

**DIRECTOR'S APPROVAL OF ALHIGA'S RESPONSE TO THE  
AMERICAN CHAMBERS LIFE INSURANCE COMPANY INSOLVENCY**

By letter of June 13, 2000, the Alaska Life and Health Insurance Guaranty Association (ALHIGA) has requested the approval of the Director of Insurance to pay certain covered claims on behalf of Alaska residents arising from the insolvency of American Chambers Life Insurance Company (ACLIC). In response to that request, the Director finds as follows:

**BACKGROUND**

1. ACLIC is a "member insurer" of ALHIGA, as defined in AS 21.79.900(6), as it existed prior to July 1, 2000. ACLIC was licensed to sell health and life insurance in the State of Alaska under Certificate of Authority #F-1612 dated November 20, 1985. This Certificate was suspended by order of the Director dated March 6, 2000.
2. By order dated March 13, 2000, the Court of Common Pleas, Franklin County, Ohio issued an "Agreed Order Appointing Rehabilitator" placing ACLIC into rehabilitation. Shortly thereafter, the rehabilitator entered into an indemnity reinsurance agreement with Continental General Insurance Company, whereby a large percentage of ACLIC's policies were reinsured by Continental General. The rehabilitator sent out cancellation notices to all certificate holders not reinsured by Continental General.
3. ALHIGA has been informed by the rehabilitator that notices to Alaska certificate holders were dated March 30, 2000, and indicated coverage would terminate November 1, 2000.
4. On May 8, 2000, ACLIC was determined to be insolvent and ordered liquidated by Judge Sherward of the Court of Common Pleas, Franklin County, Ohio, Case No. 00 CVH03-2206. On the same date, the court approved a Service Agreement between the National Organization of Life and Health Guaranty Associations, the rehabilitator/liquidator, and Antares Management Solutions, LLC, under which Antares agreed to provide policy, claim, and other services in connection with covered obligations of affected state guaranty associations, including ALHIGA.
5. Under AS 21.79.060(d), ALHIGA is required, with approval of the Director, to take one of the following actions if a member insurer becomes insolvent:
  1. guarantee, assume, reinsure, or provide the guarantee, assumption, or reinsurance of the covered policies of the insolvent insurer held by residents;
  2. assure payment to residents of the contractual obligations of the insolvent insurer;
  3. provide money, pledges, notes, guarantees, or other means necessary to discharge the insurer's duties under this subsection; or
  4. with respect only to life and health insurance policies, provide benefits and coverages required under AS 21.79.060(e).
6. ALHIGA plans to meet its statutory obligation to assure payment of covered claims of Alaska residents who are ACLIC policyholders by paying claims of such residents directly or through the third-party administrator referenced in paragraph 4. ALHIGA also plans to file a timely proof of claim in the ACLIC liquidation proceeding.

**THE DIRECTOR HEREBY ORDERS:**

ALHIGA'S request to meet its statutory obligations to Alaska residents who are ACLIC policyholders

by paying covered claims directly or through the third-party administrator under the Service Agreement referenced above is **approved**.

This order is effective July 11, 2000.

Robert A. Lohr  
Director