Senate Bill 72

By: Senator Golden of the 8th

AS PASSED

A BILL TO BE ENTITLED

AN ACT

To amend Article 3 of Chapter 37 of Title 33 of the Official Code of Georgia Annotated, relating to procedure for rehabilitation of insurers, so as to change the provisions relating to liability of reinsurers; to provide that reinsurance shall be payable under a contract or contracts reinsured by the assuming insurer on the basis of reported claims allowed by the liquidation court, without diminution because of the insolvency of the ceding insurer; to provide that such payments shall be made directly to the ceding insurer or to its domiciliary liquidator except under certain circumstances; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 3 of Chapter 37 of Title 33 of the Official Code of Georgia Annotated, relating to procedure for rehabilitation of insurers, is amended by striking in its entirety Code Section 33-37-31, relating to liability of reinsurers, and inserting in lieu thereof a new Code Section 33-37-31 to read as follows:

"33-37-31.

The amount recoverable by the liquidator from reinsurers shall not be reduced as a result of the delinquency proceedings regardless of any provision in the reinsurance contract or other agreement. ~~Payment made directly to an insured or other creditor shall not diminish the reinsurer´s obligation to the insurer´s estate except when the reinsurance contract provided for direct coverage of a named insured and the payment was made in discharge of that obligation.~~ The reinsurance shall be payable under a contract or contracts reinsured by the assuming insurer on the basis of reported claims allowed by the liquidation court, without diminution because of the insolvency of the ceding insurer. Such payments shall be made directly to the ceding insurer or to its domiciliary liquidator except:

(1) Where the contract or other written agreement specifically provides for another payee of such reinsurance in the event of the insolvency of the ceding insurer; or

(2) Where the assuming insurer, with the consent of the direct insured or insureds, has assumed such policy obligations of the ceding insurer as direct obligations of the assuming insurer to the payees under such policies and in substitution for the obligation of the ceding insurer to such payees.″

SECTION 2.

All laws and parts of laws in conflict with this Act are repealed.