

Ohio Life & Health Insurance Guaranty Association Frequently Asked Questions

Q: What is the Ohio Life and Health Insurance Guaranty Association?

A: The Ohio Life and Health Insurance Guaranty Association is an association of insurance companies that sell life insurance, health insurance and annuities in Ohio. It was created by law to protect certain policyholders, up to certain limits, against financial failure of an insurance company licensed to sell those types of policies in Ohio.

Q: What protection do I have if my life or health insurance company fails or is unable to fulfill its obligations to its policyholders?

A: The Guaranty Association provides limited protection of your life, health and annuity benefits. This limited protection is outlined in the questions and answers that follow.

Q: What kinds of insurance policies are protected by the Guaranty Association?

A: Life insurance policies, health insurance policies and annuity contracts are protected, subject to certain conditions and limitations. Health insurance includes individual or group health, major medical, medicare supplement, long-term care, disability and other health policies.

Q: What is not protected by the Guaranty Association?

- Policies sold by insurers not licensed to do business in Ohio;
- Policies issued by medical, health, or dental care corporations;
- Health Maintenance Organization (HMO) contracts;
- Policy benefits the insurer does not guarantee (such as the nonguaranteed portion of a variable life insurance contract sold by prospectus) or for which the individual has assumed the risk;
- Self-insured employer plans;

- Guaranteed interest rate yields that exceed an average rate;
- Dividends;
- Fraternal benefit society insurance certificates;
- Certain, less commonly known insurance policies and arrangements not listed here are also not protected. If you are unsure about whether your policy is protected, you should contact the Guaranty Association; and
- Policies covering health care benefits pursuant to federal insurance coverages known as Medicare Parts C & D.

Q: Are all policies fully protected?

A: No. If your insurance company fails, the maximum amount of protection provided by the Guaranty Association for each type of policy, no matter how many of that type of policy you bought from your company, is listed below:

Life insurance death benefit: \$300,000

Life insurance cash surrender: \$100,000

Health insurance claims: \$500,000 for major medical insurance/\$300,000 for disability or long-term care insurance/\$100,000 for other types of health insurance.

Annuity benefits (present value): \$250,000

No individual may receive benefits aggregating more than \$300,000 from the Guaranty Association as the result of the failure of any one insurer except with respect to benefits for major medical insurance in which case aggregate benefits cannot exceed \$500,000.

Q: For example, if I bought three annuities, each worth \$150,000, from a company that later fails, how much is protected?

A: Only \$250,000. That's the maximum amount protected by the Guaranty Association for all annuities you purchased from a single insurer.

Q: Is my Individual Retirement Annuity (IRA) protected by the Guaranty Association?

A: Yes. Assuming all other conditions are met, it is protected up to the limit set for an annuity.

Q: I have life and health insurance coverage through my employer. Am I protected?

A: If your employer bought a group life or health insurance policy covering you from an insurer licensed in Ohio, you are protected up to the limits mentioned above. If you belong to a "self-insured" health plan—meaning your employer, not an insurer, provides the coverage through what is called a "self-funded ERISA plan," you are not protected by the Guaranty Association.

Q: I have a 401(k) plan with my employer. I have selected a fixed interest option funded by a guaranteed investment contract (GIC) issued by a life insurance company to my employer. Will my invested funds be protected by the Guaranty Association?

A: A 401(k) plan is a retirement savings plan in which employees contribute through payroll deductions to a fund to be used for retirement. If the guaranteed investment contract (GIC) does not guarantee annuity benefits with respect to any specific individual identified in the contract, the contract is protected up to a maximum of \$1 million per contract holder (usually your employer or a trustee). This \$1 million limit applies regardless of the number of employees covered under the 401 (k) plan.

Q: How will I know if my life or health insurance company has failed or is unable to fulfill its obligations to its policyholders?

A: Policyholders will be notified if the Insurance Commissioner or a court declares your insurance company to be impaired or insolvent.

Q: How long will I have to wait to receive the protection provided by the Guaranty Association?

A: If your insurer is no longer able to fulfill its obligations, payments to you may be reduced or suspended. Delays may occur while sorting out the affairs of the financially troubled insurer. Your benefits payments may not be delayed at all, or you may have to wait some months, depending on the circumstances.

Q: How is protection provided?

A: Protection can be provided in one of several different ways. For example, the Guaranty Association may provide coverage directly. Or, the Association may arrange for a financially sound insurer to assume responsibilities for continuing coverage and paying covered claims on its behalf. In most situations, the Association will work with other state guaranty associations to develop an overall plan to provide protection for the failed insurer's policyholders. The form of protection provided, and when you receive it, may depend on the particular arrangement worked out for handling the failed insurer's obligations.

Q: Where does the Guaranty Association get the money to provide this protection?

A: The Guaranty Association is authorized to collect money, through assessments, from all life and health insurers licensed to do business in this state.

Q: Does it matter where I live?

A: The Guaranty Association generally limits protection to policyholders who are residents of Ohio. Residency is determined based on the residence of the owner of a policy or contract in the case of life insurance or annuities. For health policies, it is the residence of the policyholder for individual health policies and the residence of the certificate holder under a group health policy. If the policy or contract is owned by a trust, the Guaranty Association looks to the state of residence of the trustee. Individuals with trustees outside of Ohio should refer to the state guaranty association where the trustee is located to determine the level of benefits available. However, it does not matter where the policyholder's beneficiaries live.

Guaranty Association coverage with respect to a "Structured Settlement Annuity" is generally based upon the residency in Ohio of a payee or beneficiary of such contract, subject to provisions enumerated in Ohio Revised Code §3956.04.

Q: What if I move to another state after buying insurance?

A: Generally speaking, you are protected by the guaranty association of the state in which you live at the time your company failed. Although all 50 states have guaranty associations, the level of protection varies. If you move to another state, you should contact the insurance department or guaranty association in that state for more information.

Q: Are the policies of every insurance company protected by the Guaranty Association?

A: Only a policy that was issued by an insurance company licensed to do business in Ohio is protected by the Guaranty Association.

Q: How can I find out if my company is licensed in this state?

A: Contact the Ohio Insurance Department at their web site [click here](#). It maintains complete and current records of all insurance companies licensed to do business in Ohio.

Q: Why hasn't my agent or company told me more about the Guaranty Association?

A: When the Legislature created the Guaranty Association, it was concerned that someone buying insurance might be led to believe that the company's financial condition is irrelevant, since its policies are protected by the Guaranty Association. Because this protection is limited and, in some cases, there is no protection at all, the Legislature prohibited agents and companies from advertising about the Guaranty Association. The existence of the Guaranty Association, therefore, is not and should not be a substitute for your prudent selection of an insurance company that is well managed and financially stable.

Q: Where can I go to get more information about the protection provided by the Guaranty Association?

A: The purpose of this FAQ is to help you understand the general nature and conditions of life, health and annuity policy protection provided by the Ohio Life & Health Insurance Guaranty Association. It is only a summary, however, and if you have any questions that are not answered here, you should refer to our statute (Ohio Revised Code §3956) or contact the Ohio Life & Health Insurance Guaranty Association.

The intent of this FAQ is to explain briefly, in clear and non-technical language, how the Ohio Life & Health Insurance Guaranty Association provides protection to policyholders in the event their insurance company becomes insolvent. For a definitive statement of the rules governing the Guaranty Association, you must refer to the Guaranty Association law itself (Ohio Revised Code Chapter 3956). If there is any inconsistency between this FAQ and any applicable law, then such law will control.