

# 1035 Exchange Process Enhancements

396NB

**Date:** February 3, 2022

**Effective:** Immediately

We are constantly improving our processes to gain efficiencies and provide clear communication. One area that we have recently made improvements in is our 1035 exchange process. Please note that we have implemented the following enhancements. We feel these changes will provide you with additional information, so you are always “in the know” regarding your 1035 exchange business.

- **Other Company Preferences:** Our dedicated 1035 exchange team continues to build a database of other insurance company preferences regarding turn-around times, how long an exchange form is good for, and any special processing requirements such as additional forms. Having a database of this information allows us to proactively notify you of a company’s requirements to process a 1035 exchange.
- **Alert of 1035 Stale-Date:** All companies have a pre-determined date of how long a 1035 form will be good for; this is called the “1035 stale-date”. The industry standard for this is 90 days, but for some companies, it varies. In general, when the exchange is initiated before the stale-date, the other company will continue to process even if the form becomes stale-dated before it is finalized. The 1035 team is now sending an email alert advising you what the 1035 stale-date is. Providing this date should avoid an unexpected need to obtain a current dated form. We encourage you to take note of this date when it is emailed to you as this is the date that we need to have the following by:
  - Decision made on the case
  - Signed statement of health received and deemed in good order
  - Approval to start the 1035 exchange received in writing

We would also like to take this opportunity to provide the following reminders and tips to ensure a successful and delay-free 1035 exchange process.

- **Fully complete the 1035 exchange form:** Take your time when completing the 1035 exchange form; all fields on the form are to be fully completed. Forms that are incomplete or completed incorrectly will result in a new form being required.

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## Field Bulletin

- **Proposed insured and owner must match:** To qualify for a 1035 exchange, the proposed insured and owner must be the same on the new policy and the policy that is being exchanged. Therefore, ensuring the owners match before submitting the exchange form will prevent processing delays and avoid extra work for you and your client.

**If you have any questions, please contact your Managing General Agent (MGA). MGAs, please contact your New Business or Policy Change Team.**

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