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Codification District of Columbia Code 2001 Supp.

AN ACT

D.C. ACT 13-405

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

AUGUST 2, 2000

To amend the Life Insurance Act of 1934 to provide for the utilization of surplus notes for domestic insurance companies.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the " Surplus Note Amendment Act of 2000".

Sec. 2. Section 34 of Chapter III of the Life Insurance Act is amended to read as follows:

"(a)(1) In addition to the general power and authority to borrow money for its regular business purposes, if a domestic insurance company obtains prior written approval for a stated maximum amount, it may borrow money by the issuance of notes to:

"(A) Pay the reasonable expenses of its organization;

"(B) Provide contingency loss funds;

"(C) Provide additional surplus funds;

"(D) Satisfy a deficiency; or

"(E) Provide the amount of required minimum surplus.

"(2) The notes issued for the purposes stated in paragraph (1) of this subsection shall be known as surplus notes and shall fully recite the purpose for which the money was borrowed. The amount of the outstanding principal and unpaid interest of the surplus notes shall be stated in each annual report.

"(b) The principal indebtedness of surplus notes issued on or after the effective date of the Surplus Note Amendment Act of 2000 shall not be a liability or claim against any of the assets of the company. The principal of, and interest on, the notes may be paid from time to time, either in full or in part, from available surplus funds of the company only if the amount of the surplus of the company is twice the amount of principal and interest being paid. The company may make such payments whenever it is able to do so if it receives the prior approval of the Commissioner. The Commissioner shall use the standards set forth in the Holding Company System Act of 1993 relating to adequacy of surplus in determining whether or not to

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approve the payments. Upon a dissolution of the company, the principal and accrued and unpaid interest of the surplus notes shall be payable from surplus.".

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(3)).

Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), approval by the Financial Responsibility and Management Assistance Authority as provided in section 203(a) of the District of Columbia Financial Responsibility and Management Assistance Act of 1995, approved April 17, 1995 (109 Stat. 116; D.C. Code § 47-392.3(a)), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in the District of Columbia Register.

Linda H. Cropp

Chairman
Council of the District of Columbia

Anthony A. Williams

Mayor
District of Columbia
Approved: August 2, 2000