(4) the amounts of surplus carried over in the universal service program fund from fiscal year 2001 to fiscal year 2002 under this Act;

(5) any difficulties that the Commission expects in complying with § 7–512.1(h) of the Public Utility Companies Article at the end of fiscal year 2002; and

(6) recommendations for simplifying the process of reducing the universal service charge for customers when there are unexpended funds in the universal service program fund at the end of a fiscal year.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2001. It shall remain effective for a period of 1 year and 1 month and, at the end of June 30, 2002, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved May 15, 2001.

CHAPTER 434

(Senate Bill 837)

AN ACT concerning

Insurance – Insurer Insolvencies – Claims Priority

FOR the purpose of altering the priority of distribution in the event of an insurer insolvency when there are known or potential claims due the federal government; making certain technical changes; and generally relating to priority of claims in the event of an insurer insolvency.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 9–202(a) and 9–227
Annotated Code of Maryland
(1997 Volume and 2000 Supplement)

~~Preamble~~

~~WHEREAS, In U.S. Dept. of Treasury v. Fabe, 508 U.S. 491 (1993), the United States Supreme Court held that a state may give priority to policyholder claims and expenses of administering the insolvency above the claims of the federal government in the event of an insurer insolvency; and~~

~~WHEREAS, In U.S. Dept. of Treasury v. Fabe, the United States Supreme Court also held that a state statute governing the priority of claims in the event of an insurer insolvency is preempted by federal law to the extent that it gives priority to any other type of claim over the claims of the federal government; and~~