

October 15, 1965

SUBJECT: INSURANCE

Circular Letter 11(1965)

TO ALL AUTHORIZED INSURERS

General Counsel for this Department has recently ruled on the question as to how certificates of deposit issued by banks and/or trust companies are to be treated by insurers for financial statement purposes.

Stating that the procedure to be followed would depend upon the form in which the certificate of deposit is issued, Department Counsel has held that the test to be applied is that of negotiability. Hence, it is his view that if the instrument is payable only to the named depositor (insurer), the certificate in such instance is to be treated as "cash in bank", while, if payable to the order of the depositor (insurer or bearer), it is to be treated as a bond investment.

On the basis of the foregoing determination, insurers holding certificates of deposit are hereby instructed to report them in all financial statements hereafter filed with this Department on the bases below noted:

1. Report as "cash in bank" all such certificates of deposit which by their terms are payable to the reporting insurer only.
2. Report in Schedule D - Parts 1, 3 and 4 of the Annual Statement Blank and at Line 1, Page 2 and in Schedules I and VI of the Quarterly Financial Statement Blank (Form 31A for Fire and Casualty Insurers - Form 31B for Life Insurers) all certificates of deposit payable "to order", whether to the order of the insurer or that of some other entity, or "to bearer". Such certificates of deposit shall be subject to the pertinent investment provisions of the New York Insurance Law.

In addition, the method of payment of each certificate is to be clearly indicated.

Kindly acknowledge receipt of this letter.

Very truly yours,

[SIGNATURE]

HENRY ROOT STERN, JR.

Superintendent of Insurance