



Department of Consumer and Business Services

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Before the
Senate Committee on Consumer Protection and Public Affairs

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SB 1002

Testimony of
Teresa Miller, Administrator
Insurance Division
Department of Consumer and Business Services

For the record, my name is Teresa Miller. I am the Administrator of the Insurance Division of the Department of Consumer and Business Services. I am here to testify in support of SB 1002, which proposes to increase the Oregon Life and Health Insurance Guaranty Fund benefit limit for annuities from \$100,000 to \$250,000.

In recent years, more Oregonians have been investing in annuities. Annuities are complex investment products in which an insurance company pays a consumer income at regular intervals in return for premium payments made either in a lump sum amount or over a period of time. The payments to the consumer may begin immediately or at a future date. Annuities are most often bought for retirement, and many insurance companies market annuities to seniors.

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. If an insurance company becomes

insolvent, the guaranty associations will collect assessments from other insurance companies to ensure consumers receive promised payments. 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. The limit currently is \$100,000, lower than the \$250,000 FDIC coverage limit, as well as the level recommended by the National Association of Insurance Commissioners (also at \$250,000). Many nearby states, such as Washington and Idaho, have much higher limits.

Increasing the guaranty fund benefit limit for annuities will provide more confidence to consumers about the safety of their investment and create consistency for consumers as they manage their money because the limit would be in line with FDIC coverage.

I appreciate the opportunity to be here and would be happy to answer any questions you may have.