

MICHIGAN EXPORT DEVELOPMENT ACT (EXCERPT)
Act 157 of 1986

447.166 Insurance fund; insurance pledged as security.

Sec. 16. (1) The authority may create an insurance fund consisting solely of funds from the export development bond fund. The insurance fund shall be held in the custody of 1 or more financial institutions having a principal place of business in this state. The insurance fund shall be held as security for the holders of bonds issued under this act.

(2) An insurance fund authorized by this section shall be governed by a trust agreement entered into by the authority with the trustees. The trust agreement may contain such provisions and limitations as to the investment and disbursement of money in the insurance fund; the payment of expenses of the insurance fund; the appointment, resignation, and discharge of trustees; the delegation of enforcement and collection powers under the insurance agreements to the trustee; the duties of the trustees; amendments of the trust agreement; and such other lawful provisions and limitations as the authority considers appropriate. The trust agreement may pledge premiums and other money that may be deposited in the insurance fund. The pledge shall be valid and binding from the time when the pledge is made. The premiums and other money so pledged and thereafter received by the insurance fund or by the trustees in its behalf immediately shall be subject to the lien of the pledge and shall be valid and binding as against all parties having claims of any kind against the insurance fund, irrespective of whether the parties have notice of the lien.

(3) The authority also may use export development bond funds to purchase insurance that shall be pledged for the security of the holders of any bonds issued under this act. In any case in which insurance is pledged as security, whether obtained through the insurance funds authorized to be created under this section or purchased with export development bond funds, any description of the insurance shall expressly indicate the limitation of the liability of the authority and that neither the credit nor taxing power of this state or of any political subdivision of this state shall be available to satisfy any obligations with respect to the insurance.

History: 1986, Act 157, Imd. Eff. July 7, 1986.