

BOND, IRREVOCABLE LETTER OF CREDIT, AND CASH DEPOSIT INFORMATION SHEET

This information sheet outlines certain statutory requirements licensees are to follow when filing a bond, irrevocable letter of credit, and/or cash deposit with the Indiana Grain Buyers and Warehouse Licensing Agency (“Agency”). If you have any questions regarding this information sheet, please contact the Agency’s main office by phone at (317) 232-1360 or by e-mail at ingrainbuyers@isda.in.gov.

The information provided herein is for informational purposes only and should strictly be considered a supplemental source of reference. None of the information outlined, explained, and/or defined shall supersede any State of Indiana and/or federal laws. This information shall not be construed as legal advice. Applicants for licensure and current licensees are encouraged to consult with their own legal counsel for legal assistance.

BOND REQUIREMENTS (824 IAC 2-4-4(b) and IC 26-3-7-14)

- (1) Must be submitted on the form provided by the Agency (State Form 18720).
- (2) The surety shall be licensed to do business in Indiana.
- (3) If a licensee files a single bond covering all facilities operated by the licensee, the entire amount of the bond shall be held on behalf of any depositor of any facility operated by the licensee.
- (4) The surety bond shall be effective on the date of issue. The bond shall not be affected by the expiration of the annual license period and shall continue in full force and effect until canceled. The continuous nature of the bond shall not be construed as allowing the liability of the bond to accumulate for each successive licensing period. The bond shall be limited to the amount stated or changed by appropriate endorsement or rider.
- (5) The bonds are for grain obligations due to producers from the licensee on the effective date of the bond, including proceeds from the sale of grain belonging to producers.
- (6) Bonds shall include a statement appointing and authoring an individual to execute the bond and act as the corporate surety’s attorney-in-fact.
- (7) The bond coverage shall cease when a license is terminated by the agency. Coverage shall remain in effect during a temporary license suspension.
- (8) The surety on a bond may cancel a bond required by IC 26-3-7 only after the expiration of ninety (90) days from the date the surety mailed a notice of intent to cancel, by registered or certified mail, to the director.

IRREVOCABLE LETTER OF CREDIT REQUIREMENTS (824 IAC 2-4-4(c))

- (1) Be issued by a financial institution insured by the Federal Deposit Insurance Corporation.
- (2) Be payable to the Director of the Agency.
- (3) Give a ninety (90) day notice prior to cancellation.
- (4) Continue the coverage for eighteen (18) months after the termination of the license.
- (5) Be issued for a minimum of one (1) year.
- (6) Be renewable.
- (7) Demand for payment shall be the finding of fact and final order issued under administrative law by the director.

CASH DEPOSIT REQUIREMENTS (824 IAC 2-4-4(d))

- (1) A licensee submitting a cash deposit shall complete the cash bond form supplied by the agency (State Form 17284).
- (2) Agency personnel shall complete the “receipt for cash deposit” section on the form and return a copy to the licensee.
- (3) Checks for a cash deposit should be made payable to: Indiana Grain Buyers & Warehouse Licensing Agency.