



ADMINISTRATIVE RULES OF MONTANA

2.59.117 DEBT CANCELLATION AND DEBT SUSPENSION PROGRAMS – REQUIREMENTS

- (1) A bank offering debt cancellation contracts and/or debt suspension agreements shall:
 - (a) manage the risks associated with debt cancellation contracts and debt suspension agreements in accordance with bank safety and soundness principles by establishing and maintaining effective risk management and control processes over its debt cancellation contracts and debt suspension agreements to include:
 - (i) appropriate recognition and financial reporting of income, expenses, assets, and liabilities;
 - (ii) appropriate treatment of all expected and unexpected losses associated with the contracts; and
 - (iii) assessment of the adequacy of its internal control and risk mitigation activities in view of the nature and scope of the bank's debt cancellation and debt suspension program; and
 - (b) obtain and maintain in effect insurance from an insurer authorized or otherwise registered with the State Auditor and Commissioner of Insurance (State Auditor) to do business in Montana, except as provided in (2). The insurance must cover 100% of the at-risk loan balances to which the bank's debt cancellation contracts pertain.
- (2) An insurer authorized by the insurance regulator in an out-of-state bank's home state that has issued a policy to the out-of-state bank covering all of its debt cancellation contractual liabilities need not be authorized or otherwise registered with the State Auditor.

Authorizing statute(s): 32-1-218, MCA

Implementing statute(s): 32-1-429, MCA

History: NEW, 2011 MAR p. 2801, Eff. 12/23/11.