

Article - Financial Institutions

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§1–206.

(a) In this section, “fiduciary deposit surety bond” means a surety bond that:

(1) Guarantees the payment of deposited funds awaiting distribution or investment held by a financial institution in a fiduciary capacity; and

(2) Subject to the terms and conditions of the bond, is irrevocable and absolute.

(b) Except as provided in §§ 6-202 and 6-209 of the State Finance and Procurement Article, if applicable law requires a deposit made by a financial institution to be collateralized, the financial institution may take as collateral for the deposit, in addition to any other permissible collateral, a fiduciary deposit surety bond issued by an insurance company authorized to do business in this State, the claims-paying ability of which is rated in the highest category by at least two nationally recognized statistical rating agencies.

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