Jim Poolman
Commissioner of Insurance

DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

BULLETIN 2003-3

TO: All North Dakota Domestic Insurance Companies

FROM: Jim Poolman, Commissioner

DATE: September 8, 2003

SUBJECT: Certificates of Deposit Classification

This bulletin creates a new rule that allows North Dakota domestic insurers to account for long-term certificates of deposit (CDs) as cash under certain conditions. Current statutory accounting classifies CDs maturing in one year or less as cash and CDs maturing in more than one year as bonds. Bond investments must be filed with the Securities and Valuation Office (SVO), but cash accounts are not subject to the SVO filing requirement. This bulletin will have primary impact on single-state domestics and will codify a permitted practice exempting CDs generally from the SVO filing requirement.

In light of the above, from the date of this bulletin going forward, a domestic insurance company may classify a certificate of deposit, of any maturity, as cash provided:

1. The issuer of the certificate of deposit is a solvent bank, trust company, savings and loan association, or credit union that is insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration; and

2. The aggregate amount of funds deposited by the domestic insurance company, as certificates of deposit or in any other form, with any single issuer does not exceed $100,000; and

3. The certificate of deposit is payable only to the named depositor which is the domestic insurance company.

Questions regarding this bulletin may be directed to Carole Kessel of the North Dakota Insurance Department at (701) 328-2440.

JP/njb

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