

533C.203 Security.

1. Except as otherwise provided in subsection 2, a surety bond, letter of credit, or other similar security acceptable to the superintendent in the amount of fifty thousand dollars plus ten thousand dollars per location, not exceeding a total addition of three hundred thousand dollars, must accompany an application for a license. If the licensee has no locations in this state, the superintendent shall set the bond amount not to exceed three hundred thousand dollars.

2. Security must be in a form satisfactory to the superintendent and payable to the state for the benefit of any claimant against the licensee to secure the faithful performance of the obligations of the licensee with respect to money transmission.

3. The aggregate liability on a surety bond shall not exceed the principal sum of the bond. A claimant against a licensee may maintain an action on the bond, or the superintendent may maintain an action on behalf of the claimant.

4. A surety bond must cover claims for so long as the superintendent specifies, but for at least five years after the licensee ceases to provide money services in this state. However, the superintendent may permit the amount of security to be reduced or eliminated before the expiration of that time to the extent the amount of the licensee's payment instruments or stored-value obligations outstanding in this state is reduced. The superintendent may permit a licensee to substitute another form of security acceptable to the superintendent for the security effective at the time the licensee ceases to provide money services in this state.

5. In lieu of the security prescribed in this section, an applicant for a license or a licensee may provide security in a form prescribed by the superintendent.

6. The superintendent may increase the amount of security required to a maximum of one million dollars if the financial condition of a licensee so requires, as evidenced by reduction of net worth, financial losses, or other relevant criteria.

2003 Acts, ch 96, §6, 42

Referred to in §533C.204, 533C.205