

Review of Compliance Issues

In addition to licensing issues, the Department of Insurance's Agent Services is also tasked with making sure that licensees comply with the rules and regulations associated with holding licenses. As with any large group of license holders, there are bound to be problems with some licensees not fulfilling their responsibilities. When this occurs, the Agent Services Division may choose to hold regulatory proceedings against the licensee in question.

The following explain some of the most common licensing-related violations; for complete explanations of the rules and regulations visit www.ncdoi.com:

Collateral Security Required by Bondsmen – the Department frequently receives consumer complaints regarding the handling of collateral security when one of the following requirements is not met by bail bondsmen:

- **Reasonable Collateral** – The collateral security required by bail bondsmen must be reasonable in relation to the amount of the bond; in other words, any collateral security (including personal property, real property, indemnity agreement and guarantee) received by a bail bondsman, should not exceed the amount of the bond.
- **Collateral Receipts** – When bail bondsmen accept collateral, they shall give a written receipt that provides, in detail, a full description of the collateral received.
- **Collateral Held in Trust** – Collateral security shall be held and maintained in trust. When collateral security is received in the form of cash or check or other negotiable instrument, the bail bondsmen shall deposit the cash or instrument within two banking days after receipt, in an established, separate non-interest bearing trust account in any bank located in North Carolina. The trust account funds shall not be commingled with other operating funds. When collateral security is received in the form of personal or real property, it must be returned in the same condition as requested and received by the bail bondsman.
- **Return of Collateral** – Any collateral security shall be returned to the person who deposited it with the bail bondsman or his representative within 72 hours after the final termination of liability on the bond secured by the collateral.

Required Notifications to the Department – In addition to the rules and regulations specific to bail bond licensees, the following notifications are required by all licensees of the Department:

- **Criminal Convictions** – If a licensee is convicted of any crime or offense other than a motor vehicle infraction, the licensee shall notify the Agent Services Division in writing of the conviction within 10 days after the date of the conviction. For purposes of this notification, "conviction" includes an adjudication of guilt, a plea of guilty, or a plea of nolo contendere.

- **Address Changes** – A licensee must notify the Department in writing within 10 business days of a change of address. Change address notification may either be sent to the Agent Services Division or can be submitted online, www.ncdoi.com. Failure to submit your change of address will soon result in a \$50 administrative fee for non-compliance (beginning fourth quarter 2008).

I strongly encourage you to review the North Carolina General Statutes and Administrative Code provisions applicable to your bail bond license(s) to ensure that your license remains in good standing. These rules and regulations are available on the Department's Web site, www.ncdoi.com. Or if you have any questions about compliance issues, please call the Agent Services Division at 919-807-6800.