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lesser period than 45 days, and may re-
quire completely executed reinsurance
agreements in hand before making a
final determination that any bond is
acceptable. Reinsurance may protect
bonds required to be furnished to the
United States by the Miller Act (40
U.S.C. 270a through 270d) covering con-
tacts for the construction, alteration,
or repair of any public building or pub-
lic work of the United States, as well
as other types of Federal bonds. Use of
reinsurance or coinsurance to protect
such bonds is at the discretion of the
direct writing company. Reinsurance
shall be executed on reinsurance agree-
ment forms (Standard Form 273 for
Miller Act Performance bonds (for-
merly form No. TFS 6317), Standard
Form 274 for Miller Act Payment bonds
(formerly form No. TFS 6318), and
Standard Form 275 for other types of
Federal bonds (formerly form No. TFS
6319)). Federal bond-approving officers
may obtain the forms by submitting a
requisition in FEDSTRIP/MILSTRIP
format to the General Services Admin-
istration regional office providing sup-
port to the requesting Government or-
ganization. In addition, the forms are
available to authorized sureties and re-
insurers from the Superintendent of
Documents, Government Printing Of-
fice, Stop: SSMC, Washington, DC
20402.

In respect to risks covered by
bonds or policies not running to the
United States, liability in excess of the
underwriting limitation shall be rein-
sured within 45 days from the date of
execution and delivery of the bond or
policy with:

(i) One or more companies holding a
certificate of authority from the Sec-
retary of the Treasury as an acceptable
surety on Federal bonds or one or more
companies holding a certificate of au-
thority as an acceptable reinsuring
company on such bonds, or

(ii) One or more companies recog-
nized as an admitted reinsurer in ac-
cord with § 223.12, or

(iii) A pool, association, etc., to the
extent that it is composed of such com-
panies, or

(iv) An instrumentality or agency of
the United States which is permitted
by Federal law or regulation to execute
reinsurance contracts.

(3) No certificate-holding company
may cede to a reinsuring company rec-
ognized under § 223.12 any risk in excess
of 10 percent of the latter company’s
paid-up capital and surplus.

(c) Other methods. In respect to all
risks other than Miller Act perform-
ance and payment bonds running to the
United States, which must be coin-
sured or reinsured in accord with para-
graph (a) or (b)(1) of this section re-
spectively, the excess liability may
otherwise be protected:

(1) By the deposit with the company
in pledge, or by conveyance to it in
trust for its protection, of assets ad-
mitted by the Treasury the current
market value of which is at least equal
to the liability in excess of its under-
writing limitation, or

(2) If such obligation was incurred on
behalf of or on account of a fiduciary
holding property in a trust capacity,
by a joint control agreement which
provides that the whole or a sufficient
portion of the property so held may not
be disposed of or pledged in any way
without the consent of the insuring
company.

§ 223.12 Recognition as reinsurer.

(a) Application by U.S. company. Any
company organized under the laws of
the United States or of any State
thereof, wishing to apply for recogni-
tion as an admitted reinsurer (except
on excess risks running to the United
States) of surety companies doing busi-
ness with the United States, shall file
the following data with the Assistant
Comptroller for Auditing and shall
transmit therewith the fee in accord-
ance with the provisions of
§ 223.22(a)(2):

(1) A certified copy of its charter or
articles of incorporation, and

(2) A certified copy of a license from
any State in which it has been author-
ized to do business, and

(3) A copy of the latest available re-
port of its examination by a State In-
surance Department, and

(4) A statement of its financial condi-
tion, as of the close of the preceding
calendar year, on the annual statement
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The amount of paid up capital and surplus of any such company shall be determined on an insurance accounting basis under the regulations in this part, from the company’s financial

§ 223.15 Paid up capital and surplus for Treasury rating purposes; how determined.

During the months of January, April, July, and October of each year every company will be required to report to the Secretary of the Treasury every obligation which it has assumed during the 3 months immediately preceding, the penal sum of which is greater than 10 percent of its paid up capital and surplus, together with a full statement of the facts which tend to bring it within the provisions of this part, on a form suitable for the purpose.

[Dept. Circ. 297, July 5, 1922]