

NAIC POST-ASSESSMENT PROPERTY AND LIABILITY INSURANCE GUARANTY ASSOCIATION MODEL ACT

CITATION & EFFECTIVE DATE

Model Act, §1 et seq.

MODEL OR SIMILAR ACT

Yes

COVERED CLAIMS

COVERED LINES OF BUSINESS

All kinds of direct insurance except life, annuity, health and disability insurance; mortgage guaranty, financial guaranty; fidelity and surety bonds; credit insurance, vendors single interest insurance, or collateral protection insurance or any similar insurance protecting the interests of a creditor arising out of a debtor-creditor transaction; insurance of warranties or service contracts; title insurance; ocean marine insurance; any transaction or combination of transactions between a person and an insurer (and/or affiliates or either) which involves the transfer of an investment or credit risk unaccompanied by the transfer of insurance risk; and insurance provided or guaranteed by government. Coverage includes workers' compensation insurance.

UNEARNED PREMIUM

is covered, subject to a maximum of \$10,000 per claim. Return premiums under retrospective rating plan is not covered.

COVERED CLAIM

is an unpaid claim submitted by a claimant (defined as Insured making first party claim or any person making liability claim) under a covered policy of an Insolvent Insurer issued or assumed by the insolvent insurer, and: the claim is a first party claim for damage to property with a permanent location in the state, or the claimant or Insured is a resident of the state at the time of the Insured event. For entities other than individuals, the state of residence of a claimant or Insured shall be the state in which that entity has its principal place of business. Association is obligated only to the extent of covered claims existing prior to the order of liquidation, and arising within thirty days thereafter. Covered claim shall not include any claim filed with association after the final date set by the court for the filing of claims against the receiver of the Insolvent Insurer.

**NATIONAL CONFERENCE OF INSURANCE GUARANTY FUNDS
2017 SUMMARY OF PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION ACTS
SUMMARY BY PROVISION**

ASSESSMENTS

SEPARATE ACCOUNTS

None or option for three accounts:

- (1) Workers' Compensation*
- (2) Automobile*
- (3) All Others*

MAXIMUM ANNUAL %

2% of net direct written premiums. Act has a catastrophic borrowing provision.

RECOUPMENT PROVISION

Various options

BASE YEAR

Year preceding year of assessment

LIMITS ON CLAIMS

DEDUCTIBLE OR MINIMUM PER CLAIM

None

MAXIMUM PER CLAIM

\$500,000 per claimant except that workers' compensation claims are paid in full; \$10,000 for unearned premiums.

NET WORTH PROVISION

Various options outlined – no net worth, net worth limits of either 25 million or 50 million. Option to exclude all claims or pay and recover certain claims.

OTHER

NONCOVERED CLAIMS

Any amount due any reinsurer, insurer, insurance pool, underwriting association, health maintenance organization, hospital plan corporation, professional health service corporation or self-insurer as subrogation recoveries, reinsurance recoveries, contribution, indemnification or otherwise.(See also miscellaneous)

Covered claim shall not include any amount awarded as punitive or exemplary damages.

**NATIONAL CONFERENCE OF INSURANCE GUARANTY FUNDS
2017 SUMMARY OF PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION ACTS
SUMMARY BY PROVISION**

CLAIMS COVERED BY OTHER INSURANCE AND OTHER GUARANTY ASSOCIATIONS

Any person having a claim against an insurer, shall be required first to exhaust all coverage provided by any other policy, including the right to a defense under the other policy, if the claim under the other policy arises from the same facts, injury or loss that gave rise to the covered claim against the association. The requirement to exhaust shall apply without regard to whether the other insurance policy is a policy written by a member insurer. However, no person shall be required to exhaust any right under the policy of an insolvent insurer or any right under a life insurance policy.

Any person having a claim which may be covered by more than one guaranty association shall seek recovery first from the association of the place of residence of the Insured, except that if it is a first party claim for damage to property with a permanent location, he shall seek recovery first from the association of the location of the property, and if it is a workers' compensation claim then he shall first seek recovery first from the association of the residence of the claimant. Any recovery made from this association shall be reduced by the amount of the recovery from any other association.

TERMINATION PROVISION

None

MISCELLANEOUS

Insolvent insurer defined as licensed insurer against which a final order of liquidation with a finding of insolvency has been entered by a court of competent jurisdiction.

Association is nonprofit, unincorporated legal entity.

Notice of claims to the receiver of insolvent insurer shall be deemed notice to the association.

No cause of action shall arise against any member insurer, the association, its board of directors or agents or any person serving as an alternate or substitute for any director, or the commissioner or his representative for any action taken or failure to act pursuant to this chapter.

All proceedings against an insolvent insurer or any party to be defended by the insurer shall, subject to waiver by the association in specific cases, be stayed for up to 6 months or such additional time as may be determined by a court.

Expenses of association in handling claims shall be accorded priority set forth in state liquidation act.

No claim for any amount due any reinsurer, insurer, insurance pool underwriting association health maintenance organization, hospital plan corporation, professional health service corporation or self-insurer may be asserted against a person insured under a policy issued by an insolvent insurer other than to the extent the claim exceeds association obligation limits. (See also non covered claims.)