

~~WHEREAS, The statutory priority scheme at issue in U.S. Dept. of Treasury v. Fabe was struck down in its entirety on remand because it gave priority to claims other than policyholder claims and administrative expenses above the claims of the federal government, and because the statute was found not to be severable; and~~

~~WHEREAS, It is the intent of the General Assembly to ensure that, in the event there are federal claims against an insolvent insurer in Maryland, the claims of the federal government do not take priority over policyholder claims or the expenses of administering the insolvency; now, therefore,~~

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

Article - Insurance

9-202.

(a) Sections 9-201(b), (d), (e), (f), (g), (j), (k), (l), (m), and (n), 9-203, 9-207(a), 9-218, 9-219, 9-220, 9-226(f) and (g), and [9-227(a), (d), (e), (f), (g), and (h)] 9-227(A), (E), (F), (G), (H), AND (I) of this subtitle are the "Uniform Insurers Liquidation Act".

9-227.

(a) In this section, "preferred claim" means a claim that is given priority of payment from the general assets of an insurer under the law of the State or the United States.

(b) (1) The first \$500 of compensation or wages owed to an officer or employee of an insurer for services rendered within 3 months before the commencement of a delinquency proceeding against the insurer shall be paid before payment of any other debt or claim.

(2) Subject to paragraph (3) of this subsection, the Commissioner may pay the compensation required to be paid under this subsection as soon as practicable after commencement of the delinquency proceeding.

(3) At all times, the Commissioner shall reserve funds that the Commissioner believes are sufficient for expenses of administration.

(4) The priority required under this subsection is instead of any other similar priority that may be authorized by law as to wages or compensation.

(c) Priority over all other claims in a liquidation proceeding, other than claims for wages specified in subsection (b) of this section, expenses of administration, and taxes, shall be given to:

(1) claims by policyholders, beneficiaries, or insureds, that arise from and within the coverage of and are not in excess of the applicable limits of policies and insurance contracts issued by the insurer;

(2) liability claims against insureds that are within the coverage of and are not in excess of the applicable limits of policies and insurance contracts issued by the insurer; and