

Article - Insurance

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§9-226.

(a) (1) If on issuance of an order of liquidation under this subtitle or at any time during a liquidation proceeding the insurer is not clearly solvent, the court, after notice it considers proper and a hearing, shall issue an order that the insurer is an impaired insurer.

(2) Notwithstanding any previous notice given to creditors, after issuance of an order under paragraph (1) of this subsection, the Commissioner shall notify each person that may have a claim against the insurer that the claim is forever barred unless the person files the claim with the Commissioner at a place and within the time specified in the notice.

(3) The time specified in the notice:

(i) shall be as set by the court for filing claims; but

(ii) may not be less than 6 months after issuance of the order that the insurer is an impaired insurer.

(4) The notice shall be given in the manner and for the reasonable period of time that the court orders.

(b) (1) Each claimant shall set forth in reasonable detail:

(i) the amount of the claim or the basis on which the amount can be determined;

(ii) the facts on which the claim is based; and

(iii) any priority asserted by the claimant.

(2) Each claim shall:

(i) be verified by the affidavit of the claimant or a person authorized to act on behalf of the claimant who has knowledge of the facts; and

(ii) be supported by any documents that may be material to the claim.

(3) Each claim filed in the State shall be filed with the domiciliary receiver or ancillary receiver in the State on or before the last date specified under this subtitle for filing of claims.

(c) The receiver shall:

- and
- (1) report a claim to the court:
 - (i) within 10 days after receiving the claim; or
 - (ii) within an additional period set by the court for good cause shown;
 - (2) recommend in the report action to be taken on the claim.
- (d) (1) On receipt of the report of the receiver, the court shall:
- (i) set a time for hearing the claim; and
 - (ii) direct the claimant or receiver to give notice as the court determines to each person that appears to the court to be interested in the claim.
- (2) The notice given in accordance with this subsection shall:
- (i) specify the time and place of the hearing; and
 - (ii) state concisely:
 - 1. the amount and nature of the claim;
 - 2. any priority asserted by the claimant; and
 - 3. the recommendation of the receiver about the claim.
- (e) (1) At the hearing specified under subsection (d) of this section:
- (i) each person with an interest in the claim may appear; and
 - (ii) the court shall issue an order in which the court allows, allows in part, or disallows the claim.
- (2) An order under this subsection is a final order subject to appeal.
- (f) (1) In a delinquency proceeding commenced in this State against a domestic insurer, a claimant who resides in a reciprocal state may file a claim with:
- (i) any ancillary receiver in the reciprocal state; or
 - (ii) the domiciliary receiver.
- (2) Each claim filed under this subsection must be filed on or before the last date set for the filing of claims in the delinquency proceeding in the domiciliary state.
- (3) A controverted claim of a claimant who resides in a reciprocal state

may be proved:

(i) in this State; or

(ii) if an ancillary proceeding has been commenced in the reciprocal state, in the ancillary proceeding.

(4) If the claimant elects to prove a claim in the ancillary proceeding, and if the same notice and opportunity to be heard is given the domiciliary receiver of this State as is provided under subsection (g) of this section for an ancillary proceeding in this State, the final allowance of the claim by the courts of the ancillary state shall be accepted in this State as conclusive as to:

(i) the amount of the claim; and

(ii) any priority of the claim against special deposits or other security located in the ancillary state.

(g) (1) In a delinquency proceeding in a reciprocal state against an insurer domiciled in that state, a claimant who resides in this State may file a claim with:

(i) any ancillary receiver appointed in this State; or

(ii) the domiciliary receiver.

(2) Each claim filed under this subsection must be filed on or before the last date set for the filing of claims in the delinquency proceeding in the domiciliary state.

(3) A controverted claim of a claimant who resides in this State may be proved:

(i) in the domiciliary state, as provided by the law of the domiciliary state; or

(ii) if an ancillary proceeding has been commenced in this State, in the ancillary proceeding.

(4) If the claimant elects to prove the claim in this State, the claimant shall:

(i) file the claim with the ancillary receiver; and

(ii) give written notice to the domiciliary receiver by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, or by personal service at least 40 days before the date set for the hearing.

(5) The notice shall contain:

- (i) a concise statement of the amount of the claim;
- (ii) the facts on which the claim is based; and
- (iii) any priority asserted by the claimant.

(6) The domiciliary receiver may appear or be represented in any proceeding in this State that involves adjudication of the claim if, within 30 days after the claimant gives the notice required by this subsection, the domiciliary receiver gives written notice of an intent to contest the claim:

- (i) to the ancillary receiver and to the claimant; and
- (ii) by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, or by personal service.

(7) The final allowance of the claim by the courts of this State shall be accepted as conclusive as to:

- (i) the amount of the claim; and
- (ii) any priority of the claim against special deposits or other security located in this State.

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