

NOTICE CONCERNING COVERAGE LIMITATIONS AND EXCLUSIONS
UNDER THE LIFE AND HEALTH INSURANCE GUARANTY CORPORATION
SUBTITLE

Residents of this state who purchase life insurance, annuities or health insurance should know that the insurance companies licensed in this state to write these types of insurance are members of the Maryland Life and Health Insurance Guaranty Corporation. The purpose of this is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the guaranty corporation will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the guaranty corporation is not unlimited, however. And, as noted in the box below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

The Maryland Life and Health Insurance Guaranty Corporation may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in Maryland. You should not rely on coverage by the Maryland Life and Health Insurance Guaranty Corporation in selecting an insurance company or in selecting an insurance policy.

Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the guaranty corporation to induce you to purchase any kind of insurance policy.

The state law that provides for this safety-net coverage is called the Life and Health Insurance Guaranty Corporation.

The Corporation is not a department or unit of the State of Maryland and the liabilities or debts of the Life and Health Insurance Guaranty Corporation are not liabilities or debts of the State of Maryland.

Following is a brief summary of this law's coverages, exclusion and limits. This summary does not cover all provisions of the law, nor does it in any way change anyone's rights or obligations under the law or the rights or obligations of the guaranty corporation.

COVERAGE

Generally, individuals will be protected by the Life and Health Insurance Guaranty Corporation if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this corporation if:

- they are eligible for protection under the laws of another state (this may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state:
- the insurer was not authorized to do business in this state
- their policy was issued by a health maintenance organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the policyholder is subject to future assessment, or by an insurance exchange.

The Corporation also does not provide coverage for:

- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus:
- any policy of reinsurance, unless assumption certificates have been issued:
- interest rate yields that exceed an average rate:
- any portion of a policy or contract to the extent that it provides policy dividends:
- credits given in connection with the administration of a policy by a group contract holder:
- employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them);
- unallocated annuity contracts (which give rights to group contract holders, not individuals).

LIMITS ON AMOUNT OF COVERAGE

The statute also limits the amount that the corporation is obligated to pay. The corporation cannot pay more than the amount the insurance company would owe under a policy or contract. Also, with respect to any one life, regardless of the number of policies or contracts with the member insurer, the corporation will pay a maximum of \$300,000 even if the policies or contracts provide different types of coverage. Within this overall \$300,000 limit, the corporation will not pay more than \$100,000 in cash surrender values, \$300,000 in health insurance benefits, \$100,000 in present value of annuities, or \$300,000 in life insurance death benefits – again, no matter how many policies and contracts the insured has with the member company, and no matter how many different types of coverage.