



IDAHO INDUSTRIAL COMMISSION

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

COMMISSIONERS
Thomas E. Limbaugh, Chairman
Aaron White

BRAD LITTLE, GOVERNOR

George Gutierrez, Director

MEMORANDUM

DATE: January 1, 2024
TO: All Insurers
FROM: Rachel Misnick, Financial Officer
RE: Eligible Securities Allowable for Statutory Deposits

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 State of Idaho 2016 Legislative Session, 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 municipal bonds.

Municipal 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 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 with the state treasurer a surety bond issued of some company or companies authorized to do business in this state for and in the amounts equaling the total unpaid compensation awards against such insurer.

IDAPA 17.01.01.302.01.a.ii states the following:

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 a custodial bank will be made by our custodian, Angela Bonaminio, with the Idaho State Treasurer. All surety bonds may be sent directly to:

MAILING	PHYSICAL (Overnight)
Angela Bonaminio Idaho State Treasurer's Office P.O. Box 83720 Boise, ID 83720-0091	Angela Bonaminio Idaho State Treasurer's Office 700 W. Jefferson St., Suite E126 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 existing interpretation of existing law. Please contact our custodian, Angela Bonaminio, for further instruction and questions related to banking and processing transactions. For questions related to the amount that is required, please contact me at the Industrial Commission. Our contact information is as follows:

Rachel Misnick, Financial Officer Idaho Industrial Commission (208) 334-6042 Rachel.misnick@iic.idaho.gov	Angela Bonaminio Idaho State Treasurers' Office (208) 332-2998; or fax (208) 332-2962 Angela.bonaminio@sto.idaho.gov
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Websites: <https://iic.idaho.gov>
<https://sto.idaho.gov/Programs/Workers-Compensation>



Rachel Misnick, Financial Officer