

NOTICE OF PROTECTION PROVIDED BY IOWA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

This notice provides a brief summary of the Iowa Life and Health Insurance Guaranty Association (the "Association") and the protection it provides for policyholders. This safety net was created under Iowa 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 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 Iowa law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Association are:

Life Insurance

- \$300,000 in death benefits
- \$100,000 in cash surrender and withdrawal values

Health Insurance

- \$500,000 in basic hospital, medical-surgical or major medical insurance benefits
- \$300,000 in disability income protection insurance benefits
- \$300,000 in long-term care insurance benefits
- \$100,000 in other types of health insurance benefits

Annuities

- \$250,000 in annuity benefits, cash surrender and withdrawal values

The maximum amount of protection for each individual, regardless of the number of policies or contracts, is \$350,000. Special rules may apply with regard to hospital, medical-surgical and major medical insurance benefits.

Note: Certain policies and contracts may not be covered or fully covered. If coverage is available, it will be subject to substantial limitations and exclusions. 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 various residency requirements under Iowa law.

To learn more about the Association and the protections it provides, as well as those relating to group contracts or retirement plans, please visit the Association's website at www.ialifega.org, or contact:

Iowa Life and Health Insurance
Guaranty Association
700 Walnut Street, Suite 1600
Des Moines, IA 50309
(515) 248-5712

Iowa Insurance Division
1963 Bell Avenue, Suite 100
Des Moines, IA 50315
(515) 654-6600

Information about the financial condition of insurers is available from a variety of sources, including financial rating agencies such as AM Best Company, Fitch Inc., Moody's Investors Service, Inc., and Standard & Poor's. That information may be accessed from the "Helpful Links & Information" page located on the website of the Iowa Insurance Division at www.iid.iowa.gov.

The Association is subject to supervision and regulation by the Commissioner of the Iowa Insurance Division. Persons who desire to file a complaint to allege a violation of the laws governing the Association may contact the Iowa Insurance Division. State law provides that any suit against the Association shall be brought in the Iowa District Court in Polk County, Iowa.

Insurance companies and agents are not allowed by Iowa 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 Iowa law, then Iowa law will control.

Appeals

If your certificate has External Review Process language in the Appeals section, this language is removed.

Your Certificate

If your certificate has Time Limit on Certain Defenses language in the Your Certificate section, this language is removed.

The following is revised in the Your Certificate section of your certificate:

When Coverage Ends

Your coverage will end immediately if any of the following occurs:

- You or your employer or group sponsor fraudulently misrepresents or conceals material facts in the application. If this happens, we will recover any claim payments we made, minus any premium paid.
- You or your employer or group sponsor fails to pay the monthly premium when due.
- You or your employer or group sponsor terminates this certificate by giving written notice of termination to Wellmark Blue Cross and Blue Shield of Iowa at least 10 days before the termination date.
- You fail to satisfy the requirements for eligibility.
- We terminate the agreement or group insurance policy we have with your employer or group sponsor.
- We decide to discontinue offering or nonrenew similar coverage plans issued in Iowa by giving written notice to your employer or group sponsor.

We will not pay any benefits under this certificate for professional services after the termination date. Therefore, the following excerpt under Effects of Termination is replaced in the Your Certificate section of your certificate:

Effects of Termination

An exception to this applies in the case of a continuous loss that commenced while this certificate is in force. If you receive covered facility services as an inpatient of a hospital or skilled nursing facility on the date this certificate terminates, payment for these covered services will end on the earliest of:

- the date you are first discharged from the facility following termination of this certificate;
- the date the certificate coverage period would have ended if this certificate had not been terminated – that is, the end of the calendar year during which you were an inpatient in a hospital or skilled nursing facility;
- the date your Medicare benefits are exhausted if no additional benefits would otherwise have been covered under this certificate had it remained in effect; or
- payment of maximum benefits.

The following is revised in the Your Certificate section of your certificate:

Subrogation

For purposes of this “Subrogation” section, “third party” includes, but is not limited to, any of the following:

- The responsible person or that person’s insurer;
- Uninsured motorist coverage;
- Underinsured motorist coverage;
- Personal umbrella coverage;
- Other insurance coverage including, but not limited to, homeowner’s, motor vehicle, or medical payments insurance; and
- Any other payment from a source intended to compensate you for injuries resulting from an accident or alleged negligence.

Right of Subrogation. If you or your legal representative have a claim to recover money from a third party and this claim relates to an illness or injury for which Wellmark provides benefits, Wellmark will be subrogated to you and your legal representative’s rights to recover from the third party as a condition to your receipt of benefits.

Right of Reimbursement. If you have an illness or injury as a result of the act of a third party or arising out of obligations you have under a contract and you or your legal representative files a claim under this group health plan, as a condition of receipt of benefits, you or your legal representative must reimburse Wellmark for all benefits paid for the illness or injury from money received from the third party or its insurer, or under the contract, to the extent of the amount paid by Wellmark on the claim.

Once you receive benefits under this group health plan arising from an illness or injury, Wellmark will assume any legal rights you have to collect compensation, damages, or any other payment related to the illness or injury from any third party.

You agree to recognize Wellmark’s rights to subrogation and reimbursement. These rights provide Wellmark with a priority over any money paid by a third party to you relative to the amount paid by Wellmark, including priority over any claim for nonmedical charges, or other costs and expenses. Wellmark will assume all rights of recovery, to the extent of payment, regardless of whether payment is made before or after settlement of a third party claim, and regardless of whether you have received full or complete compensation for an illness or injury.

Procedures for Subrogation and Reimbursement. You or your legal representative must do whatever Wellmark requests with respect to the exercise of Wellmark’s subrogation and reimbursement rights, and you agree to do nothing to prejudice those rights. In addition, at the time of making a claim for benefits, you or your legal representative must inform Wellmark in writing if you have an illness or injury caused by a third party or arising out of obligations you have under a contract. You or your legal representative must provide the following information, by registered mail, as soon as reasonably practicable of such illness or injury to Wellmark as a condition to receipt of benefits:

- The name, address, and telephone number of the third party that in any way caused the illness or injury or is a party to the contract, and of the attorney representing the third party;
- The name, address and telephone number of the third party’s insurer and any insurer of you;
- The name, address and telephone number of your attorney with respect to the third party’s act;
- Prior to the meeting, the date, time and location of any meeting between the third party or his attorney and you, or your attorney;
- All terms of any settlement offer made by the third party or his insurer or your insurer;
- All information discovered by you or your attorney concerning the insurance coverage of the third party;

- The amount and location of any money that is recovered by you from the third party or his insurer or your insurer, and the date that the money was received;
- Prior to settlement, all information related to any oral or written settlement agreement between you and the third party or his insurer or your insurer;
- All information regarding any legal action that has been brought on your behalf against the third party or his insurer; and
- All other information requested by Wellmark.

Send this information to:

Wellmark Blue Cross and Blue Shield of Iowa
1331 Grand Ave., Station 5E151
Des Moines, IA 50309-2901

You also agree to all of the following:

- You will immediately let us know about any potential claims or rights of recovery related to the illness or injury.
- You will furnish any information and assistance that we determine we will need to enforce our rights under this group health plan.
- You will do nothing to prejudice our rights and interests including, but not limited to, signing any release or waiver (or otherwise releasing) our rights, without obtaining our written permission.
- You will not compromise, settle, surrender, or release any claim or right of recovery described above, without obtaining our written permission.
- If payment is received from the other party or parties, you must reimburse us to the extent of benefit payments made under this group health plan.
- In the event you or your attorney receive any funds in compensation for your illness or injury, you or your attorney will hold those funds (up to and including the amount of benefits paid by Wellmark in connection with the illness or injury) in trust for the benefit of Wellmark as trustee(s) for Wellmark until the extent of our right to reimbursement or subrogation has been resolved.
- In the event you invoke your rights of recovery against a third party related to the illness or injury, you will not seek an advancement of costs or fees from Wellmark.

It is further agreed that in the event that you fail to take the necessary legal action to recover from the responsible party, Wellmark shall have the option to do so and may proceed in its name or your name against the responsible party and shall be entitled to the recovery of the amount of benefits paid under this group health plan and shall be entitled to recover its expenses, including reasonable attorney fees and costs, incurred for such recovery.

In the event Wellmark deems it necessary to institute legal action against you if you fail to repay Wellmark as required in this group health plan, you shall be liable for the amount of such payments made by Wellmark as well as all of Wellmark's costs of collection, including reasonable attorney fees and costs.

You and your covered family member(s) must notify us if you have the potential right to receive payment from someone else. You must cooperate with us to ensure that our rights to subrogation are protected.

Wellmark's right of subrogation and reimbursement under this group health plan applies to all rights of recovery, and not only to your right to compensation for medical expenses. A settlement or judgement structured in any manner not to include medical expenses, or an action brought by you or on your behalf which fails to state a claim for recovery of medical expenses, shall not defeat our rights of subrogation and reimbursement if there is any recovery on your claim.

