



ADMINISTRATIVE RULES OF MONTANA

6.6.3828 ASSUMING INSURER THAT MAINTAINS A TRUST FUND - ADDITIONAL RESTRICTIONS ON GOVERNMENT OBLIGATIONS AND NONGOVERNMENT OBLIGATIONS

- (1) The following apply to allowable government and nongovernment obligations used to fulfill the requirements of 33-2-1216, MCA, trust fund investments:
 - (a) An investment in or loan upon the obligations of an institution other than an institution that issues mortgage-related securities shall not exceed five percent of the assets of the trust;
 - (b) An investment in any one mortgage-related security shall not exceed five percent of the assets of the trust; and
 - (c) The aggregate total investment in mortgage-related securities shall not exceed 25% of the assets of the trust.
- (2) As used in this rule, "mortgage-related security" means an obligation that is rated AA or higher (or the equivalent) by a securities rating agency recognized by the Securities Valuation Office of the NAIC and that either:
 - (a) represents ownership of one or more promissory notes or certificates of interest or participation in the notes (including any rights designed to assure servicing of, or the receipt or timeliness of receipt by the holders of the notes, certificates, or participation of amounts payable under, the notes, certificates or participation), that:
 - (i) are directly secured by a first lien on a single parcel of real estate, including stock allocated to a dwelling unit in a residential cooperative housing corporation, upon which is located a dwelling or mixed residential and commercial structure, or on a residential manufactured home as defined in 42 U.S.C.A. Section 5402(6), whether the manufactured home is considered real or personal property under the laws of the state in which it is located; and
 - (ii) were originated by a savings and loan association, savings bank, commercial bank, credit union, insurance company, or similar institution that is supervised and examined by a federal or state housing authority, or by a mortgagee approved by the Secretary of Housing and Urban Development pursuant to 12 U.S.C.A. Sections 1709 and 1715-b, or, where the notes involve a lien on the manufactured home, by an institution or by a financial institution approved for insurance by the Secretary of Housing and Urban Development pursuant to 12 U.S.C.A. Section 1703.
 - (b) is secured by one or more promissory notes or certificates of deposit or participations in the notes (with or without recourse to the insurer of the notes) and, by its terms, provides for payments of principal in relation to payments, or reasonable projections of payments, or notes meeting the requirements of this part of this rule.

- (3) As used in this rule, when used in connection with a manufactured home, "promissory note" shall also include a loan, advance, or credit sale as evidenced by a retail installment sales contract or other instrument.

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.