

# PROTECTING POLICYHOLDERS

## HOW THE PROPERTY AND CASUALTY GUARANTY FUND SYSTEM WORKS



What happens when a policyholder whose insurance company becomes insolvent has an active claim for:

- Workers' Compensation
- Other Property and Casualty Claims such as Homeowner's and Auto

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### AN INSOLVENCY HAPPENS

A state court orders the company liquidated; this triggers the guaranty funds, which pay covered policyholder claims.



### POLICYHOLDER CLAIMS

Active claims are transferred to the guaranty funds for review and payment.



### STATE GUARANTY FUNDS

Guaranty funds step in to pay covered claims in accordance with state law.



### CLAIMS COVERAGE

Claims are paid from a pool of money drawn from the company's assets, cash on deposit with state regulators and assessments on licensed insurers.



### AT THE STATE LEVEL

States determine caps on claims. However, **100% of Workers' Compensation claims are paid in all states.**



### CONTINUING ON

If a claim is not fully covered by the guaranty fund, policyholders can seek further payment from any remaining assets of the company's estate.