



Each applicant must provide a Financial Instrument in the required form and amount to obtain and maintain ARC accreditation. The Financial Instrument serves as, among other things, a guarantee for the financial transactions issued under your ARC number.

What forms of coverage are acceptable?

There are three acceptable types:

1. Bond

Request a performance or financial guarantee bond type from a surety. The ARC bond form is found at <https://www2.arccorp.com/globalassets/forms/aas/306ins.pdf>.

2. Irrevocable Letter of Credit (LOC)

Guarantee of payment issued by a federally insured bank, credit union or other lending institution acceptable to ARC. The ARC LOC form is found at <https://www2.arccorp.com/globalassets/forms/aas/inst308.pdf>.

3. ARC Cash Security Deposit (CSD)

A cash deposit made directly to ARC as an alternative to a bond or letter of credit. The CSD Agreement is found at <https://www2.arccorp.com/globalassets/forms/aas/form309.pdf>.

Required Amount for New Applicants & Type 5 Ownership Changes Applicants

New Applicants

- \$20,000.00 is the minimum amount of coverage that must be provided by each Agent and CTD applicant. (collectively referred to here as “Agent”) If the parent entity of the Applicant is domiciled outside the United States, the minimum Financial Instrument shall not be less than \$150,000.
- This amount will remain in effect for two years from the date of approval of the application unless the amount is required to be higher as provided in the Agent Reporting Agreement*.
*(*Unless otherwise stated in this summary, the terms “Agent” and “Agent Reporting Agreement” (“ARA”) also include Corporate Travel Department (CTD) and Corporate Travel Department Reporting Agreement (CTDRA).)*
- After two years, the amount may be reduced to \$10,000.00, unless a higher amount is required by the terms of the ARA.
- See section 30 of the Reporting Agreement or Section D of the Industry Agents’ Handbook (IAH) for information concerning the calculation of the applicable amount of Financial Instruments.
(Sovereign Entity applicants should contact ARC’s accreditation team at 1.800.816.8003 for applicable Financial Instrument requirements)

Ownership changes

- Applicants submitting a Type 5 ownership change (change to entity and owners) are required to provide an entirely new Financial Instrument that is the same as the amount of the Bond, LOC or CSD prior to the approval of the ownership change or \$20,000.00, **whichever is greater**. If the parent entity of the Applicant is domiciled outside the United States, the minimum Financial Instrument shall not be less than \$150,000. The new instrument must be in the name (full legal name) of the new entity. This amount will remain in effect for two years from the effective date of approval of the application at which time the amount can be reduced to \$10,000.00 unless a higher amount is required by the terms of the ARA.



- Applicants submitting a Type 3 ownership change or a Legal Name change, and currently have a LOC or bond in place, are required to provide an amendment to their current instrument - a bond rider or a LOC amendment. An amendment/document is not required for agencies with cash security deposits.

Submission of Forms

ARC must receive signed Originals of each bond or letter of credit. Bond Riders and LOC amendments should also be **originals**. All Bonds and bond riders must be accompanied by a valid power of attorney and all LOCs by a certification letter.

FAQs

Q: Is the Financial Instrument required at the time the application is submitted?

A: No. ARC will begin your application review process; however, the application will not be considered complete until the original Financial Instrument, in the correct form and amount, is received by ARC.

Q: How do I apply for ARC Cash Security Deposit Program?

A: The Cash Security Deposit Application and Agreement is found at <https://www2.arccorp.com/globalassets/forms/aas/form309.pdf>

The CSD is a onetime process that does not require any financial statements or credit reports and there are no annual renewal fees or premiums. The required amount must be submitted in the form of a bank wire.

Q: Where do I obtain a Bond?

A: The ARC bond form is found at <https://www2.arccorp.com/globalassets/forms/aas/306ins.pdf>.

The bond must be issued by a surety company. The United States Treasury issues “Circular 570” entitled “Surety Companies Acceptable on Federal Bonds”. Any surety on the current revision of Circular 570 is acceptable to ARC. Copies of Circular 570 can be found via the web at https://www.fiscal.treasury.gov/fsreports/ref/suretyBnd/c570_a-z.htm. **Be sure that your bond is accompanied by a Power of Attorney document.**

Q: Where do I obtain a Letter of Credit?

A: The ARC LOC form is found at <https://www2.arccorp.com/globalassets/forms/aas/inst308.pdf>.

The LOC must be issued by any federally insured bank or lending institution (FDIC or NCUA) or at ARC's discretion a state chartered lending institution. All LOCs must be accompanied by a certification letter.

Q: Is a separate instrument required for each additional branch that I apply for?

A: No. The Financial Instrument covers transactions issued by the home office and its branches. The amount of the Financial Instrument will reflect the average total cash sales of all approved locations when computing the required coverage.

For additional details regarding the Financial Instrument requirements, please see Section 2 of the Industry Agents' Handbook found at <https://www2.arccorp.com/iah>.