

Frequently Asked Questions

Senior American Insurance Company

Key Information

- As of September 3, 2019, Senior American Insurance Company (SAIC) is in liquidation.
- State guaranty associations will provide coverage for all policyholders residing in the United States.
- The guaranty associations have contracted with AF&L Insurance Company to use the existing SAIC computer systems, and policy/claims records to administer the policies.
- To be eligible for guaranty association coverage, it is very important that you continue paying your policy premiums in full and on time.
- The process used to ask policy questions and for claim submissions remains unchanged, unless you hear otherwise in the future.

General Information About this Document

1. Why was this document created?

These Frequently Asked Questions were prepared by the Statutory Liquidator for SAIC. They are intended to respond to common questions that policyholders may have about the liquidation of the companies and their ongoing insurance coverage.

Liquidation Court Proceedings

2. What is the current status of Senior American Insurance Company?

Starting September 3, 2019, SAIC was placed in liquidation by order of the Commonwealth Court of Pennsylvania.

3. Why was SAIC ordered into liquidation?

The Pennsylvania Insurance Commissioner worked with consulting firms to review the companies' current financial condition and future financial projections. The results indicate that the company does not have adequate assets (including premiums to be collected in the future) to fully pay for expected future claims. In addition, the results indicate that the deficit to pay future claims is substantial.

4. What will happen to my insurance policy now that SAIC is being liquidated and state guaranty associations are involved.?

The guaranty associations will provide specified coverage to SAIC policyholders, based on state laws. The guaranty association will manage your policy and claims, your policy benefits may change due to state limits, but your process for filing claims and paying your premiums will stay the same. The guaranty associations will provide a separate notice regarding continuation of coverage and premium/claims administration.

Information on Premiums, Claims, and Benefits

5. Should I keep paying my premiums?

Failure to pay policy premiums in full and on time may cause your policy to terminate, and you will lose your benefits, including guaranty association coverage protection. Premiums may be adjusted in the future.

6. Is there any change to the premium payment process?

No. The process to pay premiums is the same.

7. Where should I submit claims?

The process to submit a claim to SAIC remains the same, unless you hear otherwise in the future.

8. Will guaranty associations pay my long-term-care benefits in full?

It depends. Guaranty associations are established by state laws, and the coverage limits vary from state to state. The guaranty associations will generally pay the lesser of the policy limit or the statutory coverage limit established by law in your principle state of residence. The separate notice you will be receiving from the guaranty associations will provide the coverage limit applicable to your policy. Benefits paid before September 3, 2019 do not count against the guaranty association coverage limit.

9. If my policy benefits are higher than the state guaranty association coverage limits, do I lose the difference in coverage?

Claims open on the date of liquidation that ultimately exceed the guaranty association coverage limit, but are within the policy limits, will be processed by the Statutory Liquidator for possible additional coverage. Those claims may be paid from the remaining SAIC assets.

10. What if I have a SAIC policy that isn't a long-term care policy?

SAIC primarily issued long-term care insurance policies, but they also issued a limited number of other health insurance policies. Those policies are also covered by the guaranty associations, but these different types of insurance can have different coverage limits and those limits will vary from state to state. The amount of coverage applicable to these policies will also be provided in the separate notice you will receive from the guaranty associations.

Life and Health Insurance Guaranty Associations

11. What is a life and health insurance guaranty association?

Every state (including the District of Columbia and Puerto Rico) has a life and health insurance guaranty association to protect state residents. The guaranty association provides continuing benefits when a life or health insurance company goes out of business. All insurance companies (with limited exceptions) licensed to write life and health insurance or annuities in a state must be members of the state's life and health insurance guaranty association. If a member company becomes insolvent, the guaranty associations continue coverage and pay claims in accordance with state laws.

12. What is the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA)?

NOLHGA is a voluntary association made up of the life and health insurance guaranty associations of all 50 states and the District of Columbia. When insurers licensed in multiple states are close to becoming insolvent (unable to pay debts owed) or are declared insolvent, NOLHGA assembles a task force of guaranty association officials. This task force analyzes the companies' policies, ensures that covered claims are paid, and arranges for covered policies to be transferred to a healthy insurer (when possible).

Since its creation in 1983, NOLHGA has assisted its member guaranty associations in guaranteeing more than \$22 billion in coverage benefits for policyholders and annuitants of insolvent member companies. In that time, the associations have provided protection for more than 2.5 million policyholders in more than 100 multi-state insolvencies.