UTAH LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION

AMENDED AND RESTATED PLAN OF OPERATION

(Effective January 1, 2019)

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Article 1. Plan of Operation

A. This Plan of Operation ("the Plan") shall become effective upon written approval of the Commissioner as provided in Section 31A-28-110 of the Utah Life and Health Insurance Guaranty Association Act ("the Act"), Part 1, Chapter 28 of the Insurance Code ("the Code"). Unless otherwise defined herein, terms used in this Plan shall have the same meaning as those defined in the Act. In the event of any conflict between this Plan and Utah law, Utah law will prevail.

B. Amendments to this Plan as necessary or suitable to assure the fair, reasonable and equitable administration of the Association, shall be adopted by the Board of Directors (the "Board") and submitted to the Commissioner for approval. Any such amendments so submitted shall be effective upon written approval of the Commissioner, or thirty days after submission if the Commissioner has not disapproved them.

C. A copy of this Plan shall be provided to any member insurer upon request.

D. Unless otherwise specified in this Plan, actions and communications including notices, assessments, approvals, consents and signatures will be deemed to be written and acceptable if they are written and provided by United States Postal Service mail, courier service, or by e-mail, facsimile, or other electronic means. Contemporaneous documentation of such

actions and communication should be maintained in the Association's records in a hard copy or an electronic file for future reference.

Article 2. Annual Meetings of the Member Insurers

A. An annual meeting of the member insurers of the Association shall be held for the election of directors at the office of the Association immediately preceding (or combined with) the annual meeting of the Board, unless the Chair of the Board (the "Chair"), upon proper notice, shall designate some other time, day or place.

B. Member insurers and the Commissioner shall be notified of the time, day and place of the annual meeting of the member insurers, and the nominees to succeed each director whose term expires or otherwise terminates at the annual meeting of the Association, at least ninety days prior to such annual meeting. A member insurer's attendance or participation at any meeting shall constitute a waiver of the notice requirement with respect to such member insurer.

C. At annual meetings of the member insurers, if there are more nominees than vacancies, Directors shall be elected by member insurers by votes cast. Each member insurer shall have one vote in person or by proxy for each member of the Board to be elected.

D. At all annual meetings of the member insurers:

1. Proxy voting shall be permitted, except that the presence of not fewer than six member insurers shall be required to constitute a quorum.

2. The member insurers receiving the greatest number of votes shall be elected.

3. In the event there is not more than one nominee for each position to be filled, the Secretary shall cast one vote for each such nominee and declare each such nominee elected as a Director, subject to approval of the Commissioner.

Article 3. Board of Directors

A. There shall be a Board of Directors in accordance with the provisions of Section 31A-28-107 of the Code).

1. The terms of member insurer Board members shall be staggered so that all Director terms of member insurers do not expire simultaneously, but the terms of approximately one-third of such directors shall expire each year. The Nominating Committee shall provide nominations each year that may include terms of less than three years for nominees as necessary to retain such staggering of terms. The standard term for a directorship shall be three years.

    a. The Board shall be elected by the member insurers as provided in Article 2 hereof, and as required in the Act. No two members of the Board shall be from the same or affiliated insurers.

    b. Each elected member of the Board shall designate its representative and may designate an alternate.

    c. Subject to paragraph (d) below, the previously elected Board members shall serve until their successors have been duly elected and qualified to serve.

    d. In the event of a change in a Board member's corporate or licensing status, the Executive Committee will review whether such change is consistent with the conditions and requirements for Board membership. Based on its review, the Executive Committee, will recommend action to the full Board, or the Board may take action without a recommendation from the Executive Committee. Such action may include requesting the company to resign from the Board if it is determined that the company's new status is no longer consistent with the basis for inviting it to be a nominee or to fill a vacancy. The Board member shall be replaced in accordance with the provisions of paragraph (a).

2. Upon the election of members of the Board, the Association shall notify the Commissioner and request written approval of the members of the Board as elected. In the event the Commissioner shall disapprove the election of any Director elected at an annual meeting, the existing Board of Directors shall call another election. The Board of Directors shall have the option of seeking approval of the nominees by the Commissioner in writing prior to holding the election or annual meeting.

3. The Board shall:

    a. Elect a Chair, a Vice Chair, and Secretary/Treasurer from among its members, and such other officers as it deems

necessary. Each officer shall be elected to serve a term of one year.

b. Appoint from among its members, an Executive Committee. Such Committee shall have as its members the Chair, the Vice Chair, the Secretary/Treasurer, and such other Directors, if any, as appointed by the Board. The Executive Committee shall have such powers as may be delegated by the Board, provided it shall not have the authority to act on matters requiring a majority vote of the full Board as provided in paragraph (B)(3) below.

c. Appoint from among its members, a Nominating Committee. Such committee shall select a nominee to succeed each Board member whose term expires at the annual meeting of the member insurers. Such nominees shall be made known to the member insurers at least ninety days prior to such annual meeting. Other nominees may be submitted to the Board, but not less than sixty days prior to such annual meeting, upon the petition of ten member insurers.

d. In the event there is more than one nominee for each position to be filled, the Board shall make the names of said nominees known to member insurers at least thirty days prior to the annual meeting of the member insurers.

e. Appoint from among its members three Directors to serve as the Audit Committee. The Audit Committee shall recommend selection of the independent outside auditor and facilitate the annual audit of the Association by an independent outside auditor. The Audit Committee shall also review and provide recommendations regarding any financial or operational review of the Association by independent outside auditors or the Commissioner.

4. Vacancies occurring on the Board between annual meetings of the member insurers shall be filled by a majority vote of the remaining members of the Board, subject to the approval of the Commissioner. Vacancies occurring in elective offices between the annual meetings shall be filled by majority vote of the Board. Such interim directors and officers shall serve for the unexpired terms.

B. All Directors shall receive notice of all meetings of the Board and the committees of the Board to which they have been appointed. Meetings of

the Board and committees appointed by the Board may be held in person, by telephone, or by other electronic means.

1. At any meeting of the Board, each member of the Board shall have one vote.

2. A majority of the Board shall constitute a quorum for the transaction of business and the acts of the majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board, except as provided in paragraph 3 below.

3. An affirmative vote of a majority of the full Board is required to:

   a. Approve a contract with a servicing facility for overall administration of the Association;

   b. Authorize and call an assessment or provide for a refund;

   c. Borrow money or establish or change a line of credit;

   d. Approve reinsurance contracts, assumption agreements or guarantee plans; or

   e. Adopt amendments to this Plan of Operation.

C. The annual meeting of the Board shall be held on the third Tuesday of May each year in Salt Lake City, Utah, unless the Chair, upon reasonable notice, shall designate some other time, day or place. At each annual meeting the Board shall:

1. Review the Plan and submit proposed amendments, if any, to the Commissioner for approval.

2. Review each outstanding contract or agreement, if any, and make necessary or desirable corrections, improvements or additions.

3. Review operating expenses and outstanding contractual obligations and determine whether an assessment, or a refund of a prior assessment, is necessary for the proper administration of the Association and if so, the amount of either.

4. Review, consider and act on any other matters deemed by it to be necessary and proper for the administration of the Association.

D. Unless otherwise determined by the Board, the Board shall hold regular meetings by video or telephone conference on the second Tuesday of

February, August and November. Special meetings of the Board may be held at such times, in such manner, and with such frequency as deemed appropriate to conduct the business of the Association. Any Board member not present may consent in writing to any specific action taken by the Board, but this shall not permit Board members to act through other Board members by proxy. Any action approved by the required number of Board members at such meeting, including those consenting in writing, shall be as valid a Board action as though authorized at an annual or regular meeting of the Board or at a meeting held in person.

E. Any annual, regular or special board meeting may be held by telephone or video conference or any means of communication by which all directors participating may hear each other during the meeting. A director participating in a meeting by this means is considered to be present in person at the meeting.

F. In lieu of holding a Board meeting, the Board may take any action which is in accordance with this Plan by acting by written consent. Such actions by written consent require the approval of all Directors and shall be effective as of the date specified therein or if no effective date is specified, the date of the last board member's signature.

G. Special meetings of the Board may be called by the Chair and shall be called upon the request of any two Board members. At such special meeting the Board may consider and decide any matter deemed necessary for the proper administration of the Association. Reasonable notice under the circumstances shall be given to each Board member of the time, place and purpose of any such special meeting. A Board member's attendance or participation at any meeting shall constitute a waiver of the notification requirement.

H. At meetings at which the impairment or insolvency of a member insurer is considered, the Board shall:

1. Consider and determine the legal obligations of the Association with regard to any reported impairment or insolvency.

2. Consider and decide what methods or facilities, as permitted under the Section 31A-28-108 of the Code, shall be adopted or utilized to assure fulfillment of the covered obligations of the impaired or insolvent member insurer for each of the categories of covered policies.

3. Assure that timely action is taken to gain access to and effect proper retention of records of the impaired or insolvent member

insurer which are deemed necessary to the prompt and economical handling of its legally imposed duties.

4. Consider and decide to what extent and in what manner the Board shall exercise the powers authorized by Section 31A-28-108 of the Code to bring legal actions or provide for the defense thereof in order to avoid payment of improper claims.

5. Consider and decide or defer the decision as to what assessment, if any, should be authorized, and consider and decide whether any assessment shall be deferred or abated. If such assessment, deferral, or abatement shall be determined to be appropriate, such action or actions shall be in accordance with the requirements specified in the appropriate item or items of Section 31A-28-109 of the Code. Notices of assessments to member insurers shall be in sufficient detail as to form a basis for the payment of such assessment by the member insurer. The Board shall notify the Commissioner of the failure of any member to pay an assessment made pursuant to this paragraph.

6. Take all steps permitted by law, and deemed necessary, to protect the Association's rights as pertaining to the impaired or insolvent member insurer and its policyholders. In addition to the foregoing powers, the Board shall have and exercise such other powers as may be reasonably necessary to implement its powers and responsibilities under the Act.

7. Issue to each member insurer a certificate of contribution for each Class of assessment paid for which certificates are to be provided under the Act Section 31A-28-109(8) of the Code. The certificate shall show the amount paid by each such insurer, the date of the assessment, name of the particular insolvent or impaired insurer for which the assessment was made, the value, if any, of such certificate as determined by the Commissioner, and such other information as the Board shall find relevant.

8. In addition to the foregoing powers, the Board shall have and exercise such other powers as may be reasonably necessary to implement the provisions of the Act.

I. Members of the Board may be reimbursed from the assets of the Association for reasonable expenses incurred by them as members of the Board, but members of the Board shall not be compensated by the Association for their services as members of the board—except that a public representative member of the Board may receive per diem and travel expenses pursuant to guidelines established by the Board and

approved by the Commissioner. Board member expenses are to be approved by the Executive Director and a member of the Executive Committee.

J. Any member of the Board may be removed for cause, as determined by a majority vote of the remaining Board members. Action to remove a Board member shall take effect immediately upon approval of the Commissioner, or if the Commissioner has not disapproved such removal within thirty days of the Board's action removing the Board member, at the close of business on the thirtieth day.

K. The Board shall establish and maintain a policy and procedure for addressing conflicts of interest.

Article 4. Operations

A. The official address of the Association shall be as determined by the Board from time to time.

B. The Board may employ or retain such persons, firms or corporations to perform such administrative functions as are necessary for the Board's performance of the duties imposed upon the Association. The Board may use the mailing address of such person, firm or corporation as the official address of the Association. Such persons may include an executive director with such authority as may be delegated by the Board to implement and carry out broad directives of the Board made pursuant to its statutory authority and duties. Such persons shall be knowledgeable about insurance matters, conversant with the law as it relates to covered policies of insurance and administratively capable of implementing the Board's directives. Such persons may also include attorneys at law, actuaries, accountants, claims personnel and such other specialists or persons whose advice or assistance is deemed by the Board to be necessary to the discharge of its duties imposed by law. The Board may agree to compensate such persons so as best to serve the interests of the Association and the public. Such persons, firms or corporations shall keep and maintain such records of their activities as may be required by the Board and the Act.

C. The Board may open such bank accounts and other accounts with financial institutions or investment firms as it deems necessary for the proper administration of Association business. Reasonable delegation and withdrawal authority for such accounts for Association business will be made consistent with prudent fiscal policy. Check signature limits and wire authority limits and procedures shall be as determined by the Board.

Investment policy may be recommended by the Treasurer, the investment committee (if any), or other board-appointed committee, and approved by the Board, and shall be reviewed at the annual meeting of the Board and may be amended by the Board from time to time as financial and other conditions warrant.

D. If, in the judgment of the Board the maximum assessment under the Act Section 31A-28-109(5)(a) of the Code, in combination with the Association's borrowing authority, will be insufficient in any given year to cover the outstanding and anticipated covered claims against the Association relating to one or more impaired or insolvent member insurers under any account or accounts, the Board may provide that the Association shall make partial and periodic payments on such claims in accordance with a schedule to be adopted by the Board. Such schedule may give preference to health claims, periodic annuity benefit payments, death benefits, supplemental benefits and cash withdrawals under emergency or hardship standards proposed by the Board and approved by the Commissioner. Such schedule may be adjusted from time to time as changes in the volume and type of such covered claims may warrant and may be structured so as not to give preference to claims in the order in which they were incurred or made or in the order of which member insurers first became impaired or insolvent, or to require retroactive adjustments.

E. The purpose of this paragraph 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 31A-28-109(3)(c) of the Act. 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 shares of 25% to "Accident and Health Member Insurers" and 75% to "Life and Annuity Member Insurers" as those two categories of member insurers are defined below.

In accordance with Section 31A-28-109(3)(c) of the Act, 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 106(1)(d)(ii) of the Code.

"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 life insurance and annuity account established under Section 106(1)(d)(i) of the Code, 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.

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

$$\text{Life and Annuity Account LTC Assessment Share} = \text{LTC Assessment} * \frac{(.75 - \text{LAMIHA})}{(\text{LAMILAA} - \text{LAMIHA})}$$

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 31A-28-109(3)(c) of the Code, 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.

F. The Board shall determine at least annually if an excess of funds in any account exists such that the funds are not reasonably needed to fund future obligations of current or future insolvencies for the payment of the obligations of the Association. The Board's review for this purpose shall include, but not be limited to, a review of assets accruing from assignment, subrogation, net realized gains on distributions and income from investments. If the Board determines an excess exists, it can in its sole discretion, and in proportion to the contribution of each insurer to that account:

(1) refund in cash; or,

(2) refund in the form of a credit against any future assessments with respect; to the extent a credit is granted to an insurer, it shall be reflected in the next subsequent assessment of the insurer for that account; or,

(3) retain a reasonable amount to provide funds for the continuing expenses of the association and for future losses. In order to avoid disproportionate clerical expense, the Board may establish an amount below which refunds shall not be made.

G. The Board may establish a general policy whereby the Board or the Board's designee may accept amended assessable premium reports filed with the NAIC which correct reports filed for prior years which contain inadvertent errors made by a member insurer. Under such a policy, correction of the error would be prospective only. The corrected assessable premium would be used for future assessments but could not be used to re-calculate prior assessments.

Article 5. Records and Reports

A. Minutes of the proceedings of each Board Meeting, annual meeting of the members, the Audit Committee and the Nominating Committee report shall be written. The original of these minutes shall be retained by the Secretary of the Board or by such other person as the Board may designate. Records of negotiations or meetings regarding the resolution of insolvency issues shall be made public only upon the termination of a liquidation, rehabilitation or conservation proceeding involving the impaired or insolvent insurer, upon the termination of the impairment or insolvency of the insurer, or upon the order of a court of competent jurisdiction. Nothing in this paragraph shall limit the duty of the Association to render a report of its activities under paragraph (C). The Board may upon majority vote, make reports and recommendations to the Commissioner upon any matter germane to the solvency, liquidation,

rehabilitation or conservation of any member insurer. Such reports and recommendations shall not be considered public documents.

B. Copies of minutes, reports, recommendations, records and documents shall be furnished to each Board member, to the Commissioner and to any member insurer upon request; provided, however, that such minutes, reports, recommendations or other records and documents relating to the portions of such proceeding which were closed, because of confidential nature of the matters addressed, shall also be confidential, and distribution of such minutes, reports, recommendations, records and documents shall be limited to the members of the Board and the Association's attorneys, employees or agents, considered by the Board to be necessary or pertinent to the discussion of the matter addressed or performance of the actions taken during such confidential proceedings.

C. The Board shall make an annual report as required by Section 31A-28-115(2) of the Code not later than May 1st of each year to the Commissioner. Such report shall include a financial report for the preceding year in a form approved by the Commissioner and a review of the activities of the Association during the preceding fiscal or calendar year.

D. Financial records of the Association, its agents and the board of directors shall be maintained by the Association's Executive Director, or as otherwise authorized by the Board. The financial records shall be kept using appropriate computer software and backed up regularly. Such financial records shall be kept in a manner that accommodates the Association's annual audit by an independent auditor as set forth in Section 5.E. below.

E. The Board shall, once each calendar or fiscal year, engage an independent certified public accountant to review or audit the financial affairs of the Association.

Article 6. Membership

A. Pursuant to the Act Section 31A-28-106 of the Code, insurers which were admitted as of May 8, 1979, to transact the kinds of insurance covered by the Utah Life and Health Insurance Guaranty Association Act in the State of Utah shall be members of this Association. Each insurer admitted after said date to transact the kinds of insurance covered by said Act shall automatically become, effective on the date of its admission, a member insurer of this Association.

B. An insurer which ceases to be admitted shall automatically cease to be a member effective on the day following the termination or expiration of its license to transact the kinds of insurance covered by the Utah Life and Health Insurance Guaranty Association Act. However, such insurer shall remain liable for any assessments based on impairments or insolvencies occurring prior to the termination of its license. Such insurer shall also be entitled to a refund of all or part of any assessments which were made prior to termination of its license which later proves to be excessive.

C. A member insurer which becomes an impaired or insolvent insurer after its license or certificate of authority in this state may have been suspended, revoked, not renewed, or voluntarily withdrawn shall remain a member insurer for purposes of the liability of the Association with respect to the covered policies or contracts of such member insurer.

Article 7. Appeals

Unless otherwise provided by statute, any member insurer aggrieved by an act of the Board or Association shall appeal to the Board before appealing to the Commissioner. Such appeal shall be taken within sixty days of the date on which such member insurer knew or should have known of such act. If such member insurer is aggrieved by the final action or decision of the Board on the appeal, or if the Board declines or fails to act on such appeal within sixty days, the member insurer may appeal to the Commissioner within sixty days after the action or decision of the Board or the expiration of the sixty-day period within which the Board failed to act on such appeal. Any member insurer which makes an appeal to the Commissioner pursuant to this Article must provide the Association with notice of the appeal by providing a copy of the appeal to the Association on the same day on which the appeal is submitted to the Commissioner. Failure to take an appeal within the time and in the manner set forth in this Plan shall bar any claim that a member might otherwise have with respect to any action taken by the Association or its Board. If the appeal pertains to a protest of all or part of an assessment, the member shall pay when due the full amount of the assessment as set forth in the notice provided by the Association. The payment shall be available to meet Association obligations during the pendency of the protest or any subsequent appeal. Payment shall be accompanied by a statement in writing that the payment is made under protest and setting forth a brief statement of the grounds for the protest.

Article 8. Indemnification

A. All persons, except the Commissioner and his representatives, described in Section 31A-28-117 of the Code, including but not limited to the individual representatives of the member insurers and the public

representatives serving on the Board, shall be indemnified by the Association for all reasonable expenses incurred on account of any action taken or not taken by them in the performance of their powers and duties under the Utah Life and Health Insurance Guaranty Association Act, unless such persons shall be finally adjudged by a court of competent jurisdiction to have committed a breach of duty involving gross negligence, bad faith, dishonesty, willful misfeasance or reckless disregard of the responsibilities of their office or position. Such expenses shall include, but not be limited to, attorneys' fees, judgments, decrees, fines, penalties and amounts paid in settlement actually and necessarily incurred in the defense of any action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals, brought against such persons, their testators or intestates. In the event of settlement or other resolution before final adjudication, or if there is no final adjudication, with or without court approval, such indemnity shall be provided only if the Association is advised by independent legal counsel that such persons did not, in counsel's opinion, commit such a breach of duty.

B. This Article is intended to operate as a supplement and additional safeguard to, and not in place of, the immunity granted by Section 31A-28-117 of the Code.

Article 9. Conformity to Statute

Chapter 28, Part 1 of the Code (the Utah Life and Health Insurance Guaranty Association Act) as written, and as may be hereafter amended, is incorporated as a part of this Plan and as such is attached hereto.

Attachment--Link to Governing Statute