

CHAPTER 119**(House Bill 114)**

AN ACT concerning

Insurance - Reinsurance - Ceding Insurers

FOR the purpose of altering the circumstances under which credit, as an asset or deduction from liability, may be allowed to a ceding insurer for reinsurance; repealing a certain provision of law that prohibits the Maryland Insurance Commissioner from approving or accepting reinsurance by a ceding domestic insurer under certain circumstances; requiring certain payments made by a reinsurer to be made directly to the ceding insurer or its domiciliary receiver except under certain circumstances; providing that if a life and health insurance guaranty association has elected to succeed to the rights and obligations of an insolvent insurer under a reinsurance contract, the reinsurer's liability to pay covered reinsured claims continues under the reinsurance contract, subject to a certain condition; requiring payment for a covered reinsured claim to be made by the reinsurer only at the direction of the life and health insurance guaranty association or its designated successor; providing that payment by the reinsurer for a covered reinsured claim discharges certain liability of the reinsurer under certain circumstances; authorizing a reinsurance agreement to require that certain notice of a claim made against an insolvent ceding insurer be given by the insolvent ceding insurer's domiciliary receiver to the reinsurer within a reasonable time after the claim is filed in the liquidation proceeding; authorizing the reinsurer to investigate the claim and interpose certain defenses in the liquidation proceeding; authorizing the reinsurer to file a claim against the insolvent ceding insurer for certain expenses; specifying the maximum amount of the claim; requiring a certain apportionment of certain expenses under certain circumstances; and generally relating to reinsurance and ceding insurers.

BY repealing and reenacting, without amendments,

Article - Insurance

Section 5-901

Annotated Code of Maryland

(1997 Volume and 2002 Supplement)

BY repealing and reenacting, with amendments,

Article - Insurance

Section 5-904

Annotated Code of Maryland

(1997 Volume and 2002 Supplement)

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