

State Guaranty Associations for Annuity Contracts | Blueprint Income

An annuity is a lifetime income guarantee that you purchase from an insurance company, who is overseen by state-based guaranty funds that insure your annuity purchases. In this article, we discuss this important protection, as well as provide some helpful resources that you should be aware of.

- A state guaranty fund is administered by each U.S. state to protect insurance policyholders who reside in that state at the time the insurance company defaults on benefit payments or becomes insolvent
- If you own an annuity, the state guaranty fund for the state where you reside protects your benefits up to set limits
- In this article, we discuss state guarantees for annuity contracts, as well as provide some helpful resources that you should be aware of

Guarantee for Annuity Contracts

Each state has the ability to set up the guaranty funds in the way it chooses, and there are differences from state-to-state in terms of the cost to insurers and how much protection annuity owners receive. Generally speaking, however, the state guaranty funds provide two kinds of protection:

1. When an insurance company is having a liquidity problem, the state (through the Superintendent of Financial Services) puts it into rehabilitation and tries to save it from becoming insolvent. If the insurance company fails from there, the state government will take it over and liquidate the assets to satisfy its obligations to policyholders.
2. If more money is needed after, that the [state guaranty fund](#) kicks in. States generally have two guaranty funds — one for life and health insurance and a second for property and casualty (car, home) insurance.

How Does the State Guaranty System Work?

A state guaranty fund is administered by each U.S. state to protect insurance policyholders who reside in that state at the time the insurance company defaults on benefit payments or becomes insolvent. These state funds act as a form of insurance for annuities. Most states operate guaranty funds with money obtained from assessments on insurance companies. The assessments are typically made after an insurer has been declared insolvent.

Once an insurer has been declared insolvent, the insurance department determines the value of the company's remaining assets. It then calculates the amount of money the guaranty association will need to pay claims. This amount is assessed from insurers. State laws typically specify a maximum amount that insurers may be assessed. This is typically [one or two percent of the net premium](#) an insurer collects in any given state.

If you own an annuity policy, the state guaranty fund for the state where you reside

protects your benefits up to set limits. The most common limits are between \$250,000 – \$300,000, but can be as much as \$500,000 in select states. For more information on your state policies, the bottom of this article provides the contact information of state guaranty websites.

General Awareness and Limitations

Few people are aware of these guarantees that apply to insurance, including annuity protection. That's because the National Association of Insurance Commissioners (NAIC), which is the chief regulatory body overseeing all insurance activity in the nation, has specifically prohibited insurance companies and agents from advertising the existence of the state guaranty fund network.

Also, knowing that your state has a guaranty fund should never be a substitute for purchasing your annuity from a company that is well-managed and financially stable. The reason is that if your insurance company was ever declared bankrupt, even though your state fund may become active in providing some protection, you may not get full coverage. Plus, payments to policyholders are never automatic. They depend on court approval and approval by your state legislature.

Further Contact Information

For your further reference is this link to the [National Association of Insurance Commissioners](#). Below are links to the websites and phone numbers for the various state guaranty associations.

State Guaranty Associations

State	Web Site	Phone Number
Alabama	allifega.org	(205) 879-2202
Alaska	aklifega.org	(907) 243-2311
Arizona	id.state.az.us	(602) 364-3863
Arkansas	arlifega.org	(501) 375-9151
California	califega.org	(323) 782-0182
Colorado	colorado.lhiga	(303) 292-5022
Connecticut	ctlifega.org	(860) 647-1054
Delaware	delifega.org	(302) 456-3656
Dist. of Col.	dclifega.org	(202) 434-8771
Florida	flahiga.org	(904) 398-3644
Georgia	gaiga.org	(770) 621-9835
Hawaii	hilifega.org	(808) 528-5400

State	Web Site	Phone Number
Idaho	idlifega.org	(208) 378-9510
Illinois	ilhiga.org	(773) 714-8050
Indiana	inlifega.org	(317) 692-0574
Iowa	ialifega.org	(515) 248-5712
Kansas	kslifega.org	(785) 271-1199
Kentucky	klhiga.org	(502) 895-5915
Louisiana	lalifega.org	(225) 381-0656
Maine	melifega.org	(207) 633-1090
Maryland	mdlifega.org	(410) 998-3907
Massachusetts	malifega.org	(413) 744-8483
Michigan	milifega.org	(517) 339-1755
Minnesota	mnlifega.org	(651) 407-3149
Mississippi	mslifega.org	(601) 981-0755
Missouri	mo-iga.org	(573) 634-8455
Montana	mtlifega.org	(262) 965-5761
Nebraska	nelifega.org	(402) 474-6900
Nevada	nvlifega.org	(702) 368-0607
New Hampshire	nhlifega.org	(603) 472-3734
New Jersey	njlifega.org	(732) 345-5200
New Mexico	nmlifega.org	(505) 820-7355
New York	nylifega.org	(212)202-4243
No. Carolina	nclifega.org	(877) 833-6831
North Dakota	ndlifega.org	(701) 235-4108
Ohio	olhiga.org	(614) 442-6601
Oklahoma	oklifega.org	(405) 272-9221
Oregon	orlifega.org	(855) 378-9510
Pennsylvania	palifega.org	(610) 975-0572
Rhode Island	rilifega.org	(401) 273-2921
So. Carolina	sclifega.org	(803) 276-0271
South Dakota	sdlifega.org	(605) 336-0177

State	Web Site	Phone Number
Tennessee	tnlifega.org	(615) 242-8758
Texas	txlifega.org	(512) 476-5101
Utah	utlifega.org	(801) 320-9955
Vermont	vtlifega.org	(802) 249-0284
Virginia	valifega.org	(804) 282-2240
Washington	walifega.org	(360) 426-6744
West Virginia	wvlifega.org	(304) 733-6904
Wisconsin	wilifega.org	(608) 242-9473
Wyoming	wyiga.org	(303) 292-5022

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