DEPARTMENT OF INSURANCE
Legal Division, Corporate Affairs Bureau
45 Fremont Street, 24th Floor
San Francisco, CA 94105

NOTICE

Date: June 16, 2017

To: All Licensees and Other Interested Persons

Subject: Instructions for Execution of Surety Bonds by Certain Holders of or Applicants for Various Licenses

The Department of Justice at the request of the California Department of Insurance has adopted section 50.20 to Title 11 of the Code of Regulations Article 19 promulgating revised instructions for execution of surety bonds by certain holders of or applicants for various licenses effective upon filing with the California Secretary of State on May 23, 2017. These instructions are effective for immediate use.

A copy of the Notice of Filing and Printing Only, Notice of Publication of Regulations Submission Form 400 and bond form are with this notice, posted on the Department of Insurance Website.

If you have any question regarding this bond form, please contact Jill Jacobi at (415) 538-4426 or at Jill.Jacobi@insurance.ca.gov.

State of California
Office of Administrative Law

In re:
Department of Justice

Regulatory Action:

Title 11, California Code of Regulations

Adopt sections:
Amend sections: 50.20
Repeal sections:

NOTICE OF FILING AND PRINTING ONLY

Government Code Section 11343.8

OAL Matter Number: 2017-0424-16

OAL Matter Type: File and Print Only (FP)

This action submitted by the Department of Justice is a request to file and print the approved revised surety bond form of the Department of Insurance, "Instructions for Execution of Surety Bonds by Certain Holders of or Applicants for Various Licenses" pursuant to Government Code section 11343.8.

OAL filed this regulation(s) or order(s) of repeal with the Secretary of State, and will publish the regulation(s) or order(s) of repeal in the California Code of Regulations.

Date: May 23, 2017

Kevin D. Hull
Senior Attorney

For: Debra M. Cornez
Director

Original: Xavier Becerra
Copy: Karen W. Yiu

STATE OF CALIFORNIA–OFFICE OF ADMINISTRATIVE LAW

NOTICE PUBLICATION/REGULATIONS SUBMISSION

FILE & PRINT

(See instructions on reverse)

STD. 400 (REV. 01-2013)

For use by Secretary of State only

ENDORSED - FILED
In the office of the Secretary of State of the State of California
MAY 23 2017
1:39PM

OAL FILE NUMBERS	NOTICE FILE NUMBER	REGULATORY ACTION NUMBER	EMERGENCY NUMBER
	Z-	2017-0424-16FP	

For use by Office of Administrative Law (OAL) only

2017 APR 24 P 3:02
OFFICE OF ADMINISTRATIVE LAW

NOTICE | REGULATIONS

AGENCY WITH RULEMAKING AUTHORITY: Department of Justice, for the Department of Insurance

AGENCY FILE NUMBER (If any):

A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE | TITLE(S) | FIRST SECTION AFFECTED | 2. REQUESTED PUBLICATION DATE

3. NOTICE TYPE: ☐ Notice re Proposed Regulatory Action ☐ Other | 4. AGENCY CONTACT PERSON | TELEPHONE NUMBER | FAX NUMBER (Optional)

OAL USE ONLY | ACTION ON PROPOSED NOTICE: ☐ Approved as Submitted ☐ Approved as Modified ☐ Disapproved/ Withdrawn | NOTICE REGISTER NUMBER | PUBLICATION DATE

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S): Department of Insurance bond form

1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)

2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)

SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)

ADOPT

AMEND: Article 19, section 50.20 Instructions for Execution of Surety Bonds by Certain Holders of or Applicants for Various Licenses

~~Required the Insurance Code of Applicants for of~~

per agency request 5/30/17.

TITLE(S): 11, Div. 1, Chapter 2

REPEAL

3. TYPE OF FILING

☐ Regular Rulemaking (Gov. Code §11346)
☐ Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)
☐ Emergency (Gov. Code, §11346.1(b))
☐ Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
☐ Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
☐ Emergency Readopt (Gov. Code, §11346.1(h))
☒ File & Print
☒ Other (Specify) Revision of surety bond form
☐ Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
☐ Print Only

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)

☐ Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))
☒ Effective on filing with Secretary of State
☐ §100 Changes Without Regulatory Effect
☐ Effective other (Specify)

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY

☐ Department of Finance (Form STD. 399) (SAM §6660)
☐ Fair Political Practices Commission
☐ State Fire Marshal
☐ Other (Specify)

7. CONTACT PERSON: Karen W. Yiu | TELEPHONE NUMBER: 510-879-1245 | FAX NUMBER (Optional) | E-MAIL ADDRESS (Optional)

8. **I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.**

SIGNATURE OF AGENCY HEAD OR DESIGNEE: Karen Yiu | DATE: April 20, 2017

TYPED NAME AND TITLE OF SIGNATORY: Karen W. Yiu, Deputy Attorney General

For use by Office of Administrative Law (OAL) only
ENDORSED APPROVED
MAY 23 2017
Office of Administrative Law

Producer Licensing Bureau
P.O. Box 1139
Sacramento, CA 95812-1139
Information (916) 492-3035
www.insurance.ca.gov

State of California
Department of Insurance

INSTRUCTIONS FOR EXECUTION OF SURETY BONDS BY CERTAIN HOLDERS OF OR APPLICANTS FOR VARIOUS LICENSES

The instructions set forth in this section govern execution by the principal and surety of surety bonds required by the California Insurance Code to be filed by certain applicants for or holders of various licenses including the following: (Citations are to the California Insurance Code)

(50.12) Bond of Insurance Broker (§§1662-1665)
(50.13) Bond of Special Lines Surplus Line Broker (§1760.5)
(50.14) Bond of Surplus Line Broker (§1765)
(50.15) Bond of Bail Agent (§1802)
(50.16) Bond of Bail Permittee (§1802.5)
(50.17) Bond of Bail Solicitor (§1803)
(50.21) Bond of Public Insurance Adjuster (§§15011(g), 15033-15037)
(50.22) Bond of Insurance Adjuster (§§14050-14054)
(50.23) Bond of Cargo Shipper's Agent (§§1662-1665)

Cross References

Separate instructions are provided elsewhere in this section 50 for execution of surety bonds by applicants for holders of various kinds of certificates of authority underwritten title company license or certificate of exemption (See California Code of Regulations, title 11, section 50.10).

EXECUTION BY PRINCIPAL AND SURETY

IN GENERAL

Bond must be executed (signed) by both parties, as follows:

BY AN INDIVIDUAL PRINCIPAL or principals in his, her or their true name or names;

IN THE NAME OF THE PRINCIPAL by one of its executive officer or officers if the principal be a corporation;

IN THE NAME OF THE PARTNERSHIP BY A GENERAL PARTNER, if the principal be a partnership;

BY OFFICER(S) OR ATTORNEY-IN-FACT OF THE SURETY in the name of the surety.

Bond must be originally signed by the Principal, if a natural person, or if a corporation, by the President and by the President, Vice President, Chairman or Chief Executive Officer and Secretary or Attorney-in-Fact of the surety. Original signatures include facsimile signatures. All of the bonds listed above must be executed by the surety on or after execution by the principal thereon.

If seal affixed to the instrument legibly shows the name of the corporation, notarial acknowledgment of signature of person executing the bond is not required; otherwise signature must be acknowledged.

The name of each party shall be set forth correctly in the body of the bond, and the signatures of execution must be in the names identical with those recited in the body of the bond.

PLACE OF EXECUTION

Signatures need not be executed within the State of California if the signators consent to suit in the counties of the State of California, California law governing the bond and service by certified U.S. mail.

POWER OF ATTORNEY

Where bond is executed for the surety by an Attorney-in-Fact, evidence of his or her then current authority to do so shall be attached to it. If an original power of attorney is attached, it must refer specifically to the bond and must be dated on or before the date he or she executed the bond. If a certified copy of a power of attorney is attached, it shall include authorization for execution of such a bond and be dated on or before the date on which he or she executed the bond for the surety; the certificate at the bottom of the power of attorney showing it to be in full force and effect shall be originally signed by an authorized person.

If seal affixed to an original power of attorney legibly shows the name of the corporation and date of incorporation notarial acknowledgment of the signature of the individual executing the power is not required; otherwise signature must be acknowledged.

NOTARIAL ACKNOWLEDGMENTS

By Corporation Principal or Surety

Notarial acknowledgments for a corporation principal or surety must be substantially in the following form (California Civil Code sections 1189 and 1190):

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

STATE OF_____

COUNTY_____

On this ____ day of_____20____ before me

_____

(insert name and title of officer taking the acknowledgment)
personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I declare under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal

_____ (Seal)
Signature and Capacity of Officer taking acknowledgment

By Attorney-in-Fact Surety

The body of the form of acknowledgment of his execution for a surety by its duly authorized Attorney-in-Fact must be substantially in the following form (Civil Code sections 1189 and 1192):

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

STATE OF_____

COUNTY_____

On this _____ day of _____20_____ before me

_____

(insert name and title of officer taking the acknowledgment)
personally appeared _____
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I declare under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

_____ (Seal)
Signature and Capacity of Officer taking acknowledgment

Foreign acknowledgments

Acknowledgments taken out of the State of California are authorized as long as the signature on such certificate of acknowledgment was taken in accordance with the laws of the place where the same was made (California Civil Code section 1189).

Note: Forms of certificates of acknowledgment of execution by various individual, Attorney-in-Fact and partnership principals are provided in the paragraphs containing instructions governing execution of the several bonds in this California Code of Regulations, title 11, section 50. Appropriate reference is made in a note at the end of each numbered section hereof that prescribes a bond form.

Execution of each instrument (bond and power of attorney) shall be acknowledged by all parties to each respectively, before a public officer authorized by law to take acknowledgments, except as hereinafter stated. Execution of bonds hereinabove listed and having a penal sum of not more than $5,000 will normally be accepted without acknowledgment if preparation, execution and presentation of the bond for filing are regular in all respects. Otherwise, the Commissioner reserves the right to require acknowledgment and due proof of acknowledgment of each signature. Execution of such bonds in a penal sum larger than $5,000 shall in general be duly acknowledged, but if the seal of any corporation party (principal, co-principal or surety) to the bond legibly shows therein the corporation's correct name and both the date and state of incorporation, then the execution of such party need not be acknowledged; otherwise, it shall be and the officer's certificate of acknowledgment shall be duly made and attached to the instrument.

Notarial acknowledgments must substantially conform to law. Refer to California Civil Code sections 1185-1193, incl. Example:

> A notary public or other officer completing this certificate verifies only the identity of the individual who signed the

document to which this certificate is attached, and not the truthfulness, accuracy, or validity of the document.

STATE OF _____}

COUNTY OF _____} ss.
On this _____day of _____, 20___, before me _____
_____
(insert name and title of officer taking the acknowledgment)
personally appeared _____ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I declare under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

SEAL

_____
Signature
Notary Public in and for said County and State

My Commission expires _____