Electronic Surety Bond Overview

Start

NMLS Account Creation Process
- Surety Company
  - Surety Bond Producer (SBP)

Surety Entity Account Management
- Create Organization Users
  - Assign Roles
  - SBPs Assign Representatives

Association Creation Process
- Surety Company
  - Links To SBPs

Licensee Grants Authority
- To Surety Company
  - Or SBP

Bond Creation
- Surety Company
  - SBP With Execution Authority

Bond Management (Ongoing Process)
- Bond Riders
  - Broker Of Record Change
  - Bond Cancellation
  - (Surety Company)
Surety Entity Account Management

Surety Company

Start → Create Organization Users (OUs) → Assign Roles to OUs → End

- Manage Bonds
- Manage and Sign Bonds
- Manage Surety Profile
- View Confidential Information
- Manage Reports

Available to be assigned to Associations

Done by Surety Companies

Surety Bond Producer

Start → Create Organization Users (OUs) → Assign Roles to OUs → Designate OUs as Representatives → If assigned, able to sign bonds → End

- Manage Bonds
- Manage Surety Profile
- View Confidential Information
- Manage Reports
Start

Surety Company
- Searches for and selects surety bond producer (SBP)
  - Confirm representatives are available via SBP profile
- Grant execution authority
  - If execution authority is not given then the association cannot be created
- Selects Writing Paper
- Selects states and bond limits
- Selects representatives and bond limits
- Sends association request

Cycles within Surety Company:
- Matching State Authorizations?
  - Yes: Accepts association
  - No: Requires Correction

Cycles within System:
- Reviews request - is it accurate?
  - Yes: Accepts association
  - No: Denies association

End
Licensee Grants Authority to Surety Entity

Start
Licensee searches for surety entity
Grants Authority
Surety entity receives an email notification of authority granted
End
Surety Company/Surety Bond Producer

Start

- Initiates bond by selecting recipient, state, license type
- Completes state-specific form

Surety Bond Producer System

- Renders state-specific bond form with information provided
- Executes Bond (see Bond Execution work flow)

Licensee

- Is the Licensee licensed?
  - Yes: Queues for delivery with license request
  - No: Mark ready to deliver to the Regulator

End

- Submits MU1
- Delivers bond to Regulator
- Executes Bond (see Bond Execution work flow)
Surety Company/SBP Representative signs the bond

Checks if state requires control person signature

Corrects bond information

Signs bond

Requires correction

Sends correction notification

Ends bond signing workflow

Sends Decline email to SBP

Sends Bond Recipient notification of pending bond

End

Start

Searches for and selects the applicable control person

Signs bond

End

Yes

Receives update via dashboard that the bond is not marked ready for Regulator

No

Returns to Bond Creation workflow

Signs bond via their individual account

Reviews request - is it accurate?

Proceeds with bond signing

No

Rejects bond

Requires correction

Checks if state requires control person signature

Yes

Sends notification to designated signer

Signs bond via their individual account

Searches for and selects the applicable control person

Sends notification to designated signer

End

Yes

Sends Bond Recipient notification of pending bond
Bond Rider Creation Work Flow

Surety Company/Surety Bond Producer

Start → Selects bond → Sets effective date → Rider information is provided → Execution process is completed → See Bond Rider execution workflow

Renders bond and rider information → Delivers bond to regulator → End

System
Surety Bond Producer

Surety Company/ SBP Representative signs the bond

Corrects rider information

Sends licensee notification of pending bond

Sends correction notification

System

Yes

Sends notification to designated signer

Start

Licensee

Reviews bond details

Return to Surety for correction?

No

State requires control person signature?

Yes

Company searches and selects the applicable control person

No

Company user signs bond

End

End

Control Person

Control Person signs bond via their individual account

End
Surety Company

Start

- Submits Notice of Cancellation

  - Has circumstances changed where the bond is needed?

    - No
      - Rescinds Notice of Cancellation
      - Reinstates Bond
      - Updates Bond status to Executed
      - Sends Notification to Licensee
      - End
    - Yes
      - Applies required days notice
        - The System will require a minimum number of days notice based on license settings.
        - Cancellation effective date passed?
          - No
            - Ends
          - Yes
            - Updates Bond status to Cancelled
            - Returns Bond Status to Executed
            - Sends Notification to Licensee
            - End
Broker of Record (BOR) Change Work Flow

Start

Licensee requests Broker of Record change by contacting surety company

Done via email/phone call outside of NMLS

Licensee receives email notification of pending BOR change

Accepts BOR change?

Yes

New BOR is able to manage bond

New BOR and old BOR receive notification of change

No

Surety Company receives notification of Decline

New BOR has the applicable state authorizations?

Yes

Old BOR has read-only access to the complete history of the bond prior to the BOR change

No

State authorization must be identified on the company profile AND the association with the surety company

Surety company must manage bond until applicable state authorization is identified in NMLS

Create/submits Broker of Record (BOR) change*

BOR changes cannot be reported for outgoing BORs with bonds pending action

- Old BOR is known as Outgoing BOR
- New BOR is known as Incoming BOR