

contracts, subject to certain limitations, against failure in the performance of contractual obligations due to the impairment of the insurer issuing [such] THESE policies or contracts. To provide this protection:

(1) An association of insurers is created to enable the guaranty of payment of benefits and of continuation of coverages;

(2) Members of the Association are subject to assessment to provide funds to carry out the purpose of this subtitle; and

(3) The Association is authorized to assist the Commissioner, in the prescribed manner, in the detection and prevention of insurer impairments.

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In addition to the powers and duties enumerated in other sections of this subtitle,

(1) If a domestic insurer is an impaired insurer, the Association may, prior to an order of liquidation or rehabilitation and subject to any conditions imposed by the Association other than those which impair the contractual obligations of the impaired insurer, and approved by the impaired insurer and the Commissioner,

(a) Guarantee or reinsure, or cause to be guaranteed, assumed, or reinsured, all the covered policies OF RESIDENTS of the impaired insurer;

(3) If a domestic insurer is an impaired insurer under an order of liquidation or rehabilitation, the Association shall, subject to the approval of the Commissioner,

(a) Guarantee, assume, or reinsure, or cause to be guaranteed, assumed or reinsured, the covered policies OF RESIDENTS of the impaired insurer;

SECTION -3- 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1981.

Approved May 19, 1981.

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CHAPTER 733

(Senate Bill 688)

AN ACT concerning

Unauthorized Insurers - Exemptions