

(Senate Bill 190)

AN ACT concerning

Insolvent Insurance Companies - Rehabilitation and  
Liquidation

FOR the purpose of establishing the procedure for the  
disbursement to insurance guaranty associations of  
certain assets of insolvent insurers.

BY adding to

Article 48A - Insurance Code  
Section 162A  
Annotated Code of Maryland  
(1972 Replacement Volume and 1977 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
MARYLAND, That section(s) of the Annotated Code of Maryland  
be repealed, amended, or enacted to read as follows:

Article 48A - Insurance Code

162A.

(A) WITHIN 120 DAYS OF A FINAL DETERMINATION OF  
INSOLVENCY OF A COMPANY BY A COURT OF COMPETENT JURISDICTION  
OF THIS STATE, THE COMMISSIONER AS RECEIVER SHALL MAKE  
APPLICATION TO THE COURT FOR APPROVAL OF A PROPOSAL TO  
DISBURSE UNSECURED ASSETS OUT OF THE COMPANY'S MARSHALLED  
ASSETS, FROM TIME TO TIME AS SUCH ASSETS BECOME AVAILABLE,  
TO THE MARYLAND INSURANCE GUARANTY ASSOCIATION AND THE  
MARYLAND LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION AND  
TO ANY SIMILAR ORGANIZATION IN ANOTHER STATE. (THE MARYLAND  
INSURANCE GUARANTY ASSOCIATION AND THE MARYLAND LIFE AND  
HEALTH GUARANTY ASSOCIATION AND ANY SIMILAR ORGANIZATIONS IN  
OTHER STATES SHALL HEREINAFTER BE REFERRED TO COLLECTIVELY  
AS THE "ASSOCIATIONS".)

(B) THE PROPOSAL SHALL AT LEAST INCLUDE PROVISION  
FOR:

(1) ~~RESERVING AMOUNTS~~ ADEQUATE CASH RESERVES  
FOR THE PAYMENT OF THE EXPENSES OF ADMINISTRATION AND  
PRIORITY CLAIMS.

(2) DISBURSEMENTS OF THE ASSETS MARSHALLED TO  
DATE AND SUBSEQUENT DISBURSEMENTS OF ASSETS AS THEY BECOME  
AVAILABLE.

(3) EQUITABLE ALLOCATION OF DISBURSEMENTS TO  
EACH OF THE ASSOCIATIONS ENTITLED THERETO; AND

(4) THE SECURING BY THE COMMISSIONER FROM EACH  
OF THE ASSOCIATIONS ENTITLED TO DISBURSEMENTS PURSUANT TO  
THIS SECTION AN AGREEMENT TO RETURN TO THE COMMISSIONER SUCH