

## **Summary Concerning Coverage, Limitations, and Exclusions under the Alaska Insurance Guaranty Association Act**

A resident of Alaska who purchases property and casualty insurance, excluding surety and title insurance, in the admitted insurance market should know that an insurance company licensed in this state to write these types of insurance is a member of the Alaska Insurance Guaranty Association. The purpose of this association is to assure that a policyholder will be protected within statutory limits if a member insurer becomes financially unable to meet its obligations. If this should happen, the guaranty association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state. However, the valuable extra protection provided by these insurers through the guaranty association is not unlimited. This protection is not a substitute for your care in selecting a company that is well managed and financially stable.

The state law that provides for this safety net coverage is called the Alaska Insurance Guaranty Association Act. The full text of the act can be found in AS 21.80.010 – 21.80.190. Provided below is a brief summary of this law's coverages, exclusions, and limits. This summary does not cover all provisions of the law, nor does it in any way change your rights or obligations under the act or the rights or obligations of the guaranty association.

### **COVERAGE**

Generally, an individual will be protected by the property casualty insurance guaranty association if the individual lives in Alaska and holds a property or casualty insurance contract. The beneficiary, payee, or assignee of an insured person is protected as well, even if a non-resident of Alaska.

### **EXCLUSIONS FROM COVERAGE**

The association does not protect a person holding a policy if

- the individual is eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state);
- the insurer was not authorized to do business in this state;
- the policy is issued by an organization that is not a member of the Alaska Insurance Guaranty Association.

The association does not provide coverage for

- life, annuity, health, or disability insurance;
- residual value, mortgage guaranty, or financial guaranty of other forms of insurance offering protection against investment risks;
- bonding obligations, including fidelity or surety bonds.
- insurance protecting the interests of a creditor arising out of a creditor-debtor transaction, including credit insurance, vendors' single interest insurance, or collateral protection insurance;

- insurance of warranties or service contracts;
- title insurance;
- a transaction or combination of transactions between a person, including the person's affiliates, and an insurer, including the insurer's affiliates, that involves the transfer of investment or credit risk unaccompanied by the transfer of insurance risk;
- insurance provided by or guaranteed by a government;
- a risk retention group formed under 15 U.S.C. 3901 – 3906 (Liability Risk Retention Act);
- insurance written on a retroactive basis to cover known losses for which a claim has already been made and the claim is known to the insurer at the time the insurance is bound.

### **LIMITS ON AMOUNT OF COVERAGE**

The act also limits the amount the association is obligated to pay. The association cannot pay more than what the insurance company would owe under a policy or contract. The association will pay a maximum of

- \$500,000 of each covered claim and no more than \$10,000 in unearned premium;
- for workers' compensation benefits, the association shall pay the full amount of any covered claim arising out of a workers' compensation policy;

### **COMPLAINTS AND COMPANY FINANCIAL INFORMATION**

A written complaint to allege violation of any provision of the Alaska Insurance Guaranty Association Act must be filed with the Division of Insurance, 550 West Seventh Avenue, Suite 1560, Anchorage, Alaska, 99501-3567; telephone (907) 269-7900. Financial information for an insurance company, if the insurance information is not proprietary, is available at the same address and telephone number. The guarantee association should not be contacted regarding the financial information of an insurance company.

The association is not an agency of the State of Alaska nor are there any guarantees by the State of Alaska regarding the payment of claims by the association.

Alaska Insurance Guaranty Association  
1401 Rudakoff Circle  
Anchorage, Alaska 99508  
(907) 338-7484

Division of Insurance  
550 West Seventh Avenue, Suite 1560  
Anchorage, Alaska, 99501-3567  
(907) 269-7900