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PHONE: (406)442-5581
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What is the Association and Why Does We Need SB 78

- (1) The Guaranty Association was created by statute in 1974 to provide protection to insurance consumers in the event their life and/or health insurer becomes insolvent. All 50 states have similar Guaranty Associations, and all of the Guaranty Associations work together to protect consumers when an insurance company fails. In the last 36 years, the life and health insurance industry has changed as a result of new government programs, new products, and market innovation. As a result, questions have been raised on how these various items impact the coverage provided by the Guaranty Association. The NAIC addressed these issues and created a new Model Act to respond to past and anticipated changes in the industry and economy. The changes proposed are based on the Model Act.
- (2) Some of the statutory limits are out of date and need to be increased to reflect modern economic realities. The products for which these increased limits will be provided must be clearly articulated, so consumers can understand the extent of protection they have. Further, the persons to whom coverage is provided must be updated and consistent across state lines to prevent inadvertent gaps in coverage. The most significant changes in the coverage available include:
 - (a) Specifying Long Term Care Coverage for \$300,000;
 - (b) Increasing Annuity Coverage from \$100,000 to \$250,000, and
 - (c) Increasing Structured Settlement Annuity Coverage from \$100,000 to \$250,000.
- (3) A variety of the changes will assist the Guaranty Association in providing benefits in a more consistent and economical manner. Some these provisions include the following:
 - (a) The Guaranty Association's ability to loan money to impaired insurers is codified.
 - (b) The Guaranty Association's assessment capacity and mechanisms are enhanced.
 - (c) An orderly process for member insurers to protest assessments is set forth.
 - (d) The conditions under which the Guaranty Association is triggered are made consistent with the other states. As a result, the Association will be well positioned to protect Montana residents in multi-state insolvencies.

PLEASE SUPPORT SB 78