

Operations Manual

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This information is subject to change. Agent Net Info will be your key
resource for updates and new information.

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NEW BUSINESS

CORRESPONDENCE

All correspondence is sent to the agent. Please set a primary address with contract/licensing, and all New Business correspondence will be sent to that address.

SUBMISSION GUIDELINES

To assist in the processing, please complete all required forms and gather the necessary signatures. Also, it is helpful if all written communication is printed legibly. Please see the Underwriting section for additional tips.

1. Every application submitted should be accompanied by a New Business Checklist.
2. Applications can be faxed, mailed, or in some instances, scanned and sent via e-mail through ANI (must select New Business).
 - a. Only one method should be used per application to avoid creating duplicate applications.
 - b. Faxation is acceptable for all forms, with the exception of checks. A faxed copy of the check will be used to verify banking information but will not be considered final payment. The Home Office will need to receive the original check before placement.
 - c. If faxing we ask you keep all originals until the application is issued. (Original 1035 forms may be requested up until the time in which the transaction has been completed.)
3. Complete **all** sections of the application. (Missed questions or information will result in an amendment)
 - a. Applications should be submitted according to the state in which the product(s) was sold.
 - b. Only one product per application.
 - c. All pages of the applications must be received.
 - d. For conversion applications refer to conversion guidelines
4. Complete all state required forms (see attached forms listing). Other forms may be needed based on the particular applicant such as:
 - a. Replacement Form (also see replacement guidelines)
 - b. 1035 Form (also see 1035 guidelines)
 - c. Collateral Assignment Form (if applicable)
 - d. Questionnaires (may be state specific)
 - Alcohol Questionnaire
 - Drug Questionnaire
 - Arthritis Questionnaire
 - Avocation & Aviation Questionnaire
 - Cysts/Tumors/Cancer Questionnaire
 - Diabetes Questionnaire
 - Disability Income Rider Questionnaire
 - Foreign Travel Questionnaire
 - Heart Disease Questionnaire
 - High Blood Pressure Questionnaire
 - Mental Health/Depression/Anxiety Questionnaire
 - Respiratory Questionnaire
 - Stroke/Transient Ischemic Attack (TIA) Questionnaire
5. Complete all billing information. (see Submitting Premium & Billing for details)
6. In NAIC states, the Illustration/Illustration Certification Forms should be signed and dated by both the applicant and agent. Any handwritten notes, comments, circling, underlining or other forms of highlighting on an illustration will create the need for a “revised” illustration. The illustration must match the policy/contract details. The policy will be placed once the illustration is received. NAIC requiring model illustration are as follows: AL, AK, CA, CO, CT, DE, HI, IL, IN, IA, KS, LA, MA, ME, MD, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NY, NM, NC, ND, OH, OK, OR, PA, PR, RI, SC, SD, TX, UT, VT, WA, WV, WI.
7. Obtain all required signatures on the application and accompanying forms
 - a. Insured
 - b. Owner(s) (If Irrevocable Trust we will require a copy of the Trust paperwork)

- c. Parent or guardian if insured is a minor. If the legal guardian is not a parent, proof of guardianship will be required
 - d. Additional insured(s)
 - e. Payor(s)
8. When labs and/or parameds are required, ensure forms correspond with the correct insurance company.
- a. To ensure proper handling of the labs and parameds ensure an application is submitted with or prior to sending in the labs.

SUBMITTING PREMIUM & BILLING GUIDELINES

1. If the face amount is \$500,001 or greater than, , premiums must **not** be collected until after underwriting approval. All forms of payment are subject to review.
2. Acceptable forms of payment include the following:
 - a. Payor's Personal Check
 - b. Payor's Business Check
 - c. Pre-Authorized Withdrawal Form
 Payers of the initial and/or reoccurring premium must have an acceptable relationship to the insured or policy owner.

Helpful Hints:

- If primary insured is not listed on the form of payment please print insured's name on the form of payment.
 - Checks are cashed on the following business day from the date of receipt.
 - Pre-Authorized Withdrawal payments are taken **next business day** following receipt of the form and billing information.
3. Unacceptable forms of payment
 - a. Agent/Agency checks (unless there is a personal relationship identified between the insured and/or owner)
 - b. Money orders
 - c. Cashier Checks
 - d. Third Party Checks
 - e. Cash
 - f. Postdated checks (these will be cashed immediately)
 - g. Starter checks.
 4. Payments will be returned for the following reasons:
 - a. Signatures are missing
 - b. Printed names on the check do not match the signor
 - c. Written amount differs from numeric figures
 - d. Check is not made out to our company
 - e. Dollar and cent amount are not completed
 - f. Unclear as to which application the payments belong to
 - g. Unacceptable form of payment
 5. Billing Options:
 - a. Check-o-Matic or Pre-Authorized Withdrawl form
 - i. Monthly, Quarterly, Semi-Annual, Annual
 - ii. Preferred method would be for the Home Office to match the draft date to the effective date of the policy/contract. If a specific draft date is requested the withdrawals must be a date from the 1st to the 28th of the month.
 - iii. Check-o-Matic Premium Payment Plan form must be completed; signors must be authorized account holders.
 - iv. Checking account: Void check or premium check must accompany the Check-O-Matic form or Pre-Authorized Withdrawal form. If void check is unavailable please note this on the form(s) and provide the necessary information.
 - v. Savings account: Transit Routing Number and Account Number need to be completed and legible.
 - vi. Home Office reserves the right to verify banking information with the financial institution before setting up billing.

- b. Direct
 - i. Monthly (if monthly premium \$100 or more)
 - ii. Quarterly, Semi-Annual, Annual
 - iii. If payor is other than insured or owner please indicate the following: name, address, phone, and relationship
 - c. Allotment (Allotment Forms are required)
 - i. Military, indicate the status and branch of service.
(i.e. Active Army, Retired Navy)
 - ii. Federal/Postal (Contact Home Office)
 - iii. State (Blanket number required, Contact Home Office)
 - d. Payroll Deduction Form
 - i. Occupation is subject to home office approval
 - ii. Minimum of three applications must be submitted per group
6. Insufficient Funds for cases still pending placement
- a. All insufficient premiums will be reversed off the system.
 - b. Correspondence will be generated to client and agent indicating the status of payment.
 - c. ANI will indicate if the replacement premium is required

PENDING ISSUE & PLACEMENT GUIDELINES

1. Application is approved with a rate class other than applied for, policy/contract is not rated (For example, the case is applied for under a preferred rate and they receive a standard rating):
 - a. Term policy: Face amount will remain constant and premium will be adjusted (unless instructed otherwise)
 - b. UL policy: Face will remain constant (unless instructed otherwise)
 - i. If approved with a higher rate class than applied for premium will remain constant. (unless instructed otherwise)
 - ii. If approved with a lower rate class than applied for premium will be adjusted to meet minimum guidelines (unless instructed otherwise)
2. Issued other than applied for:
 - a. Issued other than applied for would include:
 - i. All ratings
 - ii. Declinations of rider(s)
 - b. New Business will correspond via ANI and one of the following: phone call, memo or e-mail.
 - c. Directions will need to be given to New Business as to how the agent and/or client would like to proceed with issue.
 - d. Policy/Contract **will not** be generated until we receive issue instructions.
3. Dating of the policy/contract
 - a. Preferred method would be to date same as underwriter approval
 - b. Alternatives to the preferred method are:
 - i. Back-dating: no more than 30 days from underwriting approval and client would have to pay back premium
 - ii. Future-dating: no more than 30 days in advance from underwriting approval
 - c. For payroll deduction and stand alone disability, contact the home office.
4. Pending Requirements for placement
 - a. Outstanding requirements will be listed on ANI.
 - b. An agent memo indicating outstanding requirements will be sent with all policy/contracts
5. Modified Endowment / 7 pay
 - a. When an application submitted becomes a MEC or exceeds the 7 pay guidelines the agent will be required to change the billing amount and/or face amount applied for.
 - b. Policy/Contract will not be generated until the face or premiums meet the necessary requirements.
6. Alternate Illustrations/Policies
 - a. If a client wants to see additional policy options/riders, alternate illustrations and amendments may be requested. Due to expense and legal concerns, we will not provide multiple policies/contracts, therefore, we will need to know what the client is most likely to accept and issue one policy. If changes need to be made once delivered, the re-issue procedures will be followed (see Customer Service section).
7. Delivery of Policy/Contracts

- a. Policy/Contracts should be delivered to your clients promptly upon receipt.
 - b. Return a copy of the delivery receipt to the Home Office along with any other outstanding requirements.
8. Refunds of Excess Premium
- a. Term policies/contracts that have excess premium will be refunded to the owner of the policy with an accompanying letter. Agent will receive a copy of the letter.
 - b. Universal policies/contracts that have excess premium will go towards the cash value, unless otherwise indicated.
9. Policy/Contract will be placed in-force once all outstanding requirements have been fulfilled and all required signatures have been received.

CANCELLATION GUIDELINES

1. Incomplete: A policy with outstanding underwriting requirements is subject to cancellation due to its incomplete status.
 - a. Client and/or agent notify the home office to stop processing the application with outstanding underwriting requirements.
 - i. Processing the incompleteness begins within 14 days of the initial request.
 - b. Applications missing requirements and/or information to proceed with underwriting review will be closed within 60 days of application submission.
 - i. At 45 days, a notice is put on ANI. In addition, the agent is mailed a memo indicating the outstanding requirements.
 - ii. At 60 days, owner of the application will receive a letter indicating the incompleteness and refund of premium, if applicable. Agent will receive a copy of this letter.
2. Cancellation: Policies with outstanding new business requirements are subject to cancellation
 - a. Applications missing requirements and/or information to proceed with submission will be closed within 14 days of application receipt. (Missing requirements include signatures, first page of app, agent info, etc.)
 - i. New Business will initially correspond via ANI and one of the following: phone call, memo or e-mail.
 - ii. If no response from agent, the owner of the application will receive a letter indicating the cancellation and refund of premium, if applicable. Agent will receive a copy of this letter.
 - b. Applications missing requirements and/or information to proceed with generating a policy/contract will be closed within 14 days of underwriting approval. (Missing requirements, some examples include instructions from agent to issue or not with a substandard policy and blood consent form)
 - i. New Business will initially correspond via ANI and one of the following: phone call, memo or e-mail.
 - ii. If no response from agent, the owner of the application will receive a letter indicating the cancellation and refund of premium, if applicable. Agent will receive a copy of this letter.
 - c. Policy/Contracts with outstanding delivery requirements will be closed within 52 days of policy mail date.
 - i. New Business will initially correspond via ANI and one of the following: phone call, memo or e-mail.
 - ii. If no response from agent, the owner of the application will receive a letter indicating the cancellation and refund of premium, if applicable. Agent will receive a copy of this letter.
 - d. Client notifies the home office to cancel processing of the application.
 - i. New Business will initially correspond via ANI.
 - ii. Processing of the cancellation will begin within 14 days of the initial request.
 - iii. If no response from agent, the owner of the application will receive a letter indicating the incompleteness and refund of premium, if applicable. Agent will receive a copy of this letter.
3. Declines
 - a. Underwriting determines the risk is outside our guidelines.
 - b. Underwriting and/or New Business will initially correspond via ANI and either by: phone call, memo or e-mail. The agent will have 7 days prior to client correspondence being generated.
 - c. Owner and Insured of the application will receive a letter indicating the declination. The refund of premium, if applicable will be sent to the owner. Agent will receive a copy of both letters.
 - d. If an Additional Insured is declined and the primary insured is approved a memo will go to the Additional Insured indicating reason for the declination. Agent will receive a copy of the letter.

OTHER HELPFUL HINTS FOR PROCESSING BUSINESS

1. Statuses used by the Home Office:
 - a. Submission/Submit/Submitted: Application is entered into our processing system and is awaiting underwriting review.
 - b. Pending Approval/Pending: Underwriting or New Business is obtaining additional information for review
 - c. Underwriting Approved: Application has been approved by underwriting and a policy/contract has been generated. This means the policy is approved, but not in force. It is still missing delivery requirements (i.e. Illustration, Amendment, etc.).
 - d. Issued/Placed: Application has been approved by underwriting; a policy/contract has been generated and placed in-force. Placed commissions are paid at this time.
 - e. Reissue Pending: After policy/contract has been generated and mailed, any changes must be made within 52 days. (See Customer Service for information regarding inforce reissues.)
2. Common reasons for amendments/policy acceptance form/new application (requirement varies by state):
 - a. Application was missing information or the Home Office needed to clarify information on the application
 - b. Application was received with whiteout
 - c. Application was received with crossed out information and client's initials did not accompany the altered area(s)
 - d. Changes to the application were requested or identified during the application review process
 - e. Policy/Contract was issued other than applied forForms require owner's, agent and insured (if not a minor) signature.
Some "non-material" changes may be done through an Endorsement (vs. an Amendment) at the discretion of the Home Office. Endorsements do not require owner's signature.
3. Medical requirements ordered unnecessarily
 - a. Agent will be charged back for any unnecessary requirements ordered. Refer to your Agent Guide for standard age/volume medical requirements
4. Correspondence after initial submission
 - a. All correspondence sent to the Home Office after the application has been submitted to the system will require a legible policy number on all documents
 - b. If a policy number is unavailable, the primary insured's social security must be legibly identified on all documents
 - c. When re-faxing an application please state "Re-Faxed"
5. Application is Valid for 90 days
 - a. We will generally require a Statement of Good Health to be signed on delivery if the application is between 90 and 180 days old. After 180 days, a new app may be required. This is at the discretion of the underwriter.
 - b. A new application may be requested at the discretion of underwriter or new business representative if, for example, a form is not filled out correctly, the replacement form has a different date than the application, it has been over 90 days and case is already closed, the application is not signed, signatures are inconsistent, etc.

REPLACEMENT OF LIFE INSURANCE OR ANNUITIES GUIDELINES

Company's Commitment

We are committed to promoting insurance sales in the best interest of the customer. With that in mind, each agent needs to communicate to the customer, clearly, accurately, and fairly, information that the customer needs to determine whether replacement of existing policies or contracts may or may not be appropriate. ***If it is inappropriate, then it should not take place.***

What is considered replacement?

Under the life insurance replacement regulations of most states, replacement means any transaction in which the agent **knew** or should have known that, in connection with the purchase of a new policy, an existing policy has been or will be:

1. Terminated (i.e., surrendered, lapsed, or forfeited)
2. Changed to reduced paid-up or extended term insurance or otherwise reduced in value
3. Amended to reduce benefits of the term of coverage

4. Reduced in cash value
5. Pledged as collateral or subjected to borrowing whether in a single loan or under a schedule of borrowing over a period of time for more than 25% of the policy's loan value.

External replacement is replacing another carrier's policy (not including; Life Investors Insurance Company of America, Monumental Life Insurance Company, Transamerica Life Insurance Company, Stonebridge Life Insurance Company or Western Reserve Life policy).

Internal replacement is replacing a:

Academy Life Insurance Company
 Bankers United Life Assurance
 People's Benefit Life Insurance Company
 People's Security Life Insurance Company
 Transamerica Assurance Company
 Life Investors Insurance Company of America
 Monumental Life Insurance Company
 Transamerica Life Insurance Company
 Transamerica Financial Life Insurance Company
 Transamerica Life & Annuity Insurance Company
 Transamerica Occidental Life Insurance Company
 Stonebridge Life Insurance Company
 Western Reserve Life Assurance Company of Ohio policy:

- a UL to UL policy
- a Term to Term policy
- a Term to UL policy
- a Whole Life to UL
- an increase in riders, face amount or rate class

In most states, internal and external replacements are subject to the same requirements.

If your customer decides to replace existing life insurance

1. You must provide the state specific replacement notice to your customer. In some states the agent must read it aloud to the customer.
2. You must complete the Replacement Notice
3. You and your customer must sign and date the Replacement Notice. *Please note that the application date and the replacement date must match or the replacement notice must be dated **before** the application. **If the dates do not match or the replacement notice is dated after the application, a newly completed application will be required by the Company.***
4. A copy of the Replacement Notice must be left with your customer. The following states also require you to leave any applicable sales materials: AL, AZ, CO, HI, IA, KY, LA, MD, MS, MT, NC, NH, NJ, NM, OR, UT, VT, WV.
5. You must send in the Replacement Notice with the application. ***Please note: all the application questions that pertain to replacing insurance in both the application and agent's report must be answered to avoid a request for a newly completed application.***
6. For internal replacements the new effective date will match the old policies paid to date.

1035 GUIDELINES

1. 1035 Qualifications
 - a. Must qualify for the tax sheltered exchange of cash value from one life insurance policy to another.
 - b. Owner(s) and Insured(s) must be the same from the existing policy/contract to the new policy/contract.
2. Processing a 1035 exchange
 - a. Proper 1035 forms must be completed.
 - b. Indicate 1035 exchange on application by the section Mode of Payment.

- c. Illustration should not reflect 1035 lump sum amount until the Home Office receives the funds. A new illustration will be sent reflecting the final exchange amounts.
- d. Premiums for 1035 exchanges
 - i. If minimum premiums are received, the policy/contract will be placed in force. The 1035 funds will be applied to the policy/contract after issue. A new illustration will be sent reflecting the final exchange amounts.
 - ii. If only paying partial premium we will need to wait until the 1035 sum is received before generating a policy/contract and placing the case in force. All other outstanding requirements must be fulfilled before we begin the 1035 exchange process.

CONVERSION GUIDELINES

1. Qualifying for a conversion
 - a. Term to UL with no increase in benefits. Benefits can be reduced.
 - b. Face amount to equal face amount
 - c. Spouse Rider converting
 - d. Child Rider converting
 - e. Owner(s) and Insured(s) must match on the existing policy/contract and the new policy/contract.
 - f. Removal of collateral assignment from the existing policy/contract is required before conversion is completed.
2. Forms to be completed
 - a. Application for Conversion of Existing Insurance (If sending in a regular application; complete all sections, except the medical questions.)
 - b. Accelerated Death Benefit Disclosure form
 - c. Request for Full Surrender Form
 - d. Premium check OR Pre-authorized Withdrawal Form and void check for first modal premium
 - e. Illustration – if applicable to state and product requirements
3. Rate classes and ratings
 - a. Conversions will be at the same or closest risk class for the converted face amount. Conversions will be at the same or closest risk class.
 - b. Any request for a change will be considered a replacement and will require a completed application, subject to underwriting review.
4. Requests for Increases or Additional Riders/Benefits

These will be considered a replacement and will require a completed application, subject to underwriting review.

REWRITES

1. If it is within 90 days of policy approval date fill out and submit the New Business Rewrite Form. This form should reach new business within 90 days of policy approval date. (Refer to rewrite form instructions)
2. If the policy approval date is beyond 90 days refer to customer service rewrite guidelines.