

AN ACT

**Bill 20-212**  
**Act 20-347**  
effective  
June 4, 2014

*To amend the Life and Health Insurance Guaranty Association Act of 1992 to increase coverage levels for major medical, disability, long-term care, fixed annuity, and structured settlement annuity contracts, and certain retirement benefit plans established under the Internal Revenue Code, to require that the Board of Directors of the District of Columbia Life and Health Insurance Guaranty Association develop policies and procedures for addressing conflicts of interest, including procedures for board members to be removed for cause, to increase the time period in which state court proceedings against an insolvent insurer are stayed from 60 to 180 days, and to make certain other clarifying and conforming amendments.*

**Codification**  
**District of**  
**Columbia**  
**Official Code**  
**2001 Edition**

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Life and Health Insurance Guaranty Association Consumer Protection Amendment Act of 2014”.

**Life and**  
**Health**  
**Insurance**  
**Guaranty**  
**Association**  
**Consumer**  
**Protection**  
**Amendment**  
**Act of 2014**

Sec. 2. The Life and Health Insurance Guaranty Association Act of 1992, effective July 22, 1992 (D.C. Law 9-129; D.C. Official Code § 31-5401 *et seq.*), is amended as follows:

(a) Section 2 (D.C. Official Code § 31-5401) is amended as follows:

**Amend**  
**§ 31-5401**

(1) New paragraphs (2A) and (2B) are added to read as follows:

“(2A) “Benefit plan” means a specific employee, union, or association of natural persons benefit plan.

“(2B) “Commissioner” means the Commissioner of the Department of Insurance, Securities, and Banking.”.

(2) A new paragraph (4A) is added to read as follows:

“(4A) “Extra-contractual claims” shall include claims relating to bad faith in the payment of claims, punitive or exemplary damages, or attorneys’ fees and costs.”.

(3) Paragraph (8) is amended as follows:

(A) The lead-in language is amended by striking the phrase “holding a certificate of authority” and inserting the phrase “holding a certificate of authority after July 22, 1992,” in its place.

(B) Subparagraph (G) is amended by striking the word “or”;

(C) A new subparagraph (G-i) is added to read as follows:

“(G-i) An organization that has a certificate or license limited to the issuance of charitable gift annuities; or”.

(4) A new paragraph (9A) is added to read as follows:

“(9A) “Owner” of a policy or contract and “policy owner” and “contract owner” mean the person who is identified as the legal owner under the terms of the policy or contract or

who is otherwise vested with legal title to the policy or contract through a valid assignment completed in accordance with the terms of the policy or contract and properly recorded as the owner on the books of the insurer, and does not include persons with a mere beneficial interest in a policy or contract.”.

(5) A new paragraph (10A) is added to read as follows:

“(10A) “Plan sponsor” means:

“(A) The employer in the case of a benefit plan established or maintained by a single employer;

“(B) The employee organization in the case of a benefit plan established or maintained by an employee organization; or

“(C) In the case of a benefit plan established or maintained by 2 or more employers or jointly by one or more employers and one or more employee organizations, the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the benefit plan.”.

(6) Paragraph (11) is amended to read as follows:

“(11) “Premiums” means amounts (or consideration by whatever name called) received on covered policies or contracts, or for the portions of policies or contracts, less premiums, considerations, deposits returned, dividends, and experience credits. The term “premiums” shall not include:

“(A) Any amounts received for policies or contracts for which coverage is not provided under section 3(b), except that assessable premiums shall not be reduced on account of section 3(b)(2)(C) relating to interest limitations, and section 3(c)(2) relating to limitations with respect to any one individual, any one participant, and any one contract holder; or

“(B) With respect to multiple non-group policies of life insurance owned by one owner, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees or other persons, premiums in excess of \$5,000,000 with respect to these policies or contracts, regardless of the number of policies or contracts held by the owner.”.

(7) New paragraphs (11A) and (11B) are added to read as follows:

“(11A)(A) “Principal place of business” means the single state in which the natural persons who establish the policy for the direction, control, and coordination of the operations of the entity as a whole primarily exercise that function, determined by the Association in its reasonable judgment by considering the following factors:

“(i) The state in which the primary executive and administrative headquarters of the entity is located;

“(ii) The state in which the principal office of the chief executive officer of the entity is located;

“(iii) The state in which the entity’s board of directors (or similar governing person or persons) conducts the majority of its meetings;

“(iv) The state in which the executive or management committee of the entity’s board of directors (or similar governing person or persons) conducts the majority

of its meetings;

“(v) The state from which the management of the overall operations of the entity is directed; and

“(vi) In the case of a benefit plan sponsored by affiliated companies comprising a consolidated corporation, the state in which the holding company or controlling affiliate has its principal place of business as determined using the factors set forth in sub-subparagraphs (i) through (v) of this subparagraph; provided, that in the case of a plan sponsor, if more than 50% of the participants in the benefit plan are employed in a single state, that state shall be deemed to be the principal place of business of the plan sponsor.

“(B) The principal place of business of a plan sponsor of a benefit plan described in paragraph (10A)(C) of this section shall be deemed to be the principal place of business of the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the benefit plan that, in lieu of a specific or clear designation of a principal place of business, shall be deemed to be the principal place of business of the employer or employee organization that has the largest investment in the benefit plan in question.

“(11B) “Receivership court” means the court in the insolvent or impaired insurer’s state having jurisdiction over the conservation, rehabilitation, or liquidation of the insurer.”.

(8) Paragraph (12) is amended to read as follows:

“(12) “Resident” means any person who resides in the District of Columbia on the date of the entry of a court order determining a member insurer to be an impaired insurer or an insolvent insurer, and to whom the member insurer owes a contractual obligation. A person may reside in only one state, which, in the case of a person other than a natural person, shall be its principal place of business. Citizens of the United States that are either residents of foreign countries, or residents of United States possessions, territories, or protectorates that do not have an association similar to the Association established by this act, shall be deemed residents of the state of domicile of the insurer that issued the policies or contracts.”.

(9) New paragraphs (12A) and (12B) are added to read as follows:

“(12A) “State” means a state, the District of Columbia, Puerto Rico, or a United States possession, territory, or protectorate.

“(12B) “Structured settlement annuity” means an annuity purchased in order to fund periodic payments for a plaintiff or other claimant in payment for or with respect to personal injury suffered by the plaintiff or other claimant.”.

(10) Paragraph (13) is repealed.

(11) A new paragraph (15) is added to read as follows:

“(15) “Unallocated annuity contract” means an annuity contract or group annuity certificate which is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under the contract or certificate.”.

(b) Section 3 (D.C. Official Code § 31-5402) is amended as follows:

(1) Subsection (a) is amended as follows:

(A) Paragraph (1) is amended by striking the word “and” at the end.

(B) Paragraph (2) is amended as follows:

(i) The lead-in language is amended by striking the word “contracts” and inserting the phrase “contracts (other than structured settlement annuities)” in its place.

(ii) Subparagraph (B) is amended as follows:

(I) Sub-subparagraph (ii) is amended to read as follows:

“(ii) The state in which the persons reside have associations similar to the Association created by this act; and”.

(II) Sub-subparagraph (iii) is amended to read as follows:

“(iii) The persons are not eligible for coverage by an association in any other state due to the fact that the insurer was not licensed in the state at the time specified in the state’s guaranty association law.”.

(C) New paragraphs (3), (4), and (5) are added to read as follows:

“(3) For structured settlement annuities specified in subsection (b) of this section, with the exception of subsection (a) of this section, which shall not apply, a person who is a payee under a structured settlement annuity or beneficiary of a payee if the payee is deceased, if the payee:

“(A) Is a resident, regardless of where the contract owner resides; or

“(B) Is not a resident, but only under the following conditions:

“(i) The contract owner of the structured settlement annuity is a resident or the contract owner of the structured settlement annuity is not a resident but the insurer that issued the structured settlement annuity is domiciled in the District and the state in which the contract owner resides has an association similar to the Association established by this act; and

“(ii) Neither the payee, beneficiary, or contract owner is eligible for coverage by the association of the state in which the payee or contract owner resides;

“(4) A person who is a payee or beneficiary of a contract owner that is a resident of the District so long as the payee or beneficiary is not afforded any coverage by the association of another state; and

“(5) Any person for whom coverage has been determined, when the application of this act could result in coverage by the association of more than one state, whether as an owner, payee, beneficiary, or assignee, and the act has been construed in conjunction with the other state’s laws to result in coverage by only one association.”.

(2) Subsection (b) is amended as follows:

(A) Paragraph (1) is amended by striking the phrase “structured settlement agreements” and inserting the phrase “structured settlement annuities” in its place.

(B) Paragraph (2) is amended as follows:

(i) Subparagraph (A) is amended by striking the word “holder” and inserting the word “owner” in its place.

(ii) Subparagraph (B) is amended by striking the word “delivered” and inserting the phrase “delivered pursuant to the reinsurance policy or contract” in its place.

(iii) The lead-in language to subparagraph (C) is amended to read as follows:

“(C) Any portion of a policy, contract, or certificate, to the extent of the rate of interest on which it is based, or the interest rate, crediting rate, or similar factor determined by the use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value:”.

(iv) Subparagraph (D) is amended by striking the word “Any” and inserting the phrase “Any portion of a policy or contract issued to a” in its place.

(v) Subparagraph (E) is amended to read as follows:

“(E) Any portion of a policy or contract that provides for:

“(i) Dividends or experience rating credits;

“(ii) Voting rights; or

“(iii) Payment of fees or allowances to any person, including the policy or contract owner, in connection with the service or administration of the policy or contract;”.

(vi) Subparagraph (F) is amended by striking the word “or” at the end.

(vii) Subparagraph (G) is amended by striking the period and inserting a semicolon in its place.

(viii) New subparagraphs (H), (I), (J), (K), and (L) are added to read as follows:

“(H) Any portion of a policy or contract to the extent the assessments required by section 7 with respect to the policy or contract are preempted by federal or state law;

“(I) Any obligation that does not arise under the express written terms of the policy or contract issued by the insurer to the contract owner or policy owner, including:

“(i) Claims based on marketing materials;

“(ii) Claims based on side letters, riders, or other documents that were issued by the insurer without meeting applicable policy form filing or approval requirements;

“(iii) Misrepresentations of or regarding policy benefits;

“(iv) Extra-contractual claims; or

“(v) A claim for penalties or consequential or incidental damages;

“(J) Any contractual agreement that establishes the member insurer’s obligations to provide a book value accounting guaranty for defined contribution benefit plan participants by reference to a portfolio of assets that is owned by the benefit plan or its trustee, which in each case is not an affiliate of the member insurer;

“(K) Any portion of a policy or contract that provides for interest or other changes in value to be determined by the use of an index or other external reference stated in the policy or contract, but have not been credited to the policy or contract, or as to which the policy or contract owner’s rights are subject to forfeiture, as of the date the member insurer becomes an impaired or insolvent insurer under this act, whichever is earlier.

If a policy or contract's interest or changes in value are credited less frequently than annually, then for purposes of determining the values that has been credited and are not subject to forfeiture under this subsection, the interest or change in value determined by using the procedures defined in the policy or contract shall be credited as if the contractual date of crediting interest or changing values was the date of impairment or insolvency, whichever is earlier, and will not be subject to forfeiture; or

“(L) Any policy or contract providing any hospital, medical, prescription drug, or other health care benefits pursuant to the Balanced Budget Act of 1997, approved August 11, 1997 (111 Stat. 251; 42 U.S.C. §§ 1395w-21 *et seq.*), and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, approved December 8, 2003 (117 Stat. 2066; 42 U.S.C. §§ 1395w-101 *et seq.*) (referred to as “Medicare Parts C & D” respectively), or any regulations issued pursuant to those acts.”.

(3) Subsection (c)(2) is amended as follows:

(A) Subparagraph (A)(ii) is amended to read as follows:

“(ii) In health insurance benefits:

“(I) \$100,000 for coverage not defined as disability insurance or basic hospital, medical, and surgical insurance or major medical insurance or long-term care insurance, including any net cash surrender and net cash withdrawal values;

“(II) \$300,000 for disability insurance;

“(III) \$300,000 for long-term care insurance; and

“(IV) \$500,000 for basic hospital, medical, and surgical insurance or major medical insurance; or”.

(B) New subparagraphs (A-i), (A-ii), and (A-iii) are added to read as follows:

“(A-i) With respect to each payee of a structured settlement annuity (or beneficiary or beneficiaries of the payee if deceased), \$300,000 in present value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values, if any.

“(A-ii) The Association shall not be obligated to cover:

“(i) More than an aggregate of \$300,000 in benefits with respect to any one life under subparagraphs (A) and (A-i) of this paragraph except with respect to benefits for basic hospital, medical, and surgical insurance and major medical insurance under subparagraph (A)(ii) of this paragraph, in which case the aggregate liability of the Association shall not exceed \$500,000 with respect to any one individual; or

“(ii) With respect to one owner of multiple non-group policies of life insurance, whether the policy owner is an individual, firm, corporation, or other person, and whether the persons insured are officers, managers, employees, or other persons, more than \$5,000,000 in benefits, regardless of the number of policies and contracts held by the owner;

“(A-iii)(i) The limitations set forth in this subsection are limitations on the benefits for which the Association is obligated before taking into account either its subrogation and assignment rights or the extent to which those benefits could be provided out of the assets of the impaired or insolvent insurer attributable to covered policies.

“(ii) The costs of the Association’s obligations under this act may be met by the use of assets attributable to covered policies or reimbursed to the Association pursuant to its subrogation and assignment rights.”.

(4) A new subsection (c-1) is added to read as follows:

“(c-1) In performing its obligations to provide coverage under section 6, the Association shall not be required to guarantee, assume, reinsure, or perform, or cause to be guaranteed, assumed, reinsured, or performed, the contractual obligations of the insolvent or impaired insurer under a covered policy or contract that do not materially affect the economic values or economic benefits of the covered policy or contract.”.

(5) Subsection (d) is repealed.

(c) Section 6 (D.C. Official Code § 31-5405) is amended as follows:

**Amend  
§ 31-5405**

(1) Subsection (c)(1)(A) is amended by striking the semicolon and inserting the phrase “; or” in its place.

(2) Subsection (d)(1) is amended by striking the word “insured” at the end of the first sentence and inserting the word “incurred” in its place.

(3) Subsection (m)(2) is amended by adding the following at the end:

“In the event of a temporary moratorium or moratorium charge imposed by the receivership court on payment of cash values or policy loans, or on any other right to withdraw funds held in conjunction with policies or contracts, out of the assets of the impaired or insolvent insurer, the Association may defer the payment of cash values, policy loans or other rights by the Association for the period of the moratorium or moratorium charge imposed by the receivership court, except for claims covered by the Association to be paid in accordance with a hardship procedure established by the liquidator or rehabilitator and approved by the receivership court.”.

(4) A new subsection (m-1) is added to read as follows:

“(m-1) A deposit in the District held pursuant to law or required by the Commissioner for the benefit of creditors, including policy owners, not turned over to the domiciliary liquidator upon the entry of a final order of liquidation or order approving a rehabilitation plan of an insurer domiciled in the District or in a reciprocal state, pursuant to the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*) , shall be promptly paid to the Association. The Association shall be entitled to retain a portion of any amount so paid to it equal to the percentage determined by dividing the aggregate amount of policy owners claims related to that insolvency for which the Association has provided statutory benefits by the aggregate amount of all policy owners’ claims in this state related to that insolvency and shall remit to the domiciliary receiver the amount so paid to the Association less the amount retained pursuant to this subsection. Any amount so paid to the Association and retained by it shall be treated as a distribution of the liquidator’s assets pursuant to the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*), dealing with early access disbursements.”.

(5) Subsection (p) is amended as follows:

(A) Strike the word “act” and insert the phrase “act or with jurisdiction over any person or property against which the Association may have rights through subrogation or otherwise” in its place.

(B) Strike the word “appear” and insert the phrase “appear or intervene” in its place.

(C) Strike the phrase “a 3<sup>rd</sup> party” and insert the phrase “any person or property” in its place.

(D) Strike the word “subrogation” and insert the phrase “subrogation or otherwise” in its place.

(6) Subsection (q) is amended as follows:

(A) Paragraph (1) is amended by striking the phrase “any causes of action” and inserting the phrase “any causes of action against any person for losses arising under, resulting from, or otherwise” in its place.

(B) Paragraph (3) is amended by striking the period and inserting the following in its place:

“, including without limitation, in the case of a structured settlement annuity, any rights of the owner, beneficiary, or payee of the annuity, to the extent of benefits received pursuant to this act, against a person originally or by succession responsible for the losses arising from the personal injury relating to the annuity or payment, with the exception of any such person responsible solely by reason of serving as an assignee with respect to a qualified assignment under section 130 of the Internal Revenue Code of 1986, approved January 14, 1983 (96 Stat. 2605; 26 U.S.C. § 130).”.

(C) New paragraphs (4) and (5) are added to read as follows:

“(4) If the preceding provisions of this subsection are invalid or ineffective with respect to any person or claim for any reason, the amount payable by the Association with respect to the related covered obligations shall be reduced by the amount realized by any other person with respect to the person or claim that is attributable to the policies (or portion thereof) covered by the Association.

“(5) If the Association has provided benefits with respect to a covered obligation and a person recovers amounts as to which the Association has rights as described in the preceding paragraphs of this subsection, the person shall pay to the Association the portion of the recovery attributable to the policies (or portion thereof) covered by the Association.”.

(7) Subsection (r) is amended as follows:

(A) Paragraph (5) is amended by striking the word “and” at the end.

(B) Paragraph 6 is amended by striking the period and inserting the phrase “; and” in its place.

(C) A new paragraph (7) is added to read as follows:

“(7) Take other necessary or appropriate action to discharge its duties and obligations under this act or to exercise its powers under this act.”.

(8) New subsections (t) through (w) are added to read as follows:

“(t)(1)(A) At any time within 180 days of the date of the order of liquidation , the



Association may elect to succeed to the rights and obligations of the ceding member insurer that relate to policies or annuities covered, in whole or in part, by the Association, in each case under any one or more reinsurance contracts entered into by the insolvent insurer and its reinsurers and selected by the Association. Any such assumption shall be effective as of the date of the order of liquidation. The election shall be effected by the Association or the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) on its behalf sending written notice, return receipt requested, to the affected reinsurers.

“(B) To facilitate the earliest practicable decision about whether to assume any of the contracts of reinsurance, and in order to protect the financial position of the estate, the receiver and each reinsurer of the ceding member insurer shall make available upon request to the Association or to NOLHGA on its behalf as soon as possible after commencement of formal delinquency proceedings:

“(i) Copies of in-force contracts of reinsurance and all related files and records relevant to the determination of whether such contracts should be assumed; and

“(ii) Notices of any defaults under the reinsurance contracts or any known event or condition which with the passage of time could become a default under the reinsurance contracts.

“(C) The following provisions shall apply to reinsurance contracts so assumed by the Association:

“(i) The Association shall be responsible for all unpaid premiums due under the reinsurance contracts for periods both before and after the date of the order of liquidation, and shall be responsible for the performance of all other obligations to be performed after the date of the order of liquidation, which relate to policies or annuities covered, in whole or in part, by the Association. The Association may charge policies or annuities covered in part by the Association, through reasonable allocation methods, the costs for reinsurance in excess of the obligations of the Association and shall provide notice and an accounting of these charges to the liquidator.

“(ii) The Association shall be entitled to any amounts payable by the reinsurer under the reinsurance contracts with respect to losses or events that occur in periods after the date of the order of liquidation and that relate to policies or annuities covered, in whole or in part, by the Association; provided, that upon receipt of any such amounts, the Association shall be obliged to pay to the beneficiary under the policy or annuity on account of which the amounts were paid a portion of the amount equal to the lesser of:

“(I) The amount received by the Association; and

“(II) The excess of the amount received by the Association over the amount equal to the benefits paid by the Association on account of the policy or annuity, less the retention of the insurer applicable to the loss or event.

“(iii) Within 30 days following the Association’s election (“election date”), the Association and each reinsurer under contracts assumed by the Association shall calculate the net balance due to or from the Association under each reinsurance contract as of the election date with respect to policies or annuities covered, in whole or in part, by the

Association, which calculation shall give full credit to all items paid by either the insurer or its receiver or the reinsurer before the election date. The reinsurer shall pay the receiver any amounts due for losses or events before the date of the order of liquidation, subject to any set-off for premiums unpaid for periods before the date, and the Association or reinsurer shall pay any remaining balance due the other, within 5 days of the completion of the aforementioned calculation. Any disputes over the amounts due to either the Association or the reinsurer shall be resolved by arbitration pursuant to the terms of the affected reinsurance contracts or, if the contract contains no arbitration clause, as otherwise provided by law. If the receiver has received any amounts due the Association pursuant to sub-subparagraph (ii) of this subparagraph, the receiver shall remit the same to the Association as promptly as practicable.

“(iv) If the Association or receiver, on the Association’s behalf, within 60 days of the election date, pays the unpaid premiums due for periods both before and after the election date that relate to policies or annuities covered, in whole or in part, by the Association, the reinsurer shall not be entitled to terminate the reinsurance contracts for failure to pay the premium insofar as the reinsurance contracts relate to policies or annuities covered, in whole or in part, by the Association, and shall not be entitled to set off any unpaid amounts due under other contracts, or unpaid amounts due from parties other than the Association, against amounts due the Association.

“(2) During the period from the date of the order of liquidation until the election date or, if the election date does not occur, until 180 days after the date of the order of liquidation:

“(A) Neither the Association nor the reinsurer shall have any rights or obligations under reinsurance contracts that the Association has the right to assume under paragraph (1) of this subsection, whether for periods before or after the date of the order of liquidation; provided, that once the Association has elected to assume a reinsurance contract, the parties’ rights and obligations shall be governed by paragraph (1) of this subsection; and

“(B) The reinsurer, the receiver, and the Association shall, to the extent practicable, provide each other data and records reasonably requested.

“(3) If the Association does not elect to assume a reinsurance contract by the election date pursuant to paragraph (1) of this subsection, the Association shall have no rights or obligations, in each case for periods both before and after the date of the order of liquidation, with respect to the reinsurance contract.

“(4) When policies or annuities, or covered obligations with respect thereto, are transferred to an assuming insurer, reinsurance on the policies or annuities may also be transferred by the Association, in the case of contracts assumed under paragraph (1) of this subsection, subject to the following:

“(A) Unless the reinsurer and the assuming insurer agree otherwise, the reinsurance contract transferred shall not cover any new policies of insurance or annuities in addition to those transferred;

“(B) The obligations described in paragraph (1) of this subsection shall no longer apply with respect to matters arising after the effective date of the transfer; and

“(C) Notice shall be given in writing, return receipt requested, by the transferring party to the affected reinsurer not less than 30 days before the effective date of the transfer.

“(5) The provisions of subsection (t) of this section shall supersede the provisions of any District law and any affected reinsurance contract that provides for or requires any payment of reinsurance proceeds, on account of losses or events that occur in periods after the date of the order of liquidation, to the receiver of the insolvent insurer or any other person. The receiver shall remain entitled to any amounts payable by the reinsurer under the reinsurance contracts with respect to losses or events that occur in periods before the date of the order of liquidation, subject to applicable setoff provisions.

“(6) Except as otherwise provided, nothing in this subsection shall:

“(A) Alter or modify the terms and conditions of any reinsurance contract;

“(B) Abrogate or limit any rights of any reinsurer to claim that it is entitled to rescind a reinsurance contract;

“(C) Give a policyholder or beneficiary an independent cause of action against a reinsurer that is not otherwise set forth in the reinsurance contract;

“(D) Limit or affect the Association’s rights as a creditor of the estate against the assets of the estate; or

“(E) Apply to reinsurance agreements covering property or casualty risks.

“(u) The Board of Directors of the Association shall have discretion and may exercise reasonable business judgment to determine the means by which the Association is to provide the benefits of this act in an economical and efficient manner.

“(v) Where the Association has arranged or offered to provide the benefits of this act to a covered person under a plan or arrangement that fulfills the Association’s obligations under this act, the person shall not be entitled to benefits from the Association in addition to or other than those provided under the plan or arrangement.

“(w) Venue in a suit against the Association arising under the act shall be in the District. The Association shall not be required to give an appeal bond in an appeal that relates to a cause of action arising under this act.”.

(d) Section 7 (D.C. Official Code § 31-5406) is amended as follows:

**Amend  
§ 31-5406**

(1) Subsection (c)(3) is amended by striking the word “made” in the first sentence and inserting the phrase “authorized or called” in its place.

(2) Subsection (e)(3) is amended by striking the phrase “a 1%” and inserting the phrase “the maximum” in its place.

(3) A new subsection (i) is added to read as follows.

“(i) For the purposes of this section, the term:

“(1) “Authorized” means, when used in the context of assessments, a resolution by the Board of Directors that has been passed by which an assessment will be called immediately or in the future from member insurers for a specified amount. An assessment is authorized when the resolution is passed.

“(2) “Called” means, when used in the context of assessments, that a notice has been issued by the Association to member insurers requiring that an authorized assessment be paid within the time frame set forth within the notice. An authorized assessment becomes a called assessment when notice is mailed by the Association to member insurers.”.

(e) Section 9 (D.C. Official Code § 31-5408) is amended as follows:

**Amend  
§ 31-5408**

(1) Designate the existing language as subsection (a).

(2) New subsections (b), (c), and (d) are added to read as follows:

“(b) In addition to the duties and powers enumerated elsewhere in this act, the Mayor may:

“(1) Suspend or revoke, after notice and hearing, the certificate of authority to transact insurance in the District of any member insurer which fails to pay an assessment when due or fails to comply with the plan of operation; or

“(2) Levy a forfeiture on any member insurer that fails to pay an assessment when due; provided, that the forfeiture shall not exceed 5% of the unpaid assessment per month, and no forfeiture shall be less than \$100 per month.

“(c) A final action of the board of directors or the Association may be appealed to the Mayor by a member insurer if the appeal is taken within 60 days of its receipt of notice of the final action being appealed. A final action or order of the Mayor shall be subject to judicial review in a court of competent jurisdiction in accordance with District laws that apply to the actions or orders of the Mayor.

“(d) The liquidator, rehabilitator, or conservator of an impaired or insolvent insurer may notify all interested persons of the effect of this act.”.

(f) Section 10(a)(3) (D.C. Official Code § 31-5409(a)(3)) is amended by striking the word “company” wherever it appears and inserting the word “insurer” in its place.

**Amend  
§ 31-5409**

(g) Section 12 (D.C. Official Code § 31-5411) is amended by adding a new subsection (c-1) to read as follows:

**Amend  
§ 31-5411**

“(c-1) As a creditor of the impaired or insolvent insurer as established in subsection (c) of this section and consistent with the Insurers Rehabilitation and Liquidation Act of 1993, effective October 15, 1993 (D.C. Law 10-35; D.C. Official Code § 31-1301 *et seq.*), the Association and other similar associations shall be entitled to receive a disbursement of assets out of the marshaled assets, as the assets become available to reimburse it, as a credit against contractual obligations under this act. If the liquidator has not, within 120 days of a final determination of insolvency of an insurer by the receivership court, made an application to the court for the approval of a proposal to disburse assets out of marshaled assets to guaranty associations having obligations because of the insolvency, then the Association shall be entitled to make application to the receivership court for approval of its own proposal to disburse the assets.”.

(h) Section 16(a) (D.C. Official Code § 31-5415(a)) is amended by striking the number “60” and inserting the number “180” in its place.

Sec. 3. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

Sec. 4. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of Congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of Columbia Register.