

Arkansas General Assembly

HANDOUT 1

Senate Committee on Insurance and Commerce
House Committee on Insurance and Commerce
Meeting Jointly

Wednesday, July 19, 2017
10:00 AM

Arkansas Association of Insurance Companies

Courtney C. Crouch, Jr. – Vice President
G. William Booker – Secretary/Treasurer

- | | |
|---|---|
| I. Introduction | Courtney C. Crouch, Jr./
Bill Booker |
| II. The Insurance Industry in Arkansas <ul style="list-style-type: none">• Domestic• Foreign | Courtney C. Crouch, Jr./
Bill Booker |
| III. The Arkansas Association of Insurance Companies | Courtney C. Crouch, Jr./
Bill Booker |
| IV. Arkansas Life Guaranty Association | Courtney C. Crouch, Jr./
Bill Booker |

Arkansas General Assembly

Senate Committee on Insurance and Commerce
House Committee on Insurance and Commerce
Meeting Jointly

Wednesday, July 19, 2017

10:00 AM

Arkansas Association of Insurance Companies The Life Insurance Industry in Arkansas

JOBS

- The life insurance industry generates approximately 9,700 jobs in Arkansas, including 5,100 direct employees and 4,600 non-insurance jobs.
- 472 life insurers are licensed to do business in Arkansas and 22 are domiciled in the state.

PROTECTION

- Arkansas residents have \$196 billion in total life insurance coverage.
- State residents own 2 million individual life insurance policies, with coverage averaging \$80,000 per policyholder.
- Group life insurance coverage amounts to \$72 billion.
- Individual life insurance coverage purchased in 2015 in Arkansas totaled \$12 billion.
- \$3 billion was paid to Arkansas residents in the form of death benefits, matured endowments, policy dividends, surrender values, and other payments in 2015.
- Annuity benefits paid in the state in 2015 totaled \$503 million.

INVESTMENTS

- Life insurance companies invest approximately \$33 billion in Arkansas' economy.
- About \$28 billion of this investment is in stocks and bonds that help finance business development, job creation, and services in the state.
- Life insurers provide \$1 billion in mortgage loans on farm, residential, commercial properties, and own \$43 million in real estate in Arkansas.

ACROSS AMERICA

- 75 million American families depend on life insurance industry products to protect their financial and retirement security.
- More than 16% of American's long-term savings is in permanent life insurance and retirement annuities.
- Life insurers pay out \$1.7 billion to families and businesses every day.
- Life insurers are leading providers of retirement solutions, including 401(k)s, 403(b)s, 457s, IRAs, and annuities, managing 20 percent of all defined contribution plan assets and 14 percent of all IRA assets.
- IRAs and individual annuities are available for all workers without access to employer-sponsored plans as well as to supplement retirement savings.
- The life insurance industry generates approximately 2.5 million jobs in the U.S.
- Life insurers invest \$5.9 trillion in the U.S. economy—90 percent of the industry's total assets.
- Life insurers are the largest institutional source of bond financing for American businesses, holding 20 percent of all U.S. corporate bonds.

Arkansas General Assembly

Senate Committee on Insurance and Commerce
House Committee on Insurance and Commerce
Meeting Jointly

Wednesday, July 19, 2017

10:00 AM

A.A.I.C.

Arkansas Association of Insurance Companies

The Arkansas Association of Insurance Companies was founded in 1984 to:

- Represent the interests of the Arkansas insurance companies;
- Encourage the participation of the Arkansas industry in the Association;
- Work for the good of the insurance industry focusing on the problems and needs of insurance companies in Arkansas;
- Work to achieve favorable economic and regulatory climate for our State;
- Monitor legislation that has been introduced in the Arkansas General Assembly for the membership, and keep the membership informed on current legislative developments;
- Provide a body from which the Insurance Commissioner can call on for expertise, problem solving, and communication with the insurance industry outside of the regulatory process;
- Keep membership informed on national issues affecting companies doing business in Arkansas; and
- Maintain an active association visible in the state of Arkansas for the Arkansas insurance industry.

Officers

Robert W. Eichelberger	President
Courtney C. Crouch, Jr.	Vice President/Program Chairman
G. William Booker	Secretary-Treasurer
Phillips Management	
Bill Phillips	Legislative Liaison
Bradley Phillips	Legislative Liaison

NAIC Past Presidents from Arkansas

1981 William H.L. Woodyard, III (1945-2014)

1995 Lee Douglass

2003 Mike Pickens

NATIONAL ORGANIZATION OF LIFE & HEALTH INSURANCE ASSOCIATION

Board of Directors

Immediate Past Chair

Lee Douglass

Arkansas General Assembly

Senate Committee on Insurance and Commerce

House Committee on Insurance and Commerce

Meeting Jointly

Wednesday, July 19, 2017

10:00 AM

Arkansas Association of Insurance Companies

ARKANSAS LIFE AND HEALTH INSURANCE

GUARANTY ASSOCIATION

Overview

The Arkansas Life and Health Insurance Guaranty Association was created pursuant to Act 444 of 1989 of the Arkansas General Assembly as amended. The Association provides a safety net for Arkansas life and health insurance policyholders should their insurer become financially impaired or insolvent. The Guaranty Act affords coverage for life and annuity contract holders, providing coverage up to \$300,000 for life insurance and annuities and up to \$500,000 for health and accident insurance.

The Association exercises its powers through a Board of Directors composed of representatives of nine member insurers actively engaged in business in Arkansas. All life and health insurers authorized to do business in Arkansas are members of the Association. The Association has broad powers. Included in those powers is the ability to assess member insurers in order to cover policyholders of insolvent member insurers. Since its inception as an Association in 1989, it has paid out over \$72,000,000 to Arkansas life and health insurance policyholders whose companies have become insolvent and unable to pay their claims and benefits. Currently, guaranty associations nationwide are faced with a number of insolvencies including Penn Treaty American Network Assurance Company and Lincoln Memorial Insurance Company. It is estimated that the gross liability to Arkansas policyholders for Penn Treaty will be approximately \$4,400,000 and \$6,100,000 for Lincoln Memorial.

The Arkansas Life and Health Insurance Guaranty Association is based on the NAIC Model Act. Arkansas is one of 50 states, along with the District of Columbia and Puerto Rico, that have a life and health guaranty association to protect its residents. A separate state guaranty fund provides protection for property and casualty coverage. The Liquidation Division of the Arkansas Insurance Department performs certain administrative services for the Association in accordance with an agreement entered into with the Association.