

Assembly Bill No. 2905

Passed the Assembly May 18, 2000

Chief Clerk of the Assembly

Passed the Senate June 29, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Section 1823 of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2905, Committee on Insurance. Surety company reserve funds.

Existing law requires surety companies that execute undertakings of bail for bail licensees to maintain reserve funds in segregated interest bearing trust accounts guaranteed by certain United States government banking entities.

This bill would allow surety companies to maintain these reserve funds in other account forms, including those consisting of guaranteed United States government bonds or securities or money market funds meeting specified criteria.

The people of the State of California do enact as follows:

SECTION 1. Section 1823 of the Insurance Code is amended to read:

1823. All surety companies which execute undertakings of bail shall keep any moneys collected from agents licensed pursuant to this code as buildup or reserve funds in segregated trust accounts within the state. These accounts shall be maintained as any of the following:

(a) A Federal Deposit Insurance Corporation (FDIC) insured account.

(b) United States government bonds and treasury certificates or other obligations for which the faith of the United States is pledged for the payment of principal and interest.

(c) Repurchase agreements collateralized by securities issued by the United States government.

(d) A money market fund that limits its portfolio to those securities listed in subdivisions (a) and (b).



The accounts described in this section shall not be hypothecated or offered as collateral.

The accounts described in this section shall be used to satisfy the unfulfilled obligations of the undertakings of bail written by the agents from whom the moneys have been collected and to otherwise satisfy the unfulfilled obligations which may be owing to the surety by those agents.



Approved _____, 2000

Governor

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