

DOMESTIC/FOREIGN INSURERS BULLETIN NO. 4

MINIMUM FREE SURPLUS

Original No. 75-20
August 25, 1975
Amended April 15, 1992

TO: ALL DOMESTIC INSURERS

According to 18 Del. C., Section 511(a)(2), an insurer holding a valid Certificate of Authority to transact insurance in this State must maintain a policyholders' surplus (combined paid-in capital stock, if any, and surplus) which is reasonable in amount, as determined by the Commissioner, in relation to the kinds and amounts of insurance it has in force, or being written and retained by it.

Therefore, pursuant to this Section of the Code, it is the opinion of the Commissioner, that to maintain a safe and confident atmosphere for the policyholders of the State of Delaware and to provide financial stability throughout our domestic companies, all domestic insurers of this State must possess throughout the fiscal year, free surplus in the amount not less than that shown by the schedule in 18 Del. C., Section 511(a).

It is recognized that the Commissioner that due to the declaration of dividends or other similar reasons, this amount may fluctuate during the fiscal year. However, if any time this minimum amount of free surplus is not maintained, it will be the burden of the insurer to promptly notify this Department and show legal and valid reason for such deficiencies. If at that time the Commissioner feels that the insurer has not in good faith maintained such minimum requirements, he may take appropriate action in accord with Delaware law.

This requirement applies to all companies with a valid Certificate of Authority to transact insurance within this State.