

Professional Bondsmen Custodial Accounts

As the result of a collaborative effort between Department of Insurance staff and representatives of the NCBA, I am happy to announce that a contract amendment to the fee schedule for U.S. Bank Institutional Trust and Custody custodial deposit accounts was executed this past August. It is such a pleasure to know that by working together, our organizations can effectively implement change and alleviate some of the day-to-day business concerns of our professional bail bondsmen.

Just to provide a quick summary, the new U.S. Bank fee schedule became effective July 1, 2011 and waives *the annual account maintenance fee* for any professional bail bondsman whose *entire* custodial security deposit is in the U.S. Bank First American Mutual Fund account. Fees for professional bail bondsmen that have their custodial funds either all or partly in other securities – such as certificates of deposit, stocks, mortgages and treasury notes – *are not* waived by U.S. Bank.

Based on the U.S. Bank professional bail bondsmen custodial security holdings as of August 2011, 85 percent of licensed professional bail bondsmen had their custodial deposit entirely in the U.S. Bank First American Mutual Fund account. Beginning July 1, 2011, they were then eligible to have their account maintenance fees in the amount of \$160 - \$355 waived annually. These waived fees are in addition to the majority of other transaction fees already waived for U.S. Bank First American Mutual Fund account holdings.

It is important to convey that there has been no change to the U.S. Bank process of holding CDs and other approved securities based on this contract amendment. The North Carolina Department of Insurance requires that a professional bail bondsmen maintain a deposit of securities pursuant to NCGS § 58-71-165. Although a negotiable security does need to be reviewed and approved by the commissioner as an acceptable security deposit in the collateral trust account, the Department does not mandate a specific security type.

On September 21, 2011, representatives from the Department of Insurance Agent Services Division, NCBA, and U.S. Bank held a meeting for all professional bail bondsmen at the McKimmon Center in Raleigh to discuss specifics regarding the U.S. Bank contract amendment, provide information on custodial account procedures, and answer any U.S. Bank-related questions.

The following agenda items were covered at this meeting:

- Overview of U.S. Bank contract terms and amendment
- Securities available for deposit in the custodial account
- Explanation of the U.S. Bank fee schedule
- U.S. Bank fee invoice and payment procedures
- Procedures for switching securities in the account
- Bank certificates of deposit (CDs)
- Stocks and bonds deposited in the custodial account
- Requesting release of funds from custodial account
- Bail bondsmen online access for U.S. Bank custodial account information

Since not all professional bail bondsmen were able to attend this informational meeting, the Agent Services Division also sent an email to all professional bail bondsmen and the NCBAAs informing them of the new U.S. Bank contract amendment, fee schedule, and custodial account FAQs. All of the information is posted on the Department's website in the following locations:

- FAQs and the amended U.S. Bank fees schedule:
http://www.ncdoi.com/ASD/ASD_BailBondsmen_FAQs.aspx
- All of the forms provided for custodial accounts:
http://www.ncdoi.com/ASD/ASD_BailBondsmen_Forms.aspx

As always, if you have any questions about custodial accounts, or any other license requirements, we are only a phone call or an email away. Please feel free to contact the Agent Services Division at 919-807-6800, or visit the Department of Insurance website at www.ncdoi.com.

Again, I'm truly appreciative of the constructive working relationship between my Department and members of the NCBAAs, as it is only through these open lines of communication and collaboration that everyone can benefit. I'm looking forward to many more successes in 2012!