State Guaranty Fund
Overview and Directory
and State Insurance Department Directory

For agent informational purposes only. Not for use with consumers.
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page #</th>
</tr>
</thead>
<tbody>
<tr>
<td>How to and not to use this directory</td>
<td>3</td>
</tr>
<tr>
<td>How fixed annuities are protected</td>
<td>4 - 5</td>
</tr>
<tr>
<td>About Guaranty Associations</td>
<td>6 - 7</td>
</tr>
<tr>
<td>Where to get more information about Guaranty Associations</td>
<td>8</td>
</tr>
<tr>
<td>Contact information for State Guaranty Associations and State Departments of Insurance</td>
<td>9 - 14</td>
</tr>
<tr>
<td>Process if carrier fails</td>
<td>15</td>
</tr>
<tr>
<td>State Guaranty Fund maximums</td>
<td>16</td>
</tr>
<tr>
<td>FDIC vs. State Guaranty Fund</td>
<td>17 - 19</td>
</tr>
<tr>
<td>What Guaranty Associations do not and may not cover</td>
<td>20 - 23</td>
</tr>
<tr>
<td>What about structured settlements</td>
<td>24</td>
</tr>
<tr>
<td>NAFA disclosures</td>
<td>25</td>
</tr>
</tbody>
</table>
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] For example, all state guaranty associations provide protection for annuity cash values and benefits, but the amount of that protection varies by state.

[2] 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.
[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 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.
<table>
<thead>
<tr>
<th>ST</th>
<th>Fund Name and Address</th>
<th>Insurance Department</th>
</tr>
</thead>
</table>
| AL | Alabama Life & Disability Insurance Guaranty Association  
6 Office Park Circle, Suite 200  
Birmingham, AL 35223  
(p) 205.879.2202 / (f) 205.879.2292 | [http://www.aldoi.org](http://www.aldoi.org) |
| AK | Alaska Life & Health Insurance Guaranty Association  
1007 West 3rd Ave., Suite 400  
Anchorage, AK 99501  
(p) 907.243.2311 / (f) 907.277.1331 | [http://www.dced.state.ak.us/insurance/](http://www.dced.state.ak.us/insurance/) |
| AZ | Arizona Life & Disability Insurance Guaranty Fund  
1110 West Washington, Suite 270  
Phoenix, AZ 85007  
(p) 602.364.3863 / (f) 602.364.3872 | [http://www.id.state.az.us/index.html](http://www.id.state.az.us/index.html) |
| AR | Arkansas Life and Health Insurance Guaranty Association  
425 West Capitol Avenue, Suite 3700  
Little Rock, AR 72201  
(p) 501.375.9151 / (f) 501.375.6484 | [http://www.state.ar.us/insurance/](http://www.state.ar.us/insurance/) |
| CA | California Life & Health Insurance Guarantee Association  
10780 Santa Monica Blvd.  
Los Angeles, CA 90025  
(p) 323.782.0182 / (f) 323.988.7171 | [http://www.insurance.ca.gov/](http://www.insurance.ca.gov/) |
| CO | Colorado Life & Health Insurance Protection Association  
PO Box 36009  
Denver, CO 80236  
(p) 303.292.5022 / (f) 303.292.4663 | [http://www.dora.state.co.us/insurance/](http://www.dora.state.co.us/insurance/) |
| CT | Connecticut Life and Health Insurance Guaranty Association  
11 Round Hill Road  
Westerly, RI 02891-5170  
(p) 860.647.1054 / (f) not available | [http://www.state.ct.us/cid/](http://www.state.ct.us/cid/) |
| DE | Delaware Life & Health Insurance Guaranty Association  
220 Continental Drive, Suite 309  
Newark, DE 19713  
(p) 302.456.3656 / (f) 302.456.3680 | [http://www.state.de.us/inscom/default.html](http://www.state.de.us/inscom/default.html) |
| DC | District of Columbia Life & Health Insurance Guaranty Association  
1200-G Street, NW, Suite 800  
Washington, DC 20005  
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<th>ST</th>
<th>Fund Name and Address</th>
<th>Insurance Department</th>
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<tr>
<td>FL</td>
<td>Florida Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://www.fldfs.com">http://www.fldfs.com</a></td>
</tr>
</tbody>
</table>
|    | 3740 Beach Boulevard, Suite 201-A  
  Jacksonville, FL 32207-3877  
  (p) 904.398.3644 / (f) 904.398.4474 | |
| GA | Georgia Life & Health Insurance Guaranty Association | [http://www.gaiga.org](http://www.gaiga.org) |
|    | 2177 Flintstone Drive, Suite R  
  Tucker, GA 30084  
  (p) 770.621.9835 / (f) 770.938.3296 | |
| HI | Hawaii Life & Disability Insurance Guaranty Association | [http://www.state.hi.us/dcca/ins/](http://www.state.hi.us/dcca/ins/) |
|    | 1132 Bishop Street, Suite 1590  
  Honolulu, HI 96813  
  (p) 808.528.5400 / (f) 808.528.5279 | |
|    | 3355 N Five Mile Road, #210  
  Boise, ID 83713  
  (p) 208.378.9510 / (f) not available | |
| IL | Illinois Life & Health Insurance Guaranty Association | [http://www.state.il.us/ins/default.htm](http://www.state.il.us/ins/default.htm) |
|    | 8420 W. Bryn Mawr Avenue, Suite 550  
  Chicago, IL 60631-3404  
  (p) 773.714.8050 / (f) 773.714.8052 | |
| IN | Indiana Life and Health Insurance Guaranty Association | [http://www.ai.org/doi/](http://www.ai.org/doi/) |
|    | 8777 Purdue Road, Suite 360  
  Indianapolis, IN 46268  
  (p) 317.636.8204 / (f) 317.264.2395 | |
| IA | Iowa Life & Health Insurance Guaranty Association | [http://www.iid.state.ia.us/](http://www.iid.state.ia.us/) |
|    | 700 Walnut Street, Suite 1600  
  Des Moines, IA 50309-3899  
  (p) 515.248.5712 / (f) 515.283.8018 | |
|    | 2909 SW Maupin Lane  
  Topeka, KS 66614-5335  
  (p) 785.271.1199 / (f) 785.272.0242 | |
| KY | Kentucky Life & Health Insurance Guaranty Association | [http://www.do.state.ky.us/kentucky/](http://www.do.state.ky.us/kentucky/) |
|    | 4010 Dupont Circle, Suite 232  
  Louisville, KY 40207  
  (p) 502.895.5915 / (f) 502.895.6543 | |
## State Guaranty Associations and Insurance Departments Contact Information

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<thead>
<tr>
<th>ST</th>
<th>Fund Name and Address</th>
<th>Insurance Department</th>
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| LA | Louisiana Life & Health Insurance Guaranty Association  
450 Laurel Street, Suite 1400  
Baton Rouge, LA 70801  
(p) 225.381.0656 / (f) 225.344.1132 | [http://www.ldi.la.gov/](http://www.ldi.la.gov/) |
| ME | Maine Life & Health Insurance Guaranty Association  
PO Box 881  
Boothbay Harbor, ME 04538  
(p) 207.633.1090 / (f) 207.633.1088 | [http://www.state.me.us/pfr/ins/ins_index.htm](http://www.state.me.us/pfr/ins/ins_index.htm) |
| MD | Maryland Life & Health Insurance Guaranty Corporation  
PO Box 671  
Owings Mills, MD 21117-0671  
(p) 410.998.3907 / (f) 410.998.3909 | [http://www.mdisinsurance.state.md.us/](http://www.mdisinsurance.state.md.us/) |
| MA | Massachusetts Life & Health Insurance Guaranty Association  
PO Box 3171  
Springfield, MA 01101-3171  
(p) 413.744.8483 / (f) 413.744.4949 | [http://www.state.ma.us/doi/](http://www.state.ma.us/doi/) |
| MI | Michigan Life & Health Insurance Guaranty Association  
1640 Haslett Road, Suite 160  
Haslett, MI 48840-8683  
| MN | Minnesota Life & Health Insurance Guaranty Association  
4760 White Bear Parkway, Suite 101  
White Bear Lake, MN 55110  
(p) 651.407.3149 / (f) 651.407.3150 | [http://www.commerce.state.mn.us/](http://www.commerce.state.mn.us/) |
| MS | Mississippi Life & Health Insurance Guaranty Association  
PO Box 4562  
Jackson, MS 39296  
(p) 601.981.0755 / (f) 601.362.9544 | [http://www.doi.state.ms.us/](http://www.doi.state.ms.us/) |
| MO | Missouri Life & Health Insurance Guaranty Association  
994 Diamond Ridge, Suite 102  
Jefferson City, MO 65109  
(p) 573.634.8455 / (f) 573.634.8488 | [http://www.insurance.state.mo.us/](http://www.insurance.state.mo.us/) |
| MT | Montana Life & Health Insurance Guaranty Association  
39845 Cedar Lane  
Oconomowoc, WI 53066  
(p) 262.965.5761 / (f) 262.965.5200 | [http://sao.state.mt.us/](http://sao.state.mt.us/) |
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<tr>
<th>ST</th>
<th>Fund Name and Address</th>
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| NE | Nebraska Life & Health Insurance Guaranty Association  
1900 U.S. Bank Building, 233 South 13th Street  
Lincoln, NE 68508  
(p) 402.474.6900 / (f) 402.474.5393 | http://www.nol.org/home/NDOI/ |
| NV | Nevada Life & Health Insurance Guaranty Association  
One East First Street, Suite 605  
Reno, NV 89501  
(p) 775.329.6171 / (f) 775.323.4997 | http://doi.state.nv.us/ |
| NH | New Hampshire Life & Health Insurance Guaranty Association  
10 Chestnut Drive, Unit B  
Bedford, NH 03110  
(p) 603.472.3734 / (f) 603.472.3741 | http://www.state.nh.us/insurance/ |
| NJ | New Jersey Life & Health Insurance Guaranty Association  
11 Wharf Avenue, Suite One  
Red Bank, NJ 07701  
(p) 732.345.5200 / (f) 732.345.5204 | http://www.state.nj.us/dobi/index.html |
| NM | New Mexico Life Insurance Guaranty Association  
PO Box 2880  
Santa Fe, NM 87504-2880  
(p) 505.820.7355 / (f) 505.820.7356 | http://www.nmprc.state.nm.us/insurance/inshm.htm |
| NY | Life Insurance Company Guaranty Corporation of New York  
c/o New York Insurance Department Life Bureau, 25 Beaver Street  
New York, NY 10004  
(p) 212.202.4243 / (f) not available | http://www.ins.state.ny.us/ |
| NC | North Carolina Life & Health Insurance Guaranty Association  
PO Box 10218  
Raleigh, NC 27605-0218  
(p) 919.833.6838 / (f) 919.833.9576 | http://www.ncdoi.com/ |
| ND | North Dakota Life & Health Insurance Guaranty Association  
PO Box 2422  
Fargo, ND 58108-2422  
(p) 701.235.4108 / (f) 480.563.0252 | http://www.state.nd.us/ndins/ |
| OH | Ohio Life & Health Insurance Guaranty Association  
1840 Mackenzie Drive  
Columbus, OH 43220  
(p) 614.442.6601 / (f) 614.442.0004 | http://www.ohioinsurance.gov/ |
<table>
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<tr>
<th>ST</th>
<th>Fund Name and Address</th>
<th>Insurance Department</th>
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| OK | **Oklahoma Life & Health Insurance Guaranty Association**  
201 Robert S. Kerr Avenue, Suite 600  
Oklahoma City, OK 73102  
(p) 405.272.9221 / (f) 405.236.3121 | [http://www.oid.state.ok.us/](http://www.oid.state.ok.us/) |
| OR | **Oregon Life & Health Insurance Guaranty Association**  
3355 N Five Mile Road #209  
Boise, ID 83713  
(p) 503.588.1974 / (f) 503.588.2029 | [http://www.oregoninsurance.org](http://www.oregoninsurance.org) |
| PA | **Pennsylvania Life & Health Insurance Guaranty Association**  
Radnor Station Building No. 2, Suite 218, 290 King of Prussia Road  
Radnor, PA 19087  
(p) 610.975.0572 / (f) 610.975.9348 | [http://www.insurance.state.pa.us/](http://www.insurance.state.pa.us/) |
| PR | **Puerto Rico Life and Disability Insurance Guaranty Association**  
Attn: Jose E. Camacho Postigo  
PO Box 191489  
San Juan, PR 00919-1489  
(p) 787.775.7784 / (f) 787.775.0835 | [http://www.ocs.gobierno.pr/](http://www.ocs.gobierno.pr/) |
| RI | **Rhode Island Life & Health Insurance Guaranty Association**  
The Foundry, Suite 426, 235 Promenade Street  
Providence, RI 02908  
(p) 401.273.2921 / (f) 401.273.4933 | [http://www.dbr.state.ri.us/](http://www.dbr.state.ri.us/) |
| SC | **South Carolina Life, Accident & Health Insurance Guaranty Association**  
PO Box 8625  
Columbia, SC 29202  
(p) 803.276.0271 / (f) 803.782.4949 | [http://www.state.sc.us/doi/](http://www.state.sc.us/doi/) |
| SD | **South Dakota Life & Health Insurance Guaranty Association**  
PO Box 1030  
Sioux Falls, SD 57101-1030  
(p) 605.336.0177 / (f) 605.335.3639 | [http://www.state.sd.us/dcr/insurance/](http://www.state.sd.us/dcr/insurance/) |
| TN | **Tennessee Life & Health Insurance Guaranty Association**  
1200 One Nashville Place  
Nashville, TN 37219-2433  
(p) 615.242.8758 / (f) 615.256.8197 | [http://www.state.tn.us/commerce/](http://www.state.tn.us/commerce/) |
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<th>ST</th>
<th>Fund Name and Address</th>
<th>Insurance Department</th>
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<tr>
<td>TX</td>
<td>Texas Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://www.tdi.state.tx.us/">http://www.tdi.state.tx.us/</a></td>
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<tr>
<td></td>
<td>515 Congress Avenue, Suite 1875</td>
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<td></td>
<td>Austin, TX 78701</td>
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<tr>
<td></td>
<td>(p) 512.476.5101 / (f) 512.472.1470</td>
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<tr>
<td>UT</td>
<td>Utah Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://www.insurance.utah.gov/">http://www.insurance.utah.gov/</a></td>
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<tr>
<td></td>
<td>60 East South Temple, Suite 500</td>
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<td></td>
<td>Salt Lake City, UT 84111</td>
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<td></td>
<td>(p) 801.320.9955 / (f) 801.320.9956</td>
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<tr>
<td>VT</td>
<td>Vermont Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://www.bishca.state.vt.us/">http://www.bishca.state.vt.us/</a></td>
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<tr>
<td></td>
<td>c/o National Life Insurance Company, M-230</td>
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<tr>
<td></td>
<td>One National Life Drive, Suite M585</td>
<td></td>
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<tr>
<td></td>
<td>Montpelier, VT 05604</td>
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<tr>
<td></td>
<td>(p) 802.229.3553 / (f) 802.229.3762</td>
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<tr>
<td>VA</td>
<td>Virginia Life, Accident, &amp; Sickness Insurance Guaranty Association</td>
<td><a href="http://www.state.va.us/scc/division/boi/index.htm">http://www.state.va.us/scc/division/boi/index.htm</a></td>
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<td>c/o APM Management Services, Inc..</td>
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<td></td>
<td>8001 Franklin Farms Drive, Suite 235</td>
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<td></td>
<td>Richmond, VA 23229</td>
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<td></td>
<td>(p) 804.282.2240 / (f) 804.282.1816</td>
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<td></td>
<td>PO Box 2292</td>
<td></td>
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<tr>
<td></td>
<td>Shelton, WA 98584</td>
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<tr>
<td></td>
<td>(p) 360.426.6744 / (f) 360.426.2855</td>
<td></td>
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<tr>
<td>WV</td>
<td>West Virginia Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://www.wvinsurance.gov">http://www.wvinsurance.gov</a></td>
</tr>
<tr>
<td></td>
<td>PO Box 816</td>
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<tr>
<td></td>
<td>Huntington, WV 25712</td>
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<tr>
<td></td>
<td>(p) 304.733.6904 / (f) 304.733.6905</td>
<td></td>
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<tr>
<td></td>
<td>2820 Walton Commons West, Suite 135</td>
<td></td>
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<tr>
<td></td>
<td>Madison, WI 53718-6797</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(p) 608.242.9473 / (f) 608.242.9472</td>
<td></td>
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<tr>
<td>WY</td>
<td>Wyoming Life &amp; Health Insurance Guaranty Association</td>
<td><a href="http://insurance.state.wy.us/">http://insurance.state.wy.us/</a></td>
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<tr>
<td></td>
<td>PO Box 36009</td>
<td></td>
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<tr>
<td></td>
<td>Denver, CO 80236</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(p) 303.292.5022 / (f) 303.292.4663</td>
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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 (or $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:

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