## §6013-A. Maine Municipal Bond Insurance Fund

**1. Establishment.** The Maine Municipal Bond Insurance Fund is established in the custody of the bank and under its jurisdiction and direction to provide credit enhancement in the form of bond insurance to municipalities, state instrumentalities and other governmental units on debt issued by them in the form of bonds, notes or other evidences of indebtedness.
[PL 1991, c. 605, §14 (NEW).]

**2. Administration.** The bank shall administer the Maine Municipal Bond Insurance Fund. The fund must be invested in the same manner as permitted for investment of funds belonging to the State or held in the State Treasury. The fund must be established and held separate and apart from any other funds or money of the State or the bank and must be used and administered exclusively for the purpose of this section. The fund consists of the following:

A. Sums that are appropriated by the Legislature or transferred to the fund from time to time by the Treasurer of State; [PL 1991, c. 605, §14 (NEW).]

B. Premiums, fees, charges, assessments received from municipalities that are obtaining directly or indirectly, in whole or in part, credit enhancement or other benefit from use of the fund; [PL 1991, c. 605, §14 (NEW).]

C. Interest or other gains realized from the investment of fund balances; [PL 1991, c. 605, §14 (NEW).]

D. Private gifts, bequests and donations made to the State for any of the purposes for which the fund has been established; [PL 1991, c. 605, §14 (NEW).]

E. The proceeds of notes or bonds issued by the bank for the purpose of deposit in the fund; [PL 1991, c. 605, §14 (NEW).]

F. Other funds from any public or private source received for use for any of the purposes for which the fund has been established; [PL 1991, c. 605, §14 (NEW).]

G. Other funds from any public or private source received as part of an agreement with the bank for a joint venture undertaken for any of the purposes for which the fund has been established; and [PL 1991, c. 605, §14 (NEW).]

H. Grants, awards or other payments made to the State or an instrumentality of the State by the United States for any of the purposes for which the fund has been established. These amounts must be paid directly into the fund without need for appropriation by the State. [PL 1991, c. 605, §14 (NEW).]

[PL 1991, c. 605, §14 (NEW).]

**3. Use and maintenance of the fund.** The Maine Municipal Bond Insurance Fund must be used and maintained in the following manner.

A. All money held in the fund may be used only to make payments pursuant to bond insurance contracts, to pay any or all operating expenses of the administration and operation of the Maine Municipal Bond Insurance Fund and to maintain the fund at an amount equal to the minimum insurance reserve. The minimum insurance reserve is that amount determined by actuarial study solicited by the bank as being necessary and prudent for the operation of the program. The bank may not enter into any contract for bond insurance unless it certifies that at the time of execution the amounts of money required to meet reserve minimums, as determined by the most recent actuarial study, are in the fund or will be deposited in the fund as part of the execution of the contract. Any money in the fund in excess of that needed to maintain the minimum insurance reserve may be used by the bank for any of its authorized activities. [PL 1991, c. 605, §14 (NEW).]

B. To ensure the maintenance of the fund, a required minimum reserve, valued at cost, market, amortized value or other methods as determined proper by the actuarial method, must be determined. An amount equal to the determined required minimum reserve must be annually appropriated and paid for deposit in the fund. The amount of the minimum reserve deposit, if any, must be certified by the executive director of the bank to the Governor as the amount necessary to restore any fund to an amount equal to the required minimum reserve for the average aggregate amount of bond insurance contracts outstanding during the 12-month period prior to certification. [PL 1991, c. 605, §14 (NEW).]

[PL 1991, c. 605, §14 (NEW).]

**4. Operation and eligibility.** The bond insurance program shall operate, determine eligibility and make payments as follows.

A. The bank is authorized to operate a bond insurance program and may:

(1) Establish fund insurance contracts;

(2) Charge and collect premiums;

(3) Make appropriate payments;

(4) Sell bonds and notes of the bank, regardless of any other limitations or restrictions in this chapter, the proceeds of which may be used to meet the minimum reserve requirement of the Maine Municipal Bond Insurance Fund authorized and created by this section; and

(5) Do all other things necessary, proper or desirable to administer and operate a municipal bond insurance program. [PL 1991, c. 605, §14 (NEW).]

B. The bond insurance program may provide bond insurance to any public issuer of debt, including governmental units, municipalities, instrumentalities of the State, and the State. The bank may establish an application or procedure, requesting such information as it considers necessary or desirable, for eligible participants to apply for the benefits of the program. Acceptance of an applicant for participation in the program is in the sole judgment of the bank. Participation in the program must be evidenced by and made in accordance with the terms and conditions specified in a contract of insurance to be executed by the bank and the participating unit. The contract of insurance must state the terms and conditions under which insurance coverage is provided, the premiums, payments or assessments that may be due and payable or called for under the terms of the contract, the schedule upon which payments must be made and any other terms and conditions determined as necessary or desirable by the bank. [PL 1991, c. 605, §14 (NEW).]

C. Contracts for insurance entered into under this section are not in any way a debt or liability of the State and do not constitute a loan of the credit of the State or create any obligation or obligations, debt or debts or liability or liabilities on behalf of the State or constitute a pledge of the faith and credit of the State. All obligations to pay under the terms of any contracts of insurance entered into or issued under this chapter are payable solely from the revenues or funds pledged in the Maine Municipal Bond Insurance Fund and not from any other revenues, funds or assets of the bank or the State. There is no obligation implied, stated or expressed in this section from the bank or the State to make any payment to or on behalf of any 3rd party, including, but not limited to, bond holders, coinsurers, program participants or any other party whatsoever, from any source other than the bond insurance fund created in this section. Each bond insurance contract must contain on its face a statement to the effect that the bank is obligated to make any payments called for in the contract only from the assets and revenues available in the bond insurance fund and not from any other revenues or assets of the bank and that neither the full faith and credit of the bank or the State nor the taxing power of the State is pledged to make any payments of any type or kind called for in the contract of bond insurance. [PL 1991, c. 605, §14 (NEW).]

[PL 1991, c. 605, §14 (NEW).]

## SECTION HISTORY

PL 1991, c. 605, §14 (NEW).

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