



# Illinois Insurance Facts

## Illinois Department of Insurance

### Insurance Guaranty Associations

Updated  
February 2014

Note: This information was developed to provide consumers with general information and guidance about insurance coverages and laws. It is not intended to provide a formal, definitive description or interpretation of Department policy. For specific Department policy on any issue, regulated entities (insurance industry) and interested parties should contact the Department.

If you are an **Illinois resident** insured by a **licensed** insurance company or health maintenance organization that becomes bankrupt, part or all of your **covered** claims may be paid by an insurance guaranty association. Guaranty associations are established by state law to pay the covered claims of policyholders and other claimants of an insolvent company. Illinois has three insurance guaranty associations:

1. The **Illinois Insurance Guaranty Fund** covers most property and casualty insurance.
2. The **Illinois Life and Health Insurance Guaranty Association** covers life and health insurance, supplemental contracts and annuities.
3. The **Illinois Health Maintenance Organization Guaranty Association** covers health benefits provided by HMOs.

Guaranty associations are funded through Class A (Administrative) assessments to cover the cost of maintaining the Association; and, Class B (Insolvency) assessments, levied against licensed member insurers to provide benefits when a member insurer is found by a court of competent jurisdiction to be insolvent and is ordered liquidated. The amount each member insurer or HMO must pay depends on how much insurance of the same type it writes in Illinois.

## How Much Must the Guaranty Association Pay?

State law limits the amount a guaranty association may pay to a person presenting a claim to an insolvent insurer. The **maximum** payments to individuals allowed by Illinois law are:

### **Property/Casualty Fund** (Entry of an Order of Liquidation occurs on or before December 31, 2010)

- \$300,000 for most covered claims, except workers compensation
- No limit on covered workers compensation claims
- \$10,000 refund of unearned premium, subject to a \$100 deductible

### **Property/Casualty Fund** (Entry of an Order of Liquidation occurs **on or after January 1, 2011**)

- \$500,000 for most covered claims, except workers compensation;
- No limit on covered workers compensation claims
- \$10,000 refund of unearned premium, subject to a \$100 deductible

### **Life/Health Association** (Entry of Order of Liquidation occurs **prior to August 20, 2010**)

#### Life Insurance Benefits

- \$300,000 in life insurance death benefits on any one life, regardless of the number of contracts issued by the company in liquidation
- \$100,000 in life insurance net cash surrender and net cash withdrawal values

Health Insurance

\$300,000 in covered health insurance benefits for any one claim

Annuities (other than unallocated annuity contracts)

\$100,000 in present value per annuitant

Unallocated Annuity Contracts -Government Retirement Plans

\$100,000 per participant in present value annuity benefits, including net cash surrender and net cash withdrawal values;

Other unallocated annuity contracts

\$5,000,000 in present value per contract holder in benefits, irrespective of the number of such contracts held by that contract holder

Combined Aggregate

No individual may receive benefits aggregating more than \$300,000 from the Association.

**Life/Health Association (Entry of Order of Liquidation on or after August 20, 2010)**

Life Insurance

- \$300,000 in life insurance death benefits on any one life regardless of the number of contracts issued by the company in liquidation;
- \$100,000 in life insurance net cash surrender and net cash withdrawal values;

Health Insurance

- \$300,000 for disability insurance;
- \$300,000 for long-term care insurance;
- \$500,000 for basic hospital medical and surgical insurance or major medical insurance;
- \$100,000 for coverages not defined as disability insurance or basic hospital, medical, and surgical insurance or major medical insurance or long-term care insurance, including any net cash surrender and net cash withdrawal values;

Annuities (other than unallocated annuity contracts)

\$250,000 in present value of annuity benefits, including net cash surrender and net cash withdrawal values, per annuitant;

Unallocated Annuity Contracts – Government Retirement Plans

\$250,000 in present value per unallocated group annuity;

Other unallocated annuity contracts

\$5,000,000 per contract holder in benefits, irrespective of the number of such contracts held by that contract holder.

Structured settlement annuities

\$250,000 in present value annuity benefits, in the aggregate, including net cash surrender and net cash withdrawal values, if any

Combined Aggregate

The Association is not obligated to cover more than the aggregate of \$300,000 for any one individual for all coverages above, EXCEPT benefits for basic hospital, medical, and surgical insurance and major medical insurance not exceed \$500,000 for any one individual.

**HMO Association**

\$500,000 (Public Act 96-1509 effective January 27, 2011 increased the benefit from \$300,000 in covered health benefits to \$500,000).

## **How Do I File a Claim?**

A court-appointed receiver for the insurance company or HMO will notify you about how to file a claim and how long you have to do it. Pay close attention to filing deadlines mentioned in the notice.

## **How Do I Contact the Guaranty Funds?**

Illinois HMO Guaranty Association  
1520 Kensington Road, Suite 112  
Oak Brook, IL 60523  
(773) 714-8054  
<http://www.ihmoga.org/>

Illinois Insurance Guaranty Fund  
120 S. LaSalle Street, Suite 1910+C337  
Chicago, Illinois 60603  
(312) 422-9700

Illinois Life and Health Insurance Guaranty Association  
1520 Kensington Road, Suite 112  
Oak Brook, IL 60523  
(773) 714-8050  
<http://www.ilhiga.org>

## **For More Information:**

Call our Consumer Services Section at (312) 814-2427 or  
our Consumer Assistance Hotline toll free at (866) 445-5364  
or visit us on our website at <http://insurance.illinois.gov>