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Bulletin No. 2016-3
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**SPECIAL INSTRUCTIONS TO COMPLETE
THE SECURITIES TRANSACTION REQUEST FORM A-174**

TO: All Underwritten Title Companies and Other Interested Persons

SUBJECT: Instructions for completing the Securities Transaction Request Form A-174 to comply with New Financial Security Requirements as of July 1, 2016 and Related Requests for Release of Existing Escrow Deposits

This is a follow-up bulletin and in reference to the [Bulletin No. 2016-1](#) published on January 5, 2016 regarding the changes to underwritten title company licensing and permitted escrow service activities for licensed companies permitted to conduct escrows.

As of July 1, 2016, all underwritten title companies with escrow authority are required to comply with new financial responsibility requirements. Insurance Code section 12389 (b) as enacted effective July 1, 2016 (AB 704), requires underwritten title companies with escrow authority provide either a surety bond or a deposit in the amount of \$100,000 or \$50,000 as specified. Surety bonds may be submitted using the California Department of Insurance (CDI) surety bond form from an admitted surety insurer and should be sent to the CDI Legal Division Corporate Affairs Bureau 45 Fremont Street 24th Floor San Francisco CA 94105. Underwritten title companies which desire to do so by deposit must complete the [Form A-174](#) with a processing fee of \$72 per item pursuant to Insurance Code section 940.1 and CDI schedule of fees for [securities transactions bulletin](#) effective 03/01/2015.

To facilitate the orderly transition from the current deposit security to the new deposit security, requests for releases of existing escrow deposits previously made under the former statutory requirement should include evidence of compliance with the new financial security requirement. CDI asks that requests for release be submitted **on or before May 1, 2016**. Applications for release of existing deposits, and, if applicable, establishment of new deposits, must be completed using the [Form A-174](#).

To fulfill the new financial security requirement as a deposit:

- Fill out the 1st page of the [Form A-174](#) completely.
- Check the box “Other” and specify 12389 in the space provided under the California Insurance Code (CIC) Section.
- Under the **SECURITIES TO BE DEPOSITED** Section, indicate the new security deposit.
- Deposits should be either \$100,000 or \$50,000.
- Deposits of \$50,000 are subject to verification of counties of licensure.

If a request seeks to substitute existing certificates of deposit or other assets on deposit in exchange to satisfy the new security requirement, submit documentation that the existing certificates of deposit or other assets are current and useable for this new purpose.

To request release of existing security deposits:

- Fill out the 2nd page of the [Form A-174](#) completely.
- Under the **SECURITIES TO BE WITHDRAWN** Section, list the existing security deposits.
- Include in the request for release a statement of how the new financial security has been fulfilled.
- Release of existing deposits will only be completed upon presentation of satisfactory evidence that the new financial security has been established.

FILING AND FEE INFORMATION

The Department charges a processing fee of \$72 for each transaction pursuant to Insurance Code section 940.1 and CDI schedule of fees for [securities transactions bulletin](#) effective 03/01/2015. (*For example: one deposit plus two requests for releases equals three items or 3 x \$72 = \$216.*) The processing fees are due during submission of [Form A-174](#). Please make check payable to the California Department of Insurance.

Submit one **completed and original signed** [Form A-174](#) to CDI Securities Transaction Unit to the following address:

California Department of Insurance
Accounting Services Bureau
Securities Transaction Unit
300 Capitol Mall, Suite 14000
Sacramento, CA 95814

The [Form A-174](#) is available on CDI’s website at <https://www.insurance.ca.gov>. Under “Insurers”, select “Insurers” again, then under “Applications, Forms & Filings”, access “Securities Forms & Instructions”.

If you are unable to access the CDI website or have any question, please contact the Securities Transaction Unit at (916) 492-3412 or via email at securities@insurance.ca.gov.

If you have questions about the surety bond form filing, contact the Corporate Affairs Bureau at 415-538-4035.