



# Illinois Department of Insurance

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PAT QUINN  
Governor

MICHAEL T. McRAITH  
Director

TO: ALL LIFE/ACCIDENT AND HEALTH INSURANCE COMPANIES

FROM: MICHAEL T. MCRAITH *MTM*

DATE: December 6, 2010

RE: CB 2010-07

## NOTICE OF PROTECTION PROVIDED BY ILLINOIS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION – 50 IAC 3401

The purpose of this bulletin is to advise all life/accident and health insurers that Public Act 096-1450 effective August 20, 2010 has amended the Illinois Insurance Code to increase limits for Life/Accident and Health Guaranty Fund products. Due to these changes the Disclaimer notice required under 50 IAC 3401.40 to be delivered with a policy or contract has been revised.

The attached disclaimer replaces the disclaimer currently in 50 IAC 3401.

Questions regarding this bulletin should be directed to Cindy Colonius at [cindy.colonius@illinois.gov](mailto:cindy.colonius@illinois.gov).

Attached: Illustration A – Notice of Protection Provided By Illinois Life and Health Guaranty Association.

**NOTICE OF  
PROTECTION PROVIDED BY  
ILLINOIS LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION**

This notice provides a **brief summary** description of the Illinois Life and Health Insurance Guaranty Association (“the Association”) and the protection it provides for policyholders. This safety net was created under Illinois law, which determines who and what is covered and the amounts of coverage.

The Association was established to provide protection in the unlikely event that your member life, annuity or health insurance company becomes financially unable to meet its obligations and is taken over by its Insurance Department. If this should happen, the Association will typically arrange to continue coverage and pay claims, in accordance with Illinois law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Association per insolvency are:

- Life Insurance
  - \$300,000 in death benefits
  - \$100,000 in cash surrender or withdrawal values
- Health Insurance
  - \$500,000 in hospital, medical and surgical insurance benefits\*
  - \$300,000 in disability insurance benefits
  - \$300,000 in long-term care insurance benefits
  - \$100,000 in other types of health insurance benefits
- Annuities
  - \$250,000 in withdrawal and cash values

\*The maximum amount of protection for each individual, regardless of the number of policies or contracts, is \$300,000, except special rules apply with regard to hospital, medical and surgical insurance benefits for which the maximum amount of protection is \$500,000.

**Note: Certain policies and contracts may not be covered or fully covered.** For example, coverage does not extend to any portion(s) of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variable annuity contract. There are also residency requirements and other limitations under Illinois law.

To learn more about the above protections, as well as protections relating to group contracts or retirement plans, please visit the Association’s website at [www.ilhiga.org](http://www.ilhiga.org) or contact:

*Illinois Life and Health  
Insurance Guaranty Association  
8420 West Bryn Mawr Avenue, Suite 550  
Chicago, Illinois 60631-3404  
(773) 714-8050*

*Illinois Department of Insurance  
4th Floor  
320 West Washington Street  
Springfield, Illinois 62767  
(217) 782-4515*

**Insurance companies and agents are not allowed by Illinois law to use the existence of the Association or its coverage to 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 Illinois law, then Illinois law will control.**

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