



Guaranty Association Fact Sheet

courtesy of Zenith Marketing Group, Inc.

Guaranty Associations

State insurance statutes have created Life and Health Insurance Guaranty Associations which is a funding method under which solvent companies absorb the losses of insolvent companies. The guaranty association is a safety net designed to reduce consumer losses due to an insurance company going bankrupt. These associations work with their members to prevent insurance company insolvency.

Each state's laws define which companies need to be insured, which contracts are eligible for guaranty fund coverage, and the restrictions and limitations that apply. Claims payable under the guaranty association are subject to benefit maximums (see the attached chart). In no event are the guaranty associations required to pay more than the amount of the contractual obligation of the insolvent insurance company. In order for the contract holder/insured/annuitant to be protected by the various states' guaranty funds, the insurance company must be licensed to do business in that state. The National Organization of Life and Health Guaranty Associations has a comprehensive website that will allow you to access each of the states' associations homepage.

The web address is <http://www.nolhga.com/policyholderinfo/main.cfm>

Maximum Coverages

While laws governing maximum limits and types of policies covered vary from state to state, most states set basic limits of:

- \$300,000 in life insurance death benefits
- \$100,000 in cash surrender or withdrawal value for life insurance
- \$100,000 in withdrawal and cash values for annuities
- \$100,000 in health insurance policy benefits

The overall benefit "cap" in most states for an individual life is \$300,000, though some states have maximums that are higher.

Note the states in the chart below whose limits vary from the majority of states.

They are as follows: CA, CO, CT, DE, MS, NJ, NY, NC, SC, and UT.

Most states require covered insurance companies to attach a disclaimer to their policies to notify owners/insureds of the limits of protection provided in the event the insurer is declared insolvent.

CAUTION:

Most states' insurance regulations preclude agents and carriers from advertising the State Guaranty Associations. Please check the laws in your state regarding this issue. This information is not to be used in sales situations, but clients with in-force business may be referred to the state guaranty association information.

Please contact Zenith Marketing Group if you have any questions regarding this information.

Freehold, NJ	(800) 733-0054
King of Prussia, PA	(800) 499-3727
York, PA	(866) 717-8601
Charlotte, North Carolina	(888) 850-8334

State	Max Death Benefit	Max Cash Value	Aggregate Max Limit
Alabama	\$300,000	\$100,000	\$300,000
Alaska	\$300,000	\$100,000	\$300,000
Arizona	\$300,000	\$100,000	\$300,000
Arkansas	\$300,000	\$100,000	\$300,000
California	\$250,000	\$100,000	\$250,000
Colorado	\$300,000	\$100,000	\$500,000
Connecticut	\$500,000	\$500,000	\$500,000
Delaware	\$300,000	\$100,000	\$500,000
Dist of Col	\$300,000	\$100,000	\$300,000
Florida	\$300,000	\$100,000	\$300,000
Georgia	\$300,000	\$100,000	\$300,000
Hawaii	\$300,000	\$100,000	\$300,000
Idaho	\$300,000	\$100,000	\$300,000
Illinois	\$300,000	\$100,000	\$300,000
Indiana	\$300,000	\$100,000	\$300,000
Iowa	\$300,000	\$100,000	\$300,000
Kansas	\$300,000	\$100,000	\$300,000
Kentucky	\$300,000	\$100,000	\$300,000
Louisiana	\$300,000	\$100,000	\$300,000
Maine	\$300,000	\$100,000	\$300,000
Maryland	\$300,000	\$100,000	\$300,000
Massachusetts	\$300,000	\$100,000	\$300,000
Michigan	\$300,000	\$100,000	\$300,000
Minnesota	\$300,000	\$100,000	\$300,000
Mississippi	\$300,000	\$100,000	\$500,000
Missouri	\$300,000	\$100,000	\$300,000
Montana	\$300,000	\$100,000	\$300,000
Nebraska	\$300,000	\$100,000	\$300,000
Nevada	\$300,000	\$100,000	\$300,000
New Hampshire	\$300,000	\$100,000	\$300,000
New Jersey	\$500,000	\$100,000	\$500,000
New Mexico	\$300,000	\$100,000	\$300,000
New York	\$500,000	\$500,000**	\$500,000
North Carolina	\$300,000	\$300,000	\$300,000
North Dakota	\$300,000	\$100,000	\$300,000
Ohio	\$300,000	\$100,000	\$300,000
Oklahoma	\$300,000	\$100,000	\$300,000
Oregon	\$300,000	\$100,000	\$300,000
Pennsylvania	\$300,000	\$100,000	\$300,000
Puerto Rico	\$300,000	\$100,000	\$300,000
Rhode Island	\$300,000	\$100,000	\$300,000
South Carolina	\$300,000	\$300,000	\$300,000
South Dakota	\$300,000	\$100,000	\$300,000

State	Max Death Benefit	Max Cash Value	Aggregate Max Limit
Tennessee	\$300,000	\$100,000	\$300,000
Texas	\$300,000	\$100,000	\$500,000
Utah	\$500,000	\$200,000	\$500,000
Vermont	\$300,000	\$100,000	\$300,000
Virginia	\$300,000	\$100,000	\$350,000
Washington	\$500,000	\$500,000	\$500,000
West Virginia	\$300,000	\$100,000	\$300,000 (\$150K per indiv)
Wisconsin	\$300,000	\$300,000	\$300,000
Wyoming	\$300,000	\$100,000	\$300,000

** for individual health companies issuing life policies only.