



# The Ohio Insurance Guaranty Association

## Your protection against insurance company failures


What protection do I have if my life or health insurance company goes broke and is forced out of business?

-  You have limited protection through the Ohio Life and Health Insurance Guaranty Association (OLHIGA). OLHIGA is a private association established by state law.


What does the Guaranty Association do?

-  OLHIGA covers claims of people who are insured by a member company which has been or is about to be liquidated. For an insurance company, liquidation is similar to bankruptcy.


What companies belong to OLHIGA?

-  All insurance companies licensed by the state of Ohio to sell life, health, and annuity policies must belong to the Guaranty Association.


What kinds of policies does OLHIGA protect?

-  The association protects life insurance and health insurance policies as well as annuity contracts.


Where does the Guaranty Association get money to pay claims?

-  From its members. OLHIGA assesses member companies whenever money is needed. It receives no tax money and has no other funding.

When does OLHIGA become involved with a company?


-  The Guaranty Association can get involved anytime a member company is in danger of not meeting its financial obligations or when a court has ordered a company to be liquidated.

## What does the state do when a company is in financial trouble?


-  The Ohio Department of Insurance can take various regulatory actions to preserve the company's financial strength. Depending on how severe the problem is, the Insurance Department may:
- Place a limit on new sales in Ohio
  - Order the company to stop selling in Ohio
  - Prohibit the company from renewing policies unless they are “guaranteed renewable”
  - Declare the company insolvent — a court can then order the company to liquidate its assets

Other state insurance departments have similar authority in their states.


## Why would a company be liquidated?

-  If a company cannot pay claims, it is unable to serve its primary purpose. Liquidation is similar to bankruptcy. The company is forced to go out of business, sell all its assets, and use the cash it collects to pay creditors and insureds.


## Would I get the same amount of money from the Guaranty Association that my insurance company would have paid?

-  Maybe. It depends on the kind of policy and the amount involved. But no matter how many policies you may have with the company, OLHIGA will pay you no more than \$300,000.


## Are life and health policies protected for their full amounts?

-  No, different kinds of policies have different limits.
- |                     |                                   |
|---------------------|-----------------------------------|
| • Annuity \$100,000 | • Life (death benefit) \$300,000  |
| • Health \$100,000  | • Life (cash surrender) \$100,000 |

## I have three annuities worth \$100,000 each. How much is protected by the Guaranty Association?

-  Only \$100,000 — that's the maximum OLHIGA can pay you for all the annuity contracts you bought from the same company.

## My annuity is supposed to pay 10% interest. Will I be paid the same rate if the company is liquidated?

-  No. Interest payments are not based on your contract. They are based on a discounted market rate at the time payments are made.

## Are only Ohioans protected by OLHIGA?

- ☞ The association protects you only if you are an Ohio resident when the insurance company is liquidated. It doesn't matter where the company is or where you were when you bought the policy. Your beneficiaries are covered, no matter where they live.

## What if I bought the policy in Ohio, but now live in another state?

- ☞ Each state has its own association. You are usually protected by the state where you live at the time the company is liquidated.

## OLHIGA does NOT protect:

- ☞
  - Non-guaranteed policy benefits or benefits for which the insured has assumed risk
  - Reinsurance policies (unless an assumption certificate was issued)
  - Interest rate yields that exceed an average rate
  - Dividends
  - Credits associated with the administration of a policy by a group contract holder
  - Self-insured employer plans
  - People eligible for protection under the laws of another state
  - Policies sold by companies not licensed to do business in Ohio
  - Policies issued by medical, health, or dental care corporations
  - Managed care companies (HMO, PPO, etc.)
  - Fraternal benefit societies
  - Mutual protective associations & similar plans which subject the policyholder to future assessments

### How to reach OLHIGA:

The Ohio Life & Health Insurance Guaranty Association  
1840 Mackenzie Drive  
Columbus, Ohio 43220  
Phone: (614) 442-6601

Guaranty Association legal requirements can be found in  
Chapter 3956 of the Ohio Revised Code.

There is a similar, separate guaranty association for auto, homeowner's  
and other kinds of property & casualty insurance.