

transfer of certain funds in certain accounts; making this Act an emergency measure; defining certain terms; and relating generally to the payment of covered claims of persons under insurance policies or surety bonds issued by insolvent insurers.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 504(a), 505, 506, 508(a), 510(b), 512, and 516
Annotated Code of Maryland
(1979 Replacement Volume and 1985 Supplement)

Preamble

WHEREAS, The Maryland Insurance Guaranty Association was created by the Maryland General Assembly 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; and

WHEREAS, A recent insolvency of a surety insurer has proven to the Maryland General Assembly that the law covering the Maryland Insurance Guaranty Association must be changed so that covered claims caused by this recent insolvency can be paid off promptly; and

WHEREAS, The General Assembly of Maryland has determined that the general welfare of the people of Maryland in the vital area of insurance, particularly those who are claimants or policyholders of any member of the Maryland Insurance Guaranty Association which becomes insolvent, requires the retroactive application of this Act; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

504.

(a) (1) 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 RESIDENTS OF MARYLAND WHO ARE claimants or policyholders [because of the insolvency] of an insurer, INCLUDING SURETY, WHICH HAS BECOME INSOLVENT; to assist in the detection and prevention of insurer insolvencies; and to provide for the assessment of the cost of such payments and protection among insurers.

(2) ALL PROVISIONS OF THIS SUBTITLE SHALL APPLY TO ANY INSURER INSOLVENCY, INCLUDING SURETY, EXISTING AS OF JANUARY 1, 1985.