



August 30, 2011

NOTICE TO ALL MEMBER INSURANCE COMPANIES

REVISIONS TO THE SUMMARY DOCUMENT

The Texas Life, Accident, Health and Hospital Service Insurance Guaranty Association (“the Association”) is required to prepare a summary document describing the general purposes and current limitations of the Association Act, Texas Insurance Code §463.114. The summary document has been updated to reflect recent changes to the Association Act. The revised summary document was approved by the Texas Commissioner of Insurance today, August 30, 2011.

You have sixty (60) days from August 30, 2011 to start providing this revised summary document to policy or contract holders when issuing new policies or contracts. It is not necessary to distribute the revised summary document to policy or contract holders of previously issued policies, unless requested by the policyholder. You may duplicate this document or download it from the Association’s website (www.txlifega.org) for use by your company. The document must also be available on request of a policyholder. Please refer to Chapter 463.114(c) of the Texas Insurance Code for additional information about providing the summary document to policy and contract holders.

This statutorily required summary document **should not** be attached to any policy that **is not** covered under the Act. Please refer to Texas Insurance Code, Chapter 463.114(e) for further clarification of this requirement.

Please contact me at (800) 982-6362 if you have any questions regarding the summary document and its distribution.

Sincerely,

Bart A. Boles
Executive Director

**IMPORTANT INFORMATION ABOUT COVERAGE UNDER THE
TEXAS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION
(For insurers declared insolvent or impaired on or after September 1, 2011)**

Texas law establishes a system to protect Texas policyholders if their life or health insurance company fails. The Texas Life and Health Insurance Guaranty Association (“the Association”) administers this protection system. Only the policyholders of insurance companies that are members of the Association are eligible for this protection which is subject to the terms, limitations, and conditions of the Association law. (The law is found in the *Texas Insurance Code*, Chapter 463.)

It is possible that the Association may not protect all or part of your policy because of statutory limitations.

Eligibility for Protection by the Association

When a member insurance company is found to be insolvent and placed under an order of liquidation by a court or designated as impaired by the Texas Commissioner of Insurance, the Association provides coverage to policyholders who are:

- Residents of Texas (**regardless of where the policyholder lived when the policy was issued**)
- Residents of other states, ONLY if the following conditions are met:
 1. The policyholder has a policy with a company domiciled in Texas;
 2. The policyholder’s state of residence has a similar guaranty association; and
 3. The policyholder is *not eligible* for coverage by the guaranty association of the policyholder’s state of residence.

Limits of Protection by the Association

Accident, Accident and Health, or Health Insurance:

- For each individual covered under one or more policies: up to a total of \$500,000 for basic hospital, medical-surgical, and major medical insurance, \$300,000 for disability or long term care insurance, or \$200,000 for other types of health insurance.

Life Insurance:

- Net cash surrender value or net cash withdrawal value up to a total of \$100,000 under one or more policies on a single life; or
- Death benefits up to a total of \$300,000 under one or more policies on a single life; or
- Total benefits up to a total of \$5,000,000 to any owner of multiple non-group life policies.

Individual Annuities:

- Present value of benefits up to a total of \$250,000 under one or more contracts on any one life.

Group Annuities:

- Present value of allocated benefits up to a total of \$250,000 on any one life; or
- Present value of unallocated benefits up to a total of \$5,000,000 for one contractholder regardless of the number of contracts.

Aggregate Limit:

- \$300,000 on any one life with the exception of the \$500,000 health insurance limit, the \$5,000,000 multiple owner life insurance limit, and the \$5,000,000 unallocated group annuity limit.

These limits are applied for each insolvent insurance company.

Insurance companies and agents are prohibited by law from using the existence of the Association for the purpose of sales, solicitation, or inducement to purchase any form of insurance. When you are selecting an insurance company, you should not rely on Association coverage. For additional questions on Association protection or general information about an insurance company, please use the following contact information.

Texas Life and Health Insurance
Guaranty Association
515 Congress Avenue, Suite 1875
Austin, Texas 78701
800-982-6362 or www.txlifega.org

Texas Department of Insurance
P.O. Box 149104
Austin, Texas 78714-9104
800-252-3439 or www.tdi.state.tx.us