**Section 205.50 Limitations and Restrictions**

a)

1) In no event, shall the insured average annual debt service (net of the appropriate allowance for acceptable reinsurance and collateral allowable under Section 205.80) in respect to securities, backed by a single revenue source, exceed an amount representing ten percent (10%) of the insurer's policyholders' surplus plus its contingency reserve.

2) In no event, shall the insured unpaid principal (net of the appropriate allowance for acceptable reinsurance and collateral allowable under Section 205.80) in respect to securites backed by a single revenue source, when added to the admitted value of the securities of such source in which the insurer has invested, exceed amount representing seventy-five percent (75%) of the insurer's policyholders' surplus plus its contingency reserve.

3) In no event, shall twice the outstanding cumulative net liability under policies in force insuring industrial revenue bonds described in subsection 205.30(f) plus the outstanding cumulative net liability under policies in force insuring all other municipal bonds exceed:

A) 300 times the sum of the insurer's policyholders' surplus plus its contingency reserve if the insurer transacts only municipal bond insurance, or

B) 60 times the sum of the insurer's policyholders' surplus plus its contingency reserve if the insurer transacts any insurance in addition to municipal bond insurance.

b) In the event that the requirement of subsection (a)(2) is exceeded because of municipal bond insurance written prior to the effective date of this Part, then

1) the insurer shall not transact any new insurance of securities backed by such a single revenue source as described in subsection (a)(2), and

2) the insurer shall not invest in any additional securities of such single revenue source as described in subsection (a)(2), unless and until the requirement of subsection (a)(2) has been met.

c) In the event that an insurer exceeds the limitation in subsection (a)(3), it shall not transact any new insurance of municipal bonds until the such excess no longer exists.

d) No insurer authorized to transact the business of insuring municipal bonds shall pay any commission or make any gift of money, property or other valuable thing to any employee, agent or representative of any issuer of municipal bonds or of any underwriter of any issue of such bonds, as an inducement to the purchase of a policy insuring such bonds, and no such employee, agent or representative of such issuer or underwriter shall receive any such payment or gift. However, violation of the provisions of this section shall not have the effect of rendering void the insurance policy issued by the insurer.

e) Any insurer that transacts any insurance other than municipal bond insurance may not have more than twenty percent (20%) of its gross (direct plus assumed) written premiums, net of acceptable reinsurance, in any one year represented by municipal bond premiums.