

## **Background and Frequently Asked Questions (FAQs)**

### **Regarding**

## **SeeChange Health Insurance Company in Liquidation**

### **Background**

On January 28, 2015, the Insurance Commissioner of the State of California ("the Commissioner") was appointed as Liquidator of SeeChange Health Insurance Company ("SeeChange") by the Los Angeles County Superior Court pursuant to Section 1016 of the California Insurance Code. The Liquidation Order authorizes the Commissioner, through his Conservation & Liquidation Office, as Liquidator to liquidate and wind up the business of SeeChange and to act in all ways and exercise all powers necessary for the purpose of the Order and the liquidation provisions of the Insurance Code.

On September 15, 2014, SeeChange mailed a Notice of Cancellation to all policyholders informing them that all policies will terminate on December 31, 2014. Policyholders will have **12 months from their termination date** to file their claims, or until December 31, 2015

### **Questions & Answers**

#### **1. Will my policyholder claims be paid?**

The finding of insolvency triggers the life & health guaranty associations in your state to begin paying the covered claims of SeeChange up to their statutory limits. The valuation of each claim is determined in accordance with policy provisions and statutory requirements.

Refer to the National Organization of Life & Health Insurance Guaranty Association's (NOLHGA) website for a list of guaranty association websites at: [www.nolhga.com](http://www.nolhga.com) and click on "State Associations" for your state of residency.

#### **2. What if I submit claims incurred in 2014 after my coverage with SeeChange ends?**

All policies terminated on December 31, 2014. You will have 12 months from the contract termination date to file your claims, or until December 31, 2015.

#### **3. If I need help with my policy or with a claim, who should I contact?**

SeeChange's member services department and claims operations will remain fully staffed during the run-off period through December 31, 2015.

Their telephone number is 866-218-6009.

#### **4. Additional SeeChange Company Contact Information:**

Broker, Employees, and all other Vendors: (877) 472-8262

Policyholders: (866) 218-6009

The SeeChange customer service representatives are available from 7:00am to 8:30pm PST Monday through Friday.

#### **5. How does liquidation work?**

In liquidation, the efforts to rehabilitate SeeChange terminate. Instead, the Receiver is authorized to liquidate the company in accordance with the terms and provisions of the California Insurance Code. Accordingly, the Receiver works to conserve the remaining assets of SeeChange and to develop and implement a claims process to determine the valid and appropriate liabilities of SeeChange, among other things. The Liquidation Court has original jurisdiction of these insolvency proceedings. The Receiver, as the Liquidator, has taken over all the powers of the directors, officers and managers of SeeChange.

The Liquidation Order filed on January 28, 2015 also triggered the Guaranty Associations to provide claims payments, subject to the applicable statutory limitations.

#### **6. What is a Guaranty Association?**

State life and health insurance guaranty associations are entities (in all 50 states as well as Puerto Rico and the District of Columbia) created by the respective state statutes to protect policyholders of an insolvent insurance company, typically in that individual state. All insurance companies licensed to sell life or health insurance in a state must be members of that state's Guaranty Association. To the extent assets of insolvent insurers such as SeeChange are insufficient to fund Guaranty Association obligations, the Guaranty Associations may assess the member insurance companies to fund obligations, subject to certain limitations.

#### **7. What happens if SeeChange was not licensed in a state?**

In general, Guaranty Association coverage is limited to companies that were licensed to write business in the state at the time the company was declared insolvent. However, the Guaranty Association in the state of domicile of the liquidated insurance company, in this case California, will often step in to cover a certificate holder located in a state where the failed insurer was not licensed. The Guaranty Association in California has this provision, so it may provide claims payments for any policyholders who reside in states where SeeChange was not licensed.

## **8. What are the coverage limits of the Guaranty Associations?**

While Guaranty Associations provide protection to all covered policyholders in their respective states, there are limits to this protection (much like the FDIC's protection of banking consumers, guaranty association protections are not unlimited). These limits are determined according to specific state law and are summarized below with respect to health policies in those states where SeeChange was licensed:

### **Affected Guaranty Associations with Multiple Limits for Health Insurance Based on Type:**

Arizona, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, South Dakota, Tennessee, Virginia, West Virginia, Wisconsin  
\$500,000 limit for basic hospital, medical, surgical and major medical health insurance;  
\$300,000 limit for long term care insurance  
\$300,000 limit for disability insurance  
\$100,000 limit for all other forms of health insurance  
(with the exception of Idaho and Wisconsin, which provide \$300,000 instead of \$100,000 for supplemental health coverage)

### **Affected Guaranty Associations with Multiple Limits for Health Insurance Based on Type:**

Arkansas  
\$500,000 limit for health benefits except,  
\$300,000 limit for disability insurance and long term care insurance

### **Affected Guaranty Associations with a \$300,000 health insurance limit:**

Florida

### **Affected Guaranty Associations with a \$519,763.59 health insurance limit:**

California  
(A \$200,000 limit increased by the change in the health care cost component of the consumer price index from January 1, 1991 to the date the member insurer becomes an insolvent insurer. The number above is calculated as of December 31, 2014).

### **Affected Guaranty Associations with a \$100,000 health insurance limit:**

Ohio