

TO THE MARYLAND INSURANCE GUARANTY ASSOCIATION AND
ADMINISTERED THROUGH THE APPROPRIATE ACCOUNT UNDER
SECTION 506 OF THIS SUBTITLE.

505.

As used in this subtitle:

(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 subtitle applies, issued by an insurer, if such insurer becomes an insolvent insurer after July 1, 1971, 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.] "COVERED CLAIMS" MEANS OBLIGATIONS, INCLUDING UNEARNED PREMIUMS, OF AN INSOLVENT INSURER WHICH (1) ARISE OUT OF THE INSURANCE POLICY CONTRACTS OF THE INSOLVENT INSURER ISSUED TO RESIDENTS OF THIS STATE OR WHICH ARE PAYABLE TO RESIDENTS OF THIS STATE ON BEHALF OF INSURED OF THE INSOLVENT INSURER, (2) WERE UNPAID BY THE INSOLVENT INSURER, (3) ARE PRESENTED AS A CLAIM TO THE RECEIVER IN THIS STATE OR THE ASSOCIATION ON OR BEFORE THE LAST DATE FIXED FOR THE FILING OF CLAIMS IN THE DOMICILIARY DELINQUENCY PROCEEDINGS, (4) WERE INCURRED OR EXISTED PRIOR TO, ON, OR WITHIN 30 DAYS AFTER THE DATE THE RECEIVER WAS APPOINTED, AND (5) ARISE OUT OF POLICY CONTRACTS OF THE INSOLVENT INSURER ISSUED FOR THE KINDS OF INSURANCE TO WHICH THIS SUBTITLE APPLIES. "COVERED CLAIM" DOES NOT INCLUDE ANY AMOUNT DUE ANY REINSURER, INSURER, INSURANCE POOL, OR UNDERWRITING ASSOCIATION, AS SUBROGATION RECOVERIES OR OTHERWISE.

506.

There is created a nonprofit unincorporated legal entity to be known as the Maryland Insurance Guaranty Association. All insurers defined as member insurers in § 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 § 509 and shall exercise its powers through a board of directors established under § 507. For purposes of administration and assessment, the Association shall be divided into [three] FOUR separate accounts: (1) the title insurance account; (2) the surety insurance account; (3) wet marine and transportation insurance account; and (4) the account for