

Subject: **Issue of "Servicing" of Structured Settlement Payments**  
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To all:

The purpose of this email is to go "on the record" about structured settlement servicing and to put NSSTA on notice of same.

Please note that our research shows that if an annuitant has sold the rights to any of his or her structured settlement payments at anytime in the past and has entered into a "servicing agreement", or the payments are otherwise being "serviced" by the factoring company then in all likelihood they will only be able to contact that factoring company to get information, not the annuity issuer. We have become aware of circumstances where the factoring company has only purchased a small portion of the structured settlement payment rights yet is found to be "servicing" all of the structured settlement payments. This may not be in the annuitant's best interest.

It has been alleged by several factoring companies that our member life companies do not split annuity payments and as a result such servicing agreements are necessary. For which of our life insurance company members is this the case?

How does it benefit the annuitant or the image of what we sell if the service may ultimately end up with a factoring company, even if only a small portion of payments are sold?

As part of our judicial awareness campaign, are we doing anything, or enough, to educate judges on "servicing" and what it means to part of the "best interest test"?

Surely those who place structured settlements (who have sold the qualities of the annuity issuer AND THEIR SERVICE) and the attorneys for injured plaintiffs, do not want it to hit the light of day that someday the client's only contact for problems with annuity payments may be a cash now pusher, whether simply because the annuity issuer will not split payments or otherwise.

**If the root of servicing is that life insurance companies on the one hand do not want to split payments and on the other hand do not want to develop an alternative solution (like Allstate's AFEN rider) then I ask again who is demanding a solution?**

**Does anyone have the guts to answer the question of [what are the annuitant's rights of recovery if they have entered into a servicing agreement for payments in excess of those sold and if the factoring company goes belly up?](#)**

Use the CT Woman case is a good example. She was receiving \$10,000 per month and sold \$1,600/month, leaving \$8,400/month that is being "serviced" by SAF. If SAF were to go belly up, what are the annuitant's rights? What additional costs does an annuitant have to incur to enforce those rights under that scenario? **These questions cry out for an answer.**