



MISSOURI DEPARTMENT OF REVENUE  
**\*\*LICENSE OFFICE PROCEDURES\*\***



PROCEDURE TITLE: **SURETY BOND POLICY**

ORIGINAL ISSUANCE DATE: **2/01/08**

REVISION DATE: **N/A**

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STATUTE/ OTHER REFERENCE: **LICENSE AGENT AGREEMENT AND CS015**

FORM REFERENCE(S): **N/A**

APPROVED BY: **JULIE A. ALLEN**

## I. OVERVIEW

This procedure has been established to:

- Define the process to acquire the surety bond policy;
- Notify license offices of payment requirements;
- Collect bond premiums on an annual basis; and
- Outline the steps to file a bond claim.

## II. GENERAL REQUIREMENTS

The license agent shall maintain a surety bond in an amount deemed sufficient to cover the collections of the license agent and to ensure against any loss by the Department of Revenue (department) or the State of Missouri, resulting from or incidental to the license agent's performance of the terms and conditions of the license or lack thereof. The department will secure the surety bond policy through the State of Missouri's competitive bid process.

- The term of the surety bond policy begins on July 1st and ends on June 30<sup>th</sup>.
- The license agent will be advised of the bond premium assessed to his/her office and payable to the surety bond agency by June 30<sup>th</sup> of each year, or upon notification to the department of the premium by the bond company.
- The bond will be prorated for new license agents. The new license agent will pay the former license agent directly the prorated portion of the annual premium.
- The license agent shall pay the department any amount, including the deductible, not covered or paid by the bonding company resulting from filed claims.

## III. PAYMENT OF SURETY BOND PREMIUM

The surety bond company sends a breakdown of premiums for all license offices to License Office Bureau which:

- Notifies license agents by letter of the premium due;
- Requests a check made payable directly to the bond company; and
- Mails checks to the surety bond company upon receipt of the invoice.

## IV. SURETY BOND COVERAGE

The surety bond policy provides coverage for loss of department or agent funds under the following circumstances:

- Employee Theft
  - Loss resulting from theft or forgery by an employee;
- Premises
  - Robbery or safe burglary by a third party;
  - Destruction or disappearance of money or securities from the license office or the bank;
    - ♦ Loss of or damage to property by robbery;
    - ♦ Loss of or damage to property contained within the safe;
    - ♦ Damage to a locked safe, cash drawer, cash box, or cash register;
    - ♦ Damage to the office resulting from safe burglary or robbery.
- In Transit
  - Robbery of money or securities by a third party;
  - Destruction or disappearance of money or securities while in transit or temporarily in the home of an employee;

- ♦ Damage to property by robbery while in transit; and
- ♦ Loss resulting from the unlawful taking by a third party of property temporarily in the home of an employee.
- Forgery
  - Loss due to forgery or alteration of a financial instrument by a third party;
- Computer Fraud
  - Loss resulting from computer fraud committed by a third party;
- Funds Transfer Fraud
  - Loss resulting from funds transfer fraud committed by a third party;
- Money Order and Counterfeit Currency Fraud
  - Loss resulting from money orders and counterfeit currency fraud committed by a third party;
- Credit Card Fraud
  - Loss resulting from credit card fraud committed by a third party;
- Expense Coverage
  - Investigative expenses; and
  - Computer violation expenses.

## **V. REPORTING AND FILING A CLAIM**

- A. The license agent must notify the License Office Bureau as soon as he or she discovers a loss or potential loss has occurred in the license office. The policy:
  - Defines discovered as "...become aware of facts which would cause a reasonable person to assume that a loss...has occurred or acts have taken place that may subsequently result in a loss..."
  - Requires the loss or potential loss to be reported within 90 days of the date of discovery.
- B. License Office Bureau may request additional details from the license agent pertaining to the loss.
- C. The bond company sends License Office Bureau a letter outlining itemized information requirements to file a Proof of Loss for the claim and includes the date the Proof of Loss is due.
- D. License Office Bureau:
  1. Forwards a copy of the Proof of Loss letter from the bond company to the license agent. The license agent must gather the required information and submit it to License Office Bureau.
  2. Prepares a cover letter upon receipt of the information;
  3. Includes any additional information required for the claim; and
  4. Mails the Proof of Loss documents to the bond company.

## **VI. ALLOCATION OF BOND CLAIM PAYMENTS**

- A. Upon review and approval of the claim, the bond company sends a check to the department for the amount of the claim less the deductible.
- B. Fiscal Services applies the deductible amount and, if applicable, any unpaid claim amount to the license office's Accounting Long and Short Report.
- C. The license agent's account is debited for the deductible and any applicable unpaid amounts.

## **VII. TIMELINES AND REPORTS/DOCUMENTATION**

- A. Proof of Loss Claims must be filed within six months of the date the loss is discovered.