NATIONAL EXECUTIVE COMMITTEE
OF
THE AMERICAN LEGION
Indianapolis, Indiana
October 13-14, 1982

Resolution No. 15: 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 in the City of New York 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 for The Occidental Life Insurance Company of California and $15,000 for the United States Life Insurance Company in the City of New York; 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 the 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 by The Occidental Insurance Company of California and to $30,000 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 January 1, 1976, and the Deposit Premium of The Occidental Life Insurance Company of California was increased to $250,000 and of The United States Life Insurance Company in the City of New York to $50,000. The insurance carriers would be able to offset any unfavorable experience from on Company to the other Company provided that it could be done from the experienced rating refund of either company. Ten percent increased basic benefits across-the-board were increased to 15%. The Deposit Premium Fund increased to $550,000 by Occidental Life Insurance Company of California, and to $80,000 by The United States Life Insurance Company in the City of New York. Said Occidental Life Insurance Company of California agreed to pay 6 ½ % interest on said Fund, and The United States Life Insurance Company in the City of New York to pay 5% on said Fund. The Deposit Premium Fund by retention of experienced rating refund and accrued interest; and

WHEREAS, 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 Transamerica Occidental Life Insurance Company has agreed to pay interest on said Deposit Premium Fund in their possession and The United States Life Insurance Company has agreed to pay interest on said Deposit Premium Fund in their possession, as mutually agreed upon each year; and

WHEREAS, Said Deposit Premium Fund in order to conform to good business practices was increased to $1,000,000 for The Transamerica Occidental Life Insurance Company and to $125,000 for The United States Life Insurance Company; and

WHEREAS, Said Insurance Companies 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; and

WHEREAS, In 1982 ten units of Life Insurance were approved to be effective January 1, 1983; and

WHEREAS, The increase to ten units by both Companies is contingent on a lump sum payment to the Deposit Premium Fund of Transamerica Occidental Life Insurance Company in the amount of $250,000 and a lump sum payment to the Deposit Premium Fund of The United States Life Insurance Company in the amount of 488,000, 30 days prior to the effective date of the increase date of the increase to ten units; and

WHEREAS, Said Deposit Premium Fund in order to conform to good business practices should be a minimum of $1,500,000 or 40% of annual group premium if greater for Transamerica Occidental Life Insurance Company and a minimum of $250,000 or 40% of annual group premiums if greater for The United States Life Insurance Company; and

WHEREAS, Said Transamerica Occidental Life Insurance Company has agreed to pay 9.5% interest on the Deposit Premium Fund in their possession and The United States Life Insurance Company has agreed to pay 7½% interest on the Deposit Premium Fund in their possession for the year 1983; and

WHEREAS, Said Insurance Companies have agreed to maintain said increase to said Deposit Premium Fund by retention of accrued interest from any available experience rating refund from either Company or if necessary The American Legion will transfer the required funds from The Trust Fund; now, therefore, be it

RESOLVED, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 13-14, 1982, That the provisions of said agreement provided for a $1,000.000 Deposit Premium Fund by The Transamerica Occidental Life Insurance Company and a $125,000 Deposit Premium Fund by The United States Life Insurance Company shall be amended and said fund shall be increased to Transamerica Occidental Life Insurance Company to $1,500,000 and to The United States Life Insurance Company to $250,000; and, be it further

RESOLVED, That said Deposit Premium Fund of the respective carriers shall be maintained at a minimum of $1,500,000 or 40% of annual group premium if greater for The Transamerica Occidental Life Insurance, and a minimum of $250,000 or 40% of annual group premium if greater for The United States Life Insurance 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.