

Governor

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1/"If MIGA denies payment and defers to uninsured motorists carriers, experience shows unconscionable delays are encountered by the consumer who has a legitimate claim," according to the proponents of the bill.

2/MIGA presently pays immediately a claimant who was insured while driving without insurance coverage in violation of Maryland's mandatory insurance laws.

May 1, 1980

Honorable Harry R. Hughes  
The Governor's Office  
State House  
Annapolis, Maryland 21404

Dear Governor Hughes:

On behalf of Maryland Casualty Company, I strongly urge that you veto Senate Bill No. 653. If allowed to pass into law, the Bill would establish the Maryland Insurance Guaranty Association (MIGA) as the basic guarantor of all claims that, but for insolvency, would be adjusted and settled by the tortfeasor's insurer. For the reasons that follow, this statutory alteration of MIGA's responsibilities fails to promote the claimants' best interest in prompt payment of covered claims, raises the distinct possibility that the insurance consumer will be forced to pay twice for uninsured motorist coverage, and leaves a claimant's proper course of action in seeking satisfaction of a claim against an insolvent insurer wholly unsettled.

As amended under Senate Bill No. 653, Md. Code Ann. Article 48A, Sections 481A and 508(a) would require any person asserting a claim against an insolvent insurer to look to MIGA, rather than to the person's own uninsured motorist coverage, for satisfaction of the claim. While this arrangement might have the facile appeal of centralizing all claims against an insurer under receivership, it does not promote the announced raison d'etre for the establishment of MIGA:

"The purposes of this subtitle are to provide a mechanism for the prompt payment of covered claims under certain insurance policies and to avoid financial loss to claimants or policyholders because of the insolvency of an insurer." Md. Code Ann. Article 48A, Section 504(a). (Emphasis supplied)

To direct the hundreds, potentially thousands, of

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