# Rules of
## Department of Insurance, Financial Institutions and Professional Registration
### Division 200—Insurance Solvency and Company Regulation
#### Chapter 7—Security Deposits

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Title 20—DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION
Division 200—Insurance Solvency and Company Regulation
Chapter 7—Security Deposits

20 CSR 200-7.100 Corporate Bonds and Notes as Admissible Deposits
(Rescinded May 6, 1993)

20 CSR 200-7.200 Deposit of Securities Under a Book-Entry System

PURPOSE: This rule provides the procedures to verify insurance company-owned securities being held by a clearing corporation or a federal reserve bank in book-entry form and for withdrawal procedures where these securities are on deposit with the Department of Insurance pursuant to section 400.8-108.3, RSMo.

(1) Securities Not Placed on Deposit.
   (A) A custodial agreement between the depository (commercial bank or clearing corporation) and the insurance company must be in effect.
      1. This custodial agreement must contain provisions which require the depository to provide verification that securities actually are on deposit.
      2. The division may require verification from the custodian at any time it deems that verification is appropriate. Examples of appropriate verification documents are attached as Exhibits A—C.
   (B) A copy of the custodial agreement must be furnished to the insurance department for its records on request.

(2) Securities Placed on Deposit.
   (A) An insurance company which deposits securities in the form of book-entry receipts in order to meet its deposit requirements shall deposit the securities or the certificates representing the securities in a depository (commercial bank or clearing corporation) designated by the director of the Department of Insurance for safekeeping.
   (B) The designated depository shall hold the securities or the certificates representing the securities separate and apart from the general assets of the depository and shall provide to the insurance company and the director verification of securities or certificates representing the securities from time-to-time as requested by the insurance company or the director.
   (C) The depository shall receive and collect all income from the deposited property and shall deposit the income to the credit of the insurance company’s account.
   (D) All or any part of the securities or certificates representing the securities on deposit with the depository may be withdrawn only on prior written request for withdrawal signed in the name of the insurance company and the depository and by the director or his/her designee.
   (E) The treasurer of the company or other officer authorized to act on his/her behalf from time-to-time shall certify to the depository the names and signatures of officers of the insurance company qualified to execute written withdrawal requests.
   (F) The depository shall enter into custodial agreements with all insurance companies depositing securities in the form of book-entry receipts under this rule.
   (G) The depository shall enter into a master agreement with the department setting out the terms and conditions under which the depository will act as custodian of amounts deposited pursuant to this rule.
   (H) In order to comply with the provisions of this rule, insurance companies which have securities deposited in the form of book-entry receipts shall transfer these securities to the depository designated by the director within ninety (90) days of the date of the designation.


EXHIBIT A

Custodian Affidavit

(For use where ownership is evidenced by book entry at Federal Reserve Bank of ________)

STATE OF

) SS:

COUNTY OF

__________, being duly sworn deposes and says that s/he is _______ of the

__________, a banking corporation organized under and pursuant to the _______ laws of the _______

with its principal place of business at __________________________ (hereinafter called the “bank”);

That his/her duties involve supervision of activities of the bank as custodian and records relating thereto;

That the bank is custodian for certain securities of ________ with a place of business at ____________ (hereinafter called ____________ the “insurance company”) pursuant to an agreement between the bank and the insurance company (NOTE: Insert Department of Insurance as party if securities are to be placed on deposit);

That it has caused certain of such securities to be credited to its book entry account with the Federal Reserve Bank of ________ under the Federal Reserve book-entry procedure; and that the schedule attached hereto is a true and complete statement of the securities of the insurance company of which the bank was custodian as of the close of business on ____________ which were in a “General” book-entry account maintained in the name of the bank on the books and records of the Federal Reserve Bank of ____________ at such date;

That the bank has the same responsibility for the safe-keeping of such securities whether in the possession of the bank or in said “General” book-entry account as that responsibility is specifically set forth in the agreement between the bank as custodian and the insurance company; and

That, to the best of his/her knowledge and belief, unless otherwise shown on the schedule, said securities were the property of said insurance company and were free of all liens, claims or encumbrances whatsoever.

________________________________________
(Signature of Affiant)

Subscribed and sworn to before me this _______ day of __________________________ ,

________________________________________
(Notary Public)

(SEAL)

My Commission Expires: __________________________
EXHIBIT B

Custodian Affidavit

(For use in instances where a custodian bank maintains securities on deposit with a Clearing Corporation.)

STATE OF )
 ) ss.:
COUNTY OF )

______________________________________, being duly sworn deposes and says that s/he ______ is

______________________________________, a banking corporation organized under and pursuant to the

______________________________________ laws of the __________________ with its principal place of business at

______________________________________ (hereinafter called the “bank”); ____________________________________

That his/her duties involve supervision of activities of the bank as custodian and records relating thereto;

That the bank is custodian for certain securities of ______ with a place of business at __________________
(hereinafter called) __________________ the “insurance company”) pursuant to an agreement between the bank
and the insurance company (NOTE: Insert Department of Insurance as party if securities are to be placed on
deposit);

That the bank is custodian for certain of such securities to be deposited with a Clearing corporation; and the
schedule attached hereto is a true and complete statement of the securities of the insurance company of which the
bank was custodian as of the close of business on ____________, and which were so deposited with a Clearing
Corporation at such date;

That the bank as custodian has the same responsibility for the safe-keeping of such securities whether in the
possession of the bank or deposited with a Clearing Corporation as that responsibility is specifically set forth in the
agreement between the bank as custodian and the insurance company; and

That, to the best of his/her knowledge and belief, unless otherwise shown on the schedule, said securities were the
property of said insurance company and were free of all liens, claims or encumbrances whatsoever.

_____________________________________
(Signature of Affiant)

Subscribed and sworn to before me this ______ day of _____________________________ , _____________

____________________________________
(Seal)

(Notary Public)

My Commission Expires: ___________________________
EXHIBIT C

Custodian Affidavit

(For use in instances where securities are deposited directly with a Clearing Corporation.)

STATE OF  )
               ) s:\nCOUNTY OF  )

__________________________________________________________________________, being duly sworn deposes and says that s/he is
__________________________________________________________________________, of a Clearing Corporation;

That his/her duties involve supervision of activities of a Clearing Corporation as custodian and records relating
thereeto; ____________________________________________

That a Clearing Corporation is custodian for certain securities of __________________________, having a place of
business at ____________________________________________ (hereinafter called “insurance
company”) pursuant to an agreement between a Clearing Corporation and the insurance company (NOTE: Insert
Department of Insurance as party if securities are to be placed on deposit);

That the schedule attached hereto is a true and complete statement of securities which were in the custody of a
Clearing Corporation for the account of the insurance company as of the close of business on _____________;

That a Clearing Corporation as custodian has the responsibility for the safekeeping of such securities (whether in
the possession of a Clearing Corporation, deposited with the Federal Reserve Bank of ________________
or deposited with another person acting as custodian for a Clearing corporation) as that responsibility is
specifically set forth in the agreement between a Clearing Corporation as custodian and the insurance company.

That, to the best of his/her knowledge and belief, unless otherwise shown on the schedule, said securities were the
property of said insurance company and were free of all liens, claims or encumbrances whatsoever.

__________________________________________________________________________

(Signature of Affiant)

Subscribed and sworn to before me this ________ day of __________________, ________

__________________________________________________________________________

(Notary Public)

(SEAL)

My Commission Expires: __________________.
20 CSR 200-7.300 Mortgage Loans as Admissible Deposits
(Rescinded July 30, 2019)