

ILLINOIS GUARANTY ASSOCIATION ACT

NOTICE CONCERNING COVERAGE LIMITATIONS AND EXCLUSIONS UNDER THE ILLINOIS LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of Illinois who purchase health insurance, life insurance, and annuities should know that the insurance companies licensed in Illinois to write these types of insurance are members of the Illinois Life and Health Insurance Guaranty Association. The purpose of this Guaranty Association is to assure that Policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its Policy obligations. If this should happen, the Guaranty Association will assess its other member insurance companies for the money to pay the covered claims of Policyholders that live in Illinois (and their payees, beneficiaries, and assignees) and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Guaranty Association is not unlimited, however, as noted below.

DISCLAIMER

The Illinois Life and Health Insurance Guaranty Association provides coverage of claims under some types of Policies if the insurer becomes impaired or insolvent. **COVERAGE MAY NOT BE AVAILABLE FOR YOUR POLICY.** Even if coverage is provided, there are substantial limitations and exclusions. Coverage is generally conditioned on continued residence in Illinois. Other conditions may also preclude coverage.

You should not rely on the availability of coverage under the Life and Health Insurance Guaranty Association Law when selecting an insurer. Your insurer and agent are prohibited by law from using the existence of the Association or its coverage to sell you an insurance Policy.

The Illinois Life and Health Insurance Guaranty Association or the Illinois Department of Insurance will respond to any questions you may have which are not answered by this document.

Policyholders with additional questions may contact:
The Illinois Life and Health Insurance Guaranty Association
8420 West Bryn Mawr Avenue
Chicago, Illinois 60631
312-714-8050

Illinois Department of Insurance
320 West Washington Street
4th Floor
Springfield, Illinois 62767
217-782-4515

The Illinois law that provides for this safety-net coverage is called the Illinois Life and Health Insurance Guaranty Association Law. The following contains a brief summary of the law's coverages, exclusions and limits. This summary does not cover all provisions, nor does it in any way change anyone's rights or obligations under the law or the rights or obligations of the Guaranty Association. If you have obtained this document from an agent in connection with the purchase of a Policy, you should be aware that its delivery to you does not guarantee that your Policy is covered by the Guaranty Association.

COVERAGE

The Illinois Life and Health Insurance Guaranty Association provides coverage to Policyholders that reside in Illinois for insurance issued by members of the Guaranty Association, including:

- life insurance, health insurance, and annuity Contracts;
- life, health or annuity certificates under direct group Policies or Contracts;
- unallocated annuity Contracts; and
- Contracts to furnish health care services and subscription and certificates for medical or health care services issued by certain licensed entities. The beneficiaries, payees, or assignees of such persons are also protected, even if they live in another state.

EXCLUSIONS FROM COVERAGE

The Guaranty Association does not provide coverage for:

- Policy or portion of a Policy for which the individual has assumed the risk;
- any Policy of reinsurance (unless an assumption certificate was issued);
- interest rate guarantees which exceed certain statutory limitations;
- certain unallocated annuity Contracts issued to an employee benefit plan protected under the Pension Benefit Guaranty Corporation and any portion of a Contract which is not issued to or in connection with a specific employee, union or association of natural persons benefit plan or a government lottery;
- any portion of a variable life insurance or variable annuity Contract not guaranteed by an insurer; or
- any stop loss insurance.

In addition, persons are not protected by the Guaranty Association if:

- the Illinois Director of Insurance determines that, in the case of an insurer which is not domiciled in Illinois, the insurer's home state provides substantially similar protection to Illinois residents which will be provided in a timely manner; or
- their Policy was issued by an organization which is not a member insurer of the Association.

LIMITS ON AMOUNTS OF COVERAGE

The law also limits the amount the Illinois Life and Health Guaranty Association is obligated to pay. The Guaranty Association's liability is limited to the lesser of either:

- the contractual obligations for which the insurer is liable or for which the insurer would have been liable if it were not an impaired or insolvent insurer, or
- with respect to any one life, regardless of the number of Policies, Contracts, or certificates:
 - in the case of life insurance, \$300,000 in death benefits but not more than \$100,000 in net cash surrender or withdrawal values;
 - in the case of health insurance, \$300,000 in health insurance benefits, including net cash surrender or withdrawal values; and
 - with respect to annuities, \$100,000 in the present value of annuity benefits, including net cash surrender or withdrawal values, and \$100,000 in present value of annuity benefits for individuals participating in certain government retirement plans covered by an unallocated annuity Contract. The limit for coverage of unallocated annuity Contracts other than those issued to certain governmental retirement plans is \$5,000,000 in benefits per Contract holder, regardless of the number of Contracts.

However, in no event is the Guaranty Association liable for more than \$300,000 with respect to any one individual.