**SUMMARY OF THE LIFE AND HEALTH INSURANCE**

 **GUARANTY CORPORATION ACT (MARYLAND)**

 **AND**

 **NOTICE CONCERNING LIMITATIONS AND EXCLUSIONS**

 **INTRODUCTION**

Residents of Maryland 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 Life and Health Insurance Guaranty Corporation (Maryland). The purpose of this Corporation is to assure that resident policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations, and is declared insolvent by a Court of Competent Jurisdiction and is ordered liquidated. If this should happen, the Corporation may assess its other member insurance companies for the money to pay the claims of insured persons who live in Maryland and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Corporation is limited, however. As noted below, this protection is not a substitute for consumers’ care in selecting companies that are well managed and financially stable. Insurance companies and their agents are prohibited by law from using the existence of the Corporation to induce you to purchase any kind of insurance policy.

**SUMMARY**

The state law that provides for this safety net coverage is called the Life

and Health Insurance Guaranty Corporation Act; Maryland Insurance Code, Title 9, Subtitle 4. Below is a brief summary of the law’s coverages, exclusions 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 act or the rights or obligations of the 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 contract, or if they hold certificates under a group life or health insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons may be protected as well, even if they live in another state.

**Exclusions from Coverage.**

Persons holding such policies or contracts are not protected by this Corporation if:

• they are not residents of the State of Maryland, except under certain very specific circumstances;

• the insurer was not authorized or licensed to do business in Maryland at the time the policy or contract was issued;

• their policy was issued by an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or other entity that operates on an assessment basis; or an insurance exchange.

• any part of a policy or contract to the extent that is not guaranteed by the insurer, or under which the risk is borne by the policyholder or contract holder;

**Limits On Amount of Coverage.**

Benefits for which the Corporation may become liable may not exceed the lesser of:

* The contractual obligations for which the insurer is or would have been liable if it were not an impaired insurer or insolvent insurer; or
* **With respect to any one life, regardless of the number of policies or contracts**:
* $300,000 in life insurance death benefits, but not more than $100,000 in net cash surrender or net cash withdrawal values for life insurance;
* In health insurance benefits:
* $500,000 basic hospital, medical and surgical insurance or major medical insurance provided by health benefit plans;
* $300,000 for disability insurance and $300,000 for long term care insurance;
* $100,000 for coverages not included in basic hospital, medical, and surgical insurance, or major medical insurance, or disability insurance or long term care insurance, including net cash surrender and net cash withdrawal values.
* $250,000 in the present value of annuity benefits, including net cash surrender and net cash withdrawal values