



South Carolina Department of Insurance

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BULLETIN NUMBER 2000-13

(Issued upon November 3, 2000)

TO: All Insurers Transacting the Business of Insurance within
the State of South Carolina

FROM: Ernst N. Csiszar
Director 

RE: Adoption of New Codification Standards

DATE: November 3, 2000

Purpose

The purpose of this bulletin is to advise all insurers transacting the business of insurance within the State of South Carolina of the new insurance accounting guidelines to be followed in preparation of annual statements, quarterly statements and other financial reports required to be filed with the South Carolina Department of Insurance. Effective January 1, 2001, South Carolina will adopt the new codification accounting principles. All financial statements must be prepared in accordance with the principles set forth in the National Association of Insurance Commissioners (NAIC) "Accounting Practices and Procedures Manual, Effective January 1, 2001, as of March 2000," beginning with the March 31, 2001 quarterly financial statement.

What is Codification?

Codification represents the effort of the NAIC to produce a uniform, comprehensive statutory accounting guide for the insurance industry. The Codification project provides examiners, analysts and insurers more uniform accounting rules for review and evaluation of an insurer's financial statements. The South Carolina Department of Insurance has reviewed these new accounting principles and hereby officially adopts these new standards except as specifically set forth within this bulletin.

Authority for Adoption of New Codification Standards

Section 38-3-1 10(l) authorizes the director or his designee to provide just and reasonable standards, classifications, regulations, practices and measurements to be observed by every insurer. *See S.C. Code Ann. § 38-3-110 (Supp. 1999)*. Moreover, § 38-13-80(a) requires all insurers to file an annual statement with the Department as of March 1 of each year. This statement must substantially comply with the form of the statement adopted by the NAIC. Unless the director provides otherwise, the annual statement is to be prepared in accordance with the NAIC Annual Statement instructions. *See S.C. Code Ann. §§ 38-13-80 and 38-13-85 (Supp. 1999)*. Insurers must complete their annual and quarterly financial statements in accordance with the annual statement instructions and the accounting practices procedures manual except where a Statement of Statutory Accounting Principle (SSAP) conflicts with South Carolina statute or regulation.

Treatment of Statutory Conflicts

The Accounting Practices and Procedures Manual cannot supersede South Carolina law. To the extent a principle (SSAP) conflicts with a specific South Carolina statute or regulation, the statute or regulation shall control.

Questions

Questions about this bulletin, or codification in general, should be directed to the attention of Timothy W. Campbell, Chief Financial Analyst at (803) 737-6221 or Email: tcampbell@doi.state.sc.us.