

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 1352

Delegate Love)

Economic Matters

Finance

Insurance - Insurer Insolvencies - Claims Priority

This bill provides that in the event of an insurer insolvency where there are known or potential claims of the federal government, the priority of claims distribution is: (1) administrative expenses; (2) claims made by policyholders, beneficiaries, or insureds; liability claims against insureds; and guaranty fund claims; (3) federal government claims; (4) the first \$500 of compensation or wages owed to an officer or employee of the insurer; (5) state or local tax claims; and (6) all other claims of general creditors.

Fiscal Summary

State Effect: The bill's changes could be handled with the existing budgeted resources of the Maryland Insurance Administration.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: In the event of an insurer's insolvency, the claims for the first \$500 of compensation or wages owed to an officer or employee, administration expenses, and taxes have priority over other claims.

Additional Information

Prior Introductions: None.

Cross File: SB 837 (Senator Astle) – Finance.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader – March 12, 2001
cm/jr

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