

accomplishes the same purpose. Therefore, it is not necessary for me to sign House Bill 1352.

Sincerely,
Parris N. Glendening
Governor

House Bill No. 1352

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. 401 (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~~

~~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