

NEVADA GUARANTY ASSOCIATION ACT

GENERAL INFORMATION REGARDING THE NEVADA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT

Residents of Nevada 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 Nevada Life and Health Insurance Guaranty Association. The purpose of this 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 obligations. If this should happen, the Guaranty Association 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 Association is not unlimited, however. And, as noted below, this protection is not a substitute for consumers' care in selecting companies that are well-managed and financially stable.

The Nevada Life and Health Insurance Guaranty Association may not provide coverage for a Policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in Nevada. A person should not rely on coverage by the Nevada Life and Health Insurance Guaranty Association in selecting an insurance company or in selecting an insurance Policy.

Coverage is NOT provided for a Policy or any portion of it that is not guaranteed by the insurer or for which the Policyholder has 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 association to induce the purchase of any kind of insurance Policy.

The Nevada Life and Health Insurance Guaranty Association
P.O. Box 3302
Reno, Nevada 89505

Nevada Department of Insurance
1665 Hot Springs Road
Suite 152
Carson City, Nevada 89710

The state law that provides for this safety-net coverage is called the Nevada Life and Health Insurance Guaranty Association Act. Below is a brief summary of this 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 guaranty association.

COVERAGE

Generally, individuals will be protected by the Life and Health Insurance Guaranty Association 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 Association 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 the state);
- the insurer was not authorized to do business in this state;
- their Policy was issued by a nonprofit hospital or medical service organization (the "Blues"), an HMO, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company or similar plan in which the Policyholder is subject to future assessments, or by an insurance exchange.

The Association 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;
- interest rate yields that exceed an average rate;
- dividends;
- credits given in connection with the administration of a Policy by a group Contractholder;
- employers' plans to the extent they are self-funded (that is, not insured by an insurance company, even if an insurance company administers them); and
- unallocated annuity Contracts (which give rights to group Contractholders, not individuals).

LIMITS ON AMOUNT OF COVERAGE

The act also limits the amount the Association is obligated to pay. The Association cannot pay more than what the insurance company would owe under a Policy or Contract. Also, for any one insured life, the Association will pay a maximum of \$300,000 - no matter how many Policies and Contracts there were with the same company, even if they provided different types of coverages. Within this overall \$300,000 limit, the Association will not pay more than \$100,000 in cash surrender values, \$100,000 in health insurance benefits, or \$300,000 in life insurance death benefits - again, no matter how many Policies and Contracts there were with the same company, and no matter how many different types of coverages.