

duties under this subtitle. NOTWITHSTANDING THE PROVISIONS OF THIS SECTION, THE CORPORATION IS NOT AND MAY NOT BE DEEMED A DEPARTMENT, UNIT, AGENCY, OR INSTRUMENTALITY OF THE STATE.

518.

All proceedings in which the insolvent insurer is a party or is obligated to defend a party in any court in this State shall be stayed for 60 days from the date the insolvency is determined to permit proper defense by the [Association] CORPORATION of all pending causes of action. As to any covered claims arising from a judgment under any decision, verdict or finding based on the default of the insolvent insurer or its failure to defend an insured, the [Association] CORPORATION either on its own behalf or on behalf of such insured may apply to have such judgment, order, decision, verdict or finding set aside by the same court or administrator that made such judgment, order, decision, verdict or finding and shall be permitted to defend against such claim on the merits.

519.

(a) The Commissioner shall by order terminate the operation of the [Maryland Insurance Guaranty Association] PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION CORPORATION as to any kind of insurance covered by this subtitle with respect to which he has found, after hearing, that there is in effect a statutory or voluntary plan which:

(1) Is a permanent plan which is adequately funded or for which adequate funding is provided; and

(2) Extends, or will extend to the Maryland policyholders and residents protection and benefits with respect to insolvent insurers not substantially less favorable and effective to such policyholders and residents than the protection and benefits provided with respect to such kinds of insurance under this subtitle.

(b) The Commissioner shall by the same [such] order authorize discontinuance of future payments by insurers to the [Maryland Insurance Guaranty] Association CORPORATION with respect to the same kinds of insurance; provided, the assessments and payments shall continue, as necessary, to liquidate covered claims of insurers adjudged insolvent prior to said order and the related expenses not covered by such other plan.

(c) In the event the operation of the [Maryland Insurance Guaranty Association] PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION CORPORATION shall be so terminated as to all kinds of insurance otherwise within its scope, the Association CORPORATION as soon as possible thereafter shall distribute the balance of moneys and assets remaining (after discharge of the functions of the Association CORPORATION with respect to prior insurer insolvencies not covered by such other plan, together with