

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 FREMONT STREET
SAN FRANCISCO, CA 94105**

**BULLETIN NO. 2011-3
AUGUST 11, 2011**

**TO: MEMBER INSURERS OF THE CALIFORNIA LIFE AND HEALTH
INSURANCE GUARANTEE ASSOCIATION, PERSONS HOLDING A
CERTIFICATE OF AUTHORITY OR OTHER AUTHORIZATION TO
TRANSACT AS AN INSURER, AND OTHER INTERESTED PERSONS**

**SUBJECT: SUMMARY DOCUMENT OF CALIFORNIA LIFE AND HEALTH
INSURANCE GUARANTEE ASSOCIATION COVERAGE AND
DISCLAIMER AND NOTICE OF NON-COVERAGE PURSUANT TO
INSURANCE CODE SECTION 1067.17**

EFFECT ON EXISTING BULLETINS: This Bulletin supersedes Bulletin No. 96-2.

This Bulletin provides notice of the Insurance Commissioner's approval, pursuant to California Insurance Code Section 1067.17(b)(2), of an updated California Life and Health Insurance Guarantee Association (CLHIGA) Summary Document which describes the general purposes and current limitations of coverage provided by CLHIGA pursuant to Article 14.7 of the California Insurance Code. The Summary Document includes a clear and conspicuous disclaimer that contains the information required by California Insurance Code Section 1067.17(c), including information as directed by the Commissioner pursuant to Section 1067.17(c)(5.) The Summary Document was approved by the Insurance Commissioner on July 27, 2011 and it is attached hereto as Exhibit A.

Pursuant to California Insurance Code Section 1067.17(b)(2), on and after September 26, 2011, insurers, including insurers that are not members of CLHIGA, may not deliver a policy or contract of the type described in Insurance Code Section 1067.02(b)(1) to a policy or contract owner unless the Summary Document is delivered to the policy or contract owner at the time of delivery of the policy or contract. In addition, the Summary Document shall be available upon request by a policy owner.

Pursuant to California Insurance Code Section 1067.17(a), the existence of CLHIGA may not be used for the purpose of sales, solicitation or inducement to purchase any form of insurance covered by CLHIGA.

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Inquiries as to this Bulletin may be directed to:

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EXHIBIT A TO BULLETIN 2011-3

NOTICE OF PROTECTION PROVIDED BY CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION

This notice provides a brief summary regarding the protections provided to policyholders by the California Life and Health Insurance Guarantee Association (“the Association”). The purpose of the Association is to assure that policyholders will be protected, within certain limits, in the unlikely event that a member insurer of the Association becomes financially unable to meet its obligations. Insurance companies licensed in California to sell life insurance, health insurance, annuities and structured settlement annuities are members of the Association. The protection provided by the Association is not unlimited and is not a substitute for consumers' care in selecting insurers. This protection was created under California law, which determines who and what is covered and the amounts of coverage.

Below is a brief summary of the coverages, exclusions and limits provided by the Association. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations or the rights or obligations of the Association.

COVERAGE

- **Persons Covered**

Generally, an individual is covered by the Association if the insurer was a member of the Association *and* the individual lives in California at the time the insurer is determined by a court to be insolvent. Coverage is also provided to policy beneficiaries, payees or assignees, whether or not they live in California.

- **Amounts of Coverage**

The basic coverage protections provided by the Association are as follows.

- **Life Insurance, Annuities and Structured Settlement Annuities**

For life insurance policies, annuities and structured settlement annuities, the Association will provide the following:

- **Life Insurance**
 - 80% of death benefits but not to exceed \$300,000
 - 80% of cash surrender or withdrawal values but not to exceed \$100,000
- **Annuities and Structured Settlement Annuities**
 - 80% of the present value of annuity benefits, including net cash withdrawal and net cash surrender values but not to exceed \$250,000

The maximum amount of protection provided by the Association to an individual, for *all* life insurance, annuities and structured settlement annuities is \$300,000, regardless of the number of policies or contracts covering the individual.

- **Health Insurance**

The maximum amount of protection provided by the Association to an individual, as of April 1, 2011, is \$470,125. This amount will increase or decrease based upon changes in the health care cost component of the consumer price index to the date on which an insurer becomes an insolvent insurer.

COVERAGE LIMITATIONS AND EXCLUSIONS FROM COVERAGE

The Association may not provide coverage for this policy. Coverage by the Association generally requires residency in California. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.

The following policies and persons are among those that are excluded from Association coverage:

- A policy or contract issued by an insurer that was not authorized to do business in California when it issued the policy or contract
- A policy issued by a health care service plan (HMO), a hospital or medical service organization, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society
- If the person is provided coverage by the guaranty association of another state.
- Unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which do not guaranty annuity benefits to an individual
- Employer and association plans, to the extent they are self-funded or uninsured
- A policy or contract providing any health care benefits under Medicare Part C or Part D
- An annuity issued by an organization that is only licensed to issue charitable gift annuities
- 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 certain investment elements of a variable life insurance policy or a variable annuity contract
- Any policy of reinsurance unless an assumption certificate was issued
- Interest rate yields (including implied yields) that exceed limits that are specified in Insurance Code Section 1607.02(b)(2)(C).

NOTICES

Insurance companies or their agents are required by law to give or send you this notice. Policyholders with additional questions should first contact their insurer or agent. To learn more about coverages provided by the Association, please visit the Association's website at www.califega.org, or contact either of the following:

California Life and Health Insurance
Guarantee Association
P.O Box 16860,
Beverly Hills, CA 90209-3319
(323) 782-0182

California Department of Insurance
Consumer Communications Bureau
300 South Spring Street
Los Angeles, CA 90013
(800) 927- 4357

Insurance companies and agents are not allowed by California law to use the existence of the Association or its coverage to solicit, induce or encourage you to purchase any form of insurance. When selecting an insurance company, you should not rely on Association coverage. If there is any inconsistency between this notice and California law, then California law will control.