



HEALTH MAINTENANCE ORGANIZATION

INSTRUCTIONS FOR PLACING SECURITIES ON DEPOSIT

1. SECURITIES DEPOSITED FORM 120 IS REQUIRED TO BE FILED IN TRIPLICATE. An ORIGINAL signature of an officer of the company (verifiable through the company's annual statement) should be affixed to each form on the blank indicated "FOR THE COMPANY". This blank is located in the lower left corner of the form.
2. ELIGIBLE SECURITIES FOR DEPOSIT ARE AS FOLLOWS: CERTIFICATES OF DEPOSIT, UNITED STATES TREASURY BONDS, UNITED STATES TREASURY NOTES, AND CASH
CERTIFICATES OF DEPOSIT: Acceptable evidence to be filed when placing a CD on deposit shall constitute an issued certificate, if any, and a Pledge. If a certificate of deposit is not issued, please submit a safekeeping receipt issued by the bank. The CD must be issued by a solvent bank domiciled in Texas.
U.S. TREASURY BONDS AND NOTES: Acceptable evidence to be filed when placing U.S. Treasury Bonds and Notes on deposit shall constitute an issued safekeeping receipt, and a Pledge. Safekeeping Receipt must be issued by a solvent bank domiciled in Texas.
PLEDGE LETTER for Certificates of Deposit and U.S. Treasury Bonds and Notes must include the following information: (a) must describe the security proposed for deposit in detail, please include CUSIP number, (b) certify that the instrument is free of prior liens and/or assignments, (c) indicate that the funds will not be released without prior approval of the Bond & Securities Officer, (d) acknowledge that the security is pledged to the Texas Department of Insurance and, (e) bear an original signature of an officer of the HMO and Bank.
SAFEKEEPING RECEIPTS must describe the security in detail, indicate that the security is pledged to the Texas Department of Insurance, and bear an original signature of the issuer.
CASH: Deposit must be in the form of paper money of the United States, or by a cashier's check drawn on a solvent bank domiciled in Texas.
3. IDENTIFICATION NUMBER COLUMN (Form 120) - Enter certificate of deposit number, or safekeeping receipt number.
4. DESCRIPTION OF SECURITIES COLUMN (Form 120) - Enter complete description of securities proposed for deposit. Enter CUSIP number and market value if applicable. Enter market value and source of market value as of date of report. (Note: Securities deposited need to be listed with the Securities Valuation Office and market value should be sufficient to maintain required value.)
5. AMOUNT DEPOSITED COLUMN - Enter par or face value.
6. Return ALL THREE copies of Form 120, ONE Pledge Letter, and safekeeping receipt (if applicable) to this office. An executed copy of the form 120 will be returned to you from this office after the transaction has been completed.
7. For any certificates of deposit that are renewed, please be advised that the HMO MUST SUBMIT WITHIN TEN (10) DAYS of the renewal date, a letter notifying the Bond & Securities Officer of the new terms. Please include CD number, interest rate and maturity date.

NOTE: All companies writing classes of insurance in this State are regulated by CHAPTERS 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 20A, 22, and 23 of the TEXAS INSURANCE CODE shall be charged fees as follows:

FEE for accepting security deposit (original deposit): \$100.00
FEE for substitution of a security deposit: \$50.00
FEE for amendment (increase or withdrawal) of a security deposit: \$50.00
FEE for renewal of a certificate of deposit: \$50.00

This fee must be received before a transaction will be processed.

Tina M. Saucedo
Bond & Securities Officer
Company Licensing & Registration, Mail Code 305-2C