



HSA Disclosure Statement

HEALTH SAVINGS ACCOUNT*

The Fortis Insurance Company Health Savings Account (HSA) is an excellent way to help fund medical expenses. The tax-favored treatment of HSAs was established under the 2003 Medicare legislation. The law authorizes both individuals and employers to use tax-advantaged HSAs in conjunction with high deductible health insurance plans.

ELIGIBILITY*

To be eligible for an Individual Medical Fortis Insurance Company HSA,

- you must either have an existing Fortis Insurance Company Individual Medical high deductible plan or be applying for one in conjunction with the Fortis Insurance Company HSA; and
- you must not be covered by another health insurance plan (other than a plan providing certain limited types of coverage such as accident and scheduled benefit plans).

HIGH DEDUCTIBLE HEALTH INSURANCE PLANS

A high deductible health insurance plan is a health plan having an annual deductible of at least \$1,000 for individuals and \$2,000 for families. There are also limits on the amount of out-of-pocket expenses under the health insurance plan. All these limitations are subject to annual cost of living adjustments.

TAX DEDUCTIONS*

Contributions to an HSA are tax deductible up to certain limits. The deduction limit for individual coverage is the amount of the annual deductible under the health insurance plan or \$2,650, whichever is lower. The deduction limit for

family coverage is the amount of the annual deductible under the health insurance plan or \$5,250, whichever is lower.

The following deductibles are offered by Fortis Insurance Company to be written in conjunction with HSAs:

Individual Deductible	Maximum Individual Deductible Contribution
\$1,100	\$1,100
\$1,600	\$1,600
\$2,100	\$2,100
\$2,600	\$2,600
\$5,000	\$2,650

Family Deductible	Maximum Family Deductible Contribution
\$ 2,200	\$2,200
\$ 3,200	\$3,200
\$ 4,200	\$4,200
\$ 5,200	\$5,200
\$10,000	\$5,250

In addition, if you are age 55 or older, you may make an additional deductible contribution of up to \$600 per person to your HSA.

If your high deductible policy begins after January, only a pro rata portion of the maximum may be contributed and deducted. Refer to the Qualified Contributions First Year Maximum Table on page 3.

Self-employed individuals can deduct 100% of their health insurance premiums for the 2005 tax year. Please consult your tax advisor for further information.

**Assurant Health and its affiliates are not engaged in rendering tax advice. Clients should contact a qualified tax professional for tax advice. References are to federal tax laws. State tax laws may differ. Federal and state tax laws are subject to change. Plan options vary by state.*

WITHDRAWALS

The money in the HSA accumulates on a tax-deferred basis. Withdrawals for qualified medical expenses are not taxable. Withdrawals for reasons other than qualified medical expenses prior to age 65 are taxable and subject to a 10% penalty. Upon death, disability, age 65 or upon Medicare eligibility, funds can be withdrawn for non-medical reasons without penalty, but the distributions will be subject to income taxes.

ROLLOVERS

You are permitted to roll over funds from a Medical Savings Account (MSA) to your HSA on a tax-free basis.

ACCOUNT HOLDER RESPONSIBILITIES

It is up to each individual account holder to make sure that contributions to the HSA do not go beyond the maximum limits. It is also the account holder's responsibility to make sure that his/her withdrawals are for qualified medical expenses to meet tax deductibility requirements. These expenses are defined in Section 213(d) of the Internal Revenue Code. We will allow the account holder to withdraw funds for any reason.

CLAIM TREATMENT

At the time of HSA enrollment, the account holder chooses whether he/she will pay for claims with out-of-pocket funds and thus maintain a higher HSA balance or have Fortis Insurance Company reimburse claims automatically to the account holder from the HSA.

- If the account holder chooses to pay for medical expenses with his/her out-of-pocket funds, and expenses accumulate to a point where he/she no longer wants to use out-of-pocket funds, he/she simply submits a written request for HSA fund disbursement.
- The account holder can elect to change from automatic HSA disbursement to out-of-pocket payments and vice versa at any time as long as he/she submits a written request.
- If claims are to be paid from HSA funds, the claims can be submitted by either the account holder or his/her medical providers.

If a claim is submitted by the provider and applied to the Fortis Insurance Company plan deductible, the account holder and provider will be notified. Claims applied to the plan deductible will then be referred for HSA payment. If sufficient HSA funds are available, payment will be made directly to the account holder.

If the account holder requests disbursement from the HSA, disbursements of \$100 or more will be issued on a monthly basis. Checks will be issued quarterly for requests totaling less than \$100 but at least \$10. A claim total of less than \$10 will be addressed at year end.

INTEREST

The Fortis Insurance Company HSA custodial account earns interest at the annual rate of 3% on a minimum balance of \$5,000. An account balance of less than \$5,000 but at least \$750 will earn interest at the rate of 2%. Interest is compounded quarterly. We reserve the right to alter the minimum account balance requirements and the interest rates we pay.

ADMINISTRATIVE FEES

We may charge a fee for administering your HSA. For 2005, there is no administration fee, but we reserve the right to impose a fee schedule in the future.

REPORTING

We provide a detailed statement with each disbursement. A quarterly statement will provide a summary of account contributions and disbursements for each individual HSA.

We also will send required forms annually to the IRS and the account holder.

INTERNAL LIMITS AND POLICY MAXIMUMS

As outlined in the policy forms, internal policy limits, such as restrictions on the amounts reimbursable for transplants and the policy lifetime maximums, apply to policies issued in conjunction with HSAs.

MAXIMUM OUT-OF-POCKET

For covered expenses, the total maximum network out-of-pocket (OOP) offered by Fortis Insurance Company from policy deductibles and coinsurance (OOP) is \$5,000 for an individual and \$10,000 for a family. HSA deductibles, out-of-pocket expenses and annual contributions will change each year to comply with applicable law.

INDIVIDUAL OUT-OF-POCKET			FAMILY OUT-OF-POCKET		
Deductible	Coinsurance	Total Out-of-Pocket from Deductible & Coinsurance	Deductible	Coinsurance	Total Out-of-pocket from Deductible & Coinsurance
\$ 1,100	80/20	\$ 3,100	\$ 2,200	80/20	\$ 6,200
\$ 1,100	50/50	\$ 3,600	\$ 2,200	50/50	\$ 7,200
\$ 1,600	100%	\$ 1,600	\$ 3,200	100%	\$ 3,200
\$ 1,600	80/20	\$ 3,600	\$ 3,200	80/20	\$ 7,200
\$ 1,600	50/50	\$ 4,100	\$ 3,200	50/50	\$ 8,200
\$ 2,100	100%	\$ 2,100	\$ 4,200	100%	\$ 4,200
\$ 2,100	80/20	\$ 4,100	\$ 4,200	80/20	\$ 8,200
\$ 2,100	50/50	\$ 4,600	\$ 4,200	50/50	\$ 9,200
\$ 2,600	100%	\$ 2,600	\$ 5,200	100%	\$ 5,200
\$ 2,600	80/20	\$ 4,600	\$ 5,200	80/20	\$ 9,200
\$ 2,600	50/50	\$ 5,000	\$ 5,200	50/50	\$ 10,000
\$ 5,000	100%	\$ 5,000	\$ 10,000	100%	\$ 10,000

The Qualified Contributions Table illustrates the maximum first year HSA contributions based on covered months and deductible. If you had prior qualifying coverage during the year, contributions are allowed for those months.

QUALIFIED CONTRIBUTIONS FIRST YEAR MAXIMUM TABLE						
<i>Month Qualifying Medical Coverage Began</i>						
Individual Deductible	Jan	Feb	Mar	Apr	May	Jun
\$ 1,100	\$ 1,100	\$ 1,008	\$ 916	\$ 825	\$ 733	\$ 641
\$ 1,600	\$ 1,600	\$ 1,466	\$ 1,333	\$ 1,200	\$ 1,066	\$ 933
\$ 2,100	\$ 2,100	\$ 1,925	\$ 1,750	\$ 1,575	\$ 1,400	\$ 1,225
\$ 2,600	\$ 2,600	\$ 2,383	\$ 2,166	\$ 1,950	\$ 1,733	\$ 1,516
\$ 5,000	\$ 2,650	\$ 2,429	\$ 2,208	\$ 1,987	\$ 1,766	\$ 1,545
Individual Deductible	Jul	Aug	Sep	Oct	Nov	Dec
\$ 1,100	\$ 550	\$ 458	\$ 366	\$ 275	\$ 183	\$ 91
\$ 1,600	\$ 800	\$ 666	\$ 533	\$ 400	\$ 266	\$ 133
\$ 2,100	\$ 1,050	\$ 875	\$ 700	\$ 525	\$ 350	\$ 175
\$ 2,600	\$ 1,300	\$ 1,083	\$ 866	\$ 650	\$ 433	\$ 216
\$ 5,000	\$ 1,325	\$ 1,104	\$ 883	\$ 662	\$ 441	\$ 220
Family Deductible	Jan	Feb	Mar	Apr	May	Jun
\$ 2,200	\$ 2,200	\$ 2,016	\$ 1,833	\$ 1,650	\$ 1,466	\$ 1,283
\$ 3,200	\$ 3,200	\$ 2,933	\$ 2,666	\$ 2,400	\$ 2,133	\$ 1,866
\$ 4,200	\$ 4,200	\$ 3,850	\$ 3,500	\$ 3,150	\$ 2,800	\$ 2,450
\$ 5,200	\$ 5,200	\$ 4,766	\$ 4,333	\$ 3,900	\$ 3,466	\$ 3,033
\$ 10,000	\$ 5,250	\$ 4,812	\$ 4,375	\$ 3,937	\$ 3,500	\$ 3,062
Family Deductible	Jul	Aug	Sep	Oct	Nov	Dec
\$ 2,200	\$ 1,100	\$ 916	\$ 733	\$ 550	\$ 366	\$ 183
\$ 3,200	\$ 1,600	\$ 1,333	\$ 1,066	\$ 800	\$ 533	\$ 266
\$ 4,200	\$ 2,100	\$ 1,750	\$ 1,400	\$ 1,050	\$ 700	\$ 350
\$ 5,200	\$ 2,600	\$ 2,166	\$ 1,733	\$ 1,300	\$ 866	\$ 433
\$ 10,000	\$ 2,625	\$ 2,187	\$ 1,750	\$ 1,312	\$ 875	\$ 437

HSA DISBURSEMENT AUTHORIZATION

- 5) Please check one of the following:
- I authorize Fortis Insurance Company to automatically pay my medical expenses out of my HSA if the expenses are not eligible to be paid under my high deductible plan.
 - I request that Fortis Insurance Company not pay any expenses out of my HSA account unless I submit a written request for disbursement.

BENEFICIARY DESIGNATION

- 6) In case of death, remaining HSA funds should be forwarded to the indicated designee.

Name of Beneficiary _____

Social Security Number _____

Address _____

SIGNATURE

- 7) I have read the information in the attached Disclosure Statement and Adoption Agreement. A copy was given to me for my records. I agree to the terms and conditions of the Adoption Agreement, and affirm that I have been given notice as required by the Fair Credit Reporting Act.

Signature _____

Date _____

Fortis Insurance Company
**HSA CUSTODIAL ACCOUNT ADOPTION AGREEMENT
FOR INDIVIDUAL MEDICAL**

(Under Section 223 of the Internal Revenue Code)

The Depositor whose name appears on the HSA application is establishing a health savings account under the Internal Revenue Code Section 223 to provide for his or her uninsured medical expenses.

Depositor acknowledges receipt of the accompanying Disclosure Statement.

The Depositor and Fortis Insurance Company (the "Custodian") make the following agreement.

Article I

The Custodian may accept cash contributions on behalf of the Depositor for a tax year of the Depositor. Contributions may not exceed \$2,650 (for single coverage) or \$5,250 (for family coverage) for any year, unless those dollar limits are increased as permitted by law or the terms of the high deductible health plan, or the contribution is a rollover from another HSA or MSA.

Article II

The Depositor's interest in the balance in the custodial account is nonforfeitable.

Article III

This custodial account shall be invested solely in an obligation of the Custodian to pay the Depositor or at the Depositor's direction the amount deposited plus, subject to minimum balance requirements, interest at rates established annually by the Custodian.

Article IV

Distributions will be made at the Depositor's direction. The Depositor acknowledges that withdrawals that are not for qualified medical expenses are taxable and will be subject to penalty taxes in certain circumstances. In the event of death, the account will be distributed to the Depositor's beneficiary. The Custodian may resign at any time upon 60 days' notice to the Depositor and may distribute the then balance to the Depositor in full satisfaction of its obligation hereunder. The Custodian shall resign if the Depositor is no longer covered by a health insurance policy issued by the Custodian.

Article V

The Depositor agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required by law. The Custodian agrees to submit reports to the Internal Revenue Service and the Depositor prescribed by the Internal Revenue Service.

Article VI

Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles that are not consistent with Internal Revenue Code Section 223 and the related regulations will be invalid.

Article VII

This agreement will be amended from time to time to comply with the provisions of the Internal Revenue Code and related regulations. Other amendments may be made with the consent of the Depositor and the Custodian.



Christina Palme-Krizak, Secretary

This document constitutes notice under the Fair Credit Reporting Act and should be kept with your important papers.