

ORDER R99-03

March 22, 1999

DIRECTOR'S APPROVAL OF ALHIGA'S RESPONSE TO THE UNIVERSE LIFE INSURANCE COMPANY INSOLVENCY

By letter of February 22, 1999, 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 Universe Life Insurance Company (Universe Life) insolvency. In response to that request, the Director finds as follows:

BACKGROUND

1. Universe Life is a "member insurer" of ALHIGA, as defined in AS 21.79.900(6). Universe Life was licensed to sell health and life insurance in the State of Alaska under Certificate of Authority #F-1036 dated July 1, 1973. [This Certificate was suspended by order of the Director dated February 26, 1996.]
2. By order dated December 4, 1998, the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, the Hon. Thomas F. Neville presiding, issued an order Granting Petition of Liquidation [of Universe Life] and Approving Plan of Liquidation.
3. The Director has been advised by ALHIGA that Universe Life has not been able to pay covered long term health policy benefits since January 1, 1999.
4. 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:

guarantee, assume, reinsure, or
provide the guarantee,
assumption, or reinsurance of the
covered policies of the insolvent
insurer held by resident;

assure payment to residents of
the contractual obligations of the
insolvent insurer;

provide money, pledges, notes,
guarantees or other means

necessary to discharge the insurer's duties under this subsection; or

with respect only to life and health insurance policies, provide benefits and coverages required under AS 21.79.060(e).

5. The National Organization of Life and Health Guaranty Associations (NOLHGA) has negotiated a Service Agreement with Duncanson & Holt Administrative Services, Inc., (DHAS) whereby DHAS will process certain covered claims of Universe Life long term care policies on behalf of Participating Guaranty Association.

6. To meet its statutory obligations, ALHIGA has agreed to become a Participating Guaranty Association in the aforementioned Service Agreement. By participating in this agreement, ALHIGA will help assure the payment of claims involving Alaska residents.

THE DIRECTOR HEREBY ORDERS:

ALHIGA'S request to become a Participating Guaranty Association in the Service Agreement with DHAS, or directly pay covered claims on behalf of Alaska residents who are Universe Life policy holders is APPROVED.

This order is effective March 22, 1999.

Marianne K. Burke
Director of Insurance