

(1) A CONTRACTUAL RIGHT TO TERMINATE, LIQUIDATE, OR CLOSE OUT ANY NETTING AGREEMENT OR QUALIFIED FINANCIAL CONTRACT WITH AN INSURER BECAUSE OF:

(I) THE INSOLVENCY, FINANCIAL CONDITION, OR DEFAULT OF THE INSURER AT ANY TIME, PROVIDED THAT THE RIGHT IS ENFORCEABLE UNDER APPLICABLE LAW OTHER THAN THIS SUBTITLE; OR

(II) THE COMMENCEMENT OF A DELINQUENCY PROCEEDING UNDER THIS SUBTITLE;

(2) ANY RIGHT UNDER A PLEDGE, SECURITY, COLLATERAL, OR GUARANTEE AGREEMENT OR ANY OTHER SIMILAR SECURITY ARRANGEMENT OR CREDIT SUPPORT DOCUMENT RELATING TO A NETTING AGREEMENT OR QUALIFIED FINANCIAL CONTRACT; OR

(3) SUBJECT TO ANY PROVISION OF § 9-229(B) OF THIS SUBTITLE, ANY RIGHT TO OFFSET OR NET OUT ANY TERMINATION VALUE, PAYMENT AMOUNT, OR OTHER TRANSFER OBLIGATION ARISING UNDER OR IN CONNECTION WITH A NETTING AGREEMENT OR QUALIFIED FINANCIAL CONTRACT IF THE COUNTERPARTY OR ITS GUARANTOR IS ORGANIZED UNDER THE LAWS OF THE UNITED STATES, A STATE, OR A FOREIGN JURISDICTION APPROVED BY THE SECURITIES VALUATION OFFICE OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS AS ELIGIBLE FOR NETTING.

(C) (1) NOTWITHSTANDING A PROVISION IN A NETTING AGREEMENT THAT THE NONDEFAULTING PARTY IS NOT REQUIRED TO PAY ANY NET OR SETTLEMENT AMOUNT DUE TO THE DEFAULTING PARTY, ON TERMINATION OF THE NETTING AGREEMENT, THE NET OR SETTLEMENT AMOUNT, IF ANY, OWED BY A NONDEFAULTING PARTY TO AN INSURER AGAINST WHICH AN APPLICATION OR PETITION HAS BEEN FILED UNDER THIS SUBTITLE, SHALL BE TRANSFERRED TO OR ON THE ORDER OF THE RECEIVER FOR THE INSURER, EVEN IF THE INSURER IS THE DEFAULTING PARTY.

(2) ANY LIMITED TWO-WAY PAYMENT PROVISION IN A NETTING AGREEMENT WITH AN INSURER THAT HAS DEFAULTED SHALL BE DEEMED TO BE A FULL TWO-WAY PAYMENT PROVISION AS AGAINST THE DEFAULTING INSURER.

(3) ANY SUCH NET OR SETTLEMENT AMOUNT SHALL BE A GENERAL ASSET OF THE INSURER, EXCEPT TO THE EXTENT SUCH NET OR SETTLEMENT AMOUNT IS SUBJECT TO ONE OR MORE SECONDARY LIENS OR ENCUMBRANCES.

(D) IN MAKING A TRANSFER OF A NETTING AGREEMENT OR QUALIFIED FINANCIAL CONTRACT OF AN INSURER SUBJECT TO A DELINQUENCY PROCEEDING UNDER THIS SUBTITLE, THE RECEIVER SHALL:

(1) TRANSFER TO ONE PARTY, OTHER THAN AN INSURER SUBJECT TO A DELINQUENCY PROCEEDING UNDER THIS SUBTITLE, ALL NETTING AGREEMENTS AND QUALIFIED FINANCIAL CONTRACTS BETWEEN A COUNTERPARTY OR AN AFFILIATE OF A COUNTERPARTY AND THE INSURER THAT IS THE SUBJECT OF THE DELINQUENCY PROCEEDING, INCLUDING: