

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:

**Article – Insurance**

5-901.

(a) In this subtitle the following words have the meanings indicated.

(b) "Ceding insurer" means an insurer that procures insurance for itself from another insurer for all or part of an insurance risk.