



DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE  
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**Bulletin 11-009**

**September 1, 2011**

**REVISED COVERAGE UNDER THE NEVADA LIFE AND HEALTH  
INSURANCE GUARANTY ASSOCIATION**

Assembly Bill No. 74, which was signed into law by Governor Sandoval on June 17, 2011, included provisions (sections 33.1 to 33.7, inclusive) which amend chapter 686C of the Nevada Revised Statutes (NRS) to expand coverage under the Nevada Life and Health Insurance Guaranty Association (guaranty association) to include unallocated annuities owned by a governmental retirement plan established under sections 401, 403(b) or 457 of the Internal Revenue Code (IRC).

The following summarizes actions that companies must take to comply with the revised law:

1. **Effective October 1, 2011, all Life and Health insurers must use the attached updated summary document describing coverage, limitations, and exclusions under the guaranty association.** Pursuant to NRS 686C.128, the guaranty association must prepare a summary document and disclaimer for approval by the Commissioner of Insurance (Commissioner) that describes coverage, limitations, and exclusions applicable under the guaranty association. For this purpose, the Commissioner has approved the attached revised summary and disclosure document which reflects updated contact information for the Nevada Division of Insurance (Division), as well as changes in guaranty association coverage approved during the 76<sup>th</sup> (2011) Session of the Nevada Legislature.

Effective October 1, 2011, life and health insurers must use the revised summary document in order to comply with NRS 686C.128.

2. **All insurers issuing unallocated annuities to governmental retirement plans established under sections 401, 403(b) or 457 of the IRC must submit their unallocated annuity contracts and related forms to the Division for review and approval.** Note that unallocated annuities issued to nongovernmental entities are still outside of the jurisdiction of the Division and will not be reviewed by our office. However, insurers may continue to file these contracts with the Division on an informational only basis.

Therefore, the Division recommends that all affected insurers review their unallocated annuity contracts and related forms and submit, for review by the Division, those that are intended to be issued to governmental retirement plans established under sections 401, 403(b) or 457 of the IRC.

**Filing Guidance**

When submitting contracts to the Division for review and approval, insurers must include a new, distinct identifying form number in the lower left hand corner of each form intended for use with governmental retirement plans.

Because Division review and approval is limited to contracts issued to the governmental plans described above, insurers must include a statement in the transmittal letter or in a separate document, acknowledging that the Division's approval is only valid for governmental retirement plans established under sections 401, 403(b) or 457 of the IRC in Nevada and certifying that the company will not issue the approved forms to other entities.

In order to facilitate the prompt review of affected forms by October 1, 2011, the Division recommends that insurers use the System for Electronic Rates and Forms Filing (SERFF) and indicate "AB74" in the Company Tracking Number field.



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AMY L. PARKS

Acting Commissioner of Insurance

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

**Effective On or Before July 1, 2022**

This notice provides a **brief summary** regarding the protections provided to policyholders by the Nevada Life and Health Insurance Guaranty 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 and health maintenance organizations licensed in Nevada to sell life insurance, health insurance, annuities and structured settlement annuities are members of the Association. The protection provided by the Association is limited and is *not* a substitute for consumers' care in selecting insurers. **Your policy or contract may not be covered, and if covered, there are substantial coverage limitations and exclusions. Further, coverage is dependent on continued residence in Nevada.** 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, and the law may change.

**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 Nevada 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 Nevada.

**Amounts of Coverage**

For any one life, per company, the coverage protections provided by the Association shall not exceed:

- **Life Insurance**
  - Death benefits: \$300,000
  - Cash surrender or withdrawal values: \$100,000
  
- **Annuities and Structured Settlement Annuities**
  - Present value of annuity benefits and structured settlement annuities, including cash surrenders or withdrawal values: \$250,000
  - Participants in a government retirement plan covered by an unallocated annuity as described by NRS 686.C.035: \$250,000.
  
- **Health Insurance**
  - Disability Income and long-term care insurance, including net cash surrender values: \$300,000
  - Health Benefit Plan: \$500,000
  - Health insurance, other than disability income, long-term care insurance or Health Benefit Plan: \$100,000

*Please note that the maximum protection provided by the Association to an individual for all life insurance, annuities, and structured settlement annuities with one insurer is \$300,000; or for all life insurance, annuities, structured settlement annuities, and benefits for health benefit plans with one insurer, \$500,000, regardless of the number of policies or contracts covering the individual.*

## COVERAGE LIMITATIONS AND EXCLUSIONS FROM COVERAGE

The following policies and persons are examples of those excluded from Association coverage:

- A policy or contract issued by an insurer that was not authorized to do business in Nevada when it issued the policy or contract
- A policy or contract issued by a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or an organization that is only licensed to issue charitable gift annuities
- Persons 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 except for annuities owned by a governmental retirement plan established under section 401, 403(b), or 457 of the Internal Revenue Code
- 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
- 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 exceed an average rate

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## NOTICES

Member insurers 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. The member insurer and its 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 or coverage offered by a health maintenance organization. You may file a complaint with the Nevada Insurance Commissioner if you believe any provision of the Nevada Life and Health Insurance Guarantee Association law has been violated. To learn more about coverage provided by the Association, please visit the Association's website at [www.nvlifega.org](http://www.nvlifega.org), or contact either of the following:

Nevada Life and Health Insurance  
Guaranty Association  
2377 Gold Meadow Way, Suite 100  
Gold River, CA 95670

Nevada Division Insurance  
Department of Business and Industry  
1818 E. College Pkwy., Suite 103  
Carson City, NV 89706

**When selecting an insurer, you should not rely on Association coverage. If there is any inconsistency between this notice and Nevada law, Nevada law will control.**