

Document Preview

Copyright information

Copyright American Bar Association Fall 2010

Access to the complete full text

This is a short preview of the document. Your library or institution may give you access to the complete full text for this document in ProQuest.

Full Text | Scholarly Journal

The Life and Health Insurance Guaranty System

Gallanis, Peter G. The Brief; **Chicago** Vol. 40, Iss. 1, (Fall 2010): 12-23.

Full text preview

Headnote

How It Works to Protect Consumers-Even in Severe Economic Times

Since the early 1970s, life, annuity, and health insurance consumers have received protection against the financial risk of the insolvency of their insurer from guaranty associations (GAs) in their states of residence.¹

Fifty-two GAs - one for each state, as well as Puerto Rico and the District of Columbia - coordinate consumer protection in major insolvencies (that is, those involving multiple states) through their membership in the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA). NOLHGA was founded in 1983 and operates as a not-for-profit corporation. Its members have protected consumers in many life and

health company failures, including roughly 75 multistate insolvency cases.

This article briefly discusses the mission and development of the guaranty system in the context of U.S. insurer insolvency resolutions, the operations of that system when insurers fail, and the financial capacity of the system.

History of the System

You can read more about our [cookie policy](#), [privacy notice](#), and other privacy program information by visiting our [Privacy Center](#).

Manage cookie preferences

Reject all

Accept all

The core mission of NOLHGA and its member GAs is to ensure that consumers receive at least a statutorily prescribed base level of financial protection when a life or health insurance company fails. That protection may be achieved either by transferring to a healthy insurer the failed company's business that is in force at the time of the company's failure or by supporting the "runoff" of that in-force business.

Insurer failures have occasionally occurred throughout the history of the U.S. life insurance industry. Because states have historically regulated insurance rather than the federal government, state insolvency procedures have governed insurance company failures rather than federal bankruptcy law. For reasons discussed below, insurance consumers have often been better shielded from harm in state insurance insolvency proceedings than creditors have been in bankruptcies or other types of receivership proceedings.

Until the early 1970s, no widespread safety net...

Copyright © 2024 ProQuest LLC.

We use strictly necessary cookies which are required to run this site, as a result, users cannot opt-out of strictly necessary cookies. We also use non-essential cookies, which are used to enhance the user experience through analysis of your usage on this site. Users do have the option of rejecting non-essential cookies by choosing, **reject all**. If you chose to **accept all**, you will be providing consent for this site to use both strictly necessary and non-essential cookies. You can also manage your non-essential cookie preference by choosing **Manage cookie preferences**. You can read more about our [cookie policy](#), [privacy notice](#), and other privacy program information by visiting our [Privacy Center](#).

Manage cookie preferences

Reject all

Accept all