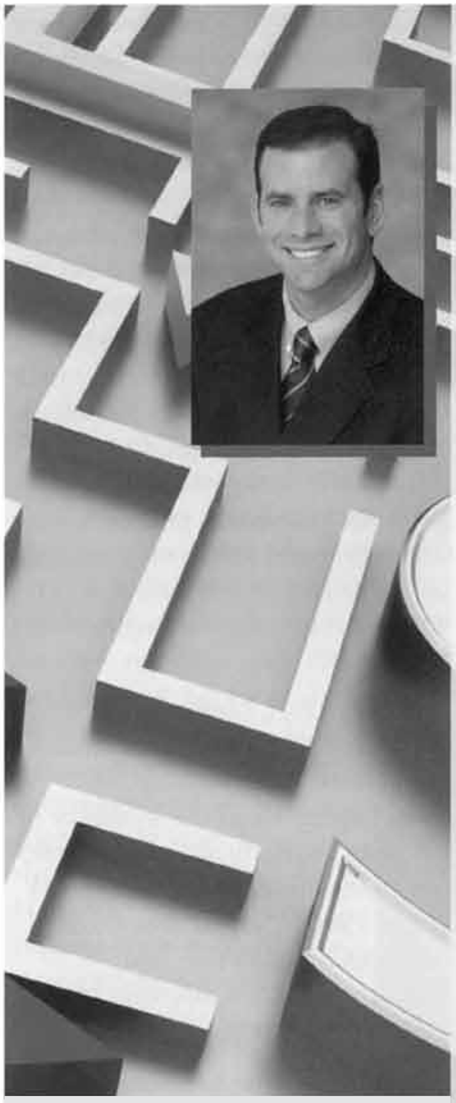

Structured Settlement Annuities: Safety Through Oversight and Protection from Legal Process

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Structured settlements utilizing life insurance annuities as their funding mechanism have been around for three decades. Over half a million injury victims receive benefits from structured settlement annuities. Each year life insurance companies that provide structured settlements receive more than $6 billion to fund new structured settlement arrangements and an estimated $100 billion has been paid in total to fund structured settlements in force today.[1] Structured settlements are utilized in the settlement of tort claims because of the advantages they offer like tax-free payments[2], fixed annuities not subject to large market fluctuations. They provide guaranteed lifetime income, and have inherent spendthrift protection as well as creditor protection and avoidance of guardianship requirements in certain cases. Structured settlements offer the unsophisticated investor the ability to make a onetime simple investment decision that will provide competitive returns without market risk or taxation. Similarly, sophisticated investors can use the annuity as a funding mechanism for other market based investments using a dollar cost averaging approach.

Structured settlements may also be useful in Workers' Compensation resolutions, especially in those "paternalistic" states that require restricted accounts for unaccrued benefits.

However, recent market events have led many people to question any type of investment including structured settlement annuities. Nevertheless, structured settlement annuities remain a safe and a viable vehicle to protect injury victims. This article will explore some of the safeguards that are in place to protect structured settlement recipients.

Government Oversight of Life Insurance Companies

The financial market events of late 2008 were historic and unprecedented. The near collapse of AIG, one of the world's largest companies and a top insurance company conglomerate, is and was a sign of the times. The impact of AIG's problems on our financial markets illustrates how quickly things can spiral downward. However, it also illustrates that structured settlements are still quite safe for personal injury victims