

ORDER R98-04

DIRECTOR'S APPROVAL OF ALHIGA'S RESPONSE TO AMERICAN WESTERN LIFE INSOLVENCY

May 28, 1998

By letter of April 27, 1998, the Alaska Life and Health Insurance Guarantee Association (ALHIGA) requested the approval of the Director of the Division of Insurance to pay certain covered claims to and on behalf of Alaska residents arising from the American Western Life Insurance Company (AWL) insolvency. In response to that request, the Director finds as follows:

BACKGROUND

1. AWL is a "member insurer" of ALHIGA, as defined in AS 21.79.900(6). AWL was licensed to sell health and life insurance in the State of Alaska under Certificate of Authority #F-0679, dated November 3, 1964. This Certificate was suspended by order of the Director dated June 18, 1997.
2. By order dated June 18, 1997, the director determined AWL was impaired. AWL has been subsequently declared insolvent by an order of Declaration of Insolvency and Liquidation entered on August 18, 1997 by Judge Pat B. Brian, Third Judicial District Court for the State of Utah.
3. AWL has ceased paying claims of AWL policyholders residing in Alaska.
4. The director has been advised by ALHIGA that the AWL estate has submitted claims to ALHIGA for payment, consisting of invoices for medical services provided to Alaska resident AWL policyholder and that such invoices have otherwise gone unpaid.
5. Under AS 21.79.060(d), ALHIGA is required, with the approval of the Director, to take one of the following actions if a member insurer becomes insolvent:
 - (1) guarantee, assume, reinsure, or provide for 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).

THE DIRECTOR HEREBY ORDERS:

ALHIGA's request to pay covered claims to or on behalf of Alaska residents who are AWL policyholders is approved.

This order is effective May 28, 1998

Marianne K. Burke
Director of Insurance