

# HOUSE BILL 1390

C3, C4

9lr3181

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By: **Delegates Sossi and Frank**

Introduced and read first time: February 24, 2009

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Life and Health Insurance Guaranty Corporation - Maximum Liability**

3 FOR the purpose of altering, for certain life insurance death benefits, certain health  
4 insurance benefits, and the present value of certain annuity benefits, the  
5 maximum amounts of certain contractual obligations of certain impaired  
6 insurers or certain insolvent insurers for which the Life and Health Insurance  
7 Guaranty Corporation may become liable under certain circumstances; and  
8 generally relating to the liability of the Life and Health Insurance Guaranty  
9 Corporation for contractual obligations of impaired insurers and insolvent  
10 insurers.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 9–407(j)  
14 Annotated Code of Maryland  
15 (2003 Replacement Volume and 2008 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Insurance**

19 9–407.

20 (j) (1) Subject to paragraphs (2) and (3) of this subsection and unless the  
21 contractual obligations of the impaired insurer or insolvent insurer are reduced under  
22 subsection (e) of this section, the contractual obligations of the impaired insurer or  
23 insolvent insurer for which the Corporation is or may become liable shall be as great  
24 as, but no greater than, the contractual obligations that the impaired insurer or  
25 insolvent insurer would have had in the absence of the impairment or insolvency.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2)    The Corporation is not liable for health care received after the date  
2 of the impairment or insolvency unless the health care was in progress on the date of  
3 the impairment or insolvency or unless other health care coverage is not available  
4 from another insurer or nonprofit health service plan.

5           (3)    Benefits for which the Corporation may become liable may not  
6 exceed the lesser of:

7                   (i)    the contractual obligations for which the insurer is or would  
8 have been liable if it were not an impaired insurer or insolvent insurer; or

9                   (ii)   with respect to any one life, regardless of the number of  
10 policies or contracts:

11                           1.    [~~\$300,000~~] **\$500,000** in life insurance death benefits,  
12 but not more than \$100,000 in net cash surrender and net cash withdrawal values for  
13 life insurance;

14                           2.    [~~\$300,000~~] **\$500,000** in health insurance benefits,  
15 including net cash surrender and net cash withdrawal values; and

16                           3.    [~~\$100,000~~] **\$250,000** in the present value of annuity  
17 benefits, including net cash surrender and net cash withdrawal values.

18           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 October 1, 2009.