61A.27 CONTINGENCY RESERVE; LIMITATIONS.

Any life insurance company doing business in this state may accumulate and maintain, in addition to the capital and surplus contributed by its stockholders, and in addition to an amount equal to the net values of its policies, computed according to the laws of the jurisdiction under which it is organized, a contingency reserve not exceeding the following respective percentages of these net values: When the net values are less than $100,000, 20 percent thereof, or the sum of $10,000, whichever is the greater; when the net values are greater than $100,000, the percentage thereof measuring the contingency reserve shall decrease one-half of one percent for each $100,000 of the net values up to $1,000,000; when the net values are greater than $1,000,000, but do not exceed $25,000,000, the contingency reserve shall not exceed 15 percent thereof; when the net values are greater than $25,000,000, but do not exceed $150,000,000, the contingency reserve shall not exceed 12-1/2 percent thereof; when the net values are greater than $150,000,000, the contingency reserve shall not exceed ten percent thereof; provided, that as the net values of these policies increase and the maximum percentage measuring the contingency reserve decreases, the corporation may maintain the contingency reserve already accumulated hereunder, although for the time being it may exceed the maximum percentage herein prescribed, but may not add to the contingency reserve when the addition will bring it beyond the maximum percentage. For cause shown, the commissioner may, at any time and from time to time, permit any corporation to accumulate and maintain a contingency reserve in excess of the limit above mentioned for a prescribed period, not exceeding one year under any one permission, by filing in the commissioner's office a decision stating the reasons therefor and causing the same to be published in the next annual report. This section shall not apply to any company doing exclusively a nonparticipating business.

History: *1967 c 395 art 2 s 27; 1986 c 444*