestic Animals

15 (e) Class 2, Clause (f) only or (k) only, \$1,750,000
16 ~~\$100,000~~; provided any company to which this subparagraph
17 is applicable shall not expose itself to any loss on any
18 one risk in an amount exceeding \$5,000.

19 (8) Any company organized prior to January 1, 2010 ~~1986~~,
20 regulated under this Article must have by December 31, 2014
21 ~~1995~~, and thereafter maintain at all times, surplus not less
22 than the minimum applicable to the class or classes and clause
23 or clauses of Section 4 describing the kind or kinds of
24 insurance which it is authorized to write, as follows:

25 Life, Accident, Health and Legal Expense

26 (a) Class 1, Clauses (a), (b) or (c), a surplus of at

1 least \$2,250,000 ~~\$1,500,000~~; more than one clause, a
2 surplus of at least \$2,250,000 ~~\$1,500,000~~.

3 Casualty, Fidelity and Surety

4 (b) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
5 or (j), a surplus of at least \$2,250,000 ~~\$1,500,000~~; more
6 than one clause, a surplus of at least \$2,250,000
7 ~~\$1,500,000~~.

8 Fire, Marine and Legal Expense

9 (c) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
10 or all clauses or any combination thereof, a surplus of at
11 least \$2,250,000 ~~\$700,000~~.

12 Multiple Line

13 (d) Class 2, any or all clauses other than those
14 specified in (c) above, and Class 3, any or all clauses, a
15 surplus of at least \$2,250,000 ~~\$1,500,000~~.

16 Glass and Livestock and Domestic Animals

17 (e) Class 2, Clause (f) only or (k) only, \$2,250,000
18 ~~\$150,000~~; provided any company to which this subparagraph
19 is applicable shall not expose itself to any loss on any
20 one risk in an amount exceeding \$5,000.

21 (9) The Director shall take action under Section 60 of this
22 Code against any company which fails to maintain the minimum
23 surplus required by this section. The words "minimum surplus"
24 mean the "surplus as regards policyholders", as it appears on
25 the annual statement of a mutual company on the usual and
26 proper annual statement form prescribed by the National

1 Association of Insurance Commissioners.

2 (Source: P.A. 84-934.)

3 (215 ILCS 5/66) (from Ch. 73, par. 678)

4 (Section scheduled to be repealed on January 1, 2017)

5 Sec. 66. Minimum surplus requirements.

6 (1) No reciprocal may after December 31, 2009 ~~1985~~ receive
7 a certificate of authority from the Director to exchange
8 contracts under this Article in the name of the subscribers
9 until it has complied with the requirements in respect of
10 original surplus applicable to the class or classes and clause
11 or clauses of section 4 describing the kind or kinds of
12 insurance it seeks to exchange, as set forth in the following
13 table:

14 Casualty, Fidelity and Surety

15 (a) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
16 or (j), a surplus of at least \$2,500,000 ~~\$2,000,000~~; more
17 than one clause, a surplus of at least \$2,500,000
18 ~~\$2,000,000~~.

19 Fire and Marine

20 (b) Class 2, Clauses (e), (f), (k) or (l) or Class 3,
21 any or all clauses or any combination thereof, a surplus of
22 at least \$2,500,000 ~~\$1,000,000~~.

23 Multiple Line

24 (c) Class 2, any or all clauses other than those
25 specified in (b) above, and Class 3, any or all clauses, a

1 surplus of at least \$2,500,000 ~~\$2,000,000~~.

2 Glass and Livestock and Domestic Animals

3 (d) Class 2, Clause (f) only or (k) only \$2,500,000
4 ~~\$250,000~~; provided any reciprocal to which this
5 subparagraph is applicable shall not expose itself to any
6 loss on any one risk in any amount exceeding \$5,000.

7 (2) Every reciprocal subject to this Article issued a
8 certificate of authority on or after June 28, 1965 must have
9 and at all times maintain a minimum surplus in an amount equal
10 to 2/3 of the original surplus required for that particular
11 company at the time it was organized. Any such reciprocal
12 organized prior to June 28, 1965 must have and at all times
13 maintain admitted assets in excess of all liabilities in an
14 amount not less than the minimum amount of advance cash
15 deposits or surplus which was required for that particular
16 reciprocal at the time it was issued a certificate of
17 authority. Any reciprocal which has added any clause or clauses
18 must have and at all times maintain minimum surplus not less
19 than the minimum surplus requirement applicable to the class or
20 classes and clause or clauses of section 4 at the time that the
21 additional clause or clauses are authorized. Any reciprocal
22 organized prior to October 1, 1972 must have and at all times
23 maintain, in addition to the minimum surplus required to be
24 maintained by that particular reciprocal, additional minimum
25 surplus of not less than \$300,000.

26 (3) Any company organized prior to January 1, 2010 ~~1986~~ and

1 regulated under this Article, in addition to the minimum
2 surplus which is required by paragraph (2) of this Section must
3 have by December 31, 2010 ~~1986~~ and at all times maintain until
4 December 31, 2012 ~~1990~~ additional minimum surplus of \$200,000.

5 (4) Subsections (2) and (3) shall be applicable until
6 December 31, 1990 for all reciprocals organized prior to
7 January 1, 1986, thereafter, such reciprocals must have and
8 maintain surplus as required by subsections (6) and (7).

9 (5) Every reciprocal subject to this Article and organized
10 after December 31, 2009 ~~1985~~ must have and maintain at all
11 times minimum surplus applicable to the class or classes and
12 clause or clauses of Section 4 describing the kind or kinds of
13 insurance which it is authorized to write, as follows:

14 Casualty, Fidelity and Surety

15 (a) Class 2, Clauses (a), (b), (c), (d), (g), (h) or
16 (i), a surplus of at least \$2,250,000 ~~\$1,500,000~~; more than
17 one clause, a surplus of at least \$2,250,000 ~~\$1,500,000~~.

18 Fire, Marine and Legal Expense

19 (b) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
20 or all clauses or any combination thereof, a surplus of at
21 least \$2,250,000 ~~\$700,000~~.

22 Multiple Line

23 (c) Class 2, any or all clauses other than those
24 specified in (b) above, and Class 3, any or all clauses, a
25 surplus of at least \$2,250,000 ~~\$1,500,000~~.

26 Glass and Livestock and Domestic Animals

1 (d) Class 2, Clause (f) only or (k) only, \$2,250,000
2 ~~\$150,000~~; provided no reciprocal to which this
3 subparagraph is applicable shall not expose itself to any
4 loss on any one risk in an amount exceeding \$5,000.

5 (6) Any reciprocal subject to this Article and organized
6 prior to January 1, 2010 ~~1986~~ must have by December 31, 2012
7 ~~1990~~, and thereafter maintain until December 31, 2014 ~~1995~~,
8 minimum surplus applicable to the class or classes and clause
9 or clauses of Section 4 describing the kind or kinds of
10 insurance which it is authorized to write, as follows:

11 Casualty, Fidelity and Surety

12 (a) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
13 or (j), a surplus of at least \$1,750,000 ~~\$1,200,000~~; more
14 than one clause, a surplus of at least \$1,750,000
15 ~~\$1,200,000~~.

16 Fire, Marine and Legal Expense

17 (b) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
18 or all clauses or any combination thereof, a surplus of at
19 least \$1,750,000 ~~\$600,000~~.

20 Multiple Line

21 (c) Class 2, any or all clauses other than those
22 specified in (b) above, and Class 3, any or all clauses, a
23 surplus of at least \$1,750,000 ~~\$1,200,000~~.

24 Glass and Livestock and Domestic Animals

25 (d) Class 2, Clause (f) only or (k) only, \$1,750,000
26 ~~\$100,000~~; provided no reciprocal to which this

1 subparagraph is applicable shall not expose itself to any
2 loss on any one risk in an amount exceeding \$5,000.

3 (7) Any reciprocal subject to this Article and organized
4 prior to January 1, 2010 ~~1986~~ must have by December 31, 2014
5 ~~1995~~ and thereafter maintain at all times minimum surplus
6 applicable to the class or classes and clause or clauses of
7 Section 4 describing the kind or kinds of insurance which it is
8 authorized to write, as follows:

9 Casualty, Fidelity and Surety

10 (a) Class 2, Clauses (a), (b), (c), (d), (g), (h), (i)
11 or (j), a surplus of at least \$2,250,000 ~~\$1,500,000~~; more
12 than one clause, a surplus of at least \$2,250,000
13 ~~\$1,500,000~~.

14 Fire, Marine and Legal Expense

15 (b) Class 2, Clauses (e), (f), (k), (l) or Class 3, any
16 or all clauses or any combination thereof, a surplus of at
17 least \$2,250,000 ~~\$700,000~~.

18 Multiple Line

19 (c) Class 2, any or all clauses other than those
20 specified in (b) above, and Class 3, any or all clauses, a
21 surplus of at least \$2,250,000 ~~\$1,500,000~~.

22 Glass and Livestock and Domestic Animals

23 (d) Class 2, Clause (f) only or (k) only, \$2,250,000
24 ~~\$150,000~~; provided no reciprocal to which this
25 subparagraph is applicable shall not expose itself to any
26 loss on any one risk in the amount exceeding \$5,000.

1 (8) The Director shall take action under Section 83 of this
2 Code against any reciprocal which fails to maintain the minimum
3 surplus required by this section. The words "minimum surplus"
4 mean the "surplus as regards policyholders" as it appears on
5 the annual statement of a reciprocal company on the usual and
6 proper annual statement form prescribed by the National
7 Association of Insurance Commissioners.

8 (Source: P.A. 85-293.)