

(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, OR HOLDERS OF FUNDING AGREEMENTS ISSUED UNDER § 16-113 OF THIS ARTICLE, 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

(3) claims of:

(i) the Property and Casualty Insurance Guaranty Corporation;

(ii) the Life and Health Insurance Guaranty Corporation; and

(iii) any similar organization in another state.

(d) Notwithstanding the provisions of subsections (b) and (c) of this section, if there are known or potential claims due the federal government, the following shall be the priority of distribution:

(1) expenses of administration;

(2) the following claims without priority among them:

(i) claims made by policyholders, beneficiaries, [or] insureds, OR HOLDERS OF FUNDING AGREEMENTS ISSUED UNDER § 16-113 OF THIS ARTICLE, 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;

(ii) 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

(iii) claims of: