



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

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REGULATORY ORDER NO. R 24-02

**DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE DIRECTOR'S APPROVAL OF ALHIGA'S
RESPONSE TO THE INSOLVENCY OF BANKERS LIFE INSURANCE
COMPANY**

By letter dated October 29, 2024, the board of governors of the Alaska Life and Health Insurance Guaranty Association (ALHLIGA) has requested the approval of the Director of Insurance allowing ALHIGA to meet its statutory obligations arising from the insolvency of Bankers Life Insurance Company (BLIC) by being a Participating Guaranty Association in a multi-state plan aimed to ensure payment of covered claims of Alaska residents who are policyholders or contract owners of life and/or allocated annuity contracts issued by BLIC. In response to that request, the Director finds as follows:

Background

1. BLIC, a North Carolina domestic life and annuity insurer, was placed into rehabilitation by order entered by a North Carolina state court, said order dated June 27, 2019. On November 1, 2022, the Rehabilitator filed a petition requesting the liquidation of BLIC. On December 20, 2022, the Receivership Court issued an order granting the petition for liquidation with an express finding that BLIC is insolvent. The order indicated it would become effective the first month-end occurring on or after 90 days following the favorable conclusion of all appeals. All appeals were resolved as of August 23, 2024, thus making the effective date of the liquidation order November 30, 2024.
2. BLIC obtained a certificate of authority in Alaska (No. F-8438), with lines for life and annuity, thus making BLIC a "member insurer" as defined in AS 21.79.900(14).
3. BLIC's certificate of authority in Alaska was suspended by Order of the Director on July 17, 2019 (Order No. SR 19-02(a)) based upon the Order of Rehabilitation issued in North Carolina.
4. Under AS 21.79.060(b)(1), ALHIGA is required, with approval of the Director, to take the following actions if a member insurer becomes insolvent:

[G]uarantee, assume, reissue, reinsure, or provide for the guarantee, assumption, reissuance, or reinsurance of the covered policies or contracts of the insolvent insurer, or otherwise assure payment of the contractual obligations of the insolvent insurer, and

provide money, pledges, notes, guarantees, or other means necessary to discharge the association's duties under this section.

5. As allowed under the Act creating ALHIGA, it is a member of the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA). A NOLHGA task force was formed to respond to BLIC's rehabilitation and subsequent liquidation. In preparation for the potential liquidation of BLIC, the task force negotiated a Service Agreement with Actuarial Management Resources (AMR), whom the Receiver had retained to administer insurance policies and annuity contracts issued by BLIC while the companies were in rehabilitation. Under the Service Contract with NOLHGA and participating guaranty associations (PGAs), AMR will continue to administer, on behalf of the PGAs, covered policies and annuity contracts, which will remain in force as long as policyholder and contract owners are in full compliance with all terms and conditions of their respective policies/contracts after the effective date of the Liquidation Order. AKLHIGA's board of governors elected to become a PGA as to the Service Agreement with AMR.
6. ALHIGA's board of governors has authorized and, upon the Director's approval of ALHIGA's status as a PGA under the AMR Service Agreement, will call Class B assessments under AS 21.79.070(b)(2) sufficient to provide the payment of covered contractual obligations owed by BLIC to Alaska resident policyholders and contract owners.
7. ALHIGA meets its statutory obligations under AS 21.79.060 by becoming a Participating Guaranty Association under the Service Agreement, thereby providing for the guarantee and assumption of the covered policies or contracts of BLIC, and otherwise assuring payment of the contractual obligations of BLIC to Alaska resident policyholders and contract owners, and will provide money, guarantees, or other means necessary to discharge the association's duties under AS 21.79. et seq.

Order

For the reasons set out above, ALHIGA's request to meet its statutory obligations through being a Participating Guaranty Association in the Service Agreement with AMR, and by assessing and collecting from its members such monies as is sufficient to provide the payment of covered contractual obligations owed by BLIC to Alaska resident policyholders and contract owners, is **APPROVED**.

This order is effective October 30th, 2024.


Lori Wing-Heier
Director