

## BULLETIN

TO: ALL COMPANIES, FOREIGN and DOMESTIC, AUTHORIZED TO WRITE  
LIFE and/or ACCIDENT and HEALTH INSURANCE IN ILLINOIS  
(including FRATERNALS)

FROM: MICHAEL T. McRAITH  
DIRECTOR OF INSURANCE

DATE: APRIL 13, 2009

RE: INDEXED ANNUITIES ARE SUBJECT TO  
STATE INSURANCE OVERSIGHT AND REGULATION

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This bulletin clarifies that annuity contracts pursuant to which benefits are dependent upon the performance of a securities or other index have been, are, and will continue to be, regulated by the Illinois Division of Insurance as insurance contracts.

Annuity contracts are classified as insurance under Section 5/4, Class 1.(a) of the Illinois Insurance Code [215 ILCS 5/4, Class 1.(a)], and that section contains no exclusion for indexed annuities. Section 5/3M of the Illinois Securities Law of 1953 recognizes that such contracts are regulated as insurance by specifically exempting from that statute's notification filing requirements and various registration provisions "[a]ny security issued by and representing an interest in or a debt of, or guaranteed by, any insurance company organized under the laws of any state." 815 ILCS 5/3M. Whether an insurance producer selling indexed annuities has an alternative license does not modify, alter or otherwise change the meaning or application of these laws.

Indexed annuity contracts issued by companies licensed in Illinois are subject to all applicable provisions of the Illinois Insurance Code and its attendant regulations. Accordingly, the Illinois Division of Insurance will continue to regulate indexed annuity contracts and the Illinois-licensed companies issuing those contracts in the State of Illinois.