

**NORTH CAROLINA DEPARTMENT OF INSURANCE
CUSTODIAL AGREEMENT CHECKLIST**

Company Name: _____

Entity(ies) Providing the Custodial Services: _____

Relationship to the Company: _____

General Provisions:

The following must be addressed in every agreement.
(Column 1 must be completed by the Company.)

**Column 1
Agreement
References**

- | | |
|---|-------|
| 1. Effective date of the agreement. | _____ |
| 2. Certificated securities of the insurer shall be held separate from all other securities. | _____ |
| 3. Those securities held indirectly by the custodian or in a clearing corporation shall be separately identified on the custodian's official records as being owned by the insurer. | _____ |
| 4. Registered custodial securities shall be registered in the name of the insurer, in the name of a nominee of the insurer, in the name of the custodian or its nominee, or in the name of the clearing corporation or its nominee. | _____ |
| 5. The securities, other than those held to meet deposit requirements, shall be held subject to the instructions of the insurer and shall be withdrawable upon the demand of the insurer. | _____ |
| 6. Confirmation for all transfers shall be provided to the insurer in hardcopy or in electronic format. | _____ |
| 7. The custodian is obligated to indemnify the insurer for any loss of the insurer's securities in the custodian's custody. | _____ |
| 8. In the event of a loss of the securities for which the custodian is obligated to indemnify the insurer, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced. | _____ |
| 9. The custodian shall not be liable for any failure to take any action required to be taken hereunder in the event and to the extent that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, act of God, accident, fire, explosions, stoppage of labor, strikes or other differences with employees, laws, regulations, orders or other acts of any governmental authority, or any other cause whatever beyond its reasonable control. | _____ |

10. In the event that the custodian gains entry in a clearing corporation through an agent, there should be a written agreement between the custodian and the agent, and the agent shall be subjected to the same liability for loss of securities as the custodian. _____
11. If the agreement has been terminated or if 100% of the account assets in any one custody account have been withdrawn, the custodian shall provide written notification, within three business days of termination or withdrawal, to the Commissioner of Insurance. _____
12. During regular business hours, and upon reasonable notice, an officer or employee of the insurer, an independent accountant selected by the insurer, and a representative of any appropriate regulatory body shall be entitled to examine, on the premises of the custodian, its records relating to securities, if the custodian is given written instructions to that effect from an authorized officer of the insurer. _____
13. The custodian and its agents, upon reasonable request, shall be required to send all reports that they receive from a clearing corporation, which the clearing corporation permits to be redistributed, including reports prepared by the custodian’s outside auditors, to the insurer on their respective systems of internal control. _____
14. To the extent that certain information maintained by the custodian is relied upon by the insurer in the preparation of its annual statement and supporting schedules, the custodian agrees to maintain records sufficient to determine and verify such information. _____
15. The custodian shall provide, upon written request from a regulator (including the North Carolina Department of Insurance) or an authorized officer of the insurer, the appropriate affidavits with respect to the insurer’s securities held by the custodian. _____
16. The custodian shall secure and maintain insurance protection in an adequate amount. _____
17. A foreign bank acting as a custodian, a U.S. custodian’s foreign agent, or a foreign clearing corporation is only holding foreign securities or securities required by the foreign country in order for the insurer to do business in that country. A U.S. custodian must hold all other securities. _____

Other Items:

The following additional information must be included with the submission of the agreement.

1. Except for health maintenance organizations (“HMOs”) and prepaid health plans (“PHPs”), all information required by G.S. 58-34-10(b)(i)-(v). _____
2. Board resolution authorizing the custodial agreement. _____