PROPERTY AND CASUALTY INSURANCE GUARANTY CORPORATION (Maryland)

CITATION & EFFECTIVE DATE

Md. Ins. Code Ann. §9-301 et seq. (1996) (1971 Md.Laws ch. 703, §1); 7/1/71.

MODEL OR SIMILAR ACT

Yes

COVERED CLAIMS

COVERED LINES OF BUSINESS

All kinds of direct insurance, except life, health, mortgage guaranty, annuities, surplus lines, and insurance written by risk retention groups and insurance written by unauthorized insurers. Coverage includes workers’ compensation.

UNEARNED PREMIUM

is covered with a $100 deductible and a $300,000 maximum.

COVERED CLAIM

is an unpaid claim that is an obligation under a covered policy issued by an insolvent insurer, and the policy was issued to a resident of the state, or the covered claims are payable to residents of the state on behalf of insureds of the insolvent insurer, or the obligation arises out of surety bonds protecting third parties who are residents of state. Except for surety bonds, Corporation is obligated to the extent of covered claims existing prior to the determination of insolvency, and arising within 30 days thereafter. Covered claim includes surety bond claims arising under surety bonds which existed or were incurred prior to, or within 18 months after the determination of insolvency. Covered claim does not include a claim filed with the Corporation after the earlier of 18 months after the date of the order of liquidation or the final date set by the court for the filing of claims against the receiver of the insolvent insurer, or 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.

ASSESSMENTS

SEPARATE ACCOUNTS

* + 1. Title
    2. Motor Vehicle
    3. Workers' Compensation
    4. All Others

MAXIMUM ANNUAL %

2% per account.

RECOUPMENT PROVISION

Rates and premiums

BASE YEAR

Year preceding year of assessment

LIMITS ON CLAIMS

DEDUCTIBLE OR MINIMUM PER CLAIM

$100, except for workers' compensation claims.

MAXIMUM PER CLAIM

$300,000, with no limit for workers' compensation claims; $1,000,000 aggregate limit per each surety bond. Except for worker's compensation coverage, any obligation of the corporation to any and all persons shall cease when $10,000,000 has been paid in the aggregate by the corporation and one or more insurance guaranty associations to or on behalf of insured and affiliates on covered claims from one insolvency

NET WORTH PROVISION

Covered claim does not include a first party claim by an insured whose net worth exceeds $50 million on December 31 of the year before the year in which the insurer became an insolvent insurer. Net worth of insured deemed to include aggregate net worth of insured and all of its subsidiaries calculated on a consolidated basis.

OTHER

NONCOVERED CLAIMS

Amounts due any reinsurer, insurer, insurance pool, or underwriting association, as subrogation recoveries or otherwise. 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.

CLAIMS COVERED BY OTHER INSURANCE AND OTHER GUARANTY ASSOCIATIONS

Any person having a claim against an insurer under any provision in an insurance policy shall be required to exhaust first his right under any such policy or bond. Any amount payable on a covered claim shall be reduced by the amount of any recovery under such insurance policy or bond. Except with respect to a surety bond, any person having a claim which may be covered by more than one guaranty association shall seek recovery first from the association of the place of residence of the insured, except that if it is a first party claim for damage to property with a permanent location, he shall seek recovery first from the association of the location of the property. With respect to a surety bond, the person shall seek recovery first from the association of the place of performance of the obligation under the bond. Any recovery made from this association shall be reduced by the amount of the recovery from any other association.

TERMINATION PROVISION

Yes

MISCELLANEOUS

Insolvent insurer defined as licensed insurer against which a final order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction in insurer's state of domicile.

Association is private, nonprofit, nonstock corporation.

Notice of claims to the receiver of the insolvent insurer shall be deemed to be notice to the association.

Expenses of the association in handling claims shall be accorded the same priority as the liquidator's expenses.

All proceedings in which the insolvent insurer is a party or is obligated to defend a party shall be stayed up to 60 days from the date of determination of insolvency.

No cause of action shall arise against any member insurer, the association, or its agents or employees, the board of directors, or the commissioner or the commissioner’s representatives for any action taken pursuant to this chapter.