OHIO LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION FREQUENTLY ASKED QUESTIONS

Last Updated: September 2026

Q: What happens when an insurance company fails?

A. Each state has a regulatory agency, it is usually the department of insurance, which is responsible for monitoring the financial condition of the insurance companies authorized to transact business in the state. If an insurance company experiences financial distress and its ability to meet its obligations to policyholders is in question, the insurance commissioner in the company's home state, also called the domiciliary state, may take several corrective actions, including rehabilitation and liquidation under the supervision of a state court.

Rehabilitation is when the insurance commissioner steps in to try to help the company recover. The insurance commissioner is now considered the company's rehabilitator or receiver and has broad authority to manage the company until the financial issues are resolved. The insurance department will notify policyholders of the rehabilitation and will provide further information relating to their policies and claims. If efforts to rehabilitate the company succeed, control can be returned to the company, and the rehabilitation process ends. Policyholders will be notified.

However, if the company's financial impairment is too severe for the company to remain in business, the insurance commissioner will ask the state court to issue a liquidation order with a finding of insolvency. The liquidation order provides the commissioner with authority to close the company and sell its assets to pay its debts, including policyholder claims. This process is called liquidation, and it is similar to a company declaring bankruptcy. Now, the commissioner is referred to as the liquidator or receiver. Policyholders will be notified that the insurance company is in liquidation.

A liquidation order with a finding of insolvency triggers the state life and health insurance guaranty associations to provide coverage to the policyholders of the failed company. However, only certain types of claims are eligible for coverage, and there are limits on how much the guaranty association will pay per claim and in total per policy.

Q: What is the Ohio Life and Health Insurance Guaranty Association?

A: The Ohio Life and Health Insurance Guaranty Association (OLHIGA) is a nonprofit association created by Ohio law to cover certain policies or contracts of policyholders, insureds, subscribers, beneficiaries, and payees if a member life insurance company, health insurance company, health insuring corporation, or annuity company becomes insolvent and is ordered into liquidation. OLHIGA's coverage is intended to reduce financial losses for certain policyholders; it is not a replacement for all policy benefits. OLHIGA's coverage is subject to the terms of the policy and the limitations of Ohio Revised Code Chapter 3956.

Q: What kinds of insurance policies does OLHIGA cover?

A: Generally, OLHIGA provides coverage for individual and group life insurance policies, health insurance policies, certain health insuring agreements, and annuity contracts, subject to the limitations of Ohio Revised Code Chapter 3956. However, certain types of policies and benefits are not covered by OLHIGA.

Q: What kinds of insurance policies does OLHIGA cover?

A: Generally, OLHIGA provides coverage for individual and group life insurance policies, health insurance policies, certain health insuring agreements, and annuity contracts, subject to the limitations of Ohio Revised Code Chapter 3956. However, certain types of policies and benefits are not covered by OLHIGA.

Q: What is not covered by OLHIGA?

A: OLHIGA does not provide any coverage for the following:

- Insurance policies issued by an insurance company not licensed to transact business in Ohio,
- Self-insured or self-funded insurance plans, including multiple employer welfare arrangements as defined by federal law, and plans of the state or a political subdivision,
- Certificates issued by a fraternal benefit society,
- Policies issued by mutual protective associations,
- Policies providing benefits under Medicare parts C and D,
- Benefits under a policy that are not guaranteed by the insurance company, such as the non-guaranteed portions of variable life insurance or variable or indexed annuity policies,
- Amounts credited under a policy based on an interest rate that is greater than the average established by Ohio Revised Code Section 3956.04,
- Certain charitable gift annuities,
- Policies covering property and casualty risks (such as auto, and homeowner's, etc.,) and,
- Certain less commonly known other insurance policies and arrangements set out in Ohio Revised Code Chapter 3956.

Q: If a policy is not excluded like those listed above, are the policies of every insurance company covered by OLHIGA?

A: No. Only policies that were issued by an insurance company licensed to do business in Ohio at the time the policies were issued are included in OLHIGA's coverage.

Q: How does OLHIGA handle my claim or policy if it is within OLHIGA's coverage?

A: Depending on the circumstances of the insolvency, OLHIGA may provide coverage as follows:

- Continue the existing coverage,
- Arrange for a financially sound insurer to assume the policy or contract, or
- Use another method authorized by Ohio law to provide coverage to policyholders.
- OLHIGA's coverage is subject to the terms of the policy, the limitations of Ohio law, and the circumstances of the insurer's liquidation. It is intended to reduce financial losses for certain policyholders; it is not a replacement for all policy benefits.

Q: What coverage does OLHIGA provide for a covered policy?

A: OLHIGA provides coverage up to the limits established by Ohio law. OLHIGA's obligation may not exceed either of the following:

- The amount the insurer would have been contractually obligated to pay if it had not become insolvent and ordered into liquidation, or
- The applicable maximum statutory limit established by Ohio law.

OLHIGA's maximum statutory limits, for any one life, regardless of the number of policies or contracts issued by the same insurer are as follows:

Life Insurance Benefits:

- $ 300,000 in death benefits,
- $ 100,000 in cash surrender and withdrawal values.

Health Insurance Benefits:

- $ 500,000 for Health Benefit Plans (see the definition below),
- $ 300,000 in disability income insurance benefits,
- $ 300,000 in long-term care insurance benefits,
- $ 100,000 in other types of health insurance benefits.

Allocated Annuity Benefits:

- $ 250,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values.

Unallocated Annuity Benefits:

- $5,000,000 per contract owner, or $250,000 in present value of annuity benefits per plan participant under a 401, 403(b), or 457 governmental retirement plan.

Aggregate Benefits:

- $300,000 in total, for any one life, when a policyholder has more than one policy with the same insolvent insurer, except for benefits covered under Health Benefits Plans and benefits covered under unallocated annuities per contract owner, and which case the maximum statutory limits listed above apply.

"Health Benefit Plan" is defined in Revised Code Section 3956.01 (F) and generally includes hospital or medical expense policies, contracts or certificates, and Health Insuring Corporation subscriber contracts that provide comprehensive forms of coverage for hospitalization or medical services.

Health Benefit Plan does not include policies that provide coverage for limited benefits including accident-only, dental-only, or vision-only insurance, credit insurance, Medicare supplement insurance, coverage for on-site medical clinics, disability income insurance, long-term care insurance, and certain specified diseases, hospital indemnity, and limited benefit policies.

Benefits provided by a long-term care rider to a life insurance policy or an annuity contract are covered by OLHIGA and are considered the same type of benefits as the base life insurance policy or annuity contract to which the rider relates.

Q: Does OLHIGA cover variable annuities?

A: Generally, OLHIGA covers variable annuities that have general account guarantees, meaning guarantees by the insurance company, subject to limitations in Ohio law, such as the maximum statutory limits outlined above and interest rate limitations.

However, coverage of specific annuities will be determined by OLHIGA when the applicable insurance company is declared insolvent, based on the terms of the annuity and OLHIGA's governing law at that time. Annuity terms that are relevant to determine coverage include the type of annuity, whether benefits are guaranteed, and details about the contract owner and annuitant.

Q: What is an unallocated annuity?

A: Unallocated annuity contracts typically are contracts purchased by sophisticated institutional investors, such as retirement plans that use the contracts as funding vehicles for participants. Ohio Revised Code Section 3956.01(P) defines an unallocated annuity contract as "any annuity contract or group annuity certificate that is not issued to and owned by an individual, except to the extent of any annuity benefits guaranteed to an individual by an insurer under that contract or certificate."

Q: Does OHLIGA cover unallocated annuity contracts?

A: Given the institutional nature of unallocated annuities, OLHIGA's coverage is limited to the following:

- Contracts issued to or in connection with a specific employee, union, or association of natural persons when the plan sponsor has its principal place of business in Ohio (excluding contracts that are protected under the federal Pension Benefit Guaranty Corporation Act),
- and contracts issued to or in connection with government lotteries if the owners are residents of Ohio

OLHIGA's coverage is subject to limitations in Ohio law, such as the maximum statutory limits outlined above and interest rate limitations.

Additionally, coverage of specific annuities will be determined by OLHIGA when the applicable insurance company is declared insolvent, based on the terms of the annuity and OLHIGA's governing law at that time. Annuity terms that are relevant to determine coverage include the type of annuity, whether benefits are guaranteed, and details about the contract owner, plan sponsor, and annuitant.

Q: I have life and health insurance coverage through my employer. Are my policies included in OLHIGA's coverage?

A: If your employer purchased a group life or health insurance policy from an insurer that is a member of OLHIGA, then your policy is covered up to the maximum statutory limits outlined above.

Self-funded employer benefit plans are generally not covered since the employer, not an OLHIGA member insurance company, assumes the financial responsibility for paying benefits, even when an insurance company or another organization administers the plan. Your plan documents or benefits administrator should indicate whether the plan is insured or self-funded.

Q: What happens if my policy benefits are greater than OLHIGA's coverage limits?

A: If benefits due to you under your insurance policy or policies are greater than the coverage OLHIGA can provide because of the limitations in Ohio law, the amount not covered by OLHIGA can be submitted to the liquidator of the insolvent company as a claim against the liquidated estate assets. The liquidator will provide instructions for the submission of these claims. Approved claims may be paid in part, in whole, or not at all depending on the funds available. OLHIGA is not involved with the processing, approval, or payment of claims submitted to the liquidator.

Q: How will I know if my life or health insurance company has been ordered into rehabilitation or liquidation?

A: You will be notified by the Insurance Commissioner from the insurance company's domiciliary state.

Q: If my insurer is ordered into liquidation, should I continue paying my premiums?

A: Yes. If your policy or contract requires premium payments and you want the coverage to remain in force, you must continue to pay your premiums. If there are changes to the payment instructions, you will receive notice. If you are unsure where payment should be sent, you can contact OLHIGA.

Q: How long until my claim is paid?

A: OLHIGA and the other state guaranty associations work to minimize delays. In some cases, covered claims and benefits continue with little or no interruption. In other cases, temporary delays may occur while OLHIGA and the liquidator complete the following:

- Obtain and review the insurer's records,
- Confirm policy and claimant information,
- Determine eligibility for coverage,
- Calculate covered benefits,
- Establish new payment and servicing procedures, and
- Arrange for policies to be transferred or administered.

Policyholders should respond promptly to requests for information and keep their contact and payment information current.

Q: Do I have to file additional paperwork or forms with OLHIGA to receive coverage?

A: No. The insurance policies covered by OLHIGA will remain in force so long as all premiums due under the policy are paid. If there are any changes to the claims process or to your policy, you will receive notice. If you have any questions about notices you receive, you can contact OLHIGA.

Q: Does it matter where I live?

A: Yes. With limited exceptions, OLHIGA's coverage applies to Ohio residents.

Q: What if I move to another state after buying insurance?

A: Generally, you are covered by the guaranty association of the state in which you live at the time the insurance company is determined to be insolvent and ordered into liquidation.

Q: How can I find out if my company is licensed in Ohio?

A: The Ohio Insurance Department maintains complete and current records of all insurance companies licensed to do business in Ohio. Click Here
https://gateway.insurance.ohio.gov/UI/ODI.Risk.Public.UI/Company/Search

Q: Why hasn't my agent or company told me more about OLHIGA?

A: Ohio law prohibits using OLHIGA as an inducement to purchase any form of insurance. The purpose of the prohibition is to reduce consumer misconceptions such as:

- An insurer's financial condition is unimportant,
- Every policy or benefit is covered,
- Guaranty association coverage is unlimited, and
- OLHIGA coverage is equivalent to a guarantee of the insurer's obligations.

OHLIGA's coverage is not and should not be a substitute for your prudent selection of a well-managed and financially stable insurance company.

Q: How does OLHIGA fund the coverage it provides?

A: OLHIGA is funded by companies licensed to sell life, health, and annuity policies in Ohio. The companies are required to be members of OLHIGA as a condition of their license to transact business within the state. As members, companies generally have two responsibilities: (1) to elect the board of directors from their ranks of member insurers, and (2) to pay assessments approved by the board of directors.

Q: Is OLHIGA the same as the Federal Deposit Insurance Corporation?

A: No. OLHIGA and the Federal Deposit Insurance Corporation ("FDIC") both serve consumer-protection functions, but they are not the same. They operate under different laws and rules. FDIC is a federal agency that insures qualifying deposits at insured banks under federal law. OLHIGA is a nonprofit, state-based guaranty association that provides coverage for eligible insurance policies and contracts under Ohio law.

Q: Is OLHIGA a government agency?

A: No. OLHIGA is created and governed by statute. It operates under a plan of operation, is managed by a Board of Directors, and is subject to the supervision of the Commissioner of Insurance. However, OLHIGA is not a government agency, and it is not subject to Ohio's public records law.

Q: Can OLHIGA recommend insurance companies or provide advice?

A: No. OLHIGA cannot recommend insurers, insurance products, agents, financial professionals, or investment strategies. It also does not provide legal, tax, investment, or financial-planning advice.

Q: Can OLHIGA confirm in advance that my policy will be covered?

A: No. A definitive coverage determination cannot be made before an insurer becomes insolvent. Coverage depends on several factors that must be evaluated under the circumstances existing when OLHIGA becomes obligated, including:

- The applicable version of Ohio law,
- The terms and status of the policy or contract,
- The insurer's membership and licensing status,
- The residence and legal status of the policy owner, insured, enrollee, payee, or beneficiary,
- The nature of the claimed benefit,
- Other guaranty association coverage that may be available, and
- Any applicable statutory exclusions or limitations.

OLHIGA may be able to provide general information. However, general information should not be treated as a binding determination that a particular policy or benefit will be covered in a future insolvency.

Q: Where can I obtain more information?

A: In addition to these Frequently Asked Questions and the OLHIGA website, you may want to consult the following sources:

- The Ohio Department of Insurance, for insurer licensing and regulatory information,
- The National Organization of Life and Health Insurance Guaranty Associations, for general information about the national guaranty association system and multistate insolvencies,
- The applicable insurer's Receiver or Liquidator, for information about liquidation proceedings and claims against the insurer's estate, and
- Ohio Revised Code Chapter 3956, for the law governing OLHIGA.

You may also contact OLHIGA. However, questions about a specific insurance policy, claim, estate filing, or legal right may require advice from a qualified attorney, insurance professional, financial adviser, or tax professional.

Important Notice

These FAQs provide a general explanation of the coverage available through the Ohio Life and Health Insurance Guaranty Association. They are intended for informational purposes and do not provide legal, financial, tax, or insurance advice.

Guaranty association coverage is determined by the terms of the applicable policy or contract, the facts of the particular insurer insolvency, and the law in effect when OLHIGA becomes obligated to provide coverage.

These FAQs do not amend, expand, replace, or override any policy, contract, court order, receivership plan, liquidation order, statute, regulation, or other applicable law. They also do not create any right or obligation beyond those established by law.

For a definitive statement of the rules governing OLHIGA, consult Ohio Revised Code Chapter 3956. If these FAQs are inconsistent with Ohio law or any other applicable legal authority, then such controlling law or authority will govern.

* * * * *