

MISSOURI LIFE AND HEALTH INSURANCE GUARANTY
ASSOCIATION

PLAN OF OPERATION

AS

AMENDED AND RESTATED, AUGUST 20, 2018

ARTICLE IV F.

The purpose of this paragraph F. is to provide the framework for allocating Class B assessments attributable to the Association's obligations for any covered long-term care policies between the "Health Account" and the "Life and Annuity Account" defined below. The allocation method outlined below is intended to implement the requirements of Section 376.735.4(2). The instructions are intended to result in a net allocation of any Class B assessments for the Association's long-term care policy obligations in equal 50% shares to "Accident and Health Member Insurers" and "Life and Annuity Member Insurers" as those two categories of member insurers are defined below.

In accordance with Section 376.735.4(2), if a Class B assessment is authorized due to covered long-term care policies, a portion of the Association's Class B assessment authorized to meet its obligations for the covered long-term care policies (the "LTC Assessment") shall be allocated to the Life and Annuity Account, without dividing it between the subaccounts thereof, with the remaining portion of the LTC Assessment allocated to the Health Account.

The following definitions shall apply only for the purposes of allocating any such Class B assessment for covered long-term care policies to the Life and Annuity Account and the Health Account in accordance with the below formula:

"Accident and Health Member Insurer" means any member insurer that does not qualify as a Life and Annuity Member Insurer.

"Health Account" shall mean the health insurance account established under Section 376.720.1(1).

"LAMIHA" shall mean the quotient of (a) the Life and Annuity Member Insurers' aggregate assessable premium in the Health Account divided by (b) the total assessable premium in the Health Account;

"LAMILAA" shall mean the quotient of (a) the Life and Annuity Member Insurers' aggregate assessable premium in the Life and Annuity Account divided by (b) the total assessable premium in the Life and Annuity Account.

“Life and Annuity Account” shall mean the aggregate of the life insurance and annuity accounts established under Section 376.720.1(2) and (3), without dividing such account into subaccounts.

“Life and Annuity Member Insurers” shall mean each and every member insurer having (i) total assessable premium in the Life and Annuity Account greater than or equal to (ii) its total assessable premium in the Health Account, where assessable premium in the Health Account includes, but is not limited to, the member insurer’s assessable health maintenance organization premiums but shall exclude the member insurer’s assessable premiums for disability income and long-term care insurance.¹

The amount of the LTC Assessment allocated to the Life and Annuity Account shall be determined in accordance with the following formula:

$$\begin{array}{r} \text{Life and} \\ \text{Annuity} \\ \text{Account LTC} \\ \text{Assessment} \\ \text{Share} \end{array} = \begin{array}{r} \text{LTC} \\ \text{Assessment} \end{array} * \frac{(.50 - \text{LAMIHA})}{(\text{LAMILAA} - \text{LAMIHA})}$$

The amount of the LTC Assessment not allocated to the Life and Annuity Account as provided above shall be allocated to the Health Account.

The amount of any LTC Assessment allocated to the Life and Annuity Account or to the Health Account shall be allocated among member insurers in accordance with Section 376.735.5, except that the total assessable premium in the entire Life and Annuity Account shall be used in the aggregate without dividing it between the subaccounts.

¹ The exclusion of a member insurer’s assessable premiums for disability income and long-term care insurance shall be applied only for the purpose of the definition of “Life and Annuity Member Insurers,” and such exclusion shall not apply for any other purposes.