

**Bulletin 14**

**ASSESSMENT PLAN INSURANCE -- ANNUAL STATEMENT REPORTING  
OF " EMERGENCY FUND" AND OTHER RESERVES**

February 14, 1964

A review of the 1962 Annual Statements (Ass't Life and Acct) filed with the Department of Insurance indicates that some companies are improperly including a balancing item ("Unassigned funds," "surplus," etc.) in the Reserve items, lines 32-35, page 5, for the purpose of equating the total on page 4, line 40, with the total on page 5, line 36. Only such amounts and items that are reserves should be included in lines 32-35, page 5. If a company desires to report its "unassigned funds," "surplus," etc., on page 5, then it should be reported as a write-in item below line 36 with a resulting write-in grand total, also below line 36, to equate to line 40, page 4.

The computation of reserves (or "emergency fund") as reported in the 1963 Annual Statement must comply with the requirements of Acts 1897, Chapter 195, Section 7 for life policies, Indiana Code 27-8-3-7, and Section 11 for accident policies. The Department of Insurance requires that the computation of reserves as of 12/31/63 be developed in such manner that it may be verified by an inspection of reserves which will be made at the home office of the company in 1964.

In computing the reserves for life policies, Indiana Code 27-8-3-1, we also wish to draw your attention to the 1953 Opinion of the Attorney General, No. 16, which concludes: --

"1. The amount of reserve required in relation to a periodical payment shall be determined by the payment as called for in the policy whether monthly, quarterly, semi-annually or annually as set out by statute.

"2. The Directors cannot limit the periodical payment to one-twelfth ( 1/12) of the annual premium for maintenance of the statutory reserve."

Harry E. McClain  
Insurance Commissioner