



ADMINISTRATIVE RULES OF MONTANA



6.6.3832 ASSUMING INSURER THAT MAINTAINS A TRUST FUND - LETTERS OF CREDIT

- (1) In order for a letter of credit to qualify as an asset of the trust, the trustee shall have the right and the obligation pursuant to the deed of trust or some other binding agreement (as duly approved by the commissioner), to immediately draw down the full amount of the letter of credit and hold the proceeds in trust for the beneficiaries of the trust if the letter of credit will otherwise expire without being renewed or replaced.
- (2) The term of the letter of credit must be at least one year. The letter of credit must require notice of the expiration or nonrenewal date to the trustee no less than 30 days prior to the expiration or nonrenewal date.
- (3) The failure of the trustee to draw against the letter of credit in circumstances where such draw would be required shall be deemed to be negligence and/or willful misconduct, for which the trustee is liable. Such liability must be stated in the trust agreement.

Authorizing statute(s): 33-1-313, 33-2-1517, MCA

Implementing statute(s): 33-2-1216, MCA

History: NEW, 2016 MAR p. 2186, Eff. 11/26/16.