

## Chapter 414

(House Bill 423)

AN ACT concerning

### Life and Health Insurance Guaranty Corporation – Maximum Liability

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 9–407(j)

Annotated Code of Maryland

(2003 Replacement Volume and 2009 Supplement)

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

#### Article – Insurance

9–407.

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

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

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

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

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

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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2010.

**Approved by the Governor, May 4, 2010.**