



DEPARTMENT OF  
INSURANCE AND FINANCIAL INSTITUTIONS

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**Instructions for Application for Release of Workers' Compensation Deposit**

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The insurer may no longer be required to maintain a workers' compensation deposit with the State of Arizona due to Arizona Revised Statutes (ARS) § 23-961 being amended and effective July 1, 2015.

Send to the Department the items below that are applicable to the insurer's Arizona workers' compensation deposit:

- 1) **CERTIFICATE(S) OF DEPOSIT** – If the insurer has one or more Certificate(s) of Deposit held at the Office of the Arizona State Treasurer:
  - a) A cover letter signed by an executive officer of the insurer that includes:
    - i) The insurer's Policyholders' Surplus as of the most recently filed financial statement.
    - ii) Commentary regarding whether or not the insurer is subject to a finding of hazardous condition, an order of supervision, a delinquency proceeding or any other regulatory action in the State of Arizona, the insurer's state of domicile or any other state in which the insurer transacted the business of insurance.
    - iii) The name of the person the ADOI should contact about the application, their company name, address, phone number, and email address.
  - b) An *Application and Order for Release of Excess Deposit Form E-126XS*. For a complete release, Section A blanks numbered 2, 3, and 4 should be completed with zeroes.
  - c) A *Request for Release of Certificate of Deposit Form E-126CD* for each Certificate of Deposit to be released.
  
- 2) **CUSTODIAL BANK ACCOUNT** – If the insurer has marketable securities held at the Arizona State Treasurer's custodial bank:
  - a) A cover letter signed by an executive officer of the insurer that includes:
    - i) The insurer's Policyholders' Surplus as of the most recently filed financial statement.
    - ii) Commentary regarding whether or not the insurer is subject to a finding of hazardous condition, an order of supervision, a delinquency proceeding or any other regulatory action in the State of Arizona, the insurer's state of domicile or any other state in which the insurer transacted the business of insurance.
    - iii) The name of the person the ADOI should contact about the application, their company name, address, phone number, and email address.
  - b) An *Application and Order for Release of Excess Deposit Form E-126XS*. For a complete release, Section A blanks numbered 2, 3, and 4 should be completed with zeroes.

The insurer must provide additional information or documentation if the Department requests it. The Department will not consider the application if it is not complete.

After the Department reviews the application, it will either send the insurer a copy of the Department signed Form E-126XS or notify the insurer of the Department's reason(s) for not approving the application.

**DO NOT** attempt to reduce the deposit until the insurer has received a copy of the Department's signed Form E-126XS.

If the deposit is at the Arizona State Treasurer's custodial bank, the ADOI will email a Minimum Account Balance (MAB) Change Notice to the custodial bank and to the contact person of record for that account to confirm the new MAB amount. The insurer must send the *Arizona Department of Insurance and Financial Institutions Security Release Form E-126* directly to the custodial bank after the insurer receives the Department's MAB Change Notice.

Instructions and forms are available on the Department's website at <https://insurance.az.gov/insurers/trust-deposits>.