

Article - Insurance

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§9–301.

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

(b) “Account” means:

- (1) the title insurance account;
- (2) the motor vehicle insurance account;
- (3) the workers’ compensation account; or
- (4) the account for all other insurance to which this subtitle applies.

(c) “Corporation” means the Property and Casualty Insurance Guaranty Corporation.

(d) (1) “Covered claim” means an insolvent insurer’s unpaid obligation, including an unearned premium:

(i) that:

1. A. for insurance other than insurance that covers members of a purchasing group, arises out of a policy of the insolvent insurer issued to a resident or payable to a resident on behalf of an insured of the insolvent insurer; or

B. for insurance that covers members of a purchasing group, arises out of insurance that covers the members of the purchasing group to the extent that the insurance is obtained by the purchasing group, the insurance is written by an authorized insurer, and the claim is made by a person residing or located in the State; or

2. arises out of a surety bond issued by the insolvent insurer for the protection of a third party that is a resident;

(ii) that is presented on or before the last date fixed for the filing of claims in the domiciliary delinquency proceeding as a claim to the corporation or to the receiver in the State;

(iii) that:

1. except for a surety bond claim, was incurred or existed before, on, or within 30 days after the determination of insolvency; or

2. for a surety bond claim that arises out of a surety bond

issued by a domestic insurer, was incurred or existed before, on, or within 18 months after the determination of insolvency, whether or not the surety bond is issued for no stated period or for a stated period; and

(iv) that arises out of a policy or surety bond of the insolvent insurer issued for a kind of insurance to which this subtitle applies.

(2) “Covered claim” does not include:

(i) an amount due a reinsurer, insurer, insurance pool, or underwriting association, as a subrogation recovery or otherwise; or

(ii) an amount due that arises out of insurance covering the members of a purchasing group if the insurance obtained by the purchasing group is written by an unauthorized insurer.

(3) (i) “Covered claim” does not include a first party claim by an insured whose net worth exceeds \$50,000,000 on December 31 of the year before the year in which the insurer becomes an insolvent insurer.

(ii) For purposes of this paragraph, the net worth of an insured is deemed to include the aggregate net worth of the insured and all of its subsidiaries calculated on a consolidated basis.

(4) Notwithstanding any other provision of this subtitle, “covered claim” does not include:

(i) a claim filed with the Corporation after the earlier of:

1. 18 months after the date of the order of liquidation; or
2. the final date set by the court for the filing of claims against the liquidator or receiver of an insolvent insurer; or

(ii) a claim filed with the Corporation or a liquidator for protection afforded under the insured’s policy for losses that are incurred but not reported.

(e) “Insolvent insurer” means an insurer:

(1) that is authorized to transact insurance business or authorized to issue surety bonds in the State when the policy or surety bond is issued or when the event giving rise to the claim occurs; and

(2) against whom a court of competent jurisdiction in the insurer’s state of domicile has passed a final order of liquidation with a finding of insolvency.

(f) (1) “Member insurer” means an authorized insurer that writes a kind of insurance, including the exchange of reciprocal or interinsurance contracts, to which

this subtitle applies.

(2) “Member insurer” includes the Maryland Automobile Insurance Fund.

(g) (1) “Net direct written premiums” means direct gross premiums written in the State on policies or surety bonds to which this subtitle applies, less return premiums on the policies or surety bonds and dividends paid or credited to policyholders, or principals or obligees of surety bonds on the direct business.

(2) “Net direct written premiums” does not include:

(i) premiums on contracts between insurers or reinsurers; or

(ii) premiums received by insurers under the Maryland Property Insurance Availability Act.

(h) “Resident” means:

(1) an individual domiciled in the State; or

(2) a corporation or entity whose principal place of business is in the State.

(i) (1) “Surety bond” means insurance that guarantees the performance of contracts, other than policies, and that guarantees and executes bonds, undertakings, and contracts of suretyship.

(2) “Surety bond” does not include mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks.

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