

Frequently Asked Questions

- 1. What is the purpose of a surety bond?**
 - a. A surety bond is required by transfer agents to replace a lost stock certificate to protect and indemnify the transfer agent, issuer, and shareholder against any and all claims arising from the replacement by the transfer agent of a lost, stolen, or destroyed stock certificate.
- 2. Who is required to obtain a surety bond?**
 - a. Any shareholder who has lost a stock certificate and desires to have the certificate replaced.
- 3. Does it matter if the lost/stolen/destroyed stock certificate is restricted?**
 - a. No, a bond is required to replace any stock certificate regarding the restriction/free-trading status.
- 4. What if the stock is not publicly traded?**
 - a. If the stock is not publicly traded, the value of the stock is considered to be the price the shareholder originally paid for it. Documentation may be requested to prove the original purchase price. The bond premium would be calculated as 2.5% or 4.5% of this value.
- 5. What is the advantage of using Island's Blanket Bond?**
 - a. Surety Bonds for individuals require extensive paperwork applications and can be time consuming to obtain. Often, the premium required is based upon the shareholder's individual credit score, and the surety company reserves the right to refuse a shareholder's request for a bond. Island's blanket bond covers all shareholders on our record, and is a fixed price unrelated to credit. Further, the paperwork required to use the bond is considerably less and in most cases a stock certificate can be replaced immediately upon receipt of the appropriate documentation/fees.
- 6. Is any certificate guaranteed to be covered under the bond?**
 - a. All stock from all issues is covered under the blanket bond. HOWEVER, if the stock certificate is valued over \$50,000.00, the surety company must review the particular case before agreeing to cover the certificate replacement under the bond. Therefore, Island cannot replace a lost certificate valued over \$50,000.00 until the surety company sends approval of coverage.
- 7. What if the lost certificate was owned by an affiliate of the company?**
 - a. Any shareholder with a lost stock certificate must obtain a surety bond (either independently or through Island's blanket bond) prior to Island replacing the stock certificate.