

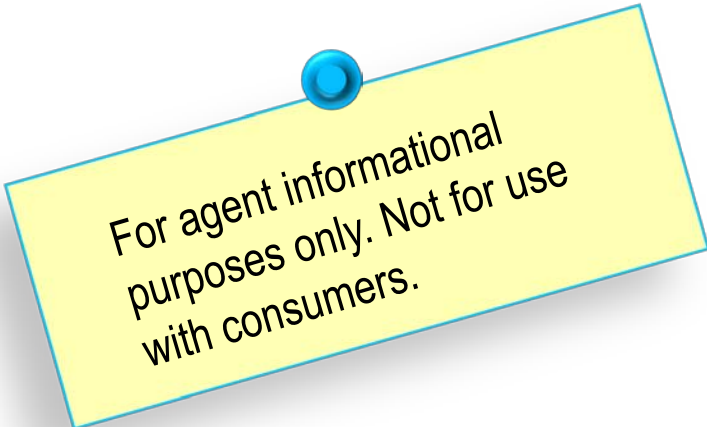
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# State Guaranty Fund

## Overview and Directory

and State Insurance Department Directory

A yellow rectangular sticky note with a thin blue border is tilted at an angle. A blue pushpin is pinned to the top edge of the note. The text on the note is written in a black, sans-serif font.

For agent informational  
purposes only. Not for use  
with consumers.

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# How To & Not To Use this Directory:

Discussing the state guaranty funds with consumers during the sales process is not allowed.

The purpose of this guide is to serve as an informational and educational resource for annuity professionals only.

# How Fixed Annuities are Protected:

Often people who are considering a fixed annuity are told or read that their annuity money isn't insured by the FDIC. That is true – *but a fixed annuity IS strongly protected*. In fact it already comes insured – by the company who issued the annuity. And, if the insurance company fails, it has a **secondary protection** by the state guaranty association up to a maximum amount, as with the FDIC, determined by each state. State guaranty associations and the guaranty funds they manage provide a safety net for policyholders, ensuring that their annuity is protected and they will continue to receive their annuity benefits. The rest of this article will review the mechanics of this guarantee.

Because fixed annuities **are** insurance, the insurance company who issues them and the insurance producer who sells them are regulated by the company's state Department of Insurance. The department is responsible to protect consumers and ensure the financial health of their state's insurance companies. The insurance industry is a strong part of the state's business and economic climate. Life and annuity companies are the largest single source of bond financing for American business, holding 18 percent of all U.S. corporate bonds.

# How Fixed Annuities are Protected:

(continued)

Nevertheless, at the first signs of financial trouble, the state's Commissioner of Insurance is empowered by law to take appropriate steps to protect the company's policyholders. Because of this state regulation, it is very rare that the guarantee fund is even necessary. In most cases, annuity policyholders will find that their policies, which remember are insurance contracts, are purchased by another solvent insurance company.

In the infrequent cases where another insurance company doesn't purchase the annuity contracts, the policyholders will be informed how their state guaranty association will handle their claims. In the case of a company placed under state control, one of the state's primary goals is to protect the existing policyholders of that company. To do so, the state may impose limits on allowable transactions for a period of time to assist the company in returning to financial health. For example, annuity policyholders may be restricted from executing a full surrender (withdrawal) transaction on their annuities until the company has been rehabilitated or has been purchased by another solvent insurance company.

# About Guaranty Associations:

Guaranty associations are non-profit organizations created by statute for the purpose of protecting policyholders from financial losses and delays in claim payment due to the insolvency of an insurance company. They do this by assuming responsibility for the payment of covered claims that would otherwise have been paid by the insurance company, had it not become insolvent.

Insurance companies that sell fixed annuities *are required* to be members of the state guaranty association as a condition of doing business in the state. Guaranty associations obtain funds for their operations and payment of claims through assessments against the state-licensed insurance companies and from the recovery of amounts paid on claims from an insolvent insurance company.

Although guaranty association laws are generally similar from state to state, differences do exist. For example, all state guaranty associations provide protection for annuity cash values and benefits, but the amount of that protection varies by state[1]. Once an insurance company is placed into liquidation, guaranty associations are responsible for protecting annuity contracts, at least to the lower of either (a) the contract's limit of coverage, or (b) the "cap" set forth in the guaranty association's state enabling statute.[2] You can find your own state's levels of protection by [downloading this page](#) with links to each state's guaranty fund website.

[1] In most states it is also important to note that neither the benefit base on Guaranteed Lifetime Withdrawal Benefits nor the death benefit base on Guaranteed Minimum Death Benefits is covered by the Guaranty Fund Associations.

[2] Peter G. Gallanis, President, NOLGHA, "NOLGHA, the Life and Health Insurance Guaranty System, and the Financial Crisis of 2008-2009," address delivered at the American Bar Association, Tort Trial & Insurance Practice Session (June 5, 2009). Mr. Gallanis noted that virtually all of the individual state's enabling statutes covers annuity contract at least to the cap level established in the NAIC Life and Health Insurance Guaranty Association Model Act and that some state legislatures have elected to provide a higher GA cap than those set forth in the Model Act. As of the March 17, 2009 amended version of the Model Act, the coverage cap for annuities is \$250,000.

# Where to Get More Information about Guaranty Associations:

Most states have, as part of their insurance laws, an advertising prohibition which specifies that insurance companies and insurance agents may not use the existence of the guaranty association for the purpose of sales, solicitation, or inducement to purchase insurance, including annuity contracts. Thus, insurance companies and agents should not discuss the guaranty association during the sales process. When a fixed annuity policy is issued, a state guaranty association notice is included with the annuity contract, and agents explain its existence and operation to consumers at that time.

However, at [www.fixedannuityfacts.org](http://www.fixedannuityfacts.org) we believe it is important that you are aware of the *extra layer of protection* provided through the state guaranty association and understand the differences so you may make decisions that will provide you with *the best protection available*. What is the bottom line? The bottom line is that the funds you place in a fixed annuity have several levels of guarantees. Just as your bank deposits are protected by the FDIC, the premium in your fixed annuity contract is protected by the state guaranty associations. Be sure to review and understand the most current coverage limits of both the FDIC and your state guaranty fund.

For additional information on:

- ✓ Life and health guaranty associations, please visit the website of the **National Association of Life and Health Guaranty Associations ([NOLHGA](#))**.
- ✓ **FDIC protection - [visit here](#).**
- ✓ **Guaranty Fund protection - [visit here](#).**



# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
<b>AL</b>	Alabama Life & Disability Insurance Guaranty Association 6 Office Park Circle, Suite 200 Birmingham, AL 35223 (p) 205.879.2202 / (f) 205.879.2292	<a href="http://www.aldoi.org">http://www.aldoi.org</a>
<b>AK</b>	<a href="#">Alaska Life &amp; Health Insurance Guaranty Association</a> 1007 West 3rd Ave., Suite 400 Anchorage, AK 99501 (p) 907.243.2311 / (f) 907.277.1331	<a href="http://www.dced.state.ak.us/insurance/">http://www.dced.state.ak.us/insurance/</a>
<b>AZ</b>	Arizona Life & Disability Insurance Guaranty Fund 1110 West Washington, Suite 270 Phoenix, AZ 85007 (p) 602.364.3863 / (f) 602.364.3872	<a href="http://www.id.state.az.us/index.html">http://www.id.state.az.us/index.html</a>
<b>AR</b>	<a href="#">Arkansas Life and Health Insurance Guaranty Association</a> 425 West Capitol Avenue, Suite 3700 Little Rock, AR 72201 (p) 501.375.9151 / (f) 501.375.6484	<a href="http://www.state.ar.us/insurance/">http://www.state.ar.us/insurance/</a>
<b>CA</b>	<a href="#">California Life &amp; Health Insurance Guarantee Association</a> 10780 Santa Monica Blvd. Los Angeles, CA 90025 (p) 323.782.0182 / (f) 323.988.7171	<a href="http://www.insurance.ca.gov/">http://www.insurance.ca.gov/</a>
<b>CO</b>	<a href="#">Colorado Life &amp; Health Insurance Protection Association</a> PO Box 36009 Denver, CO 80236 (p) 303.292.5022 / (f) 303.292.4663	<a href="http://www.dora.state.co.us/insurance/">http://www.dora.state.co.us/insurance/</a>
<b>CT</b>	<a href="#">Connecticut Life and Health Insurance Guaranty Association</a> 11 Round Hill Road Westerly, RI 02891-5170 (p) 860.647.1054 / (f) not available	<a href="http://www.state.ct.us/cid/">http://www.state.ct.us/cid/</a>
<b>DE</b>	<a href="#">Delaware Life &amp; Health Insurance Guaranty Association</a> 220 Continental Drive, Suite 309 Newark, DE 19713 (p) 302.456.3656 / (f) 302.456.3680	<a href="http://www.state.de.us/inscom/default.shtml">http://www.state.de.us/inscom/default.shtml</a>
<b>DC</b>	<a href="#">District of Columbia Life &amp; Health Insurance Guaranty Association</a> 1200-G Street, NW, Suite 800 Washington, DC 20005 (p) 202.434.8771 / (f) 202.347.2990	<a href="http://disr.dc.gov/disr/site/default.asp">http://disr.dc.gov/disr/site/default.asp</a>

# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
FL	<a href="#">Florida Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.fldfs.com">http://www.fldfs.com</a>
	3740 Beach Boulevard, Suite 201-A Jacksonville, FL 32207-3877 (p) 904.398.3644 / (f) 904.398.4474	
GA	<a href="#">Georgia Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.gaiga.org">http://www.gaiga.org</a>
	2177 Flintstone Drive, Suite R Tucker, GA 30084 (p) 770.621.9835 / (f) 770.938.3296	
HI	<a href="#">Hawaii Life &amp; Disability Insurance Guaranty Association</a>	<a href="http://www.state.hi.us/dcca/ins/">http://www.state.hi.us/dcca/ins/</a>
	1132 Bishop Street, Suite 1590 Honolulu, HI 96813 (p) 808.528.5400 / (f) 808.528.5279	
ID	<a href="#">Idaho Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.doi.idaho.gov/">http://www.doi.idaho.gov/</a>
	3355 N Five Mile Road, #210 Boise, ID 83713 (p) 208.378.9510 / (f) not available	
IL	<a href="#">Illinois Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.il.us/ins/default.htm">http://www.state.il.us/ins/default.htm</a>
	8420 W. Bryn Mawr Avenue, Suite 550 Chicago, IL 60631-3404 (p) 773.714.8050 / (f) 773.714.8052	
IN	<a href="#">Indiana Life and Health Insurance Guaranty Association</a>	<a href="http://www.ai.org/idoi/">http://www.ai.org/idoi/</a>
	8777 Purdue Road, Suite 360 Indianapolis, IN 46268 (p) 317.636.8204 / (f) 317.264.2395	
IA	<a href="#">Iowa Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.iid.state.ia.us/">http://www.iid.state.ia.us/</a>
	700 Walnut Street, Suite 1600 Des Moines, IA 50309-3899 (p) 515.248.5712 / (f) 515.283.8018	
KS	<a href="#">Kansas Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.ksinsurance.org/">http://www.ksinsurance.org/</a>
	2909 SW Maupin Lane Topeka, KS 66614-5335 (p) 785.271.1199 / (f) 785.272.0242	
KY	<a href="#">Kentucky Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.doi.state.ky.us/kentucky/">http://www.doi.state.ky.us/kentucky/</a>
	4010 Dupont Circle, Suite 232 Louisville, KY 40207 (p) 502.895.5915 / (f) 502.895.6543	

# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
<b>LA</b>	<a href="#">Louisiana Life &amp; Health Insurance Guaranty Association</a> 450 Laurel Street, Suite 1400 Baton Rouge, LA 70801 (p) 225.381.0656 / (f) 225.344.1132	<a href="http://www.lidi.la.gov/">http://www.lidi.la.gov/</a>
<b>ME</b>	<a href="#">Maine Life &amp; Health Insurance Guaranty Association</a> PO Box 881 Boothbay Harbor, ME 04538 (p) 207.633.1090 / (f) 207.633.1088	<a href="http://www.state.me.us/pfr/ins/ins_inde x.htm">http://www.state.me.us/pfr/ins/ins_inde x.htm</a>
<b>MD</b>	<a href="#">Maryland Life &amp; Health Insurance Guaranty Corporation</a> PO Box 671 Owings Mills, MD 21117-0671 (p) 410.998.3907 / (f) 410.998.3909	<a href="http://www.mdinsurance.state.md.us/">http://www.mdinsurance.state.md.us/</a>
<b>MA</b>	<a href="#">Massachusetts Life &amp; Health Insurance Guaranty Association</a> PO Box 3171 Springfield, MA 01101-3171 (p) 413.744.8483 / (f) 413.744.4949	<a href="http://www.state.ma.us/doi/">http://www.state.ma.us/doi/</a>
<b>MI</b>	<a href="#">Michigan Life &amp; Health Insurance Guaranty Association</a> 1640 Haslett Road, Suite 160 Haslett, MI 48840-8683 (p) 517.339.1755 / (f) 517.339.5500	<a href="http://www.michigan.gov/cis">http://www.michigan.gov/cis</a>
<b>MN</b>	<a href="#">Minnesota Life &amp; Health Insurance Guaranty Association</a> 4760 White Bear Parkway, Suite 101 White Bear Lake, MN 55110 (p) 651.407.3149 / (f) 651.407.3150	<a href="http://www.commerce.state.mn.us/">http://www.commerce.state.mn.us/</a>
<b>MS</b>	<a href="#">Mississippi Life &amp; Health Insurance Guaranty Association</a> PO Box 4562 Jackson, MS 39296 (p) 601.981.0755 / (f) 601.362.9544	<a href="http://www.doi.state.ms.us/">http://www.doi.state.ms.us/</a>
<b>MO</b>	<a href="#">Missouri Life &amp; Health Insurance Guaranty Association</a> 994 Diamond Ridge, Suite 102 Jefferson City, MO 65109 (p) 573.634.8455 / (f) 573.634.8488	<a href="http://www.insurance.state.mo.us/">http://www.insurance.state.mo.us/</a>
<b>MT</b>	<a href="#">Montana Life &amp; Health Insurance Guaranty Association</a> 39845 Cedar Lane Oconomowoc, WI 53066 (p) 262.965.5761 / (f) 262.965.5200	<a href="http://sao.state.mt.us/">http://sao.state.mt.us/</a>

# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
NE	<a href="#">Nebraska Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.nol.org/home/NDOI/">http://www.nol.org/home/NDOI/</a>
	1900 U.S. Bank Building, 233 South 13th Street Lincoln, NE 68508 (p) 402.474.6900 / (f) 402.474.5393	
NV	<a href="#">Nevada Life &amp; Health Insurance Guaranty Association</a>	<a href="http://doi.state.nv.us/">http://doi.state.nv.us/</a>
	One East First Street, Suite 605 Reno, NV 89501 (p) 775.329.6171 / (f) 775.323.4997	
NH	<a href="#">New Hampshire Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.nh.us/insurance/">http://www.state.nh.us/insurance/</a>
	10 Chestnut Drive, Unit B Bedford, NH 03110 (p) 603.472.3734 / (f) 603.472.3741	
NJ	<a href="#">New Jersey Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.nj.us/dobi/index.html">http://www.state.nj.us/dobi/index.html</a>
	11 Wharf Avenue, Suite One Red Bank, NJ 07701 (p) 732.345.5200 / (f) 732.345.5204	
NM	<a href="#">New Mexico Life Insurance Guaranty Association</a>	<a href="http://www.nmprc.state.nm.us/insurance/inshm.htm">http://www.nmprc.state.nm.us/insurance/inshm.htm</a>
	PO Box 2880 Santa Fe, NM 87504-2880 (p) 505.820.7355 / (f) 505.820.7356	
NY	<a href="#">Life Insurance Company Guaranty Corporation of New York</a>	<a href="http://www.ins.state.ny.us/">http://www.ins.state.ny.us/</a>
	c/o New York Insurance Department Life Bureau, 25 Beaver Street New York, NY 10004 (p) 212.202.4243 / (f) not available	
NC	<a href="#">North Carolina Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.ncdoi.com/">http://www.ncdoi.com/</a>
	PO Box 10218 Raleigh, NC 27605-0218 (p) 919.833.6838 / (f) 919.833.9576	
ND	<a href="#">North Dakota Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.nd.us/ndins/">http://www.state.nd.us/ndins/</a>
	PO Box 2422 Fargo, ND 58108-2422 (p) 701.235.4108 / (f) 480.563.0252	
OH	<a href="#">Ohio Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.ohioinsurance.gov/">http://www.ohioinsurance.gov/</a>
	1840 Mackenzie Drive Columbus, OH 43220 (p) 614.442.6601 / (f) 614.442.0004	

# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
OK	<a href="#">Oklahoma Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.oid.state.ok.us/">http://www.oid.state.ok.us/</a>
	201 Robert S. Kerr Avenue, Suite 600 Oklahoma City, OK 73102 (p) 405.272.9221 / (f) 405.236.3121	
OR	<a href="#">Oregon Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.oregoninsurance.org">http://www.oregoninsurance.org</a>
	3355 N Five Mile Road #209 Boise, ID 83713 (p) 503.588.1974 / (f) 503.588.2029	
PA	<a href="#">Pennsylvania Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.insurance.state.pa.us/">http://www.insurance.state.pa.us/</a>
	Radnor Station Building No. 2, Suite 218, 290 King of Prussia Road Radnor, PA 19087 (p) 610.975.0572 / (f) 610.975.9348	
PR	<a href="#">Puerto Rico Life and Disability Insurance Guaranty Association</a>	<a href="http://www.ocs.gobierno.pr/">http://www.ocs.gobierno.pr/</a>
	Attn: Jose E. Camacho Postigo PO Box 191489 San Juan, PR 00919-1489 (p) 787.775.7784 / (f) 787.775.0835	
RI	<a href="#">Rhode Island Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.dbr.state.ri.us/">http://www.dbr.state.ri.us/</a>
	The Foundry, Suite 426, 235 Promenade Street Providence, RI 02908 (p) 401.273.2921 / (f) 401.273.4933	
SC	<a href="#">South Carolina Life, Accident &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.sc.us/doi/">http://www.state.sc.us/doi/</a>
	PO Box 8625 Columbia, SC 29202 (p) 803.276.0271 / (f) 803.782.4949	
SD	<a href="#">South Dakota Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.sd.us/dcr/insurance/">http://www.state.sd.us/dcr/insurance/</a>
	PO Box 1030 Sioux Falls, SD 57101-1030 (p) 605.336.0177 / (f) 605.335.3639	
TN	<a href="#">Tennessee Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.state.tn.us/commerce/">http://www.state.tn.us/commerce/</a>
	1200 One Nashville Place Nashville, TN 37219-2433 (p) 615.242.8758 / (f) 615.256.8197	

# State Guaranty Associations and Insurance Departments Contact Information

ST	Fund Name and Address	Insurance Department
TX	<a href="#">Texas Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.tdi.state.tx.us/">http://www.tdi.state.tx.us/</a>
	515 Congress Avenue, Suite 1875 Austin, TX 78701 (p) 512.476.5101 / (f) 512.472.1470	
UT	<a href="#">Utah Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.insurance.utah.gov/">http://www.insurance.utah.gov/</a>
	60 East South Temple, Suite 500 Salt Lake City, UT 84111 (p) 801.320.9955 / (f) 801.320.9956	
VT	<a href="#">Vermont Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.bishca.state.vt.us/">http://www.bishca.state.vt.us/</a>
	c/o National Life Insurance Company, M-230 One National Life Drive, Suite M585 Montpelier, VT 05604 (p) 802.229.3553 / (f) 802.229.3762	
VA	<a href="#">Virginia Life, Accident, &amp; Sickness Insurance Guaranty Association</a>	<a href="http://www.state.va.us/scc/division/boi/index.htm">http://www.state.va.us/scc/division/boi/index.htm</a>
	c/o APM Management Services, Inc.. 8001 Franklin Farms Drive, Suite 235 Richmond, VA 23229 (p) 804.282.2240 / (f) 804.282.1816	
WA	<a href="#">Washington Life &amp; Disability Insurance Guaranty Association</a>	<a href="http://www.insurance.wa.gov/">http://www.insurance.wa.gov/</a>
	PO Box 2292 Shelton, WA 98584 (p) 360.426.6744 / (f) 360.426.2855	
WV	<a href="#">West Virginia Life &amp; Health Insurance Guaranty Association</a>	<a href="http://www.wvinsurance.gov">http://www.wvinsurance.gov</a>
	PO Box 816 Huntington, WV 25712 (p) 304.733.6904 / (f) 304.733.6905	
WI	<a href="#">Wisconsin Insurance Security Fund</a>	<a href="http://oci.wi.gov/oci_home.htm">http://oci.wi.gov/oci_home.htm</a>
	2820 Walton Commons West, Suite 135 Madison, WI 53718-6797 (p) 608.242.9473 / (f) 608.242.9472	
WY	<a href="#">Wyoming Life &amp; Health Insurance Guaranty Association</a>	<a href="http://insurance.state.wy.us/">http://insurance.state.wy.us/</a>
	PO Box 36009 Denver, CO 80236 (p) 303.292.5022 / (f) 303.292.4663	

# Process if a carrier fails:

1. State takes carrier into rehabilitation
2. If the carrier can't be fixed, the state tries to find a buyer
3. If a buyer can't be found for all obligations, Guaranty Fund is activated
4. If the carrier includes three or more states, the National Association of Life and Health Guaranty Associations (NOLHGA) will take over
5. NOLHGA administers assessments and makes payments.

# State Guaranty Fund Maximums:

(As of March 2012)

**Alaska** - \$300,000 in the present value of annuity benefits

**Arkansas** - \$300,000 in the present value of annuity benefits, including net cash surrender values

**California** - 80% of the cash value up to \$250,000

**Colorado** - \$250,000

**Connecticut** - \$500,000 per owner

**Delaware** - \$250,000

**DC** - \$300,000 in the present value of annuity benefits, including cash values

**Florida** - \$250,000 of the cash value, \$300,000 for annuity in benefit.

**Idaho** - \$250,000

**Illinois** - \$250,000

**Iowa** - \$250,000 (maximum \$300,000 on one individual)

**Kansas** - \$250,000

**Kentucky** - \$250,000

**Louisiana** - \$250,000

**Maine** - \$250,000 (on one individual)

**Maryland** - \$250,000 (on one individual)

**Michigan** - \$250,000

**Minnesota** - \$250,000

**Montana** - \$250,000

**New Jersey** - \$100,000 Cash Value; \$500,000 in the present value of benefits.

**New York** - \$500,000 for all benefits, with respect to any one life

**North Carolina** - one individual: \$300,000 for all benefits, including cash values

**North Dakota** - \$250,000

**Ohio** - \$250,000

**Oklahoma** - \$300,000

**Oregon** - \$250,000

**Pennsylvania** - \$100,000 (\$300,000 in the present value of annuity benefits)

**South Carolina** - any one person exceed an aggregate of \$300,000

**Tennessee** - \$250,000

**Texas** - \$250,000

**Utah** - \$250,000

**Vermont** - \$250,000

**Virginia** - \$250,000

**Washington** - \$500,000 – whichever is less

**West Virginia** - \$250,000

**Wisconsin** - on a single risk, loss, or life may not exceed \$300,000



# FDIC vs. Guaranty Association:

	<b>FDIC</b>	<b>Guaranty Assn</b>
Backed By	U.S.	States
Covered amounts always paid off	Yes	Yes
Funded by member assessments	Yes	Yes
Pre-funded money available (usually)	Yes	No
Maximum coverage based on each account, not the individual	Yes	No
Covered account values available the next business day after takeover	Yes	No

The biggest practical difference is in how quickly money in covered accounts is made available to owners:

**FDIC** – Money is available in another FDIC insured bank the next business day. If a receiving bank can't be found, checks for up to FDIC limits are mailed from the U.S Treasury the next business day.

**Guaranty Funds** – Money is frozen until a receiving carrier can be found. If a receiving carrier can't be found other carriers are assessed up to 2% - 3% of the premium written in that state (although the assessment is usually 0.3%) until the annuity owners of the insolvent are made whole, which can take years (a quick turnaround is 2 years)

Losses in multiple failed annuity carriers –  
In many states coverage of an individual for multiple carriers is not spelled out.

**Iowa** - \$250,000 (maximum \$300,000 on one individual)

**Maryland** - \$250,000 (on one individual)

**Missouri** - \$100,000 (\$300,000 in the aggregate with respect to any one life)

**Nebraska** – \$100,000 with respect to any one life

**New York** - Aggregate liability shall not exceed \$500,000 for all benefits, including cash values, with respect to any one life

**North Carolina** - With respect to any one individual: \$300,000 for all benefits, including cash values

**South Carolina** - No liability with respect to any portion of a covered policy to the extent that the benefits to any one person exceed an aggregate of \$300,000

**Wisconsin** - Aggregate obligation of the fund on a single risk, loss, or life may not exceed \$300,000

# What Guaranty Associations Don't Cover

(as it relates to annuities)

- Variable Annuity Separate Accounts
- Fraternal benefit society obligations
- First 20% of loss (California)
- Annuity carriers not licensed in the state where the annuity was purchased

## Factoid:

*Number of banks taken over since 2000 = 446*

*Number of annuity carriers taken over since 2000 = 7*

# What Guaranty Associations May Not Cover:

- Guaranteed Investment Contracts (GICs)
- Contingent Deferred Annuities (CDAs, SALBs, SHIAs)
- GLWB payouts beyond the cash value
- GLWB payouts above a certain amount
- All of the interest already earned in a fixed rate or fixed index annuity
- Losses in multiple failed annuity carriers

## Factoid:

*Number of institutions taken  
over since 2000 where  
unprotected account balances  
were not fully covered*

*BANKS = 350+*

*ANNUITY CARRIERS = 1*

# May not cover all of the interest already earned in a fixed rate or fixed index annuity

**CA** 1067.02.5. **MN** 61.B.19 (12)(13) **MO** 3. Sections 376.715 to 376.758

[The Guaranty Fund] shall not provide coverage for:  
(3) Any portion of a policy or contract to the extent that the rate of interest on which it is based, **or the interest rate, crediting rate, or similar factor determined by use of an index or other external reference stated in the policy or contract employed in calculating returns or changes in value:**

(a) **Averaged over the period of four years prior** to the date on which the association becomes obligated with respect to such policy or contract, exceeds **the rate of interest determined by subtracting three percentage points from Moody's Corporate Bond Yield Average averaged for that same four-year period** or for such lesser period if the policy or contract was issued less than four years before the association became obligated;

# All of the interest already earned in a fixed rate or fixed index annuity (continued)

**MO 3.** Sections 376.715 to 376.758 shall not provide coverage for:

(11) ...to the extent it provides for interest or other changes in value to be determined by the use of an index...but which have not been credited to the policy or contract, or as to which the policy or contract owner's rights are subject to forfeiture, as of the date the member insurer becomes an impaired or insolvent insurer under sections 376.715 to 376.758, whichever is earlier. If a policy's or contract's interest or changes in value are credited less frequently than annually, for purposes of determining the value that have been credited and are not subject to forfeiture under this subdivision, the interest or change in value determined by using the procedures defined in the policy or contract will be credited as if the contractual date of crediting interest or changing values was the date of impairment or insolvency, whichever is earlier, and will not be subject to forfeiture

# What about structured settlements or owners of annuities purchased in the secondary market?

Several states have modified their laws recently to specifically include structured settlements in their guaranty associations.

Coverage is based on the owner of the annuity recognized by the insurance company.

## **Guaranty Funds cover:**

Residents of their own state

Residents of other states if the insured carrier was domiciled in their state and the carrier was licensed by the state



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