



**QBE INSURANCE CORPORATION**  
Administrative Office  
New York, New York 10005

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**APPLICATION FOR BLANKET ACCIDENT INSURANCE**  
**Accidental Death and Accident Medical Benefits**

**Part I Proposed Policyholder**

**a. Full Legal Name of Proposed Policyholder**

Washington State Family Child Care Association  
561 Burnaby Ave SE  
Olympia, WA 98501

**c. Proposed Policyholder is:** Day Care

**d. Requested Effective Date:** 10/01/2010

*Policy will become effective on the Requested Effective Date only if (a) all required information is provided and (b) all required premium is paid.*

**e. Who will be insured?** Eligible Persons participating in Covered Activities as shown on the Schedule of Benefits.

**Part II Plan of Insurance and Premium Calculation**

**Annual Premium:** To Be Determined by Monthly Audits

**Plan of Benefits:** Accident Medical Expense Benefits \$250,000

**Scope of Coverage:** Primary Excess \$100 **Deductible:** \$0

**Accidental Death Benefit:** \$5,000 **Accidental Dismemberment Benefit:** Up to \$10,000

**Part III Acknowledgements and Signatures**

**a. Fraud Warning** Any person who, knowingly and with intent to injure, defraud or deceive an insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information, may be guilty of insurance fraud.

**b. Applicant's Acknowledgement** I, the applicant, declare, to the best of my knowledge and belief, that all statements and answers in this application are true and complete. I understand and agree that (a) this application will form part of any policy issued, (b) no information given to or acquired by any representative of QBEIC will bind it, unless it is in writing on this application, (c) no waiver or modification will bind the Company unless it is in writing and is signed by an executive officer of QBEIC, and (d) only those persons eligible under the terms of an issued policy will be insured.

**Dated at** \_\_\_\_\_ **on the** \_\_\_\_\_ **day of** \_\_\_\_\_, 20\_\_\_\_

*Signed for the Proposed Policyholder* \_\_\_\_\_

*Signed by Licensed Agent* \_\_\_\_\_

*Title* \_\_\_\_\_

*Agent License Number* \_\_\_\_\_



## QBE INSURANCE CORPORATION

Administrative Office

Wall Street Plaza, 88 Pine Street, 16<sup>th</sup> Floor  
New York, NY 10005

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**POLICYHOLDER:** Washington State Family Child Care Association  
**GROUP POLICY NUMBER:** AHH003428  
**POLICY EFFECTIVE DATE:** 10/01/2010  
**POLICY ISSUE DATE:** 8/31/2010  
**POLICY TERM** 10/01/2010 to 10/01/2011  
**STATE OF ISSUE:** Washington

QBE Insurance Corporation, herein called the Company or We, Us or Our, in consideration of the Application for this Policy and the timely payment of Premiums, agrees, subject to the terms and conditions of the Policy, to insure the Policyholder's eligible member.

This Policy describes the terms and conditions of insurance. It goes into effect, subject to its applicable terms and conditions, at 12:01 AM on the Policy Effective Date shown above, at the Policyholder's address. It will remain in effect for the duration of the Policy Term shown above if premium is paid according to agreed terms.

This Policy terminates at 12:01 AM on the last day of the Policy Term unless the Policyholder and We have agreed to continue this Policy for an additional Policy Term. The laws of the State of Issue shown above govern this Policy.

We and the Policyholder agree to all of the terms of this Policy.

IN WITNESS WHEREOF QBE Insurance Corporation has caused this Policy to be executed on its Issue Date, to take effect on the Effective Date.

Stephen Fitzpatrick, President

Peter T. Maloney, Corporate Counsel & Corporate Secretary

• BLANKET ACCIDENT POLICY •  
• NON-PARTICIPATING •

THIS POLICY PAYS BENEFITS FOR SPECIFIC LOSSES FROM ACCIDENTS ONLY. IT DOES NOT PAY BENEFITS FOR SICKNESS

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## SCHEDULE OF BENEFITS

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**This Policy is intended to be read in its entirety. In order to understand all the conditions, exclusions and limitations applicable to its benefits, please read all the policy provisions carefully.**

**Eligible Persons:** All enrolled students of the Policyholder.

### CONDITIONS OF COVERAGE

**The benefits provided by this Policy will be paid, subject to applicable conditions, limitations and exclusions, under the following coverages.**

#### School Coverage

Personal Deviations covered	No
Covered School Travel Limits	
Travel arranged or provided by the Policyholder	No time limit
Any other covered travel immediately before or after a School Supervised or Sponsored Activity	Limited to one hour each way

#### Covered Activities

**School Coverage:** Policyholder Supervised and Sponsored Activities. Overnight Supervised and Sponsored Activities with duration of over 7 days and related travel are not covered, unless specifically agreed to in writing by Us.

## INDEMNITY BENEFITS

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### ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

Loss must occur within 365 days of the Covered Accident

<b>Covered Loss</b>	<b>Schedule of Covered Losses Benefit</b>
Loss of Life	\$5,000
Loss of Two or More Hands or Feet	\$10,000
Loss of Sight of Both Eyes	\$10,000
Loss of One Hand or Foot and Sight in One Eye	\$10,000
Quadriplegia	\$0
Paraplegia	\$0
Hemiplegia	\$0
Loss of One Hand or Foot	\$5,000
Loss of Sight in One Eye	\$5,000
Loss of Speech	\$5,000
Loss of Hearing in Both Ears	\$5,000
Loss of Thumb and Index Finger of the Same Hand	\$2,500

## ACCIDENT MEDICAL EXPENSE BENEFITS

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Any benefit limits and Benefit Percentages for Accident Medical Expense Benefits apply, unless otherwise specified, on a per-Covered Person – per Covered Accident basis. Any applicable Deductibles must be satisfied within the time periods specified before benefits are payable.

### Scope of Coverage Applicable to Accident Medical Benefits

Primary Excess	\$100	Medical Expense
Other Health Plan Reduction	50%	

#### Medical Expense Benefits

Total Lifetime Maximum for all Accident Medical Expense Benefits	\$250,000
First Covered Expenses must be Incurred within Benefit Period	180 days after a Covered Accident 1 year from the date of the Covered Accident
Deductible applies to	\$0 each Covered Accident
does not	include Covered Expenses paid under another Health Care Plan

#### Covered Expense

##### In-Patient Hospital Services

Daily ICU or CCU Benefit	100%, up to two times the semi-private room rate
Daily In-Hospital Benefit	100% of the average semi-private room rate
Miscellaneous Services	100%

##### Ambulatory Medical Center

#### Benefit Amount, Percentage, Other Limits

100%	100%, up to two times the semi-private room rate
100%	100% of the average semi-private room rate
100%	100%

##### Emergency Room Treatment

100%

100%

##### Physician Services

Surgery Benefit	100%
Assistant Surgeon	100%
Physician's Surgical Facilities	100%

Second Opinion or Consultation	100%
Physician's Assistant	100%
Anesthesia Benefit	100%
Inpatient Visits	100%
Office Visits	100%
<b>Outpatient X-Ray, CT Scan, MRI and Laboratory Tests</b>	100%
<b>Outpatient Physiotherapy</b>	100%
<b>Outpatient Nursing Services</b>	100%
<b>Ambulance Services</b>	100%
<b>Medical Equipment Rental</b>	100%
<b>Medical Services and Supplies</b>	100%

Covered Services include:

- (a) initial artificial limbs, eyes and larynx, including fitting; and
- (b) replacement or repair of damaged eyeglasses, contact lenses or hearing aids.

<b>Dental Services</b>	100%
<b>Prescription Drug Benefit</b>	100%

#### **RATE TABLE**

<b>Premium</b>	To Be Determined by Monthly Audits Minimum Premium: \$500.00
<b>Mode of Premium Payment</b>	Annual
<b>Premium Due Date</b>	Policy Effective Date
<b>Contributions</b>	The cost of this insurance is paid by the Policyholder. Minimum and deposit premiums are fully earned and non-refundable.

## GENERAL DEFINITIONS

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Please note that certain words used in this Policy have specific meanings. The words defined below and capitalized within the text of this Policy have the meanings set forth below.

**Aircraft** means a vehicle which has a valid certificate of airworthiness and is being flown by a pilot with a valid license to operate the Aircraft.

**Appropriate Treatment** means care, services or supplies, provided by or at the direction of a Physician that are appropriate, according to accepted standards of medical practice, for the Covered Person's injury and are provided during the course of treatment of an injury sustained in a Covered Accident. Appropriate Treatment must be provided no less frequently than monthly, unless the Covered Person's Physician specifies in writing to Us that such treatment of injuries sustained in a Covered Accident can be provided at less frequent intervals.

**Benefit Percentage** means the percentage of Covered Expenses We pay that are Incurred by the Covered Person after he satisfies any applicable Deductible. Benefit Percentages are shown in the *Schedule of Benefits*.

**Covered Activity** means any recurring activity that is shown in the *Schedule of Benefits* and:

1. takes place under one of the Conditions of Coverage specified in the *Schedule of Benefits*; and
2. is sponsored, organized, scheduled or otherwise provided by the Policyholder.

**Company or We, Us, Our**, means QBE Insurance Corporation (QBEIC), domiciled in Pennsylvania.

**Covered Accident** means a sudden, unforeseeable event that results, directly and independently of all other causes, in an injury or loss and meets all of the following conditions:

1. occurs while the Covered Person is insured under this Policy;
2. is not contributed to by disease, sickness, or mental or bodily infirmity; and
3. is not otherwise excluded under the terms of this Policy.

**Covered Expenses** means the lesser of the Usual and Customary Charge and the maximum benefit shown, for services or supplies listed, in the *Schedule of Benefits* and described in the *Accident Medical Expense Benefits* section of this Policy. Covered Expenses must be Incurred by a Covered Person for Appropriate Treatment for injuries sustained in a Covered Accident.

**Covered Person** means an Eligible Person, as defined in the *Schedule of Benefits*, whom for required premium has been paid when due and for whom coverage under this Policy remains in force.

**Deductible** means the amount of Covered Expenses that each Covered Person must Incur before benefits are paid under this Policy. The Covered Person may use Covered Expenses paid under another Health Care Plan to satisfy the Deductible under this Policy only if so indicated in the *Schedule of Benefits*.

**He, Him or His** means an individual, male or female.

**Health Care Plan** means any arrangement, whether individually purchased or incident to employment or membership in an association or other group, which provides benefits or services for health care, dental care, disability benefits or repatriation of remains. A Health Care Plan includes group, blanket, franchise, family or individual:

1. insurance policies;
2. subscriber contracts;
3. uninsured agreements or arrangements;
4. coverage provided through Health Maintenance Organizations, Preferred Provider Organizations and other prepayment, group practice and individual practice plans;
5. medical benefits provided under automobile "fault" and no-fault" – type contracts;
6. medical benefits provided by any governmental plan or coverage or other benefit law, except:
  - a. a state-sponsored Medicaid plan; or
  - b. a plan or law providing benefits only in excess of any private or non-governmental plan;
7. other valid and collectible medical or health care benefits or services.

**Hospital** means an institution that meets all of the following:

1. it is licensed as a Hospital pursuant to applicable law;
2. it is primarily and continuously engaged in providing medical care and treatment to sick and injured persons;
3. it is managed under the supervision of a staff of medical doctors;
4. it provides 24-hour nursing services by or under the supervision of a graduate registered nurse (R.N.);
5. it has medical, diagnostic and treatment facilities, with major surgical facilities on its premises, or available on a prearranged basis;
6. it charges for its services.

The term Hospital does not include a clinic, facility, or unit of a Hospital for:

1. rehabilitation, convalescent, custodial, or educational or nursing care;
2. the aged, drug addicts or alcoholics; or
3. a Veteran's Administration Hospital or Federal Government Hospitals unless the Covered Person Incurs an expense.

**Hospital Stay** means a confinement in a Hospital, ordered by a Physician, over one or more nights when room and board and general nursing care are provided at a per diem charge made by the Hospital. The Hospital Stay must result directly and independently of all other causes from a Covered Accident.

**Incurred or Incurs** means an obligation to pay for a Covered Expense for treatment, service or purchase of supplies, deemed to be the date it is provided to the Covered Person.

**In-Patient** means a Covered Person who is confined for at least one full day's Hospital room and board. The requirement that a person be charged for room and board does not apply to confinement in a Veteran's Administration Hospital or Federal Government Hospital and in such case, the term "Inpatient" shall mean a Covered Person who is required to be confined for a period of at least a full day as determined by the Hospital.

**Nurse** means a licensed registered nurse (R. N.) or a licensed practical nurse (L. P. N.) who is not:

1. the Covered Person;
2. a parent, sibling, spouse or child of the Covered Person or the Covered Person's spouse;
3. a person living in the Covered Person's household; or
4. a person employed or retained by the Policyholder.

**Out-Patient** means a Covered Person who receives treatment, services and supplies while not an Inpatient in a Hospital.

**Personal Deviation** means any activity which:

1. is neither reasonably related to or incidental to the purpose of travel for which coverage is provided by this Policy; and
2. the Covered Person performs before, during or after covered travel.

When coverage is provided during a Personal Deviation, the time period covered is shown in the *Conditions of Coverage* section of the *Schedule of Benefits*.

**Physician** means a licensed health care provider practicing within the scope of his license and rendering care and treatment to a Covered Person that is appropriate for the condition and locality and who is not:

1. employed or retained by the Policyholder; or
2. living in the Covered Person's household; or
3. a parent, sibling, spouse or child of the Covered Person.

**Usual and Customary Charge** means the normal charge, in the absence of insurance, made by the provider of any Appropriate Treatment, but not more than the prevailing charge in the area:

1. for a like service by a provider with similar training or experience; or
2. for a supply that is identical or substantially equivalent.

## **ELIGIBILITY, EFFECTIVE DATE AND TERMINATION PROVISIONS**

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### **Policy Effective Date**

We agree to provide Blanket Accident Insurance Benefits described in this Policy in consideration of the Policyholder's application and payment of the initial premium when due. Insurance coverage begins on the Policy Effective Date shown on this Policy's first page.

### **Eligibility**

An individual becomes eligible for insurance under this Policy on the date he meets all of the requirements of one of the Covered Classes and completes any Eligibility Waiting Period, as shown in the *Schedule of Benefits*. An Eligible Person may be insured under only one Covered Class, even though he may be eligible under more than one Covered Class.

### **Effective Date for Individuals**

Insurance becomes effective for an Eligible Person on the latest of the following dates:

1. the effective date of this Policy; and
2. the date the individual becomes eligible.

### **Effective Date of Changes**

Any increase or decrease in the amount of insurance for a Covered Person resulting from a change in benefits provided by this Policy will take effect on the date of such change.

### **Termination of Insurance**

The insurance on a Covered Person will end on the earliest date below:

1. the date the person is no longer in an Eligible Class;
2. the end of the last period for which premium is paid; or
3. the date this Policy terminates.

Termination will not affect a claim for a Covered Loss resulting from a Covered Accident that occurs before the termination date. However, in no instance will benefits extend beyond the earlier of:

1. the end of the Benefit Period; and
2. the date benefits equal to any applicable Benefit Limit or Maximum, as shown in the *Schedule of Benefits*, have been paid;
3. the date benefits paid equal any applicable Policy Aggregate Maximum, as shown in the *Schedule of Benefits*.

## COMMON EXCLUSIONS

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In addition to any benefit-specific exclusions, benefits will not be paid for any Covered Injury or Covered Loss which, directly or indirectly, in whole or in part, is caused by or results from any of the following unless coverage is specifically provided for by name in the *Description of Benefits* Section:

1. intentionally self-inflicted Injury, suicide or any attempt thereat while sane or insane;
2. commission or attempt to commit a felony or an assault;
3. commission of or active participation in a riot or insurrection;
4. bungee jumping; parachuting; skydiving; parasailing; hang-gliding;
5. declared or undeclared war or act of war;
6. flight in, boarding or alighting from an Aircraft or any craft designed to fly above the Earth's surface, except as a fare-paying passenger on a regularly scheduled commercial or charter airline;
7. participation in any motorized race or contest of speed;
8. sickness, disease, bodily or mental infirmity, bacterial or viral infection or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food;
9. travel or activity outside the United States or Canada;
10. voluntary ingestion of any drug, poison, gas or fumes, unless prescribed or taken under the direction of a Physician and taken in accordance with the prescribed dosage;
11. injuries compensable under Workers' Compensation law or any similar law;

We will not pay benefits for:

12. services or treatment rendered by a Physician, Nurse or any other person who is:
  - a. employed or retained by the Policyholder;
  - b. living in the Covered Person's household;
  - c. who is a parent, sibling, spouse or child of the Covered Person;
13. any Hospital Stay or days of a Hospital Stay that are not Appropriate Treatment for the condition and locality.
14. A Covered Person's Covered Loss if:
  - a. he was driving a private passenger automobile at the time of the Covered Accident that resulted in the Covered Loss; and
  - b. he was intoxicated, as that term is defined by the law of the jurisdiction in which the Covered Accident occurred.

## **CLAIM PROVISIONS**

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### **Notice of Claim**

Written or authorized electronic/telephonic notice of claim must be given to Us within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written or authorized electronic/telephonic notice is not given in that time, the claim will not be invalidated or reduced if it is shown that such notice was given as soon as was reasonably possible. Notice can be given to Us at Our Administrative Office in New York, New York, to such other place as We may designate for the purpose, or to Our authorized agent. Notice should include the Policyholder's name and policy number and the Covered Person's name and address.

### **Claim Forms**

We will send claim forms for filing proof of loss when We receive notice of a claim. If such forms are not sent within 15 days after We receive notice, the proof requirements will be met by submitting, within the time fixed in this Policy for filing proof of loss, written or authorized electronic proof of the nature and extent of the loss for which the claim is made.

### **Claimant Cooperation Provision**

Failure of a claimant to cooperate with Us in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

### **Proof of Loss**

Written or authorized electronic proof of loss satisfactory to Us must be given to Us at Our office, within 90 days of the loss for which claim is made. If written or authorized electronic notice is not given within that time, no claim will be invalidated or reduced if it is shown that such notice was given as soon as reasonably possible. In any case, written or authorized electronic proof must be given not more than one year after the time it is otherwise required, except if proof is not given solely due to the lack of legal capacity.

### **Time of Payment of Claims**

We will pay benefits due under this Policy immediately upon receipt of due written or authorized electronic proof of such loss.

### **Payment of Claims**

All benefits will be paid in United States currency. Benefits for loss of life will be payable in accordance with the Beneficiary provision and these Claim Provisions. All other proceeds payable under this Policy, unless otherwise stated, will be payable to the Covered Person or to his estate.

If We are to pay benefits to the estate or to a person who is incapable of giving a valid release, We may pay up to \$1,000 to a relative by blood or marriage whom We believe is equitably entitled. Any payment made by Us in good faith pursuant to this provision will fully discharge Us to the extent of such payment and release Us from all liability.

### **Beneficiary**

The beneficiary is the person or persons the Covered Person names or changes on a form executed by him and satisfactory to Us. This form may be in writing or by any electronic means agreed upon between Us and the Policyholder. Consent of the beneficiary is not required to affect any changes or to make any assignment of rights or benefits permitted by this Policy, unless the beneficiary has been designated as an irrevocable beneficiary.

A beneficiary designation or change will become effective on the date the Covered Person executes it. However, We will not be liable for any action taken or payment made before We record notice of the change at our Home Office.

If more than one person is named as beneficiary, the interests of each will be equal unless the Covered Person has specified otherwise. The share of any beneficiary who does not survive the Covered Person will pass equally to any surviving beneficiaries unless otherwise specified.

If there is no named beneficiary or surviving beneficiary, or if the Covered Person dies while benefits are payable to him, We may make direct payment to the first surviving class of the following classes of persons:

1. Spouse;
2. Child or Children;
3. mother or father;
4. sisters or brothers;
5. estate of the Covered Person.

#### **Physical Examination and Autopsy**

We, at Our own expense, have the right and opportunity to examine the Covered Person when and as often as We may reasonably require while a claim is pending and to make an autopsy in case of death where it is not forbidden by law.

#### **Legal Actions**

No action at law or in equity may be brought to recover under this Policy less than 60 days after written or authorized electronic proof of loss has been furnished as required by this Policy. No such action will be brought more than three years after the time such written proof of loss must be furnished.

#### **Recovery of Overpayment**

If benefits are overpaid, We have the right to recover the amount overpaid by either of the following methods.

1. A request for lump sum payment of the overpaid amount.
2. A reduction of any amounts payable under this Policy.

If there is an overpayment due when the Covered Person dies, We may recover the overpayment from the Covered Person's estate.

## ADMINISTRATIVE PROVISIONS

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### **Cancellation**

We or the Policyholder may cancel this Policy as of any Premium Due Date by giving the other 60 days advance written notice. Any premium rate guarantee will not affect Our or the Policyholder's right to cancel this Policy.

If a premium is not paid when due, We will cancel this Policy at the end of the last period for which premium was paid, subject to any Grace Period provision. Premium Due Dates are shown in the *Schedule of Benefits*.

Cancellation will not affect a claim for a Covered Loss resulting from a Covered Accident that occurred before the cancellation date.

### **Premiums**

All premium rates are expressed in, and all premiums are payable in, United States currency. The premiums for this Policy will be based on the rates, as set forth in the *Schedule of Benefits* or subsequently changed, the plan and amounts of insurance in effect for Covered Persons and the premium mode selected, as shown in the *Schedule of Benefits*. We will provide notifications of premiums due or premium changes, by mail to the most current address in our files, to the Policyholder.

### **Premium Payment**

The total premium paid by the Policyholder is the sum of premiums for all Covered Persons. The initial premium is due on the Policy Effective Date and each succeeding premium is due on the next succeeding Premium Due Date, as shown in the *Schedule of Benefits*, unless the Policyholder and We agree to another mode of premium payment. Premiums are paid at our Administrative Office or to Our authorized agent.

If any premium is not paid when due, this Policy will be cancelled as of the Premium Due Date of the unpaid premiums, except as provided in the Grace Period provision.

### **Changes in Premium Rates**

We may change the premium rates from time to time with at least 31 days advance written notice to the Policyholder. No change in rates will be made until 12 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12-month period.

However, We reserve the right to change rates at any time if any of the following events take place:

1. the terms of this Policy change;
2. a change in any federal or state law or regulation is enacted, adopted or amended to the extent that it affects Our benefit obligations under this Policy; or
3. the Policyholder fails to provide sufficient information, as required by Us, to confirm adequacy of premiums and rates currently being paid.

Any increase or decrease in rate will take effect on the date of the applicable change specified above. A pro-rata adjustment will apply from the date of the change to the end of any period for which premium has been paid.

### **Premium Audit**

We will have the right to audit books and records of the Policyholder at its place of business and during regularly-scheduled business hours, in order to determine the accuracy of premium paid.

### **Reinstatement**

This Policy may be reinstated if it lapsed for nonpayment of premium. Requirements for reinstatement are written application of the Policyholder satisfactory to Us and payment of all overdue premiums. Any premium accepted in connection with a reinstatement will be applied to the earliest period for which premium was not previously paid.

## **GENERAL PROVISIONS**

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### **Entire Contract; Changes**

This Policy, including the endorsements, amendments and any attached papers, constitutes the entire contract of insurance. A copy of the application will be attached to the Policy when issued. No change in this Policy will be valid until approved by one of Our executive officers and endorsed on or attached to this Policy. No agent has authority to change this Policy or to waive any of its provisions.

### **Misstatement of Fact**

If a Covered Person has misstated any fact, all amounts payable under this Policy will be such as the premium paid would have purchased had such fact been correctly stated.

### **Assignment**

The rights and benefits under this Policy may not be assigned and any attempt to assign will be void.

### **Incontestability**

#### **1. Of This Policy**

All statements made by the Policyholder to obtain this Policy are considered representations and not warranties. No statement will be used to deny or reduce benefits or be used as a defense to a claim, or to deny the validity of this Policy unless a copy of the instrument containing the statement is, or has been, furnished to the Policyholder. After two years from the Policy Effective Date, no such statement will cause this Policy to be contested except for fraud.

#### **2. Of A Covered Person's Insurance**

All statements made by a Covered Person are considered representations and not warranties. No statement will be used to deny or reduce benefits or be used as a defense to a claim, unless a copy of the instrument containing the statement is, or has been, furnished to the claimant. In the event of a claimant's death or incapacity, his applicable representative shall be given a copy.

After two years from the Covered Person's effective date of insurance, or from the effective date of increased benefits, no such statement will cause insurance or the increased benefits to be contested except for fraud or lack of eligibility for insurance.

### **Reporting Requirements**

The Policyholder or its authorized agent must report all of the following to Us by the premium due date:

1. the number of persons insured on the Policy Effective Date;
2. the number of persons who are insured after the Policy Effective Date;
3. the number of persons whose insurance has terminated;
4. any additional information required by Us.

### **Clerical Error**

A Covered Person's insurance will not be affected by error or delay in keeping records of insurance under this Policy. If such error or delay is found, We will adjust the premium fairly.

### **Conformity with Statutes**

Any provisions in conflict with the requirements of any state or federal law that applies to this Policy are automatically changed to satisfy the minimum requirements of such laws.

### **Compensation Insurance**

This Policy is not in place of and does not affect any requirements for coverage under any Workers' Compensation law.

## CONDITIONS OF COVERAGE

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**This section describes the Conditions of Coverage under which benefits provided by this Policy become payable. Any benefits are payable only once, even though more than one Condition of Coverage may apply. Please read these and the *Common Exclusions* sections in order to understand all of the terms, conditions and limitations of coverage.**

### SCHOOL COVERAGE

*Provisions, exclusions and other conditions concerning travel apply only if indicated on the Schedule of Benefits.*

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We will pay benefits provided by this Policy, subject to all applicable conditions and exclusions, when a Covered Person suffers a Covered Loss or Incurs Covered Expenses resulting directly and independently of all other causes from a Covered Accident that occurs while he is participating in or attending one of the following School Covered Activities:

1. regularly-scheduled classroom instruction;
2. regularly-scheduled and supervised recess or lunch period;
3. a study period or special instruction period supervised by a member of the school's faculty;
4. a Supervised and Sponsored School Activity; or
5. Covered School Travel.

Covered School Travel includes travel, only within the United States, and only directly and without interruption:

1. between home and school;
2. between home and another meeting place designated by the school;
3. between home and another school or site designated by the School, where a Supervised and Sponsored School Activity is scheduled;
4. between the school or other meeting place designated by the school, and another school or site designated by the school, where a Supervised and Sponsored School Activity is scheduled.

#### **School Travel Coverage for Overnight Supervised and Sponsored School Activities**

Covered School Travel also includes travel to a Supervised and Sponsored School Activity, within or outside the United States when a Covered Person's participation in or attendance at it requires him to be away from his normal residence for a stay of one or more nights. Coverage for travel to any Covered Activity that takes place outside the United States will be covered only if We have agreed to it in writing.

**Definitions** For purposes of this coverage:

**Supervised and Sponsored School Activity** means a Covered Activity that:

1. takes place:
  - a. on school premises during, before or after normal school hours; or
  - b. at another school or site at which the Covered Activity is scheduled;
2. is sponsored, organized or otherwise provided, or at which student attendance is required, by the school; and
3. is supervised by a member of the faculty or staff of the school, or by another adult specifically assigned supervisory duties and authority for that Covered Activity by the school, or
4. is a regularly-scheduled sports tryout, practice, workout or training session, team meeting, game, exhibition play or competition of those sports shown on the *Schedule of Benefits* in which a Covered Person is participating.

**Covered School Travel** means transportation for a Covered Person on a common carrier, school bus or private passenger automobile driven by a member of the faculty or staff of the school, a parent of the Covered Person or an adult with a valid driver's license. It will also include travel by foot or non-motorized bicycle between the Covered Person's home and School or a Supervised and Sponsored Activity.

**Exclusions**

1. This coverage will not be in effect during a Covered Person's Personal Deviation.
2. This coverage will not be in effect during travel to any Covered Activity that takes place outside the United States unless We have agreed in advance to provide it.

Other exclusions that apply to this coverage are in the *Common Exclusions* Section.

WITH SPORTS

## ACCIDENT INDEMNITY BENEFITS

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This Section describes the Accident Indemnity Benefits provided by this Policy. Benefit amounts and any applicable time requirements and limitations are shown in the *Schedule of Benefits*. Please read this and the *Common Exclusions* section in order to understand all of the terms, conditions and limitations applicable to these benefits.

### ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

#### **Covered Loss**

We will pay the benefit for any one of the Covered Losses listed in the *Schedule of Benefits*, if the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident within the applicable time period specified in the *Schedule of Benefits*.

If the Covered Person sustains more than one Covered Loss as a result of the same Covered Accident, the total of Benefits We will pay will not exceed the Principal Sum.

If a Covered Accident causes the Covered Person's death, the total of all Benefits We will pay for Accidental Death and any other Covered Losses will not exceed the Principal Sum.

**Definitions** *Each definition described below will apply to this Policy only if a corresponding Covered Loss is listed for it in the Schedule of Benefits.*

**Loss of a Hand or Foot** means complete Severance through or above the wrist or ankle joint.

**Loss of Sight** means the total, permanent loss of all vision in one eye which is irrecoverable by natural, surgical or artificial means.

**Loss of Speech** means total and permanent loss of audible communication which is irrecoverable by natural, surgical or artificial means.

**Loss of Hearing** means total and permanent loss of ability to hear any sound in both ears which is irrecoverable by natural, surgical or artificial means.

**Loss of a Thumb and Index Finger of the Same Hand or Four Fingers of the Same Hand** means complete Severance through or above the metacarpophalangeal joints of the same hand (the joints between the fingers and the hand).

**Paralysis or Paralyzed** means total loss of use of a limb. A Physician must determine the loss of use to be complete and irreversible.

**Quadriplegia** means total Paralysis of both upper and both lower limbs.

**Paraplegia** means total Paralysis of both lower limbs or both upper limbs.

**Hemiplegia** means total Paralysis of the upper and lower limbs on one side of the body.

**Severance** means the complete and permanent separation and dismemberment of the part from the body.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* Section.

## SCOPE OF COVERAGE APPLICABLE TO MEDICAL EXPENSE BENEFITS

*Only the Scope of Coverage listed on the Schedule of Benefits will apply.*

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Covered Expenses and any applicable Deductibles are shown in the *Schedule of Benefits*.

### **Other Health Care Plan Benefits**

When another Health Care Plan provides benefits in the form of services rather than cash payments, We will consider the reasonable cash value of such service in determining whether any Deductible has been satisfied, or any amount by which any benefit provided by this Policy will be reduced.

### **Primary Medical Expense**

We will pay Covered Expenses without regard to any Health Care Plan the Covered Person may have, after any applicable Deductible has been satisfied.

### **Primary Excess Medical Expense**

We will pay Covered Expenses, up to the Primary Excess Benefit shown in the *Schedule of Benefits* after the Covered Person satisfies any applicable Deductible, without regard to any other Health Care Plan he may have. We then pay Covered Expenses only when they are in excess of amounts payable by any other Health Care Plan, whether or not claim has been made for benefits it provides.

We will pay benefits without regard to any Coordination of Benefits provision in such Health Care Plan.

Any Covered Expenses payable under this provision will be reduced by the Other Health Care Plan Reduction Percentage shown in the *Schedule of Benefits* if:

1. the Covered Person has coverage under another Health Care Plan;
2. the Other Health Care Plan is an HMO, PPO or similar arrangement; and
3. the Covered Person does not use the facilities or services of the HMO, PPO or similar arrangement.

Covered Expenses will not be reduced for:

- (a) emergency treatment within 24 hours after a Covered Accident which occurred outside the geographic service area of the HMO, PPO or similar arrangement; and
- (b) services rendered in a non-network facility or by a non-network provider, when such services are required for emergency treatment within 24 hours of a Covered Accident.

### **Full Excess Medical Expense**

We will pay Covered Expenses:

1. after the Covered Person has satisfied any applicable Deductible; and
2. only when they are in excess of amounts payable by any Other Health Care Plan whether or not claim has been made for benefits it provides.

We will pay benefits without regard to any Coordination of Benefits provision in such Health Care Plan.

Any Covered Expenses payable under this provision will be reduced by the Other Health Care Plan Reduction Percentage shown in the *Schedule of Benefits* if:

1. the Covered Person has coverage under another Health Care Plan;
2. the Other Health Care Plan is an HMO, PPO or similar arrangement; and
3. the Covered Person does not use the facilities or services of the HMO, PPO or similar arrangement.

Covered Expenses will not be reduced for:

- (a) emergency treatment within 24 hours after a Covered Accident which occurred outside the geographic service area of the HMO, PPO or similar arrangement; and
- (b) services rendered in a non-network facility or by a non-network provider, when such services are required for emergency treatment within 24 hours of a Covered Accident.

**Definitions** For purposes of the Accident Medical Benefits provided by this Policy:

**HMO** or Health Maintenance Organization means any organized system of health care that provides health maintenance and treatment services for a fixed sum of money agreed and paid in advance to the provider or service.

**PPO** or Preferred Provider Organization means an organization offering health care services through designated health care providers who agree to perform those services at rates lower than non-Preferred Providers.

## ACCIDENT MEDICAL EXPENSE BENEFITS

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We will pay benefits shown in the *Schedule of Benefits* for Covered Expenses Incurred by a Covered Person, subject to all applicable conditions and exclusions, for treatment of an injury that resulted directly and independently of all other causes from a Covered Accident.

Benefits will be paid:

1. when Covered Expenses Incurred exceed any applicable Deductible within the number of days from the date of the Covered Accident specified in the *Schedule of Benefits*; and
2. as long as the first expense has been Incurred within the number of days specified in the *Schedule of Benefits*; and
3. until any applicable Benefit Period shown in the *Schedule of Benefits* has expired; and
4. until the total of Covered Expenses paid equals any applicable Benefit Limit or maximum benefit shown in the *Schedule of Benefits*; and
5. until benefits paid equal the Maximum for Accident Medical Expense Benefits shown in the *Schedule of Benefits*.

### **Covered Expenses**

#### **Inpatient Hospital Services**

Room and Board Expenses – We will pay for

1. confinement in an intensive or coronary care unit, up to the maximum daily benefit shown in the *Schedule of Benefits* for each day of such confinement; and
2. any other confinement, up to the maximum daily benefit shown in the *Schedule of Benefits* for each day of the Hospital Stay.

Miscellaneous Expenses – We will pay the Miscellaneous Expenses charged by a Hospital or ambulatory surgical center for outpatient surgery. Miscellaneous Expenses include, but are not limited to, X-ray, laboratory, in-Hospital physiotherapy, nurse services, orthopedic appliances, pre-admission tests and all necessary charges other than room and board, for services received during a Hospital Stay.

#### **Ambulatory Medical Center**

We will pay Covered Expenses Incurred for medical or surgical treatment provided in a licensed facility that provides ambulatory surgical or medical treatment and is not a Hospital or Physician's office.

#### **Emergency Room Treatment**

We will pay Covered Expenses Incurred for outpatient emergency room treatment performed in a Hospital, up to the Maximum Benefit shown in the *Schedule of Benefits*. When emergency room treatment is immediately followed by admission to a Hospital, such treatment will be a Hospital Covered Expense.

#### **Physician Services** – We will pay Covered Expenses for Covered Expenses listed below.

##### **Surgery**

1. Covered Expenses charged for performing a surgical procedure through one incision. For the second procedure through the same incision, during the same surgical session, we will pay up to an additional 50% of the benefit payable for the primary surgical procedure. For the third procedure and each procedure thereafter through the same incision, during the same surgical session, we will pay up to an additional 25% of the benefit payable for the primary surgical procedure; and
2. Covered Expenses charged by an assistant surgeon assisting a Physician performing a surgical procedure;

3. Covered Expenses charged for treatment of fractured and dislocated bones, operations that involve cutting or incision and/or suturing of wounds or any other surgical procedure, including aftercare, which is given in the outpatient department of a Hospital or an ambulatory surgical center;
4. Any braces, splints or other devices required after surgery to ensure proper healing.

**Use of Physician's Surgical Facilities** – Covered Expenses charged for the use of a Physician's surgical facilities.

**Second Opinion or Consultation** – Covered Expenses charged by a Physician for a second surgical opinion or consultation.

**Physician's Assistant** – Covered Expenses charged by a Physician's Assistant for other than pre-or post-operative care, second opinion or consultation:

1. for in-Hospital visits; and
2. for office visits.

**Anesthesia and its administration** – Covered Expenses charged by a Physician for anesthesia and its administration.

**In-Hospital or Office Visits** – Covered Expenses charged by a Physician for other than pre-or post-operative care, second opinion or consultation;

1. for in-Hospital visits; and
2. for office visits.

#### **Outpatient X-Ray, CT Scan, MRI and Laboratory Tests**

We will pay Covered Expenses Incurred for X-rays except dental X-rays, CT Scans, MRI's and laboratory tests.

#### **Outpatient Physiotherapy**

We will pay Covered Expenses Incurred for outpatient physiotherapy, which includes (a) acupuncture, (b) microthermy, (c) chiropractic adjustment, (d) manipulation, (e) diathermy, (f) massage therapy, (g) heat treatment, and (h) ultrasound treatment.

#### **Outpatient Nursing Services**

We will pay Covered Expenses Incurred for services other than routine Hospital care, rendered by a Nurse.

#### **Ambulance Services**

We will pay Covered Expenses Incurred for ground or air ambulance service to transport a Covered Person from the place where a Covered Accident occurred to the nearest medically appropriate facility. We will pay Covered Expenses Incurred for ground ambulance transportation from the nearest medical facility to another appropriate medical facility if a Physician specifies in writing that specialized care not available in the first facility to which the Covered Person was transported is necessary to treat his injury.

#### **Medical Equipment Rental**

We will pay Covered Expenses Incurred for rental or, if less, for purchase of:

1. a wheelchair or hospital bed; or
2. other medical equipment that has permanent or temporary therapeutic value for the Covered Person and that can only be used by him. Examples of items that are not covered include but are not limited to computers, motor vehicles and modifications thereof, and ramps and installation costs.

### **Medical Services and Supplies**

We will pay Covered Expenses Incurred for:

1. blood and blood transfusions, including processing and administration; and
2. cost and administration of oxygen and other gasses.

We will not pay for storage of blood for any reason.

### **Dental Services**

We will pay Covered Expense Incurred for dental treatment, including X-rays, for injury to a tooth:

1. with no fillings or cavities or only fillings or cavities that do not undermine the tooth cusps; and
2. for which pulpal tissues are healthy and intact; and
3. for which periodontal tissue shows little or no signs of active or chronic inflammation. For insurance review purposes, each tooth unit is evaluated under these criteria rather than a blanket rating of the whole mouth.

Covered Expenses include examinations, X-rays, restorative treatment, endodontics, oral surgery, initial braces required for treatment of an injury and treatment of gingivitis resulting from trauma.

Covered Expenses must be Incurred within the Benefit Period shown in the *Schedule of Benefits*. If there is more than one way to treat a dental problem, We will pay based on the least expensive procedure if that procedure meets commonly accepted standards of the American Dental Association.

### **Prescription Drugs**

We will pay Covered Expenses Incurred for drugs that

1. can only be obtained through a Physician's written prescription; and
2. are approved for such prescription use by the Federal Drug Administration (FDA).

We will also pay Covered Expenses Incurred for drugs that meet (a) above and are prescribed by a Physician for therapeutic use not specifically approved by the FDA. The Covered Expense for a prescription drug is limited to the cost of a generic drug unless substitution of a generic drug is prohibited by law, no generic drug is available, or the Covered Person's Physician specifically request that a non-generic drug be dispensed.

### **Excluded Expenses**

None of the following will be considered Covered Expenses unless coverage is specifically provided.

1. Blood, blood plasma or blood storage except expenses by a Hospital for processing or administration of blood.
2. cosmetic surgery or care, or treatment solely for cosmetic purposes, or complications therefrom. This exclusion does not apply to:
  - a cosmetic surgery resulting from an accident, if initial treatment of the Covered Person is begun within 12 months of the date of the Accident;
  - b reconstruction incidental to or following surgery resulting from a Covered Accident.
3. Any elective or routine treatment, surgery, health treatment or examinations.
4. Examination or prescriptions for, or purchase of, eyeglasses, contact lenses or hearing aids.
5. Treatment in any Veterans' Administration, Federal or state facility unless there is a legal obligation to pay.
6. Services or treatment provided by persons who do not normally charge for their services, unless there is a legal obligation to pay.
7. Rest cures or custodial care.

8. Repair or replacement of existing dentures, partial dentures, braces or bridgework.
9. Personal services such as television and telephone, or transportation.
10. Expenses payable by any automobile insurance policy without regard to fault.
11. Services or treatment provided by an infirmary operated by the Policyholder.
12. Treatment of injuries that result over a period of time, such as blisters, tennis elbow, et al, that are a normal, foreseeable result of participation in the Covered Activity.
13. Treatment or service provided by a private duty nurse.
14. Treatment of hernia of any kind.
15. Treatment of injury resulting from a condition that a Covered Person knew existed on the date of a Covered Accident, unless we have received a written medical release from his Physician.

Other Exclusions that apply to this Benefit are in the *Common Exclusions* Section.



## **RESPECTING YOUR RIGHT TO PRIVACY**

### **QBE PRIVACY NOTICE**

At QBE, we value the trust of our customers and are committed to protecting the privacy of customer information. That is why we only collect and disclose information needed to provide our customers with quality products and services. We welcome this chance to describe the steps we take to protect our customer information. Our goal is to ensure that you and individuals covered under your policy fully understand our policies and practices regarding the collection, use and protection of this information.

This privacy notice applies to all policyholders and their insureds who have a relationship with one or more of the following QBE insurance companies:

- QBE Insurance Corporation
- QBE Specialty Insurance Company
- Praetorian Insurance Company
- Praetorian Specialty Insurance Company
- Redland Insurance Company
- North Pointe Insurance Company
- North Pointe Casualty Insurance Company
- Midfield Insurance Company
- Capital City Insurance Company

You will receive a copy of our privacy notice at the beginning of our business relationship and annually thereafter. The privacy policies described in this notice apply to our current and former customers. As our products and services continue to evolve, it may be necessary to review and revise our privacy policies, in which case we will provide an updated privacy notice.

**Information We Collect.** In order to provide high quality products, benefits and services, we must collect and often share information about you and individuals covered under your policy that is not publicly available. We do this to better service your policy and process claims in a timely manner. We collect the following types of information about you and individuals covered under your policy:

- Information about the identity of you and individuals covered under your policy, including the names, addresses and social security numbers of such individuals;
- Information we receive from you on applications or other insurance forms, such as the claims history or medical history of individuals covered under your policy; and
- Information about your transactions and experiences with us, such as the products you purchased from us, your payment history, account balance, and amounts you paid for insurance.

Should we need to verify or obtain additional information about you or individuals covered under your policy, we may contact outside sources, such as agents, brokers, administrators, insurance support organizations, consumer reporting agencies, medical providers and government reporting agencies. Information collected from these outside sources may include claims history, employment information and medical reports. Information obtained from outside sources may be retained by these outside sources and disclosed to other persons, in accordance with applicable laws.

**How Your Information is Used.** In many cases, we need to share some or all of the information listed above to help us deliver the best possible services to you and individuals covered under your policy. These disclosures are often necessary to fulfill transactions you have requested and to service the insurance policies that you have applied for and/or purchased.

**Service Providers.** We may provide information about you and individuals covered under your policy to trusted service providers inside or outside of QBE to provide operational and other support services. For example, we may share information with your insurance agent or broker, claims adjusters and administrators, claims investigators, and outside companies that perform administrative services on our behalf.

**Other Permitted Disclosures.** We may share information about you and individuals covered under your policy to comply with legal and regulatory requirements and for other limited purposes that are required or permitted by law. For example, we may share information about you and individuals covered under your policy to:

- Service and maintain your policy;
- Process a transaction that you request;
- Protect against fraud or criminal activity;
- Report account activity to credit bureaus;
- Comply with local, state or federal laws; and
- Provide information requested by reinsurers, state insurance regulators and self regulatory organizations, insurance support agencies and law enforcement agencies.

Under no circumstance do we sell or share customer information to or with any party outside of QBE for purposes of independently selling their products or services to you.

**Access to and Correction of Your Information.** Individuals covered under your policy may write to us if they have any questions about the information that we may have in our records about them or the identity of those persons to whom their information was disclosed during the two years prior to their request. If they wish, they may review this information in person or receive a copy at a reasonable charge. Individuals covered under your policy can notify us in writing if they believe any information should be corrected, amended, or deleted, and we will review their request. We will either make the requested change or explain why we did not do so. If we do not make the requested change, they may submit a short written statement identifying the disputed information, which will be included in all future disclosures of their information. All questions or requests should be directed to QBE's Privacy Officer at the address provided below.

**Confidentiality and Security of Information.** QBE dedicates significant resources to protect the security of our customer information. We restrict access to customer information to those individuals who need to know that information to provide products or services to you or individuals covered under your policy. We also maintain physical, electronic, and procedural safeguards to protect customer information and guard against its unauthorized use.

**Whom to Contact Regarding Privacy Matters.** If you have any privacy questions, you may contact QBE's Privacy Officer by email at [roberta.anderson@qbeamericas.com](mailto:roberta.anderson@qbeamericas.com) or by mail at QBE the Americas, Attn: Privacy Officer, 88 Pine Street, 10<sup>th</sup> Floor, New York, New York 10005.



# **Notice to Policyholders**

## **U.S. TREASURY DEPARTMENT'S**

## **OFFICE OF FOREIGN ASSETS**

## **CONTROL ("OFAC")**

**NO COVERAGE IS PROVIDED BY THIS POLICYHOLDER NOTICE NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISIONS OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR POLICY'S *SCHEDULE OF BENEFITS* FOR COMPLETE INFORMATION ON THE COVERAGES YOU ARE PROVIDED.**

**THIS NOTICE PROVIDES INFORMATION CONCERNING POSSIBLE IMPACT ON YOUR INSURANCE COVERAGE DUE TO DIRECTIVES ISSUED BY OFAC.**

### **PLEASE READ THIS NOTICE CAREFULLY**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

Foreign agents;  
Front organizations;  
Terrorists;  
Terrorist organizations; and  
Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site - <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any person insured under this policy, or any person or entity claiming the benefits of this insurance, has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, insurance provided to such SDN will be considered a blocked or frozen contract, and all provisions of this insurance applicable to him are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made to or on behalf of the SDN without authorization from OFAC. Other limitations on the premiums and payments also apply.



**PROTECTION FOR YOU AND YOUR INSURANCE POLICY  
THE WASHINGTON LIFE AND DISABILITY INSURANCE GUARANTY ASSOCIATION**

**PREFACE**

This brochure briefly describes the coverage provided through the Washington Life & Disability Insurance Guaranty Association ("Association").

The Association is a nonprofit unincorporated legal entity created by the Washington Life & Disability Insurance Guaranty Association Act, Chapter 48.32A RCW ("Act"). Every life and disability insurance company authorized to do business in Washington is a member of the Association. A Board of Directors ("Board"), composed of representatives from member insurers, and the Insurance Commissioner, ex officio, oversee the operation of the Association.

The expenses of the Association are paid by assessments made against each member insurer. Persons covered by the Act are not charged for the expenses of the Association or the protection provided under the Act.

Coverage is provided for certain life and disability insurance. However, the Association does not cover all such insurance. Coverage that is provided is subject to the limitations and exclusions provided by the Act.

The purpose of this brochure is to help you understand the general nature and the conditions of the protection provided under the Act. It is only a summary, however, and if you have specific questions that are not discussed here you may contact either the Association or the Office of the Insurance Commissioner.

Washington Life and Disability Insurance  
Guaranty Association  
P.O. Box 2292  
Shelton, WA 98584  
360-426-6744

Company Supervision Division  
Office of the Insurance Commissioner  
P.O. Box 40259  
Olympia, WA 98504-0259  
360-725-7214

**QUESTIONS AND ANSWERS**

**1. WHAT INSURANCE POLICIES ARE COVERED UNDER THE ACT?**

The Act applies to life insurance policies, disability insurance policies, and annuity contracts issued by an insurance company authorized to do business in Washington. The term "disability insurance", as used in the Act, includes not only disability income insurance, but also policies commonly referred to as "health insurance". Together, all of these policies and contracts are sometimes referred to as "covered policies", a term used in this brochure.

**2. ARE THERE POLICIES OR INSURERS NOT COVERED BY THE ACT?**

The Act specifically excludes certain types of policies or portions of policies, including, but not limited to: The portion of a policy not guaranteed by the insurer; the portion of a policy to the extent the interest rate or crediting rate exceeds the limits in the Act; policies of reinsurance, unless assumption certificates have been issued; policies issued in Washington by an insurer at a time when the insurer was not licensed or did not have a certificate of authority; policies issued to a self-insured plan or program; certain unallocated employee benefit plan annuities protected by federal law; and unallocated annuity contracts not issued to or in connection with a benefit plan or a government lottery.

The Act also does not apply to policies or contracts issued by health care service contractors, health maintenance organizations, fraternal benefit societies, self-funded multiple employer welfare arrangements, mandatory state pooling plans, mutual assessment companies, insurance exchanges, or an organization that has a certificate or license limited to issuance of certain charitable gift annuities.

**3. WHO IS PROTECTED UNDER THE ACT?**

You are covered by the Act if you are an owner of or certificate holder under a policy or contract (other than an unallocated annuity contract or structured settlement annuity), and:

- You are a Washington resident; or
- You are not a Washington resident, but only if: the insurer is domiciled in Washington; there is an association similar to the Washington Association in your state of residency; and you are not covered in your state of residency, because the insurer was not licensed in that state; or
- You are a beneficiary, assignee, or payee of one of the above, regardless of where you reside (except for nonresident certificate holders under group policies).

Owners of unallocated annuity contracts are covered if the contract was issued to or in connection with a specific benefit plan whose plan sponsor has its principal place of business in Washington, or the contract was issued to or in connection with a government lottery and the owner is a Washington resident.

A payee under a structured settlement annuity (or beneficiary of a deceased payee) is also covered, if the payee is a Washington resident, or the payee is not a Washington resident, but the contract owner is a resident; or the insurer that issued the annuity is domiciled in Washington and coverage is not available in the state in which the payee resides.

Residency is generally determined at the time of entry of an order of liquidation against the insurer. If you move to another state and reside there when such an order is entered, you may still have protection under the law of that state. You should contact the insurance department in your new state of residence to find out about guaranty act protection there.

#### 4. HOW DOES THE ASSOCIATION PROTECT COVERED PERSONS AGAINST LOSS?

After an order of liquidation is entered against a company, the Association begins its work of carrying out the purpose of the Act, which is to assure the performance of insurance obligations of that company. The Association is authorized to carry out its duties by working with insurance companies in good standing to assume or take over the covered policies. The Association may also directly provide benefits and coverage as authorized by the Act. The Association has the authority to collect the funds necessary to provide protection to covered persons against losses on their covered policies.

#### 5. WHERE DOES THE ASSOCIATION GET THE MONEY TO PROVIDE THIS PROTECTION?

The Association is authorized to collect money from all life and disability insurance companies doing business in Washington. The funds collected from an assessment are used to pay claims to covered persons and/or to fund the assumption of covered policies by another insurer.

#### 6. DOES THE ASSOCIATION PAY OUT THE MONEY IT COLLECTS RIGHT AWAY OR DO COVERED PERSONS HAVE TO WAIT?

The Association generally cannot make an assessment for covered policies issued by a company until after an order of liquidation has been entered against the company, and a reasonable estimate can be made of the amount of money needed. Insurance companies receiving an assessment notice must make their payments within thirty days.

Because it takes time for an action to be commenced against a financially impaired insurer, for a Court to issue an order, and for funds to be collected to satisfy the obligations of that insurer, some delay, hopefully short, is unavoidable before payments can be made. Although it is impossible to predict how long this process will take in any given case, an average time period of twelve to eighteen months is not unusual.

When necessary, the Association may borrow money to make payments more promptly, particularly in cases that will take an unusual amount of time to be resolved.

#### 7. WHAT IS THE AMOUNT OF PROTECTION PROVIDED BY THE ACT?

The Act provides the following maximum amounts of protection:

Life Insurance Death Benefits ..... \$500,000

Disability Benefits ..... \$500,000

Present Value of Individual Annuities ..... \$500,000

Unallocated Annuity Contracts, other than certain government retirement plans  
(limit is per contract owner or plan sponsor) .....\$5,000,000

Government Retirement Plans established under Internal Revenue Code §§ 401, 403(b), or 457  
(limit is per participant) .....\$100,000

This protection becomes effective at the time of entry of a Court order of liquidation against the insurer. Of course, if the amount owed under the contract or policy is less than the maximum benefit under the Act, the covered person will be entitled to protection only up to the actual amount owed.

Furthermore, the maximum protection available to each covered person remains the same, regardless of the number of contracts through which he or she has a claim.

**8. IF A HUSBAND AND WIFE EACH INDIVIDUALLY OWN A COVERED POLICY, IS THE PROTECTION UNDER THE ACT PROVIDED TO EACH OF THEM?**

Yes. As long as the residency requirements are met, both would be entitled to the protection provided by the Act, up to the maximum amount.

**9. WHY DOESN'T MY INSURANCE COMPANY ADVERTISE THE FACT THAT ITS POLICIES AND CONTRACTS ARE PROTECTED UNDER THE ACT?**

Under Washington law, insurance companies are prohibited from advertising that their policies or contracts may be covered under the Act.

You should not rely on coverage under the Act when selecting an insurance company.

**10. WHY HASN'T MY AGENT TOLD ME ABOUT THE GUARANTY ACT?**

Your insurance agent is subject to the same prohibitions as your insurance company. As a representative of the company, an agent must exercise great care when soliciting business and consequently, will generally not discuss the subject of a guaranty act with clients.

**11. WHO SHOULD I CONTACT IF I BELIEVE THERE HAS BEEN A VIOLATION OF THE ACT?**

You should contact the Association if you believe your rights have been violated under the Act. If you are dissatisfied with the actions of the Association, you may also contact the Office of the Insurance Commissioner.

**CONCLUSION**

This brochure has been prepared by the Washington Life and Disability Insurance Guaranty Association. Its purpose is to inform the public in a general way of the protections that are available in this state on insurance policies and annuity contracts issued by companies authorized to do business in Washington. The Association does not, by this brochure, endorse any company or its products, but rather seeks to address some of the concerns that you may have regarding the security of insurance policies and annuity contracts.

For more information or answers to specific questions you may contact the Washington Life and Disability Insurance Guaranty Association or the Office of the Insurance Commissioner, whose addresses and telephone numbers are shown in the Preface.

This brochure is prepared and made available through the Washington Life and Disability Insurance Guaranty Association, which has granted member insurance companies permission to reproduce and distribute the brochure. It is the responsibility of the company, reproducing this brochure, to ensure that the use thereof does not violate applicable laws or regulations.