

**SUMMARY OF THE MONTANA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION ACT
AND NOTICE CONCERNING COVERAGE LIMITATIONS AND EXCLUSIONS**

Residents of Montana who purchase life insurance, annuities or health insurance should be informed that insurance companies licensed in this state to write these types of insurance are members of the Montana 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 Association will assess its other member insurance companies for the money to pay the claims of insured persons who reside in Montana and, in some cases, to keep coverage in force. The valuable extra protection provided by these insurers through the Association 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.

IMPORTANT DISCLAIMER

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

**COVERAGE IS NOT PROVIDED BY THE MONTANA LIFE AND HEALTH INSURANCE
GUARANTY ASSOCIATION FOR YOUR POLICY OR CONTRACT OR ANY PORTION OF IT UNDER
WHICH THE RISK IS BORNE BY YOU, THE POLICYHOLDER.**

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

This information is provided by:

Montana Life and Health Insurance Guaranty Association

P. O. Box 541

Helena, Montana 59624

1-877-678-1048

State of Montana Department of Insurance

840 Helena Avenue

Helena, Montana 59601

(406) 444-2040

1-800-332-6148

SUMMARY

The state law that provides for this safety-net coverage is called the Montana Life and Health Insurance Guaranty Association Act. Below is a brief summary of this law's coverage, 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 Association.

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

Exclusions From Coverage. Persons holding such policies or contracts are **not** protected by this Association if:

- they are *not* residents of the State of Montana, except under certain very specific circumstances;
- the insurer was *not* authorized or licensed to do business in Montana at the time the policy or contract was issued.

The Association also does **not** provide coverage for:

- persons holding policies 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;
- any policy or contract or any part of a policy or contract under which the risk is borne by the policyholder;
- any policy of reinsurance (unless an assumption certificate was issued);
- interest rate yields that exceed an average rate (which is determined under the provisions of the Act);
- plans of employers, associations or similar entities to the extent they are self-funded or uninsured (that is, not insured by an insurance company, even if an insurance company administers them);
- dividends;
- experience rating credits and credits given in connection with the administration of a policy or contract;
- any unallocated annuity contract issued to an employee benefit plan that is protected under the Federal Pension Benefit Guaranty Corporation; and
- any portion of any unallocated annuity contract that is not issued to or in connection with a specific employee, union, or association of natural persons benefit plan or a governmental lottery.

Limits on Amount of Coverage. The Act also limits the amount the Association is obligated to pay out. The Association cannot pay more than what the insurance company would owe under a policy or contract. Furthermore, the amounts the Association is authorized to pay are limited.

Individual. For any one individual insured, the amount the Association will pay is limited to a maximum of \$500,000 – no matter how many policies and contracts there were with the same company, even if they provided different types of coverage. The overall limit for all coverage other than basic hospital, medical and surgical insurance is \$300,000. Within these overall limits, the Association will not pay more than \$100,000 in cash surrender values, \$100,000 in present value of annuity benefits, \$300,000 in life insurance death benefits, \$300,000 in disability income benefits and \$500,000 in hospital, medical and surgical benefits --again, no matter how many policies and contracts there were with the same company, and no matter how many different types of coverage.

Government Plans. With respect to each individual participating in a governmental retirement plan established under sections 401, 403(b), or 457 of the Internal Revenue Code and covered by an unallocated annuity contract the Association will pay, in the aggregate, a maximum of \$100,000 in present value annuity benefits, including surrender and withdrawal values. Benefits payable under governmental plan unallocated annuity contracts are also included in applying the overall limit with respect to any one individual described in the prior paragraph.

Unallocated Contracts. With respect to any one contract holder covered by any unallocated annuity contract, other than a contract that covers governmental retirement benefit plans described in the prior paragraph, the Association will pay up to \$5 million in benefits, irrespective of the number of contracts held by that contract holder.