

CHAPTER 232

(Senate Bill 229)

AN ACT concerning

Maryland Insurance Guaranty Association

FOR the purpose of changing the definition of "insolvent insurer" under the Maryland Insurance Guaranty Association subtitle to clarify that insolvency must be determined by the state of the insurer's domicile; and correcting an error as to the number of separate accounts into which the Association shall be divided.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 505(d) and 508(a)(3)
Annotated Code of Maryland
(1972 Replacement Volume and 1978 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 BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows: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

505.

As used in this subtitle:

(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] ~~AN-INSURER~~ AGAINST WHOM A FINAL ORDER OF LIQUIDATION, WITH A FINDING OF INSOLVENCY, HAS BEEN ENTERED BY A COURT OF COMPETENT JURISDICTION IN THE INSURER'S STATE OF DOMICILE.

508.

(a) The Association shall:

(3) Allocate claims paid and expenses incurred among the [four] FIVE accounts separately, and assess member insurers separately for each account in amounts necessary to pay the obligation of the Association under paragraph (1) subsequent to an insolvency, the expenses of handling covered claims subsequent to an insolvency, the cost of examinations under § 513 and other expenses authorized by this subtitle. The assessments of each member insurer shall be in the proportion that the net direct written premiums of the member insurer for the preceding calendar year on the kinds of insurance in the account bears to the