

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 850

S. P. 282

In Senate, March 1, 1979

Referred to the Committee on Business Legislation. Sent down for concurrence and ordered printed.

Presented by Senator Najarian of Cumberland.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

AN ACT Concerning Insurance Proceeds under the Maine Insurance Code.

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

24-A MRSA § 4386 is enacted to read:

§ 4386. Application for approval

1. 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 the company's marshalled assets, from time to time as those 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. The proposals shall at least include provision for:

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

B. Disbursement of the assets marshalled 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 the 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 to 6 in accordance with those priorities. No bonds shall be required of any association.

3. 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 the 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 the payments made or to be made by the associations, then disbursements shall be in the amount of available assets.

4. Notice of the 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 the application to the court. Action on the application may be taken by the court provided the notice has been given and provided further that the receiver's proposal complies with subsection 2, paragraphs A and D.

STATEMENT OF FACT

This bill provides for a different method of distribution by the administrator of an insolvent company.