

MAINE STATE LEGISLATURE

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ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 948

H. P. 743

House of Representatives, March 10, 1977

On motion of Ms. Clark of Freeport referred to the Committee on Business Legislation. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Mrs. Najarian of Portland.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT Concerning Disbursement from the Marshaled
Assets of a Delinquent Insurance Company.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 24-A MRSA § 4386 is enacted to read:

§ 4386. Disbursement of assets from the marshaled assets

1. Proposal. Within 120 days of a final determination of insolvency of a company by a court of competent jurisdiction of this State, the receiver shall make application to the court for approval of a proposal to disburse assets out of such company's marshaled assets, from time to time as such assets become available, to the Maine Insurance Guaranty Association and to any similar organization in another state. The Maine Insurance Guaranty Association and any similar organizations in other states shall hereafter be referred to collectively as the associations.

2. Contents of proposals. Such proposals shall at least include provision for:

A. Reserving amounts for the payment of the expenses of administration and the claims falling within priorities established in section 4379, subsections 1 and 2;

B. Disbursement of the assets marshaled to date and subsequent disbursements of assets as they become available;

C. Equitable allocation of disbursements to each of the associations entitled thereto; and

D. The securing by the receiver from each of the associations entitled to disbursements pursuant to this section of an agreement to return to the receiver such assets previously disbursed as may be required to pay claims as secured creditors and claims falling within the priorities established in section 4379, subsections 1 through 6 in accordance with such priorities. No bonds shall be required of any such association.

3. Disbursements. The receiver's proposal shall provide for disbursements to the associations in amounts at least equal to the payments made or to be made thereby for which such association could assert claims against the receiver and shall further provide that if the assets available for disbursement from time to time do not equal or exceed the amounts of such payments made or to be made by the associations then disbursements shall be in the amount of available assets.

4. Notice of application. Notice of such application shall be given to the associations in and to the commissioners of insurance of each of the states. Any such notice shall be deemed to have been given when deposited in the United States certified mails, first class postage prepaid, at least 30 days prior to submission of such application to the court. Action on the application may be taken by the court provided the notice, as required in this subsection, has been given and provided further that the receiver's proposal complies with subsection 2, paragraphs A and B.

Sec. 2. Effective date. This Act shall take effect on January 1, 1978.

STATEMENT OF FACT

This bill concerns disbursement from the marshaled assets of a delinquent insurance company.