

Actuarial & Finance

Vincent Bodnar, Oliver Wyman

Caryn Glawe, Faegre Drinker Biddle & Reath LLP

Pamela Olsen, Minnesota & Nebraska Guaranty Associations



Guaranty Association Considerations: Recent Developments & What You Need to Know

Life/Health Guaranty Associations

- Every State, DC and PR
- Created by state statute
- Members: life, health (and HMO in some states), and annuity companies licensed to transact insurance business in that jurisdiction (not otherwise excluded by statute)
- Statutorily obligated to provide coverage for resident policyholders of covered policies issued by a member insurer
- Managed by an administrator/executive director
- Oversight by a board of directors with ultimate decision-making authority

NOLHGA

- Created in 1983 to facilitate cooperative insolvency resolution planning by its members
- NOLHGA members are the 51 state GAs (PR is not a member)
- Provides coordination and services to assist members in carrying out their statutory duties and to be a voice for the collective GA system
- Duties include:
 - Coordination of member activities to achieve efficiencies and economies
 - Establishment and maintenance of liaison relationships with the NAIC, federal and state regulators, federal and state legislative authorities, guaranty association boards, life and health trade associations, and other interested parties
 - Provision of a national interstate clearinghouse for discussion and resolution of issues arising from its members' operations

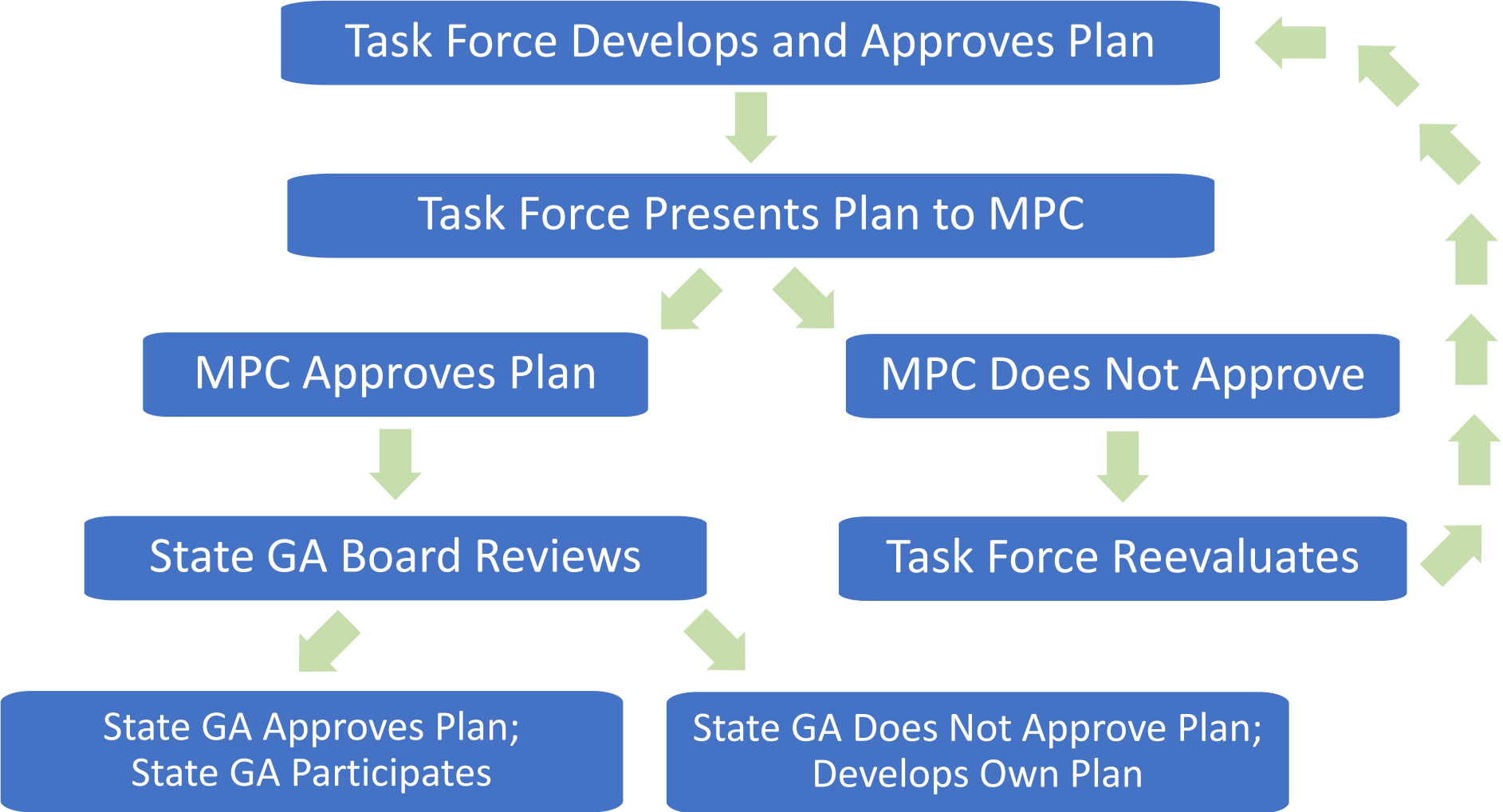
Members Participation Council (MPC)

- Comprised of 51 members – the state GAs
- Coordinated insolvency resolution planning
 - Consolidates information gathering and analysis
 - Enables economies of scale in procuring services, ceding covered obligations, taking appropriate legal action, and seeking access to estate assets and recoveries
 - Promotes consistent interpretation and application of laws and principles
 - Assures the views and needs of all affected state GAs are considered when developing an insolvency plan
 - Improves efficiencies and cost effectiveness in insolvency resolution planning
 - Serves as an educational forum on current insolvencies and related issues

Task Force

- Represents the interests of the affected state GAs to facilitate the resolution of insolvency issues
- Appointed by the MPC Chair with the advice/consent of the NOLHGA President
- Number of Task Force members depends on the size of the insolvency
- The Task Force retains consultants and a project manager as needed and will also be staffed by a NOLHGA representative

Insolvency Resolution Plan Decision Tree



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Questions?

- Vincent Bodnar
Oliver Wyman
vince.bodnar@oliverwyman.com
- Caryn Glawe
Faegre Drinker Biddle & Reath
caryn.glawe@faegredrinker.com
- Pamela Olsen
Minnesota & Nebraska Insurance Guaranty Associations
Pamela Epp Olsen Law
polson@pamelaolsenlaw.com