

Informational Bulletin: Surety Bond

To meet the deposit requirements of California Labor Code Section 3701, a self insurer may post a Surety Bond or Increase/Decrease Rider to meet ongoing deposit changes.

If a self insurer chooses to post a surety bond as security deposit, they must notify the Office of Self Insurance Plans, who will partially complete the bond or rider by inserting the Master Certificate holder's number, the surety bond number, the complete legal name of principal (i.e. Master Certificate holder) and any co-principals (i.e. Subsidiaries), its address, and its/their respective states of incorporation and the penal sum of the bond. The surety bond and all riders must be executed in triplicate.

The surety company or Attorney-In-Fact is to fill in the surety's name and address. The effective date of the bond or rider is the date of execution by the Attorney-In-Fact. All the executed originals of the surety bond or rider are to be returned to this office.

All of the rider forms shall be signed by the carrier or Attorney-In-Fact for the surety company, in accordance with the instructions set forth on the form. Attach the Power of Attorney form showing the person signing has been authorized by the surety company to execute bonds in the amount.

Effective December 2001, California Code of Regulations, Title 8, Section 15212 (a)(h) which was newly adopted reads in part: "The surety company or its parent shall have and maintain an acceptable credit rating as set forth below:

- (1) Standard and Poor's Insurer Financial Strength Rating of "A" or better ratings, or
- (2) A.M. Best Company, Financial Strength Ratings of B+ or better rating