

TITLE 4: ECONOMIC RESOURCES
DIVISION 7: INSURANCE

§ 7403. Conduct of Delinquency Proceedings Against Insurers Domiciled in the Commonwealth.

(a) Whenever, under the laws of the Commonwealth, a receiver is to be appointed in delinquency proceedings for an insurer domiciled in the Commonwealth, the court shall appoint a competent receiver who shall furnish proper bond in an amount determined by the court. The court shall direct the receiver to take possession of the assets of the insurer and to administer the assets under order of the court.

(b) The domiciliary receiver and any successors in office shall be vested by operation of law with the title to all of the property, contracts, and rights of action, and all of the books and records of the insurer wherever located, as of the date of entry of the order directing possession to be taken, and he or she shall have the right to recover the same and reduce the same to possession; except that ancillary receivers in reciprocal states shall have, as to assets located in their respective states, the rights and powers which are hereinafter prescribed for ancillary receivers appointed in the Commonwealth as to assets located in the Commonwealth. The filing or recording of the order directing possession to be taken, or a certified copy thereof, in the office where instruments affecting title to property are required to be filed or recorded, shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title duly filed or recorded. The domiciliary receiver shall be responsible on his official bond for the proper administration of all assets coming into his or her possession or control. The court may at any time require an additional bond from the domiciliary receiver or any deputies if deemed desirable for the protection of the assets.

(c) Upon taking possession of the assets of a delinquent insurer, the domiciliary receiver shall, subject to the direction of the court, immediately proceed to conduct the business of the insurer, or to take such steps as are authorized by the laws of the Commonwealth for the purpose of liquidating, rehabilitating, reorganizing, or conserving the affairs of the insurer. In connection with delinquency proceedings, the domiciliary receiver may, with the approval of the court, appoint one or more special deputy receivers to act for him and may employ such counsel, clerks, and assistants as he deems necessary. The compensation of the special deputies, counsel, clerks, or assistants and all expenses of taking possession of the delinquent insurer, and of conducting the delinquency proceedings shall be fixed by the receiver, subject to the approval of the court, and shall be paid out of the funds or assets of the insurer. Within the limit of the duties imposed upon them, special deputies shall possess all the powers given to, and, in the exercise of those powers, shall be subject to all of the duties imposed upon the receiver with respect to delinquency proceedings.

Source: PL 3-107, § 23, modified.

Commission Comment: See the comment to 4 CMC § 7401.