



INSTRUCTIONS FOR PLACING SECURITIES ON DEPOSIT FOR HEALTH MAINTENANCE ORGANIZATION

1. **COVER LETTER** explaining the transaction being submitted for the company. Include the company and custodian contact information (name, telephone number and email addresses).
2. **SECURITIES DEPOSITED FORM 120 IS REQUIRED.** An authorized signature of an officer of the company (verifiable through the company's annual statement) should be affixed to the form on the blank indicated "Authorized By". This blank is located in the lower left corner of the form.
3. **RATINGS REPORT** as per Section 424.058 of the Texas Insurance Code. The security is required to be listed with the Securities Valuation Office, and have an SVO rating of 1 or 2. If the security is not listed with the Securities Valuation Office, a copy of a Bloomberg report that will provide ratings from at least two recognizable rating agencies (Moody's, S&P, and Fitch) will be required. Valuation is based on book value. US Government securities are exempt from filing with the SVO; these securities are automatically rated 1.
4. **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.
5. **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.

**IF CERTIFICATES OF DEPOSIT ARE FILED: For any certificates of deposit that mature and are to be automatically renewed, the HMO must submit, within 10 (ten) days, after the new renewal date a bank letter notifying the Department of the new terms. The notice must include amount, interest rate, maturity date, and CD number. Please Note: A CD cannot be automatically renewed if the identification number changes. Include CD number, interest rate and maturity date.*

6. **RETURN ALL FORMS TO THIS OFFICE.** The officer/custodian of the bank will be asked to date and sign the forms and will be given instructions to send the forms to this office. In order to expedite a transaction, please furnish this department with the contact information of the officer at the bank that will handle the transaction. We will check the forms and sign them if in compliance. Then authorization will be sent from this office to the bank with approval letter.

Submit a complete filing to:

SDFilings@tdi.texas.gov

Or

Texas Department of Insurance
Company Licensing and Registration MC103-CL
333 Guadalupe
Austin, TX 78701