

## Are Insurance Companies Financial Institutions in Garnishment Actions? Georgia Supreme Court Says No

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In October 2015, Harold Blach filed a [garnishment action](#) against Aflac in the U.S. District Court for the Middle District of Georgia. He sought to garnish funds (to the tune of \$160,000) from a judgment he had obtained against a former Aflac employee, Sal Diaz-Verson. Blach used the garnishment form applicable to general garnishments while Diaz-Verson argued that the form for financial institutions should have been used.

Why all the hang up over a form? Following a federal judge's 2015 ruling that a Georgia garnishment statute was unconstitutional, Georgia's state legislature [amended the statute](#). In its amended form, the statute mandates different forms for general garnishments, which have a 29-day garnishment period, and garnishments on a financial institution, which have a 5-day garnishment period. The amended statute aims to provide added protections to garnishment actions directed toward bank accounts.

The judge in this action certified the question to the Georgia Supreme Court – are insurance companies financial institutions in garnishment actions? A plain meaning interpretation suggests that insurance companies are financial institutions, but the Supreme Court pointed to the legislative intent of the amended statute and came to a different conclusion. Instead, the Court relied on the definition of financial institutions, as companies that are held out to the public as institutions for depositing of funds, savings, and investments. Accordingly, the Court found that insurance companies are [not classified as financial institutions](#) within the context of garnishment actions.

This holding from the Georgia Supreme Court, though narrow within the context of garnishment actions, poses a unique question. Many insurance companies are transactional in nature, similar to traditional financial institutions like banks. Some insurance companies are even starting to define their businesses as [technology and data companies](#).

As insurance companies' institutionally shift the nature in which they identify in response to changes in technology, industry changes, and other internal and external factors, the courts may find the practice of categorizing insurance companies ambiguous within the context of different legal actions.