

215 ILCS 5/173.3 Payment by Assuming Company

Sec. 173.3. Payment by assuming company.

(1) No such credit shall be allowed for reinsurance unless the reinsurance agreement provides that payments by the assuming company shall be made directly to the ceding company or to its liquidator, receiver, or statutory successor, except where the contract specifically provides another payee of such reinsurance in the event of the insolvency of the ceding company or where the assuming company with the consent of the direct insured or insureds has assumed such policy obligations of the ceding company to the payees under such policies and in substitution for the obligations of the ceding company to such payees.

(2) Except as provided in this Section, no assuming company may pay or settle, or agree to pay or settle, any policy claim, or any portion thereof, directly to or with a policyholder of any ceding company if an Order of Rehabilitation or Liquidation has been entered against such ceding company.

(Source: P. A. 77-1329.)