



**COMMONWEALTH OF KENTUCKY
DEPARTMENT OF INSURANCE
FRANKFORT, KENTUCKY**

**BULLETIN
2017-04**

The following Bulletin is to advise the reader of the current position of the Kentucky Department of Insurance ("Department"), on the specified issue.

TO: ALL INSURERS AUTHORIZED BY THE KENTUCKY DEPARTMENT OF INSURANCE
FROM: NANCY G. ATKINS, COMMISSIONER
RE: SYNTHETIC GUARANTEED INVESTMENT CONTRACTS
DATE: OCTOBER 11, 2017

Synthetic Guaranteed Investment Contract filings have been submitted to the Department for form approval. These contracts are between an insurer and an investment plan sponsor in which the insurer guarantees to pay the book value of the assets supporting the contract when benefit payments are required to be made to plan participants. Ownership of the assets is retained by the investment plan sponsor. The assets may be managed by the insurer or by an independent investment manager.

The Department has determined that these types of contracts are not "insurance," but shall be considered as an unregulated activity incidental to the business of insurance. *See* KRS 304.1-030. Consistent with the Kentucky Insurance Code, insurers may market Synthetic Guaranteed Investment Contracts without form approval. Therefore, Synthetic Guaranteed Investment Contract forms should not be submitted to the Department. If such forms are submitted in the future, they will be considered as informational only. Pursuant to K.R.S. § 304.3-241, insurers shall provide for any Synthetic Guaranteed Investment Contracts consistent with the NAIC's Accounting Practices and Procedures.

Questions regarding this bulletin should be directed to Don May: Phone (502)782-5338; Fax: (502)564-2728; or Email: don.may@ky.gov

/s/ Nancy G. Atkins
Nancy G. Atkins, Commissioner
Kentucky Department of Insurance

Oct. 11, 2017
Date