

# Frequently Asked Question

Southland National Insurance Corporation, in Liquidation

## KEY INFORMATION

- Southland National Insurance Corporation (“SNIC”) has been placed under an order of liquidation with a finding of insolvency effective as of May 2, 2023.
- 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 Universal Fidelity Life Insurance Company (“UFLIC”) and Southland Benefit Solutions (“SBS”) to administer certain SNIC insurance policies.
- To continue to be eligible for Guaranty Association coverage, **policy owners must continue paying their policy premiums in full and on time.**
- The process used for premium payments, claim submissions and questions regarding insurance policies has changed. You will receive notice from your Guaranty Association about this.
- Policyholders claiming cash surrenders or other investment values in life insurance and annuities do NOT have to file a proof of claim in the liquidation. 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 SNIC 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 SNIC and their ongoing insurance coverage.

## **Liquidation Court Proceedings**

### **1. What is the current status of SNIC?**

As of May 2, 2023, SNIC 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 SNIC is being liquidated and state guaranty associations are involved?**

Based on state laws, the life and health insurance guaranty associations will generally provide coverage and pay claims under the policy up to the lesser of the policy's limits or guaranty association statutory limits. The life and health guaranty associations will manage the policy and

claims. The process for filing claims and paying premiums will change.

## **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, the District of Columbia and Puerto Rico. 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 solvent insurer (when possible).

Since its creation in 1983, NOLHGA has assisted its member guaranty associations in guaranteeing more than \$25.8 billion in coverage benefits for policyholders and annuitants of insolvent member companies. In that time, the guaranty associations have protected more than 2.85 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 SNIC 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 life and health insurance 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 SNIC 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, state life and health 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 state life and health insurance 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 state life and health insurance guaranty association coverage limit but are within policy limits, will become claims against the insolvent estate and may receive a distribution, subject to North Carolina law and applicable orders of the court.

**12. What if they have a SNIC policy that is not a life policy?**

SNIC 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 state life and health insurance guaranty associations but may have different coverage limits.

### 13. What are the guaranty association limits?

The following table lists the limits for the affected guaranty associations providing SNIC coverage. Limits are generally per owner per insured life regardless of the number of policies or contracts issued. There are also aggregate limits for multiple policies.

GA State	Life – NCSV/ Death Benefit	Annuity – NCSV	Health - Other
AL	100,000/300,000	250,000	100,000
AR	300,000/300,000	300,000	500,000
AZ	100,000/300,000	250,000	100,000
CO	100,000/300,000	250,000	100,000
FL	100,000/300,000	250,000	300,000
GA	100,000/300,000	250,000	300,000
IN	100,000/300,000	250,000	100,000
KY	100,000/300,000	250,000	100,000
LA	100,000/300,000	250,000	500,000
MS	100,000/300,000	250,000	100,000
NC	300,000/300,000	300,000	100,000
NM	100,000/300,000	250,000	100,000
OH	100,000/300,000	250,000	100,000
OK	100,000/300,000	300,000	100,000
SC	300,000/300,000	300,000	300,000
TN	100,000/300,000	250,000	100,000
TX	100,000/300,000	250,000	200,000
VA	100,000/300,000	250,000	100,000

### Information on Premiums, Claims, and Benefits

#### 14. 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.

#### 15. Is there any change to the premium payment process?

Yes. The process to pay premiums will be as follows:

**A. For policies previously administered by GBIG, LLC on behalf of SNIC (former Mothe/DLE policies – aka LA block)**

- **Automatic Bank Drafts:** If your premiums are paid through an automatic bank draft, your premiums will be withdrawn by BancFirst. This will show Universal Fidelity Life Insurance Company as the entity withdrawing the premium.
- **Mailed Payments:** If you pay your premiums by check, premium payments should be mailed to:

**NOTE: make checks payable to Universal Fidelity Life Insurance Company**

Universal Fidelity Life Insurance Company  
PO Box 1626  
Duncan, OK 73534-1626

**B. For policies currently administered by Southland Benefit Solutions (“SBS”) on behalf of SNIC (policies issued by SNIC before October 2011- aka AL block)**

Southland Benefit Solutions  
P O Box 1520  
Tuscaloosa AL 35403-1520

- ***Automatic Bank Drafts:*** If your premiums are paid through an automatic bank draft, your premiums will continue to be deducted from your bank account based on your existing agreement and will show the name "Regions Bank" as the entity withdrawing the premium.
- ***Mailed Payments:*** If you pay your premiums by check, premium payments should be mailed to:

**NOTE: make checks payable to Southland National Insurance Corporation**

Southland Benefits Solutions  
2200 Jack Warner Parkway, Suite 150  
Tuscaloosa, AL 35401

***Important note:*** To be eligible for state life and health insurance guaranty association coverage, it is very important that a policy owner continue paying their policy premiums in full and on time. Failure to pay applicable premiums on time may cause their policy to terminate, and they will lose guaranty association coverage protection.

## **16. Where should a SNIC policy owner submit claims?**

### **A. For policies previously administered by GBIG, LLC on behalf of SNIC (former Mothe/DLE policies – aka LA block)**

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

Continue to call 833-452-4240  
Monday – Thursday, 8:30 a.m. – 4:30 p.m. Central Time  
Friday, 8:30 a.m. – 3:00 p.m. Central Time  
Customer Service Fax: 833-452-4241

- Submit claim information: Send claim documents to:

Universal Fidelity Life Insurance Company  
PO Box 1626  
Duncan, OK 73534-1626  
Claims Fax: 833-452-4241

### **B. For policies currently administered by Southland Benefit Solutions (“SBS”) on behalf of SNIC (policies issued by SNIC before October 2011- aka AL block)**

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

Continue to call 1-800-277-8762  
Monday – Friday, 8:00 a.m. – 5:00 CT  
Customer Service Fax: 205-409-2506

- Submit claim information: Send claim documents to:

Southland Benefit Solutions  
PO Box 1520  
Tuscaloosa, AL 35403-1520  
Claims Fax: 205-409-2506

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

Claims covered by the state life and health insurance guaranty associations will be paid in approximately 3-4 weeks after all forms have been received and processing is completed.

## **18. 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. UFLIC and SBS will provide the applicable form upon notice of a claim request.

## **Miscellaneous RE: Preneed Funeral Contracts (“PFC”), assignments, funeral homes etc.**

**19. What will happen to my Preneed Funeral Contract(“PFC”)?**

Guaranty associations have no obligations under their statutes for PFC’s. Benefits will be paid under the terms of the insurance policy and applicable guaranty association laws. Questions regarding the status of a separate PFC will need to be referred to the Company that sold the PFC.

**20. Can my death benefit be assigned to a third-party funding company at the time of my death?**

The owner of the insurance policy retains their original rights under the insurance policy. As such, an insurance policy may be assigned to a third party by the listed policy owner. Additionally, a payee funeral home may assign death benefits to a third party (i.e., another funeral home that provided services). In limited circumstances (such as the insured and owner are the same and a death has occurred), a next of kin may be allowed to execute the release form, if necessary.

**21. What happens to my assignment of benefit to the PFC funeral home?**

Guaranty Associations only pay benefits under insurance policies subject to statutory coverage provisions. If the assignment is done on the insurance policy, then benefits will be paid accordingly. Otherwise, benefits related to the PFC should be referred to the company that sold the PFC.

**22. If my beneficiary is a funeral home, can my family use another funeral home for my funeral arrangement?**

A family is free to utilize the services of any funeral home. However, benefits under the insurance policy will be paid to the beneficiary of record at the time of death. Any beneficiary change should be completed by the policyowner prior to the insured’s death or alternatively, the beneficiary funeral home may assign the death proceeds to the funeral home that provided services.

**23. If I made a funeral home the owner and beneficiary of the insurance policy, can my family use another funeral home for my funeral arrangement?**

A family is free to utilize the services of any funeral home. However, benefits under the insurance policy will be paid to the beneficiary of record at the time of death. Any beneficiary change should be completed by the policyowner prior to the insured’s death.

**24. Am I allowed to transfer my PFC?**

Guaranty associations have no obligations under their statutes for PFC's. Benefits will be paid under the terms of the insurance policy and applicable guaranty association laws. Questions regarding the status of a separate PFC will need to be referred to the company that sold the PFC.

**Contact Information**

**25. Who can answer questions about SNIC policies or claims?**

They should contact UFLIC's customer service at 833-452-4240.

They should contact SBS's customer service at 800-277-8762.

**26. Who can answer questions about state life and health insurance guaranty association coverage?**

The state life and health insurance guaranty association in their state of residence can answer questions about coverage. You can find contact information for any state life and health insurance guaranty association by calling UFLIC's customer service at 833-452-4240; SBS's customer service at 800-277-8762 or on NOLHGA's website: <http://www.nolhga.com/policyholderinfo/main.cfm>.

**27. Who can answer questions about the SNIC liquidation?**

Special Deputy Liquidator  
Mike Dinius  
Phone: 317.683.1292  
Email: [SNICLiquidation@noblecon.net](mailto:SNICLiquidation@noblecon.net)  
Website: [www.southlandnational.com](http://www.southlandnational.com)