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Oregon annuities investors have more protection under new law

(Salem) — Consumers with annuities now have increased protection should their insurance company fail. Today Gov. Kulongoski signed Senate Bill 1002, which increases the maximum reimbursement a consumer receives for their annuity from \$100,000 to \$250,000 if their insurance company becomes insolvent.

“The Oregon life insurance industry has been strong, but during rough economic times, insolvency is a possibility,” said Cory Streisinger, director of the Department of Consumer and Business Services. “Many Oregonians buy annuities to fund their retirement – this new law ensures that investment is protected.”

Annuities are contracts between consumers and insurance companies. Buyers make a lump-sum payment or series of payments. In return, the insurance company makes periodic payments to the consumer, beginning immediately or at a future date. Annuities are most often bought for retirement, and many insurance companies market annuities to senior citizens.

Just as bank deposits are protected by the Federal Deposit Insurance Corp. (FDIC), money consumers invest in annuities – and other insurance products – is protected by Oregon’s guaranty associations. The coverage limits vary depending on the type of insurance. Although sales of annuities and the amount of a typical annuity have grown, the coverage limit in Oregon for annuities has not increased since 1991. To better protect investors, the Department of Consumer and Business Services asked the Legislature to increase the amount to \$250,000, the same level as FDIC protection for bank accounts.

Learn more about the Oregon Life and Health Insurance Guaranty Fund at http://insurance.oregon.gov/FAQs/guaranty_fund.html.

Annuities are complex investments and are not suitable for everyone. Oregon law requires that insurance agents determine if an annuity is suitable for a client by taking into account such factors as life expectancy, money available to pay bills, risk tolerance, tax implications, and overall retirement goals. Investors should keep in mind that portions of annuities that have variable earnings potential (for example, depend on the stock market) are generally not covered by the guaranty associations.

The Insurance Division of the Department of Consumer and Business Services also has consumer advocates who can help if you questions about insurance or believe you were treated unfairly by an insurer or agent. You can reach the advocates at 503-947-7984 or toll-free at 1-888-877-4894.

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