NATIONAL EXECUTIVE COMMITTEE
OF
THE AMERICAN LEGION
Indianapolis, Indiana
October 15-16, 1980

Resolution No. 41: Modification of Deposit Premium Fund Agreements Date October 14, 1965
Origin: Finance Commission
Submitted by: Finance Commission

WHEREAS, The First National Bank of Kansas City, Missouri, Trustee of The American Legion Life Insurance Trust Fund and The Occidental Life Insurance Company of California and The United States Life Insurance Company did on October 14, 1965, enter into a Deposit Premium Fund Agreement; and

WHEREAS, Said agreement provided for a Deposit Premium Fund equal to $85,000.00 for The Occidental Life Insurance Company of California and $15,000.00 for The United States Life Insurance Company; and

WHEREAS, Said Deposit Premium Fund was established to provide an adequate premium guarantee based upon the annual established bonus benefits then at 15% increase of basic benefits; and

WHEREAS, By action of the National Executive Committee of The American Legion, the said Deposit Premium Fund was increased to $170,000.00 by The Occidental Life Insurance Company of California and to $30,000.00 by The United States Life Insurance Company in the City of New York in 1970; and

WHEREAS, Thereafter in 1976 six units of Life Insurance were approved effective December 31, 1976, and the Deposit Premium Fund of The Occidental Life Insurance Company of California was increased to $250,000.00; and

WHEREAS, The insurance carriers would be able to offset any unfavorable experience from one Company to the other Company provided that it could be done from the experienced rating of either Company; and

WHEREAS, Ten percent increase basic benefits across-the-board were continued; and

WHEREAS, Thereafter in 1978 by action of the National Executive Committee of The American Legion, the basic benefits across-the-board were increased to 15%; and

WHEREAS, The Deposit Premium Fund increased to $550,000.00 by Occidental Life Insurance Company of California, and to $80,000.00 by The United States Life Insurance Company; and

WHEREAS, Said Occidental Life Insurance Company of California agreed to pay 6 ½% interest on said Fund, and The United States Life Insurance Company to pay 5% on said Fund; and

WHEREAS, The Deposit Premium Fund to equal 1% of the annual Premium, and to maintain said Fund by retention of experienced rating refund and accrued interest; and

WHEREAS, Based on the experience rating, The American Legion desires to establish an across-the-board increase of 20% over and above the basic benefits; and

WHEREAS, Said Deposit Premium Fund is not adequate to stabilize the premium rate structure due to fluctuations of the mortality experience; and

WHEREAS, Said Occidental Life Insurance Company of California has agreed to pay 9% interest on said Deposit Premium Fund in their possession and The United States Life Insurance Company has agreed to pay 7% interest on said Deposit Premium Fund in their possession; and

WHEREAS, Said Deposit Premium Fund in order to conform to good business practices should be increased to $1,000,000.00 for the Occidental Life Insurance Company of California and to $125,000.00 for The United States Life Insurance Company; and

WHEREAS, Said Insurance Companies have agreed to maintain said increase to said Deposit Premium Fund by retention of accrued interest and from any available experience rating refund from either Company in an amount equal to 25% of the annual premium; now, therefore, be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 15-16, 1980, That the provisions of said agreement providing for a $550,000.00 Deposit Premium Fund by The Occidental Life Insurance Company of California and an $80,000.00 Deposit Premium Fund by The United States Life Insurance Company shall be amended and said fund shall be increased to The Occidental Life Insurance Company of California to $1,000,000.00 and to The United States Life Insurance Company to $125,000.00; and, be it further

RESOLVED, That said Deposit Premium Fund of the respective carriers shall be maintained in an amount equal to 25% of the annual premium by retention of accrued interest and any available experience rating refund from either company; and, be it finally

RESOLVED, That when the insurance carriers have prepared appropriate amendments to said agreement and secured any requested regulatory approval the National Commander of The American Legion and the National Adjutant be and they are hereby authorized and directed to execute any and all documents, submitted to effectuate said modification and amendment to said Deposit Premium Fund Agreement, and that the National Adjutant be and is hereby further authorized to issue any and all instructions to The First National Bank of Kansas City, Missouri, The Trustee, to effectuate said modification Agreement by said policy holders.