



STATE OF IDAHO

# OFFICE OF THE STATE TREASURER

RON G. CRANE STATE TREASURER

## CUSTODY AGREEMENT

THIS CUSTODY AGREEMENT is made and entered into in Boise, Idaho, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and between \_\_\_\_\_, hereinafter called "Company", and \_\_\_\_\_, hereinafter called "Bank".

### RECITALS

- A. Idaho Code section 72-301 requires every Idaho self-insured employer and Idaho insurer to secure payment of worker's compensation and allows the self-insured employer and insurer to satisfy the security requirements of the Idaho Industrial Commission by depositing and maintaining certain securities in a custodial account.
- B. Idaho Code section 72-301 appoints the Office of the State Treasurer (Treasurer) as custodian of workers' compensation security deposits, The Treasurer accepts Company's deposit of qualifying securities at Bank, subject to the terms of this Custody Agreement.
- C. Idaho Code section 72-302 requires these securities in the custody of the Treasurer to be held in trust for the benefit of the injured workers under the Idaho workers' compensation law.
- D. Company and Bank are willing to establish a custodial account under the terms and conditions of this Custody Agreement.

### AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The Company has or will place with the Bank securities authorized by Idaho Code section 72-301 and applicable regulations and more fully described on the attached Schedule of Securities (hereinafter called "Schedule A").
2. The securities placed in custody with the Bank are in book entry or bearer form. Unless otherwise approved in writing by the Treasurer; after the Treasurer has obtained the written consent of the Idaho Industrial Commission, Bank agrees to hold the securities in the form in which they are originally placed in custody with the Bank.
3. The Bank shall collect all coupons and/or interest at maturity and shall distribute all income collected as received to or upon the order of the Company. The remittances shall be made by issuing a trust check or direct deposit into an account as instructed by the Company.
4. The Bank shall furnish on a semi-annual basis, a list of securities held in the custody account to the Treasurer and to the Company.
5. The fees charged by the Bank for handling the custodial arrangements described herein shall be disclosed in writing to the Treasurer and the Company. The fees charged; including other costs and expenses incurred by virtue of this Custody Agreement, such as the cost of clipping and forwarding interest coupons, shall be paid by the Company to the Bank.
6. This Custody Agreement shall be of no force and effect until the Treasurer, in writing, approves this Custody Agreement;



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7. The Treasurer, by written consent to this Custody Agreement, acknowledges and agrees that the deposit of the securities set forth on Schedule A meet the requirements of Idaho Code section 72-301.
8. Except for liquidation, as described in section 12 of this Custody Agreement, all transactions in connection with deposit of the securities in Schedule A and subsequent transactions shall only be effective upon the written direction and authorization of the Treasurer, who shall first obtain the written consent of the Idaho Industrial Commission, and the Company;
9. The Company hereby agrees to furnish the Bank with a certified copy of the Resolution of its Board of Directors or other governing body acceptable to the Bank authorizing the officers of the Company to enter into this Custody Agreement and setting forth the officers who will direct the Bank concerning this custodian account;
10. The Bank shall be obligated to indemnify the Company for any loss of securities of the Company in the custody of the Bank occasioned by the negligence or dishonesty of the Bank's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction. In the event that there is a loss of the securities in the custody of the Bank for which the Bank shall be obligated to indemnify the Company as provided in the immediately preceding paragraph, the Bank shall promptly replace the securities or the value thereof and the value of any loss of rights or privileges resulting from the loss of the securities. The Bank shall make available to the Company any and all securities or value amounts so replaced.

The Bank shall not be liable for any failure to take action required to be taken hereunder in the event and to the extent that the taking of such action is prevented or delayed by war (whether declared or not and including existing wars), revolution, insurrection, riot, civil commotion, Act of God, accident, fire, explosion, stoppage of labor, strikes or other differences with employees, laws, regulations, orders or other acts of any governmental authority, or any other cause whatever beyond its reasonable control.

11. If a provision of this Custody Agreement requires that a communication or document be provided to the Bank in writing or written form, that requirement may also be satisfied by a facsimile transmission, electronic mail or other electronic transmission of text (including electronic records attached thereto) where the Bank reasonably believes such communication or document has been signed, sent or presented (as applicable) by any person or entity authorized to act on behalf of the Treasurer, State of Idaho, or Company and the document complies with this paragraph. Any electronic mail or other electronic transmission of text will be deemed signed by the sender if the sender's name or electronic mail address appears as part of, or is transmitted with, the electronic communication. Bank will not incur any liability to anyone resulting from actions taken in good faith reliance on such communication or document, nor shall Bank incur any liability in executing instructions from any electronic mail address connected with a person or entity authorized to act on behalf of the Treasurer, State of Idaho, or Company prior to receipt by it of notice of the revocation of the written authority of such person or entity. Nothing set forth in this paragraph shall waive or vary any security or authorization procedures Bank has otherwise agreed to perform.
12. If an insurer; upon being placed in liquidation, Company authorizes the Treasurer to direct the Bank, without notice to or approval of the Company, to convert the current securities on deposit to cash and to transfer the proceeds to the insolvent insurer fund pursuant to Idaho Code section 72-301. The Bank shall have no liability for converting securities or transferring funds pursuant to a written notice of liquidation and request for such transfer signed by the Treasurer of the State of Idaho.



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### SIGNATURES

IN WITNESS THEREOF, the parties hereto have hereunto set their hands and seal the date first above written.

\_\_\_\_\_  
(COMPANY)

By: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
(BANK)

By: \_\_\_\_\_

Title: \_\_\_\_\_



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### APPROVAL

I, RON G. CRANE, the duly elected and acting Treasurer of the State of Idaho, hereby approve \_\_\_\_\_(Bank)  
as Custodian, under the sections and regulations referred to in the attached agreement, of the statutory deposits of  
\_\_\_\_\_(Company).

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
RON G. CRANE  
Idaho State Treasurer



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### Schedule A

SECURITY TYPE:

CUSIP NUMBER:

PAR VALUE:

INTEREST RATE:

MATURITYDATE: