EXHIBIT A: Evaluation Checklist - GICs

Summary

Financial Instrument or Contract Reviewed: Hartford Insurance Company GIC - Effective Date of 1/10/08; Expiration Date 1/09/2013 - Contract: GA-10755
Evaluation as of: 6/30/2009
Evaluation Prepared By: J. Plotts **Reviewed By:**

Interest rate swap		Swaptions	
Commodity swap		Forward contracts	
Interest rate lock		Futures contracts	
Options:		Other:	X
Caps		Describe	*Guaranteed Investment Contract*
Floors			
Collars			

Is this financial instrument is a derivative instrument under GASB 53?

	Reference Questions	Check as Appropriate
Derivative instrument	1-3	
Hybrid instrument	4-7	
Synthetic Guaranteed Investment Contract	8-14	
If a derivative instrument, is it excluded from scope?	15-19	
This is not a derivative instrument		X

Is this an investment derivative or a potential hedging derivative?		**Check one**
Investment derivative	20	
Potential hedging derivative:		
Existing or expected financial instrument?	21	
Existing or expected commodity?	21	

For existing or expected financial instruments:	21-29	**Check one**
Effective hedge (hedge accounting applies): (1)		
Cash flow hedge		
Fair value hedge		
Indicate method used to document effectiveness		
Ineffective hedge (hedge accounting does not apply)		

For existing or expected commodity transactions:	30-37	**Check one**
Effective hedge (hedge accounting applies): (1)		
Cash flow hedge		
Fair value hedge		
Indicate method used to document effectiveness: *Dollar Offset Method & Regression Analysis Method*		
Ineffective hedge (hedge accounting does not apply)		

(1) Once determined to be an effective hedge, an eveluation must be performed each subsequent year to validate continued effectiveness, unless Consistent Critical Terms Method is used.

EXHIBIT A: Evaluation Checklist - GICs

Initial Year Evaluation Checklist for: Hartford Insurance Company GIC - Effective Date of 1/10/2008; Expiration Date 1/09/2013 - Contract: GA-10755

Refer to the GASB Statement No. 53 Outline for details

Note: A ttach comments as necessary for further discussion of the conclusion. Certain questions may not result in simple "yes" or "no" answers and the substance of the financial instrument or contract must be considered in in order to arrive at the conclusion.

Determine whether the financial instrument or contract qualifies as a derivative instrument. If so, evaluate whether it is a hedging derivative. If a hedging derivative, determine whether it is a cash flow or fair value hedge.

Does this Meet the Definition of a Derivative Instrument? (¶7-13)

	YES/ NO	Source Document/ X - Reference
1. Does the financial instrument have settlement factors that include a) a reference rate and b) a notional amount?	No	Contract GA-10755
2. Is there leverage, i.e. little or no initial net investment?	No	Contract GA-10755
3. Are there net settlement provisions?	No	Contract GA-10755

If "yes," to question 1-3, the financial instrument or contract is a derivative instrument. However, continue the evaluation beginning with question 15 to determine whether the type of financial instrument or contract is excluded from the scope of Statement No. 53.

If "no" to any one of questions 1-3, the financial instrument or contract is not be a derivative instrument. However, continue the evaluation beginning with question 4 to assess whether a hybrid instrument is involved.

If Not, Does this Meet the Definition of a Hybrid Instrument? (¶64)

4. Is this a situation where there may be a derivative instrument that accompanies, or is incorporated within, a companion document?	No	Contract GA-10755

If "yes," to question 4, the financial instrument or contract may be a hybrid instrument and must be further evaluated. Continue the evaluation beginning with question 5 to determine whether the type of financial instrument or contract is is a hybrid instrument.

If "no" to question 4, the financial instrument or contract is not a hybrid instrument. However, continue the evaluation beginning with question 8 to determine whether an SGIC is involved.

5. Is it a true statement that the companion instrument is not measured at fair value on the Statement of Net Assets?	N/A	No companion instrument
6. Would a separate instrument with the same terms as a derivative instrument meet the definition of a derivative instrument using questions 1-3 above?	N/A	No companion instrument
7. Is it a true statement that the economic characteristics and risks of the derivative instrument are not closely related to the economic characteristics and risks of the companion instrument?	N/A	No companion instrument

If "yes" to all questions of 5-7 the financial instrument or contract is a hybrid instrument. However, continue the evaluation beginning with question 15 to determine whether the type of financial instrument or contract is excluded from the scope of Statement No. 53.

If "no" to any one of questions 4-6, the financial instrument or contract is not a hybrid instrument However, continue the evaluation beginning with question 8 to assess whether an SGIC is involved.

If Not, Does this Meet the Definition of a Synthetic Guaranteed Investment Contract (SGIC)? (¶67)

8. Does the SGIC prohibit the University from assigning or selling the contract or its proceeds to another party without the consent of the issuer?	N/A	GIC, not a SGIC
9. Are prospective interest crediting rate adjustments provided to plan partcipants and UC on a designated pool of investments by a financially responsible third party?	N/A	GIC, not a SGIC
10. Do the adjustments provide assurance that probable future rate adjustments would result in an interest crediting rate of less than zero is remote?	N/A	GIC, not a SGIC
11. Do the pool of investments in total meet both of the following criteria? * The pool is of high credit quality such that the possibility of credit loss is remote? * The pool may be prepaid or otherwise settled in such a way that UC and its plan participants would recover contract value?	N/A	GIC, not a SGIC
12. Do the terms of the SGIC require all permitted participant-initiated transactions with UC to occur at contract value with no conditions, limits, or restrictions? (permitted participant-initiated transactions are those transactions allowed by UC, such as withdrawals for benefits, loans, or transfers to other investment choices)	N/A	GIC, not a SGIC
13. Some events may limit UC's ability to transact with participants at contract value. Examples are premature termination of contracts, layoffs, plan terminations, bankruptcies, and early retirement incentives. Is the probability of such an event occurring within one year of the date of the financial statements remote?	N/A	GIC, not a SGIC
14. Does UC allow participants reasonable access to their investments?	N/A	GIC, not a SGIC

If "yes" to all questions of 8-14 the financial instrument or contract is an SGIC under Statement No. 53. Measure at contract value and disclose in accordance with that Statement. The evaluation does not continue.

If "no" to any of questions 8-14, the financial instrument or contract is not an SGIC under Statement No. 53. The evaluation does not continue.

If this Meets the Definition of a Derivative Instrument, is it Excluded from the Scope of GASB Statement No. 53? (¶14-18)

15. Is the derivative instrument a normal purchase or sale contract for a commodity used in the normal course of operations? Consider whether the contract results in the purchase or sale of a commodity such as natural gas or electricity, whether the contract includes a net settlement feature, whether the University has entered into such a contract in the past, whether the University has a practice of taking delivery or selling a commodity, and whether the quantity of the commodity in the contract is consistent with the volume used in the University's activities.		
16. Is this a risk financing or insurance related contract?		

17. Is this a financial guarantee contract that does not respond to changes in a reference rate?

18. Is this a specific type of contract that is not exchange traded and includes a reference rate based upon climate, geological, other physical variables, or the price of a nonfinancial asset?

19. Is this a loan commitment contract?

If "yes" to any one of questions 15-19, the financial instrument or contract is excluded from the scope of Statement No. 53 and the evaluation does not continue.

However, if "no" to all of questions 14-19, the financial instrument or contract is a derivative instrument that must be further evaluated under Statement No. 53 to determine whether it is an "investment derivative" or a "hedging derivative," and if a "hedging derivative," whether it is "effective" or "ineffective" hedge. Begin the next stage of the evaluation with question 20.

Determine Whether the Derivative Instrument is an "Investment Derivative" or a Potential "Hedging Derivative" (¶20)

20. Was the derivative instrument or contract entered into for the purpose of making a profit?

If "yes" to question 20, the financial instrument or contract is an investment derivative under Statement No. 53. Apply investment derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to question 20, the financial instrument or contract is a hedging derivative and must be further evaluated to determine whether it is an "effective" or "ineffective" hedge. Begin the next stage of the evaluation with question 21.

21. Is the hedgeable item an existing or expected financial instrument?

If "yes" to question 21, continue the evaluation with question 22.

If "no" to question 21, the hedgeable item item is an existing or expected commodity transaction. Skip to question 30.

Evaluate Whether the Potential Hedging Derivative Where the Hedgeable Item is a Existing or Expected Financial Instrument is an "Effective" or Ineffective" Hedge. (¶34-48)

If the derivative instrument is an interest rate swap or forward contract, determine whether it is "effective" under the Consistent Critical Terms Method by continuing with question 22a, 23a or 24a.

Based upon the answers to the following, determine whether the Consistent Critical Terms Method of evaluating an interest rate swap or forward contract results in an "effective" hedge:

EXISTING OR EXPECTED FINANCIAL INSTRUMENTS

Consistent Critical Terms Method

For an "effective" interest rate swap-cash flow hedge (¶37):

22a. Is the notional amount of the interest rate swap the same as the principal amount of the hedgeable item throughout the life of the hedging relationship? This criterion is met if the notional amount of the interest rate swap and principal amount of the hedgeable item are equal for each hedged interest payment, even if the hedged item amortizes or otherwise adjusts subsequent to the inception of the hedge.

22b. Upon association with the hedgeable item, does the interest rate swap have a zero fair value? (the value of a derivative instrument that is either entered into or exited with no consideration being exchanged. A zero fair value should be within a dealer's normal bid/offer spread.)

22c. Is the formula for computing net settlements under the interest rate swap the same for each net settlement? (That is, the fixed rate is the same throughout the term of the interest rate swap. Likewise, each variable payment of the interest rate swap is based on the same variable, such as the same reference rate or index.)

22d. Is the reference rate of the interest rate swap's variable payment consistent with one of the following:
(1) The reference rate or payment of the hedgeable item. For example, an interest rate swap provides variable payments to the University equal to the total variable payments of variable-rate bonds—a cost-of-funds hedge.
(2) A benchmark interest rate as specified in paragraph 35 if interest rate risk is the hedged risk. The reference rate cannot be multiplied by a coefficient, such as 68 percent of LIBOR, but it may be adjusted by addition or subtraction of a constant, such as the SIFMA swap index plus 10 basis points, provided that the constant is specifically attributable to the effects of state-specific tax rates.

22e. Do interest receipts or payments of the interest rate swap occur during the term of the hedgeable item, and no interest receipts or payments of the interest rate swap occur after the term of the hedgeable item? (For example, an interest rate swap that hedges the first 10 years of a 15-year variable-rate bond meets this criterion.)

22f. Is it true that the reference rate of the interest rate swap does not have a floor or cap unless the hedgeable item has a floor or cap. (If the hedgeable item has a floor or cap, does the interest rate swap have a floor or cap on the variable interest rate that is comparable to the floor or cap on the hedgeable item? (Comparable does not necessarily mean equal. For example, an interest rate swap's reference rate is the SIFMA swap index, while the hedgeable bond's variable rate is the SIFMA swap index plus 2 percent. A 10 percent cap on the interest rate swap would be comparable to a 12 percent cap on the bonds and would meet this criterion as both caps produce equal changes in cash flows if the SIFMA swap index exceeds 10 percent.)

22g. Is the time interval of the reference rate, commonly referred to as the designated maturity, employed in the variable payment of the interest rate swap the same as the time interval of the rate reset periods of the hedgeable item? (Examples that meet this criterion include an interest rate swap with a variable payment referenced to (1) the SIFMA swap index—a seven-day index—that hedges variable-rate bonds with a rate reset every seven days and (2) an interest rate swap with a variable payment referenced to the one-month LIBOR index that hedges taxable variable-rate bonds with a monthly rate reset.)

22h. Are the frequency of the rate resets of the variable payment of the swap and the hedgeable item the same? (For example, this criterion is met by an interest rate swap with a reference rate that resets monthly and hedges bonds with a variable interest rate that also resets monthly.)

22i. Are the rate reset dates of the interest rate swap within six days of the rate reset dates of the hedgeable item? (For example, this criterion is met by an interest rate swap with a reference rate that resets on the 15th day of the month that hedges bonds with a variable interest rate that resets on the 18th day of the month.)

22j. Are the periodic interest rate swap payments within 15 days of the periodic payments of the hedgeable item?

If "yes" to all of questions 22a-j, the interest rate swap is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 22 a-j, the interest rate swap is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 23.

For an "effective" interest rate swap-fair value hedge (¶38):

23a. Is the notional amount of the interest rate swap the same as the principal amount of the hedgeable item throughout the life of the hedging relationship? (This criterion is met if the notional amount of the interest rate swap and principal amount of the hedgeable item are equal over the entire term of the hedgeable item, even if the hedgeable item amortizes or otherwise adjusts subsequent to the inception of the hedge.)

23b. Upon association with the hedgeable item, does the interest rate swap have a zero fair value?

23c. Is the formula for computing net settlements under the interest rate swap the same for each net settlement? (That is, the fixed rate is the same throughout the term of the interest rate swap. Likewise, each variable payment of the interest rate swap is based on the same variable, such as the same reference rate or index.)

23d. Is it true that the interest rate swap that hedges interest rate risk has a variable payment based on a benchmark interest rate without multiplication by a coefficient, such as 68 percent of LIBOR? (The benchmark interest rate, however, may be adjusted by addition or subtraction of a constant, such as the SIFMA swap index plus 10 basis points, provided that the constant is specifically attributed to the effect of state-specific tax rates.)

23e. Is it true that the hedgeable item is not prepayable? (that is, the hedgeable item is not able to be settled by either party prior to its scheduled maturity). This criterion does not apply to a call option in an interest-bearing hedgeable item that is matched by a mirror-image call option in an interest rate swap if both of the following criteria are met:
(1) A mirror-image call option matches the terms of the call option in the hedgeable item. The terms include maturities, strike price, related notional amounts, timing and frequency of payments, and dates on which the instruments may be called.
(2) The University is the writer of one call option and the holder (or purchaser) of the other call option.

23f. Is the expiration date of the interest rate swap on or about the maturity date of the hedgeable item so that the University will not be exposed to interest rate risk or market risk?

23g. Is it true that the reference rate of the interest rate swap has neither a floor nor a cap?

23f. Does the reference rate of the interest rate swap reset at least every 90 days so that the variable payment or receipt is considered to be at a market rate?

If "yes" to all of questions 22a-f, the interest rate swap is an "effective" fair value hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 23 a-f, the interest rate swap is not an "effective" fair value hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 24a.

For an "effective" forward contract-cash flow hedge (¶39):

24a. Is the object of the hedge an <u>existing</u> single asset or liability, or group of assets and liabilities, that are currently measured at fair value on the SRECNA, such as debt or

If "yes" to question 24a, the derivative instrument is an investment derivative. Apply investment derivative financial reporting treatment and disclosures as outlined in the

If "no" to question 24a, continue to 24b.

24b. Is the object of the hedge an <u>expected</u> single asset or liability, or group of assets and liabilities, that are <u>not</u> currently measured at fair value on the SRECNA, such as the

If "yes" to question 24b, a hedgeable item exists and therefore continue the evaluation to 24c to determine whether the potential hedging derivative is "effective".

If "no" to question 24b, the derivative instrument is an investment derivative. Apply investment derivative financial reporting treatment and disclosures as outlined in the

24c. Is the forward contract for the purchase or sale of the same quantity or notional amount and at the same time as the hedgeable item?

24d. Upon association with the hedgeable item, does the forward contract have a zero fair value?

24e. Is the reference rate of the forward contract consistent with the reference rate of the hedgeable item?

If "yes" to all of questions 24c-e, the forward contract is an "effective" <u>cash flow hedge</u> under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM. Discontinue the evaluation.

If "no" to any one of questions 24a-c, the forward contract is not an "effective" <u>cash flow hedge</u> under the Consistent Critical Terms Method. Do not apply hedging derivative financial reporting treatment. Apply investment derivative financial reporting treatment and disclosures as outlined in the IRM. Discontinue the evaluation.

Quantitative Methods

If the interest rate swap or forward contract is not "effective" under the Consistent Critical Terms Method, continue the evaluation using at least one of the quantitative methods discussed below.

Synthetic instrument method-cash flow hedge (¶42-43):

25a. Is the notional amount of the potential hedging derivative instrument the same as the principal amount of the associated variable-rate asset or liability throughout the life of the hedging relationship? (This criterion is met if the notional amount of the swap and principal amount of the hedgeable item match for each hedged interest payment, even if the hedged item amortizes or otherwise adjusts subsequent to the inception of the hedge.)

25b. Upon association with the variable-rate asset or liability, does the potential hedging derivative instrument have a zero fair value or is the forward price at-the-market?

25c. Is the formula for computing net settlements under the potential hedging derivative instrument the same for each net settlement; that is, the same fixed rate, reference rate, and constant adjustment, if any, throughout the term of the potential hedging derivative instrument?

25d. Do the interest receipts or payments of the potential hedging derivative instrument occur during the term of the variable-rate asset or liability, and no interest receipts or payments occur after the term of the variable-rate asset or liability? (For example, a swap that hedges the first 10 years of a 15-year variable-rate bond meets this criterion.)

If "yes" to all of questions 25a-d, the Synthetic Instrument Method may be applied to evaluate the effectiveness of a potential hedging derivative. Continue with question 26.

If "no" to any one of questions 25a-d, the Synthetic Instrument Method may not be applied to evaluate the effectiveness of a potential hedging derivative. Skip to question 27 for another quantitative method.

26. Under the synthetic instrument method, a potential hedging derivative instrument is effective if the actual synthetic rate is substantially fixed. The results of this analysis should be evaluated as follows:

26a. Is the actual synthetic rate within a range of 90 to 111 percent of the fixed rate of the potential hedging derivative instrument?

26b. If the actual synthetic rate is outside the required range for the current reporting period, the actual synthetic rate should be calculated on a life-to-date basis. Is the actual synthetic rate on a life-to-date basis within the required range?

26c. If a short time period has elapsed since inception of the hedge and the actual synthetic rate is outside the required range, the evaluation may include hypothetical payments, as if the hedge had been established at an earlier date. Effectiveness should then be reevaluated. For example, the first reporting period ends 90 days into a 10-year hedge, and when the government prepares its financial statements, it finds that the actual synthetic rate for the 90-day period is outside the 90 to 111 percent range. In that case, hypothetical payments from periods prior to the establishment of the hedge may be added to the evaluation. Does that analysis show a synthetic rate within the required range?

If "yes" to any of questions 26a-c, the derivative instrument is an "effective" cash flow hedge under the Synthetic Instrument Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 26a-c, the derivative instrument is not an "effective" cash flow hedge under the Synthetic Instrument Method and must be further evaluated. Skip to question 27 for another quantitative method.

Dollar-offset method-fair value or cash flow hedge (¶44):

27. The dollar-offset method evaluates effectiveness by comparing the changes in expected cash flows or fair values of the potential hedging derivative instrument with the changes in expected cash flows or fair values of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. Do changes in either the hedgeable item or the potential hedging derivative instrument divided by the other result within a range of 80 to 125 percent in absolute terms?

If "yes" to question 27, the derivative instrument is an "effective" as either a cash flow or fair value hedge under the Dollar Offset Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to question 27, the derivative instrument is not an "effective" cash flow or fair value hedge under the Dollar Offset Method and must be further evaluated. Skip to question 28 for another quantitative method.

Regression analysis method (¶45-47):

Cash flow hedges. If a potential hedging derivative instrument is employed as a cash flow hedge, the relationship analyzed should be relevant cash flows, rates, or fair values of the potential hedging derivative instrument and the hedgeable item. See ¶46.

Fair value hedges. If a potential hedging derivative instrument is employed as a fair value hedge, the relationship analyzed should be the changes in fair values of the potential hedging derivative instrument and the hedgeable item.

28. For either a cash flow or fair value hedge, under the regreession analysis method:

28a. Is the R-squared of the regression analysis is at least 0.80?

28b. Does the F-statistic calculated for the regression model demonstrate that the model is significant using a 95 percent confidence interval?

28c. Is the regression coefficient for the slope is between –1.25 and –0.80?

If "yes" to all of questions 28a-c, the derivative instrument is either an "effective" cash flow hedge or fair value hedge under the Regression Analysis Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 28a-c, the derivative instrument is not an "effective" cash flow or fair value hedge under the Regression Analysis Method and must be further evaluated. Skip to question 29 for another quantitative method.

Other Quantitative Methods (¶48):

The University may use a quantitative method to evaluate effectiveness not specifically identified in Statement No. 53 if the method meets all of the following criteria:

29a. Through identification and analysis of critical terms, does the method demonstrates that the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item?

29b. Can replicable evaluations of effectiveness be generated that are sufficiently complete and documented such that different evaluators using the same method and assumptions would reach substantially similar results?

29c. Have the substantive characteristics of the hedgeable item and the potential hedging derivative instrument that could affect their cash flows or fair values been considered?

If "yes" to all of questions 29a-c, another quantitative method may be used to demonstrate effectiveness.

If "no" to any of questions 29a-c, another quantitative method may not be used to demonstrate effectiveness.

EXISTING OR EXPECTED COMMODITY TRANSACTIONS

Based upon the answers to the following, determine whether the Consistent Critical Terms Method of evaluating a commodity asset or expected transaction results in an "effective" hedge:

Consistent Critical Terms Method

For an "effective" commodity swap-cash flow hedge (¶51):

30a. Is the commodity swap for the purchase or sale of the same quantity (notional amount) of the same hedgeable item at the same time and delivery location as the hedgeable item?

30b. Upon association with the hedgeable item, does the commodity swap have a zero fair value?

30c. Is the reference rate of the commodity swap consistent with the reference rate of the hedgeable item. (For example, a commodity swap hedges the University's natural gas purchases at the Henry Hub pricing point. That commodity swap also should have a reference rate based on the Henry Hub pricing point to meet this criterion.)

30d. Is it true that the reference rate of the commodity swap does not have a floor or cap unless the hedgeable item has a floor or cap? (Floors and caps place limits on expected cash flows. If the hedgeable item has a floor or cap, the commodity swap has a comparable floor or cap on the variable commodity price.)

If "yes" to all of questions 30a-d, the interest rate swap is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 30 a-d, the interest rate swap is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 31.

For an "effective" commodity swap-fair value hedge (¶52):

31a. Is the commodity swap for the purchase or sale of the same quantity (notional amount) of the same hedgeable item at the same time and delivery location as the hedgeable item?

31b. Upon association with the hedgeable item, does the commodity swap have a zero fair value?

31c. Is it true that the hedgeable item is not prepayable? (that is, the hedgeable item is not able to be settled by either party prior to its scheduled maturity). This criterion does not apply to a call option in an interest-bearing hedgeable item that is matched by a mirror-image call option in a commodity swap if both of the following criteria are met:
(1) A mirror-image call option matches the terms of the call option in the hedgeable item. The terms include maturities, strike price, related notional amounts, timing and frequency of payments, and dates on which the instruments may be called.
(2) The University is the writer of one call option and the holder (or purchaser) of the other call option.

31d. Is the expiration date of the commodity swap on or about the maturity date of the hedgeable item so that the University will not be exposed to interest rate risk or market risk?

31e. Is it true that the reference rate of the commodity swap has neither a floor nor a cap?

31f. Does the reference rate of the commodity swap reset at least every 90 days so that the variable payment or receipt is considered to be at a market rate?

If "yes" to all of questions 31a-f, the commodity swap is an "effective" fair value hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 31 a-f, the commodity swap is not an "effective" fair value hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 33a.

For an "effective" commodity forward contract-cash flow hedge (¶53):

32a. Is the forward contract for the purchase or sale of the same quantity or notional amount and at the same time as the hedgeable item?

32b. Upon association with the hedgeable item, does the forward contract have a zero fair value?

32c. Is the reference rate of the forward contract consistent with the reference rate of the hedgeable item?

If "yes" to all of questions 32a-c, the commodity forward contract is an "effective" cash flow hedge under the Consistent Critical Terms Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 32 a-c, the commodity forward contract is not an "effective" cash flow hedge under the Consistent Critical Terms Method and must be further evaluated. Begin the next stage of the evaluation with question 33a.

Quantitative Methods

If the commodity swap or forward contract is not "effective" under the Consistent Critical Terms Method, continue the evaluation using at least one of the quantitative methods discussed below.

Synthetic instrument method-cash flow hedge (¶56-57):

33a. Is the notional amount of the potential hedging derivative instrument the same as the quantity of the hedgeable item?

33b. Upon association with the hedgeable item, does the potential hedging derivative instrument have a zero fair value or is the forward price at-the-market?

If "yes" to all of questions 33 a-b, the Synthetic Instrument Method may be applied to evaluate the effectiveness of a potential hedging derivative. Continue with question 34.

If "no" to any one of questions 33 a-b, the Synthetic Instrument Method may not be applied to evaluate the effectiveness of a potential hedging derivative. Skip to question 35 for another quantitative method.

34. Under the synthetic instrument method, a potential hedging derivative instrument is effective if the actual synthetic rate is substantially fixed. The results of this analysis should be evaluated as follows:

34a. Is the actual synthetic rate within a range of 90 to 111 percent of the fixed rate of the potential hedging derivative instrument?

Dollar-offset method-fair value or cash flow hedge (¶58):

35. The dollar-offset method evaluates effectiveness by comparing the changes in expected cash flows or fair values of the potential hedging derivative instrument with the changes in expected cash flows or fair values of the hedgeable item. This evaluation may be made using changes in the current period or on a life-to-date basis. Do changes in either the hedgeable item or the potential hedging derivative instrument divided by the other result within a range of 80 to 125 percent in absolute terms?

If "yes" to question 35, the derivative instrument is an "effective" as either a <u>cash flow or fair value hedge</u> under the Dollar Offset Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to question 35, the derivative instrument is not an "effective" cash flow <u>or fair value hedge</u> under the Dollar Offset Method and must be further evaluated. Skip to question 36 for another quantitative method.

Regression analysis method (¶59):

Cash flow hedges. If a potential hedging derivative instrument is employed as a cash flow hedge, the relationship analyzed should be relevant cash flows, rates, or fair values of the potential hedging derivative instrument and the hedgeable item. See ¶60.

Fair value hedges. If a potential hedging derivative instrument is employed as a fair value hedge, the relationship analyzed should be the changes in fair values of the potential hedging derivative instrument and the hedgeable item.

For either a cash flow or fair value hedge, under the regreession analysis method:

36a. Is the R-squared of the regression analysis is at least 0.80?

36b. Does the F-statistic calculated for the regression model demonstrate that the model is significant using a 95 percent confidence interval?

36c. Is the regression coefficient for the slope is between –1.25 and –0.80?

If "yes" to all of questions 36a-c, the derivative instrument is either an "effective" <u>cash flow hedge or fair value hedge</u> under the Regression Analysis Method. Apply hedging derivative financial reporting treatment and disclosures as outlined in the IRM.

If "no" to any one of questions 36a-c, the derivative instrument is not an "effective" <u>cash flow or fair value hedge</u> under the Regression Analysis Method and must be further evaluated. Skip to question 37 for another quantitative method.

Other Quantitative Methods (¶62):

The University may use a quantitative method to evaluate effectiveness not specifically identified in Statement No. 53 if the method meets all of the following criteria:

37a. Through identification and analysis of critical terms, does the method demonstrates that the changes in cash flows or fair values of the potential hedging derivative instrument substantially offset the changes in cash flows or fair values of the hedgeable item?

37b. Can replicable evaluations of effectiveness be generated that are sufficiently complete and documented such that different evaluators using the same method and assumptions would reach substantially similar results?

37c. Have the substantive characteristics of the hedgeable item and the potential hedging derivative instrument that could affect their cash flows or fair values been considered?

If "yes" to all of questions 37 a-c, another quantitative method may be used to demonstrate effectiveness.

If "no" to any of questions 37 a-c, another quantitative method may not be used to demonstrate effectiveness.

HARTFORD LIFE INSURANCE COMPANY

(a stock insurance company)

200 Hopmeadow Street, Simsbury, Connecticut 06089

GROUP ANNUITY CONTRACT

CONTRACTHOLDER:	**Regents of The University of California**		
FUND NAME:	**ICC Fund**		
CONTRACT NUMBER:	**GA-10755**	**ISSUE DATE:**	**January 8, 2008**
EFFECTIVE DATE:	**January 10, 2008**	**ISSUE STATE:**	**California**

Hartford Life Insurance Company and the Contractholder agree to the terms in this contract. When "we", "us" or "our" is used in this contract, it means the Hartford Life Insurance Company. When "you" or "your" is used in this contract, it means the Contractholder named above and includes any person with authority to act on behalf of the Fund, with respect to this contract.

This contract, including the Schedules and application attached, and amendments thereto, constitute the entire contract. This contract is delivered in the Issue State and is governed by the laws of that state.

In Witness Whereof, we have, by our President and Secretary, executed this contract as of the Issue Date and caused the same to be in full force as of its Effective Date, as set forth above.

Richard G. Costello, *Secretary*

John C. Walters, *Co-President*

Lizabeth H. Zlatkus, *Co-President*

GROUP ANNUITY CONTRACT
Non-Participating
Stable Value Fund
Benefit Responsive

THE HARTFORD

HL-16552

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Part 1 - DEFINITIONS

1.01 Contract Definitions. The following terms have the meanings indicated:

"Account Balance" is the value of a Deposit Account, determined under Section 2.03.

"Business Day" is each day the U.S. Banking System is open for normal trading and we are open to transact normal business.

"Competing Fund" is any Plan investment option, other than the option using the Fund, that invests primarily in fixed income, money market or other stable value investments, including a bond fund with a target duration under four years or balanced fund that is described in the Schedule. An option satisfying this definition is not a Competing Fund if it is specified as "non-competing" in the Schedule.

"Contract Year" is the period from the Effective Date to the first anniversary of such date and each succeeding one-year period.

"Deposit" is a payment you agree to make, under this contract, for deposit in a Deposit Account.

"Deposit Account" is an account described in Section 2.01.

"Employer" is any employer maintaining or contributing to any Plan and any entity controlling, controlled by or under common control with such employer.

"Fund" is the stable value fund, named on the face page of this contract, in which Plans invest.

"Maturity Date" is the date, in each Schedule, when the Account Balance remaining in each Deposit Account is paid. If the stated date is not a business day, the maturity date is the next following business day.

"Participant" is any person entitled to a Plan benefit that has an amount allocated to the Fund.

"Participant Communications" are any written oral or electronic communications made on behalf of the Fund or a Plan but only, to the extent that such communication has the intent or effect of inducing Participant transfers of material amounts from the Fund. Participant Communications does not include communications needed to satisfy ERISA §404(c) or the conditions of a prohibited transaction exemption.

"Plan" is any employee benefit plan whose assets are invested in the Fund. Unless specified in the Schedule, all Plans are qualified under IRC §401(a) or described in IRC §457.

"Schedule" is our attached Deposit Account Information Form, reflecting the specific terms for each Deposit Account. A Schedule's terms supersede any contrary terms in this contract, for that Deposit Account.

1.02 Other Definitions. Other capitalized terms appearing in this contract have the meanings indicated on the face page and in the Schedules.

Part 2 - DEPOSIT ACCOUNTS

2.01 Establishing Deposit Accounts. A Deposit Account is established for each Deposit or series of Deposits you agree to make. Each Deposit Account is established on the first Deposit Date in the Schedule and ends on its Maturity Date. Unless we agree otherwise, you agree to pay us the entire Deposit indicated in each Schedule on or before each Deposit Date. All Deposits are pooled with our general assets for investment.

2.02 Failure to Make Deposit. If you fail to make all required Deposits, you agree to pay us an additional amount we calculate, using our standard practices, to approximate our financial loss with respect to such failed Deposit. Our standard practices as of this Effective Date are specified in the initial Schedule.

2.03 Value of Deposit Account. Each Deposit Account consists of the Deposits, plus interest credited at the Guaranteed Rate, less any permitted withdrawals. Unless noted in a Schedule, a Deposit Account earns interest at the Guaranteed Rate from the day after its Deposit Date through its Maturity Date or earlier payment date. The Interest Crediting Method for each Deposit Account is described in the Schedule.

2.04 Repayment of Deposit Accounts. The Guaranteed Rate for each Deposit Account is effective until its Maturity Date. Interest and installment payments are made as specified in the Schedule. The full Account Balance is paid on the Maturity Date. All payments are made by wire transfer, unless otherwise agreed. Any amounts not paid when due because of our error receive interest at the Guaranteed Rate. Otherwise, any amounts not paid when due receive a rate we determine.

Part 3 -WITHDRAWALS FROM DEPOSIT ACCOUNTS

3.01 Withdrawals From Participant Accounts. Subject to the requirements and limitations in this Part 3 and the applicable Schedule, you agree to withdraw amounts from each Deposit Account, as needed to:

(a) Pay benefits from a Participant's individual Plan account that are payable due to a Participant's death, disability, retirement, termination of employment or permitted in-service or hardship withdrawals;

(b) Make a Participant directed transfer to a Plan investment option, other than a Competing Fund;

(c) Effect a Plan loan from Participant's individual Plan account; or

(d) Pay amounts, otherwise payable at a Loss Adjusted Value, to the extent such benefit amounts are within the Withdrawal Corridor specified in the Schedule.

3.02 Other Withdrawals. Subject to the requirements and limitations in this Part 3 and the applicable Schedule, you may withdraw amounts from each Deposit Account, as needed to pay:

(a) Plan benefits not payable from a Participant's individual Plan account, but only to the extent that a Schedule specifically permits.

(b) A Plan's total balance held in the Fund.

3.03 Withdrawal Procedures. Your request for a withdrawal from a Deposit Account must certify:

(a) That the withdrawal, in the amount stated, is one permitted under either Section 3.01 or 3.02;

(b) That the withdrawal amount is limited to a Deposit Account's share as described in Section 3.04(d);

(c) Whether the withdrawal is subject to adjustment under Section 3.05; and

(d) That the withdrawal is in accordance with the terms of the Plan and the Fund.

We pay withdrawals within two Business Days of receipt of proper notice. You agree to make reasonably available to us records of all withdrawal, loan or transfer requests and to let us audit such records on 30 days' notice.

3.04 Limitation on Withdrawals. Withdrawals under Section 3.01 or 3.02 are subject to the following conditions and limitations:

(a) A benefit payment is due to "termination of employment" only if there is a permanent severance of the employment relationship with an Employer and employment is not continued with an entity that has directly or indirectly acquired all or a portion of an Employers business.

(b) A Participant directed transfer is deemed made to a Competing Fund if a Participant transfers an amount from any Plan investment option to a Competing Fund within 90 days before or after effecting a transfer described in Section 3.01(b).

(c) A transfer by a Participant that is induced by or otherwise relies on a Participant Communication is deemed to not be "Participant directed" within the meaning of Section 3.01(b).

(d) A Deposit Account's share of any withdrawal is determined using the Withdrawal Hierarchy specified in the Schedule.

3.05 Withdrawals Payable at Loss Adjusted Value. Withdrawals from a Deposit Account under Section 3.01 or 3.02 are paid at the Loss Adjusted Value, as defined in the Schedule, if they are the result of:

(a) Any Plan's early retirement incentive program;

(b) Termination of a Participant's participation in a Plan or termination of employment with an Employer arising out of a total or partial Plan termination or an Employer's merger, spin-off, sale or closing of an operation or facility, or bankruptcy;

(c) Material changes in Fund operating practices or a material Plan amendment. A change or amendment is material if it substantially affects cash flows to the Fund or a Deposit Account or significantly affects the financial risks we assume.

Part 4 - PURCHASE OF ANNUITIES

4.01 Annuity Purchases. Only immediate life contingent annuities may be purchased. Unless we agree, annuities may be purchased only with withdrawals under Section 3.01. The premium is calculated, using our standard practices, based on the annuity rates in Section 4.02 or, if more favorable to the annuitant, the current purchase rate we then use for similar purchases under other group annuity contracts. Any premium tax allocable to this contract is withdrawn with the premium.

4.02 Guaranteed Annuity Rates. We determine the guaranteed annuity purchase rate based on the 1983 IAM Morality Table, Unisex, set back one year, and 3% interest. After the first Contract Year, we can substitute a new basis on 30 days notice to you. Any new basis will remain in effect for at least one year.

4.03 Certificates. We issue a certificate to each person for whom an annuity is purchased. The certificate describes fully the terms and conditions of the annuity.

Part 5 - SERVICES AND CHARGES

5.01 Reports. We will provide you a statement of the Account Balance in each Deposit Account by the 10th day of each month. Unless we otherwise agree, no other statements or services are provided by us.

5.02 Optional Services. You may request us to perform administrative services not normally provided under this contract. If we agree to perform such services, our charges are quoted in advance.

5.03 Expense Charges. A Billed Expense Charge is due only if specified in a Schedule. We will bill you for such charge and for any charge for an optional service. If payment is not received within 30 days of the date we bill you, we may withdraw the amount due from the Deposit Accounts.

Part 6 - CONTRACT TERMINATION

6.01 Effect of Termination. A total termination of this contract is for all Plans and all Participants. A partial termination is limited to a specified group or groups of Plans or Participants. Any purchased annuities continue to be paid after contract termination.

6 .02 Termination By You. You may totally terminate this contract by giving us at least 30 days notice. Any termination notice must state the termination date, which may not be earlier than the first Business Day of the month following the end of the notice period.

6.03 Termination By Us. We may totally terminate this contract by giving you notice, as described in Section 6.02, but only if:

(a) You breach any material obligation, representation or certification under this contract and fail to cure such failure within 15 days of our notice to you.

(b) The operational or eligibility requirements of the Fund are, without our consent, modified in a manner contrary to our underwriting practices with respect to contracts of this type.

(c) Without our consent, you close the Fund to new contributions or you or your affiliate make a new investment fund available to defined contribution programs similar to the Plans.

(d) With 30 days notice to you we may terminate any Deposit Account on the Call Date, if any, specified in the applicable Schedule.

We may partially terminate this contract if the above terms apply to a portion of this contract.

6.04 Payments Upon Termination. Withdrawals under Part 3 are not allowed after notice of termination. We pay you the Loss Adjusted Value of each Deposit Account, less any accrued or charges, on the termination date. Such payment fully discharges of our obligation to you under this contract. We may delay such payments for up to an additional 30 days, if we are also delaying discretionary surrender payments under other group annuity contracts permitting such delay.

6.05 Partial Termination. If we partially terminate this contract, our payment is limited to the portion of this contract affected, as determined by us. Each Account Balance is reduced by the amount withdrawn from the Deposit Account, prior to any Loss Adjusted Value calculation.

6.06 Automatic Termination. This contract automatically terminates when all Account Balances are zero.

Part 7 - GENERAL PROVISIONS

7.01 Disclaimer Of Responsibility. We are not party to, nor bound by, any Plan or any document or agreement relating to the Fund or a Plan, other than this contract. We are not responsible for seeing that this contract's funds are sufficient to provide Plan benefits. Our only liability is as set out in this contract.

7.02 Notices. All agreements, notices, directions, elections or other communication required by this contract must be in writing. Notices to us are effective when we receive them at our home office. Notices to you are effective when sent. Only our authorized officers may agree to any changes in this contract. We may rely on the accuracy and completeness of information provided by you.

7.03 Contract Amendments. This contract may be amended at any time by agreement between you and us. In addition to changing the annuity premium basis we may amend other provisions of this contract without your consent, by providing you with 30 day written notice if such amendment is needed to effect reasonable compliance with any state or Federal law or regulation applicable either to this contract or to our conduct of the pension or annuity business. This contract may not be amended to adversely affect annuities purchased before the amendment's effective date.

7.04 Application of Federal Law. Benefits and annuities under this contract are subject to any limitation in any Plan required by the Internal Revenue Code or ERISA, provided that this provision may not increase our obligation under this contract. You and we agree that:

(a) This contract is a "guaranteed benefit policy", as described in ERISA §401(b)(2) and,

(b) We have no fiduciary obligation arising out of this contract to the Fund or any Plan.

7.05 Modification to the Fund. You agree to furnish us with a description of any change in the operation or documentation of the Fund prior to the adoption of such change. In addition, you agree to furnish us copies of such Plan or Fund records as we may reasonably request.

7.06 Non-Transferability. This contract may not be sold, assigned, discounted, or pledged as collateral for a loan or as security for the performance of an obligation, or for any other purpose, except with our consent. Such consent will not be unreasonably withheld, if the assignment or other action is needed to:

(a) Accommodate a change in the Contractholder, under any documents relating to the Fund.

(b) Effect a transaction intended to provide additional assurance that the Fund will have adequate liquidity to meet Participant and Plan withdrawal requests.

We may require reasonable assurance that any such assignment does not affect the status of this contract under securities or other laws.

7.07 Payments By Us. When this contract provides that we will make a payment to you, the payment is made to you or to the Plan funding agent you designate. All sums we pay are payable at our home office. If a payment date is a non-Business Day, we pay such amount on the next Business Day.

7.08 Investment Communications. You agree to provide us with all Participant Communications, as defined in this contract, prior to delivery to Participants, if provided by you and promptly after your receipt if provided by the Plan or other parties. You agree to provide us with copies of other written materials provided to Participants in your possession at our request.

7.09 Misstatement. If any fact pertaining to this contract, including any annuity purchased under this contract, is misstated, we may use the correct fact to make an equitable adjustment. If a withdrawal is made from a deposit account in a manner inconsistent with Part 3 or the applicable Schedule we may make an equitable adjustment to the Account Balance.

7.10 Waiver by Us. At your request, we may waive any terms, conditions or adjustments provided for in this contract, including those in Part 3. Any such waiver is subject to any limitations we specify in making the waiver and does not require us to grant similar future waivers. A failure or delay in exercising a right under this contract does not waive our right or ability to assert such right in the future.

7.11 Representations. You represent to us that:

(a) This contract is your legal, valid and binding obligation, enforceable in accordance with its terms.

(b) The Fund is one described in Revenue Ruling 81-100 and that, except as noted in the Schedule, each Plan is either qualified under IRC §401(a) or a Plan described in IRC §457.

(c) All information you provide us with respect to the Fund or any Plan is true, correct and complete.

We represent to you that this contract is our legal, valid and binding obligation, enforceable in accordance with its terms. Additional representations may be made in a Schedule, if agreed to.

7.12 Clone Contracts. You may request us to issue a new contract with terms substantially similar to this contract to any Plan that is no longer utilizing the Fund. We will issue such a new contract if the Plan meets our standard underwriting rules. Unless we agree otherwise, any such new contract will reflect:

(a) Our standard terms for contracts issued to individual Plans; and

(b) A pro rata share of each Deposit Account.

The fee for issuing such a contract, listed in the Schedule, is billed as an optional service under Section 5.02.

HARTFORD LIFE INSURANCE COMPANY

DEPOSIT ACCOUNT INFORMATION FORM - FIXED RATE
(The "Schedule")

IDENTIFYING INFORMATION:

Contractholder:	Regents of The University of California
Fund Name:	ICC Fund
Contract Number:	GA-10755 **Deposit Account:** A

DEPOSIT ACCOUNT INFORMATION:

Deposit Date[s]:	January 10, 2008
Deposit[s]:	Approximately $25,000,000.00
Guaranteed Rate:	5.01%
Interest Crediting Method:	Interest is credited as an effective annual yield, compounded daily using a 365 day year.
Maturity Date:	January 9, 2013
Additional Deposit Account Terms:	None applicable.

ADDITIONAL WITHDRAWAL TERMS: Withdrawal from this Deposit Account, under Part 3 of this contract, are subject to the following additional terms:

Application of Cash Flow: Benefits under Part 3 of this contract, are first paid from current positive Fund cash flow, including investment maturities and interest received.

Liquidity Buffer: You agree to maintain a Liquidity Buffer, consisting of cash and other highly liquid investments, equal to 10% of the Fund. Withdrawals under Part 3 are made only after this Liquidity Buffer is exhausted.

Withdrawal Hierarchy: After exhaustion of the Liquidity Buffer, withdrawals are made from other Deposit Accounts or other Fund Investments established after the Deposit Date, until exhausted, and then from this Deposit Account.

Withdrawal Corridor: Withdrawals from this Deposit Account to pay Plan benefits not otherwise payable under Section 3.01 may not, when added to all similar Withdrawals previously made under this Deposit Account, exceed 10 % of the Account Balance.

OTHER TERMS:

Call Date: The Call Date shall be: January 9, 2009.

Clone Contract Fee: $750 per contract

Loss Adjusted Value: The lesser of the Account Balance or such balance, multiplied by a factor ("**F**") determined as:

F = 1 - [(A-B) x C], Where:

A = The rate, expressed as a decimal, we would offer as a Guaranteed Rate on a new Deposit to this contract, with a duration equal to remaining duration of the Deposit Account;

B = The Guaranteed Rate, expressed as a decimal; and

C = The years, rounded up to the next whole year, until the Maturity Date.

Competing Funds: A balanced fund is a Competing Fund if $D/P \leq 4$, where:

D = The shortest expected duration permitted for fixed income securities, including money market instruments.

P = The maximum portion of the fund that may be invested in such securities.

Failed Deposit(s): If you fail to make a Deposit, the liquidated damages for our financial loss will not exceed 10% of the failed Deposit (Required Deposit, less any Deposit actually made). Damages will be computed as the lesser of:

(a) $10,000; or
(b) ((A-B) x C) x the failed Deposit, where:

A = the rate of interest, expressed as a decimal, offered by us on the Deposit Date for deposits similar in size and duration to the failed Deposit;

B = the Guaranteed Rate, expressed as a decimal; and

C = the years, rounded up to the next whole year, from the Deposit Date until the Maturity Date.

Unamortized Acquisition Expense: The unamortized acquisition expense applicable to this, and any, Accumulation Fund shall be equal to the dollar amount determined as follows:

[(X) x (Y/Z)], Where:

X = the dollar amount of the estimated acquisition expense determined by Hartford Life as of the inception of the Accumulation Fund:

Y = the number of months remaining until scheduled Maturity,

Z = the number of months from inception of the Accumulation Fund until scheduled Maturity.

The above formula is prorated for partial contract terminations.

Exceptions: No exceptions.

The Contractholder hereby accepts this contract, including the terms stated in this Schedule A.

____
Authorized Representative

____
Date

Countersigned:

For Hartford Life:______________________________Date____________

CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION ACT SUMMARY DOCUMENT AND DISCLAIMER

Residents of California who purchase life and health insurance and annuities should know that the insurance companies licensed in this state to write these types of insurance are members of the California Life and Health Insurance Guarantee Association ("CLHIGA"). The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Guarantee Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided through the Association is not unlimited, as noted in the box below, and is not a substitute for consumers' care in selecting insurers.

> The California Life and Health Insurance Guarantee Association may not provide coverage for this policy. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in California. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.
>
> Coverage is NOT provided for your policy or any portion of it that is not guaranteed by the insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.
>
> Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Guarantee Association to induce you to purchase any kind of insurance policy.
>
> Policyholders with additional questions should first contact their insurer or agent or may then contact:
>
> | | | |
> |---|---|---|
> | California Life and Health Insurance
Guarantee Association
P.O. Box 17319
Beverly Hills, CA 90209-3319 | or | Consumer Service Division
California Department of Insurance
300 South Spring Street
Los Angeles, CA 90013 |

Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Association.

COVERAGE

Generally, individuals will be protected by the California Life and Health Insurance Guarantee Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this Guarantee Association if:

- Their insurer was not authorized to do business in this state when it issued the policy or contract;
- Their policy was issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange or a grants and annuities society;
- They are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state.

The Guarantee Association also does not provide coverage for:

- Unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which guarantee rights to group contract holders, not individuals;
- Employer and association plans, to the extent they are self-funded or uninsured;
- Synthetic guaranteed interest contracts;
- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- Any policy of reinsurance, unless an assumption certificate was issued;
- Interest rate yields that exceed an average rate;
- Any portion of a contract that provides dividends or experience rating credits.

LIMITS ON AMOUNT OF COVERAGE

The Act limits the Association to pay benefits as follows:

LIFE AND ANNUITY BENEFITS

80% of what the life insurance company would owe under a life policy or annuity contract up to:

- $100,000 in cash surrender values;
- $100,000 in present value of annuities; or
- $250,000 in life insurance death benefits.
- A maximum of $250,000 for any one insured life no matter how many policies and contracts there were with the same company, even if the policies provided different types of coverages.

HEALTH BENEFITS

- A maximum of $200,000 of the contractual obligations that the health insurance company would owe were it not insolvent. The maximum may increase or decrease annually based upon changes in the health care cost component of the consumer price index.

PREMIUM SURCHARGE

Member insurers are required to recoup assessments paid to the Association by way of a surcharge on premiums charged for health insurance policies to which the Act applies.

NOTICE OF NON-COVERAGE
CALIFORNIA LIFE AND HEALTH INSURANCE GUARANTEE ASSOCIATION ACT

This policy is NOT covered by The California Life and Health Insurance Guarantee Association

EXCLUSIONS FROM COVERAGE

The following are not covered by the California Life and Health Insurance Guarantee Association:

- Unallocated annuity contracts; that is, contracts which are not issued to and owned by individuals and which guarantee rights to group contract holders, not individuals;
- Employer and association plans, to the extent they are self-funded or uninsured;
- Synthetic guaranteed interest contracts;
- Any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- Any policy of reinsurance unless an assumption certificate was issued;
- Interest rate yields that exceed an average rate;
- Any portion of a contract that provides dividends or experience rating credits.

A determination as to whether an insurance contract is covered under the Guarantee Association or whether an annuity contract is allocated or unallocated must initially be made by the insurer based on its knowledge of the specific contract offered.

Also, you are not protected by this Association if:

- Their insurer was not authorized to do business in this state when it issued the policy or contract;
- The policy was issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange or a grants and annuities society;
- You are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose guaranty association protects insureds who live outside that state.

Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Guarantee Association to induce you to purchase any kind of insurance policy.

If you have questions concerning this notice, you may contact:

California Life and Health Insurance Guarantee Association P.O. Box 17319 Beverly Hills, CA 90209-3319 (213) 782-0182	or	Consumer Service Division California Department of Insurance 300 South Spring Street Los Angeles, CA 90013 1-800-927-4357 or (213) 897-8921

Questions as to specific policies or annuities should be directed to the insurance company offering the product.