



IDAHO INDUSTRIAL COMMISSION

PO Box 83720
Boise, ID 83720-0041
(208) 334-6000 - FAX (208) 334-2321
1-800-950-2110

COMMISSIONERS
Thomas P. Baskin, Chairman
Aaron White
Thomas E. Limbaugh

BRAD LITTLE, GOVERNOR

Mindy Montgomery, Director

June 10, 2020

RE: Statutory Deposit for Policy Insurers

Idaho Code §72-301 and the Administrative Rules of the Idaho Industrial Commission, IDAPA 17.01.01.302.01.a.ii., govern the types of security allowable for statutory deposits under the Idaho Worker's Compensation Law. In the 2016 session of the Idaho Legislature, House Bill 501 amended Idaho Code §72-301 to include Idaho municipal bonds as an acceptable form of security deposit for insurance carriers.

Effective March 30, 2016, Idaho Code §72-301 states in part:

Acceptable security instruments are bonds, treasury bills, interest-bearing notes or other obligations of the United States for which full faith and credit of the United States is pledged for the payment of principal and interest. Acceptable security instruments also include municipal bonds issued by the State of Idaho, its subdivisions, counties, cities, towns, villages and school districts. The insurer shall have the responsibility to monitor the ratings for its bonds. Bonds held by worker's compensation insurers in support of insurance obligations must have been assigned a credit rating grade not less than "single A minus" by one (1) or more credit rating providers registered with the United States Securities and Exchange Commission (SEC) as a nationally recognized statistical rating organization (NRSRO). If the credit rating assigned to the bond by the NRSRO is downgraded below "single A minus," the worker's compensation insurer shall within thirty (30) days of the downgrade replace the bond with one (1) that meets the credit quality requirement specified in this section. In lieu of such money or security instruments, the Commission may allow or require such insurer to file or maintain a surety bond issued by companies authorized to do business in Idaho. The surety bonds will be maintained by the Idaho State Treasurer.

IDAPA 17.01.01.302.01.a.ii. states in part:

In addition to the security required in Subsection 01.a.i, of this rule, each insurance carrier shall deposit an amount equal to the total unpaid outstanding awards of said insurance carrier. Such deposit shall be in the form permitted by Section 72-301, Idaho Code. Surety bonds shall be in the form available on the Commission's website. If a surety bond is deposited, the surety company shall be completely independent of the principal and authorized to transact such business in the state of Idaho. A partial release of security deposited hereunder must be requested in writing and approved by the Commission.

Prior to depositing book entry securities, a company must enter into a custody agreement with the Idaho State Treasurer. Selection of the custodial bank will be made by the Idaho State Treasurer <https://sto.idaho.gov/Programs/Workers-Compensation>



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All surety bonds can be sent directly to: Idaho State Treasurer's Office, P.O. Box 83720, Boise, ID 83720-0091. (Overnight) 700 W. Jefferson St., Suite E 126, Boise, ID 83702.

Note: Securities are valued at par value, not market value. Securities such as TIPS, GNMA bonds, and GSE bonds are not acceptable.

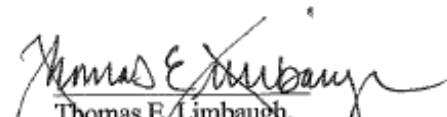
The above is not new law, but is an agency interpretation of existing law. Further questions can be directed to:

Rachel Misnick, Financial Officer
Rachel.Misnick@iic.idaho.gov
(208) 334-6042

Angela Bonaminio
Idaho State Treasurer's Office
208-332-2998
angela.bonaminio@sto.idaho.gov.


Thomas P. Baskin,
Chairman


Aaron White,
Commissioner


Thomas E. Limbaugh,
Commissioner