**Section 201.60 Repayment of Principal and Payment of Interest**

A company may only repay principal and make payment of interest on any indebtedness as provided under Section 34.1 of the Illinois Insurance Code [215 ILCS 5/34.1]. No payment shall be authorized by the Director unless:

a) The company's surplus as regards policyholders is reasonable in relation to its outstanding liabilities and adequate for its financial needs (the determination of the reasonableness and adequacy of surplus shall include consideration of the following factors: premium volume as referenced in Sections 144 and 244.1 of the Illinois Insurance Code [215 ILCS 5/144 and 244.1]; lines of business and additional authority as referenced in Sections 4, 11, 39, and 245.23 of the Illinois Insurance Code [215 ILCS 5/4, 11, 39, and 245.23] and Section 2-1 of the Health Maintenance Organization Act [215 ILCS 125/2-1]; reserves, company size and operational history as referenced in Section 113 of the Illinois Insurance Code [215 ILCS 5/113]), and

b) Such payment will not reduce the company's surplus as regards policyholders to less than that currently required under Section 13 of the Illinois Insurance Code [215 ILCS 5/13], and

c) Such payment is consistent with the terms of the debenture approved pursuant to Section 201.20 of this Part.

(Source: Amended at 23 Ill. Reg. 3782, effective March 10, 1999)