

# Frequently Asked Questions

## North Carolina Mutual Life Insurance Company in Liquidation

### KEY INFORMATION

- North Carolina Mutual Life Insurance Company (“NC Mutual”) has been placed under an order of liquidation with a finding of insolvency effective as of October 31, 2022.
- The state Life and Health Insurance Guaranty Associations will provide coverage for all policyholders residing in the United States, subject to the statutory limitations in their enabling acts.
- The Guaranty Associations have contracted with the Liquidator of NC Mutual to continue administration of NC Mutual policies covered by the Guaranty Associations. At this time, the contact information has not changed for NC Mutual.
- To continue to be eligible for Guaranty Association coverage, **policyholders must continue paying their policy premiums in full and on time.**
- The process used for premium payments, claim submissions and questions regarding insurance policies will continue through the Liquidator of NC Mutual.
- Policyholders covered by Guaranty Associations do NOT need to file a proof of claim at this time. Policyholders with claims or portions of claims under insurance policies and annuities not covered by Guaranty Associations (“Uncovered Obligations”) will be notified of their claim against the estate

The Liquidator of NC Mutual and the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) prepared these Frequently Asked Questions to respond to common questions that policyholders may have about the liquidation of NC Mutual and their ongoing insurance coverage.

### **Liquidation Court Proceedings**

#### **1. What is the current status of NC Mutual?**

Effective as of October 31, 2022, NC Mutual was placed in liquidation by order of the Superior Court of Wake County, North Carolina.

#### **2. What will happen to an insurance policy now that North Carolina Mutual is being liquidated and state guaranty associations are involved?**

The life and health insurance Guaranty Associations of each state will generally provide coverage and pay claims under the policy up to the policy limit if that limit is lower than the guaranty association statutory limit, pursuant to each state's laws. The Guaranty Associations have entered into a contract with the NC Mutual Liquidator to collect premiums and manage the policies and claims.

## **Life and Health Insurance Guaranty Associations**

### **3. 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 resident policyholders of its state. Most insurance companies licensed to write life and health insurance or annuities in a state are members of the state's life and health insurance guaranty association. Based on state laws, the guaranty association generally provides continuing benefits when a member life or health insurance company is found to be insolvent and is ordered into liquidation by a court.

### **4. 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. To assist its member guaranty associations, when insurance companies licensed in multiple states have been or are anticipated to be declared insolvent, NOLHGA assembles a task force of guaranty association officials. This task force analyzes the company's policies and arranges for the ongoing administration of the covered policies or their transfer to a healthy insurer (when possible).

Since its creation in 1983, NOLHGA has assisted its member guaranty associations in guaranteeing more than \$25.6 billion in coverage benefits for policyholders and annuitants of insolvent member companies. In that time, the guaranty associations have protected more than 2.61 million policyholders associated with more than 100 multi-state insolvencies.

### **5. When do guaranty associations take over coverage under the policies?**

Guaranty associations typically begin providing coverage on the effective date of a court's liquidation order with a finding of insolvency.

### **6. Which guaranty association will protect me? Does it matter where I live?**

Yes, it does matter. Typically, the guaranty association protection will be provided by the guaranty association in the policy owner's state of residence as of the liquidation date. If the company was not licensed in the policy owner's state of residence, coverage will be provided by the guaranty association in North Carolina, where NC Mutual was domiciled.

### **7. Are guaranty association laws identical in all states?**

Most state guaranty association laws are based on a model act of the National Association of Insurance Commissioners (NAIC). However, there can be variations from state to state.

**8. Will the guaranty association pay a policy's life benefits in full?**

Most state guaranty associations provide up to \$300,000 in protection for life insurance death benefits and \$100,000 for life insurance policy net cash values. However, a few states have higher coverage limits, and other statutory limitations may apply. Benefits paid by NC Mutual prior to its being placed in liquidation do not count against the guaranty association's statutory coverage limits but will be applied in determining the remaining benefits available under the policy.

**9. Will policyholder dividends or other discretionary interest payments still be made?**

No, guaranty associations do not provide coverage for policy dividends, and any discretionary interest payments post liquidation.

**10. Will policy loans and reinstatements be allowed post liquidation?**

Policy loans and reinstatements will be allowed subject to the applicable interest and other terms of the policy.

**11. If policy benefits are higher than the guaranty association coverage limits, does a policy owner lose the difference in coverage?**

Not necessarily. Policy benefits on the date of liquidation that exceed the guaranty association coverage limit, but are within the policy limits, will be processed by the Statutory Liquidator for possible additional coverage. Those benefits may be paid from the remaining NC Mutual assets.

**12. What if they have a NC Mutual policy that is not a life policy or an annuity?**

NC Mutual primarily issued life insurance policies, but they also issued a very limited number of annuity and health insurance policies. Those policies are also covered by the guaranty associations but may have different coverage limits.

## **Information on Premiums, Claims, and Benefits**

### **13. Should policyholders keep paying premiums?**

Yes. 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.

### **14. What additional forms are required when filing a claim?**

An Assignment and Release Form must be completed for any death claim, surrender, partial withdrawal, or policy loan payment and returned before any payment can be received and will provide the applicable form upon notice of a claim request. Other forms may also be required.

### **15. Where should a NC Mutual policyholder submit claims?**

- File a new claim or ask questions about the claim process:

Continue to call 800-626-1899 or 919-682-9201  
Monday – Thursday, 8:30 a.m. – 5:00 p.m. Eastern Time  
Friday, 8:30 a.m. – 12:30 p.m. Eastern Time  
Customer Service Fax: 1-844-290-2546

- Submit claim information: Send claim documents to:

North Carolina Mutual Life Insurance Company  
PO Box 281709  
Nashville, TN 37228  
ATTN: Claims Department  
Claims Fax: 1-844-290-2546

### **16. When will claims be paid?**

Initially, it may take several months for Guaranty Associations to assess member insurers for funds and to confirm coverage limitations. Claim batches will be produced on a biweekly basis with guaranty association funding to NC Mutual due shortly after that. Once received, NC Mutual will issue the benefit checks. In general, checks should be issued approximately 3-4 weeks after all forms have been received and processing is completed.

## **Contact Information**

### **17. Who can answer questions about NC Mutual policies or claims?**

They should contact NC Mutual's customer service at (800) 626-1899 or (919) 682-9201.