

(c) "Covered claim" means an unpaid claim, including one of unearned premiums, which arises out of and is within the coverage, and not in excess of the applicable limits of an insurance policy to which this Act applies, issued by an insurer, if such insurer becomes an insolvent insurer after the effective date of this Act and (1) the claimant or insured is a resident of this state at the time of the insured event; or (2) the property from which the claim arises is permanently located in this State. "Covered claim" shall not include any amount due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise.

(d) "Insolvent insurer" means (1) an insurer authorized to transact insurance in this state either at the time the policy was issued or when the insured event occurred, and (2) is determined to be insolvent by a court of competent jurisdiction.

(e) "Member insurer" means any insurer which (1) writes any kind of insurance to which this Act applies under Section 504 including the exchange of reciprocal or inter-insurance contracts and (2) is licensed to transact insurance in this state.

(f) "Net direct written premiums" means direct gross premiums written in this state on insurance policies to which this Act applies, less return premiums thereon and dividends paid or credited to policyholders on such direct business. "Net direct written premiums" does not include premiums on contracts between insurers or reinsurers, or premiums received by insurers under the Maryland Property Insurance Availability Act.

#### 506. Creation of the Association.

There is created a non-profit unincorporated legal entity to be known as the Maryland Insurance Guaranty Association. All insurers defined as member insurers in Section 505(e) shall be and remain members of the Association as a condition of their authority to transact insurance in this state. The Association shall perform its functions under a plan of operation established and approved under Section 509 and shall exercise its powers through a board of directors established under Section 507. For purposes of administration and assessment, the Association shall be divided into three separate accounts: (1) the Title insurance account; (2) the Surety insurance account; ~~and (3)~~ (3) WET MARINE AND TRANSPORTATION INSURANCE ACCOUNT; AND (4) the account for all other insurance to which the Act applies.

#### 507. Board of Directors.

(a) The board of directors of the Association shall consist of not less than five (5) nor more than nine (9) persons serving terms as established in the plan of operation. The Commissioner shall be and remain a member of the Board and shall be its Chairman. ~~The members of the board, other than the Commissioner, shall be selected by member insurers subject to the approval of the Commissioner.~~ THE COMMISSIONER SHALL APPOINT THE MEMBERS OF THE BOARD FROM MEMBER INSURERS. Vacancies of the board shall be filled for the remaining period of the term in the same manner as initial appointments. If no members are selected within 60 days after the effective date of this Act, the Commissioner may appoint the initial members of the board of directors.