



Compliance Guidelines

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Introduction

Americo is the brand name for insurance products issued by the subsidiary insurance companies controlled by Americo Life, Inc. Products are underwritten by Americo Financial Life and Annuity Insurance Company (AFL) and Great Southern Life Insurance Company (GSL).

Americo is committed to helping you build your business in a compliant and ethical manner. We have compliance programs that are focused on help you 'do the right thing.' This guide is designed to provide you with a general overview of topics that relate to your business, as well as our specific guidelines for AFL and GSL.

As a licensed insurance agent, you are required by your Agent Agreement to comply with the insurance regulations of the states in which you do business. Please refer to your state insurance department's website for specific to ensure you are doing business the right way.

As a representative of Americo, we expect our agents to:

- ▶ Conduct business according to high standards of honesty and fairness.
- ▶ Provide competent and customer-focused sales and service based on an analysis of the insurance needs and financial objections of the customer.
- ▶ Engage in fair competition.
- ▶ Provide advertising and sales materials that are clear, honest, and fair as to content.
- ▶ Provide fair and expeditious handling of customer complaints and disputes.

Americo will maintain and enforce policies and procedures to reasonably assure compliance, including a system for communicating all company requirements and monitoring sales practices. Agents are expected to uphold these principles and guidelines. A violation of these guidelines by an agent will result in disciplinary action, including, if appropriate, termination of the relationship with the Company.

We urge you to carefully review this information and incorporate the appropriate regulations into your everyday business practices.

If you have any questions or comments regarding the material contained in this guide, please contact Agent Services at 800.231.0801 or Agent.Services@americo.com.

Privacy

All of us have an expectation of privacy. The same is true of your clients. They expect you to protect any information they give you, which they believe is private. This expectation has a legal basis as well. Regulations and statutes governing the handling of personal information have been issued at both the Federal and state levels, the most notable legislation being the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act (HIPAA).

Here are several practical, common sense steps you can take to protect the privacy of your clients:

- ▶ Keep the information you gather from a client secure. Do not leave applications, exam copies, bank draft cards, or voided checks in plain sight on your desk or in your car.
- ▶ Keep historical information on your clients in locked cabinets.
- ▶ Do not discuss the medical history of any applicant with others.
- ▶ Do not include the Social Security number, driver's license number, or other personal information in an unencrypted email.
- ▶ Do not leave a laptop containing client's personal information in your car. Stolen or misplaced laptops are the number one source of privacy breaches.
- ▶ Password protect the files stored on your laptop and, if possible, encrypt your files.
- ▶ Shred documents containing the personal information of your client; do not just place them in the trash.
- ▶ Set your phone or email device to lock after a few minutes of inactivity.

Agent of Record (AOR)

There are often relevant business reasons for you to have information on policyholders for whom you are not the Agent of Record (AOR). Most often, this occurs if you have agents in your downline who leave the business, retire, or are no longer appointed by Americo. It is very important that this information be kept secure. If you intend to contact these policyholders to assist them with an AFL/GSL policy, please follow these guidelines:

- ▶ If you contact the client by letter, you should include the manner by which you obtained their contact information. For example, *"My name is John Doe, and I am a business partner of the agent who originally*

wrote your policy with AFL/GSL. John Doe is no longer an active agent in your state..." A very common response by consumers is to believe that their privacy has been compromised if they receive mail from a stranger that contains information that is not public knowledge.

- ▶ If you contact the consumer by phone to discuss their policy, please identify yourself and explain how you obtained their name and policy information.
- ▶ Any client information you inherit from other agents must be kept as secure as that of your own policyholders.
- ▶ If you have no intention of using the policyholder information you have on file, please securely destroy it.
- ▶ If the policyholder wants the AOR on their policy changed, this request must be submitted in writing to Americo by the policyholder.
- ▶ Report any privacy breach to Americo's Legal Department immediately.

Public Computers

Using public computers carries an inherent risk of exposing your and/or a client's personal data. Please remember the following to lessen the risk:

- ▶ Log out when completed
- ▶ Delete your browsing history
- ▶ Do not save files locally (be aware that if you open an email attachment it may automatically save locally and would need to be deleted)
- ▶ Do not save passwords
- ▶ Delete temporary files (some programs automatically save a temporary file to prevent data loss)
- ▶ Complete a hard reboot once completed with the public computer

- ▶ Pay attention to your surroundings (potential “shoulder surfers”)

Communicating Privacy Incidents to Americo

Should you become aware that a client(s) personal information may have been miscommunicated to an unintended 3rd party, we require that you contact Agent Services immediately. This can include any combination of personal information (*Name, Address, Policy Number, Health Information, SSN, etc.*) and includes all forms of communication (*verbal, written/mail, email, fax, etc.*).

Encryption

Americo utilizes encryption for outgoing emails that contain confidential customer or policy information. The first time you receive an encrypted email, you will be asked to create a password and verify your email address. After that, when you receive one of these emails, you simply need to remember your password.

It's simple and easy, and it eliminates waiting for faxes or regular mail. If you have any questions or problems, call the person who sent the encrypted email, and that associate will be happy to walk you through the set-up process. For general questions, please contact Agent Services at 800.231.0801 or agent.services@americo.com.

Please do not email any content or documents that contain personal information, unless you have a secure transmission and the email is encrypted. Do not email applications.

Filing Claims

When you are notified of the death of an insured, please contact (or have the deceased's family contact) Americo's office immediately at 800.231.0801. A representative will assist you in completing the necessary steps for reporting a claim. Claim forms are also available for download at www.americo.com under 'Service Your Policy.' When submitting a claim, please include the following information:

- ▶ The initial claim form, dated and signed
- ▶ The policy number and insured's name

After we are notified of the insured's death, claim forms are generally sent within two business days of

notification. The claim is pending until all necessary documentation is received. The length of time for completion of the claims process varies and is dependent on the availability of records and the receipt of the claim forms. Claims that occur during the contestable period of the policy may require additional documentation and, as a result, may extend the claims review process.

Customer Complaints

If we receive a written complaint regarding a policy written by you, you may be contacted for an agent statement. Your written agent statement is required and should address all concerns outlined in the complaint. Your timely and detailed response to the complaint is required and will aid in our review.

If you receive a written complaint directly, we require that you forward that complaint immediately to:

Americo
Attn: Compliance Department
300 W. 11th Street
Kansas City, MO 64105

Fax: 816.391.2246

Designation Laws

The use of professional or senior designations in the sales process is an area of concern for many state insurance departments and regulatory agencies. The issue surrounds the use of senior designations by agents to give the appearance of special expertise, knowledge, or skill when dealing with the public, particularly seniors. Please be aware of the issues and make sure you understand and comply with the laws of the states in which you solicit business.

Please check www.americo.com and your state's website for updates regarding state regulations on professional or senior designations.

Anti-Money Laundering

Producer's Guide to Anti-Money Laundering

As an insurance producer, your skills and services help your clients achieve financial success and security. Because you are on the front lines of a multi-billion dollar industry, you are in a unique position not only to serve your clients, but also to serve the country by helping prevent money laundering and the financing of terrorist activities.

To comply with Federal anti-money laundering regulations for insurance companies, Americo has a detailed anti-money laundering program. You have an important role to play in that program. As a person who deals directly with customers, you are often in a critical position to obtain information regarding the customer, the customer's source of funds for the products you sell, and the customer's reasons for purchasing an insurance product.

In order to sell life insurance and annuities, we require:

For the Primary Insured, Owner if other than the Insured, and the Payor if other than the Insured or Owner:

- ▶ Obtain full name, residence or business address, prior addresses if less than five years, time at current address, date of birth, place of birth, Social Security or Federal Tax Identification Number, occupation, and telephone number.
- ▶ Request and review a current government-issued photo I.D. for each customer.

All our applications include sections to document the information above for the Primary Insured or Owner if other than the Insured, and select applications also include a section for the Payor, if other than the Insured or Owner. If a client is unwilling to provide you with such information, it may be an indication the client is trying to hide something. You should explain this information is required to ensure compliance with Federal law. If the client is not willing to provide the required identifying information, please contact the Home Office for further instructions.

Notify us if you detect any money laundering red flags so the Company can take proper steps. The following are examples of red flags:

- ▶ The purchase of a product that appears to be inconsistent with a customer's needs.
- ▶ The applicant is reluctant to provide normal identifying information when applying for a policy, or provides minimal or fictitious information.
- ▶ Transactions involving a party that has no apparent relationship to the customer.
- ▶ The customer is not concerned with the expected performance of the policy but instead focuses on penalties associated with early withdrawals.
- ▶ The customer provides a substantial premium with the application but then fails to cooperate with the agent and company to secure the necessary requirements to issue the policy. This lack of cooperation then leads to a not taken or withdrawn application and refund of premiums submitted.
- ▶ The applicant purchases policies in amounts that are not proportionate to income or needs.
- ▶ The purchase or funding of a product that appears to exceed a customer's known income or liquid net worth.
- ▶ Any attempted or unusual method of payment, particularly by cash or cash equivalents such as money orders, cashier's checks, or traveler's checks.
- ▶ Payment of a large sum broken into small amounts.
- ▶ Any other activity which you think is suspicious.

Reporting Suspicious Transactions

If you have questions about our Anti-Money Laundering program or have suspicions about a transaction, you should contact Americo's Compliance Officer handling USA PATRIOT Act Compliance.

Becky Criswell, Director of Compliance at 816.391.2352.

The AML Compliance Officer has the sole responsibility for responding to any inquiry regarding the subject matter of any Suspicious Activity Report (SAR). An agent must not, under any circumstances, disclose the fact that a SAR has been filed or considered, or the contents of a SAR to any third party.

Payments

We will not conduct business involving illegal funds. Care must be taken to identify the ownership and source of the payment. Therefore, the following forms of payment will NOT be accepted:

- ▶ Checks not payable to AFL/GSL (third-party checks)
- ▶ Checks drawn on the personal or business account of someone other than the Insured, Owner, or Payor without a written explanation as to the relationship of the account holder to our customer
- ▶ Money orders
- ▶ Checks or wire transfers from a foreign bank without prior approval from Compliance
- ▶ Cash equivalents, such as bank drafts and traveler's checks, without a written explanation of the source of funds. In no event will a cash equivalent for more than \$5,000 be accepted without prior approval from Compliance. Please contact Agent Services for assistance.

The company and its producers share an important responsibility to comply with the company's anti-money laundering program and all applicable laws. Failure to do so will constitute grounds for discipline up to and including termination. In addition, violation of anti-money laundering laws may expose those responsible to substantial penalties under Federal law.

Anti-Money Laundering Training

All agents who sell cash value products (or plan to sell cash value products in the future) must complete anti-money laundering training every two years. Cash value products include annuities, term with cash value, whole life, and universal life products.

We offer free anti-money laundering training through LIMRA. LIMRA's Anti-Money Laundering Training Course is fast and easy.

Accessing the LIMRA Anti-Money Laundering Training Course

- ▶ Logon to the course at <https://aml.limra.com>. You can also link to this website by visiting www.americo.com and clicking on the special Anti-Money Laundering section.
- ▶ Your Username is your NPN combined with your last name in lowercase.
- ▶ If this is your first time logging on to the site, your Password is your last name (lowercase). If you have previously accessed the course, please use the password you created at that time.

Please note that you will not receive a paper certificate upon completion of the course. The Home Page indicates the percentage of the course you have completed. If your progress is less than 100%, you did not complete the entire course. When your progress is 100%, you have completed the entire course. Please print the completion screen for your records. You do not have to notify our office when you complete the AML Training Course. LIMRA will provide a report informing us that you have completed the course.

Should you have technical questions related to accessing the training site, navigating within the LIMRA site, or forgot your password, please contact LIMRA's customer support help line at 866.364.2380.

Any other questions can be directed to Agent Services at 800.231.0801.

Questions & Answers about AML Training

I took AML training with another company, but it was not LIMRA training. Do I have to take the LIMRA training?

Yes. All agents must complete LIMRA's training before selling any cash value products. Keep in mind, the training is free, quick, and easy.

I only sell HMS Plus. Do I need to take AML training?

Yes, you are required to complete the training.

How often do I have to take the AML training?

All agents who sell cash value products are required to take Anti-Money Laundering training every two years, as long as they remain contracted with us.

What does LIMRA's AML training cover?

- ▶ What is money laundering and what do I need to know about it?
- ▶ How does money laundering occur in the insurance industry?
- ▶ What are my responsibilities to prevent money laundering?
- ▶ What are common red flags indicating the possibility that money is being laundered?

Will I be terminated if I do not complete the training?

No. If you plan to submit any cash value business, you must take the training before any business will be processed.

Advertising

The Marketing Support department offers an easy process for submitting advertising for review and approval. Take advantage of this by emailing your advertisement to Marketing.Support@americo.com. This will help to expedite the review and approval process.

Advertising includes all agent education, promotion, sales approaches, training seminars, or presentations that are designed to reach the public. Materials used to promote our products or to secure appointments that may result in the sale of AFL/GSL products must be approved prior to use.

Advertising would include any material, written or electronic, that is designed for distribution to the general public, agents or prospective agents, including but not limited to:

- ▶ Print, Radio, TV and any form of Media Advertising (newspaper, magazine, TV, Radio, etc.).
- ▶ Product brochures, circulars, pamphlets and published articles.
- ▶ Sales presentations, prepared sales talks, seminar/symposium presentations and handouts, telemarketing scripts and materials.
- ▶ Newsletters, Research Reports and Performance Reports or summaries.
- ▶ Prospecting, target market and form letters.
- ▶ Agent recruiting material and training material.
- ▶ Sales illustrations.
- ▶ Third Party software.
- ▶ Materials used to recruit other agents.
- ▶ Phonebook and Yellow Pages listings
- ▶ Internet and Internet websites or home pages and any form of e-commerce.

If you are uncertain whether or not something falls within the definition of “advertising,” please contact Marketing Support for guidance.

Without exception, all consumer advertising mentioning AFL/GSL or referencing any of our products and services must be approved by Compliance prior to use. This includes products referenced by name, description, rates or features. This also includes generic ads that do not specifically reference AFL/GSL or our products by name, feature, or description, if they are being used to

solicit sales, or secure appointments with clients in order to solicit sales, of any AFL/GSL product.

We will make every effort to provide you with initial comments within three business days of receipt of your advertising material for review. However, depending on the complexity of the material, additional review time may be required. To help ensure your materials are reviewed expeditiously, guidelines have been developed and should be reviewed prior to submitting your advertising for review. These guidelines contain information on a variety of advertising issues as well as special guidelines pertaining to internet advertising.

A copy of the Agent Advertising Guidelines (19-071-1) may be obtained through the Americo Agent Portal at www.Americo.com.

Lead Generation Materials

The utilization of seminar selling and lead generating materials is under great scrutiny from regulators. Americo prohibits the use of materials that suggest the communication/advertising is coming from a regulatory or governmental agency, such as a Medicaid program, or endorsed by a national organization, such as AARP. This includes any form of seminar selling or lead generation program that involves the potential sale of a life insurance product where it is not fully disclosed to the consumer that such a sale may occur in relation to the seminar or lead generation program. Do not use materials that have exaggerated or misleading claims or are intended to pressure the consumer to make an immediate decision to buy based upon misinformation about the continued availability of attractive product features.

Other Instructions & Information

Errors & Omissions (E&O)

Agents who are contracted to sell only Medicare Supplement or only Final Expense products are not required to have E&O coverage. Agents selling all other products are required to carry E&O coverage and to provide annual proof that they carry a minimum of \$1,000,000 in E&O insurance. Once contracted, you must provide a copy of your renewal certificate within 30 days of the date your coverage expires. Send your proof of E&O coverage to nbdi@americo.com.

State Specific Rules & Regulations

Each state has various rules and regulations concerning the sale of insurance products. It is your responsibility to know and follow your state's rules and regulations.

Licensing & Contracting

We follow all state licensing regulations regarding agent licensing and appointments. Your appointment to sell insurance with AFL/GSL requires that you abide by all of the laws, rules, and regulations of any state in which you are licensed to conduct business. Furthermore, it is your obligation to ensure that you keep up to date regarding all changes to any laws, rules and regulations governing your activities as an agent. You must also comply with all Company policies and procedures.

You are responsible for all initial licensing fees and all applicable license renewal fees. We will pay the fee for your initial resident appointment. You will bear the cost of any nonresident appointment fees.

Commission Payment Procedure

In order to protect you from the potential effects of fraud and money laundering, there are maximum commission payments allowed at any one time on any one policy. The excess commission amount payable will, in most cases, be paid 30 days after the initial premium process date and will not result in any deduction in the total amount of commission payable on a policy.

The following maximum commission payments will apply:

- ▶ The maximum payment you will receive at one time on any one life insurance policy is \$2,500.
- ▶ The maximum payment you will receive at one time on any one annuity is \$10,000.

Please note these limits are per policy and will not restrict total commissions payable on multiple sales. In the case where a policy's commission payable exceeds \$2,500, you will receive an initial payment of \$2,500 and receive the balance of the payment after 30 days.

You can view your commission reports on the Americo.com Agent Portal under 'My Business.' For more information on Commissions, see our Commission FAQ on the Agent Portal.

Military Guidelines

Active military personnel must complete a Military Questionnaire and submit it with the application for insurance. If deployment orders are pending, or have been received (verbal or written), please indicate the location of the next duty site for underwriting consideration.

Please note, agents are not permitted to sell Americo products on military bases.

In the event of any future military conflict, these guidelines may be discontinued.

Foreign Nationals and Foreign Travel

Coverage is not available for foreign nationals visiting, those temporarily residing in the United States, or individuals not residing legally in the United States. Consideration may be given to noncitizens who have established legal, permanent residency in the United States and are applying for citizenship. Any applicant who is not a U.S. citizen must reside in the United States for a minimum of one continuous year prior to application and have no significant medical history that would require medical records from a foreign country. One of the following documents must be submitted with the application. No exceptions will be made.

- ▶ Copy of the applicant's Green Card or Permanent Visa (B1 - B2 Visas not acceptable)
- ▶ Copy of U.S. Citizenship and Immigration Services Form I-551

Annuities

The appropriate sale of our products is something that Amerigo takes seriously. We have adopted nationwide suitability requirements, which are in line with the NAIC Model Regulation on Suitability in Annuity Transactions. As a producer, it is your responsibility to carefully consider the suitability of each sale you make. If you sell annuities, please review Amerigo's Producer's Guide for Annuity Suitability (13-246-1 (01/18)) for information on our Suitability and Replacement processes.

Annuity Training

Under the 2010 NAIC model regulation, agents are required to complete both product-specific training and general annuity training. We require product-specific training for all states and general training where required.

Product-specific Training

On-line training through LIMRA is fast and easy. The steps are as follows:

- ▶ Go to LIMRA: <https://naic.pinpointglobal.com/Americo/apps/default.aspx>
- ▶ Log In: Select either First Time Visitors, or Returning User.
- ▶ First Time Visitor Registration: You will be asked for your name and address. You will also be asked for your NPN (National Producer Number). If you do not know it, there is a link in this section to obtain this number. You will be asked for either your Social Security number or Insurance License number.
- ▶ Select My Product Training on the right hand menu.
- ▶ Select either Fixed Annuity Training or Indexed Annuity Training.
- ▶ The system will walk you through the full training presentation. You will be asked to acknowledge that you have read and understood every page of the training.

After you click "Yes," your Acknowledgement of Completion will automatically be sent to Amerigo within 48 hours.

If you have technical questions on the LIMRA training website, please call 888.577.5522.

State-specific General Annuity Training

General Annuity Training can be completed through LIMRA (actual course content and administration is provided by The National Underwriter Company). Please follow the instructions above under Product-specific training, but select My State Specific Training instead of My Product Training.

You will have two options when selecting a General Annuity Training Course:

- ▶ Complete the state's requirement for completion of General Annuity Training. This version is \$5.00.
- ▶ Complete the state's requirement for completion of General Annuity Training and earn CE credit. This version is \$19.99.

Regardless of your selection, Acknowledgements of Completion for these courses will automatically be sent to Amerigo within 48 hours. Should you complete General Annuity Training through Kaplan, STC, RegEd, SuccessCE, WebCE, QuestCE or Sircon, you can upload your certificate(s) of completion in the My State Specific Training section. Follow the same instructions above, but select Upload Certificate and browse to find the file on your computer for upload. Confirmation of your completion of this request will be automatically sent to Amerigo within 48 hours.

If you have technical questions on the LIMRA training website, please call 888.577.5522.

Fraud

The vast majority of applicants for life insurance and annuities are not intending to commit insurance fraud. However, insurance fraud is a real concern and, as an agent, you are the front-line of defense for recognizing and reporting potential fraudulent activity. Insurance fraud is defined by several states as:

Any person who (with the intent to defraud) knowingly or willfully:

1. Makes or aids in the making of any false or fraudulent statement or representation of any material fact or thing:
 - a. In any written statement or certificate;
 - b. In the filing of a claim;
 - c. In the making of an application for a policy of insurance;
 - d. In the receiving of such an application for a policy of insurance; or
 - e. In the receiving of money for such application for a policy of insurance for the purpose of procuring or attempting to procure the payment of any false or fraudulent claim or other benefit by an insurer;
2. Receives money for the purpose of purchasing insurance and converts such money to such person's own benefit;
3. Issues fake or counterfeit insurance policies, certificates or insurance, insurance identification cards, or insurance binders; or
4. Makes any false or fraudulent representation as to the death or disability of a policy or certificate holder in any written statement or certificate for the purpose of fraudulently obtaining money or benefit from an insurer commits the crime of insurance fraud.

Below are examples of red flags for fraudulent activity:

- ▶ Customer refuses to provide identification for verification purposes.
- ▶ Customer provides inconsistent or suspicious information.
- ▶ Customer appears to be purchasing insurance for no obvious purpose or that is inconsistent with their needs.
- ▶ Customer is unusually familiar with insurance terminology.
- ▶ There does not appear to be an insurable interest between the owner and the insured.

Should you become aware or suspicious that there is potential fraudulent activity, you should immediately contact Amerigo's Compliance Officer, Becky Criswell at 816.391.2352 and be prepared to supply as much information as possible.

Prohibited and Restricted Practices

Using Proceeds from a Home Equity Loan or Reverse Mortgage

Americo does not allow the proceeds from a home equity loan or a reverse mortgage to be used to fund an Americo annuity. You should not assist a client in obtaining a home equity loan or a reverse mortgage. Many states have enacted specific legislation addressing reverse mortgages. Please check your insurance department's website for details.

Tax and legal Advice

As an insurance agent, you are not authorized to provide legal or tax advice. If your client has questions regarding taxation of insurance products or any legal questions, they should be referred to a qualified professional. If an ad you create refers to tax benefits, policy loans, or other policy features, advise policyholders to seek tax advice and ALWAYS include the following disclosure:

“Neither Americo Financial Life and Annuity Insurance Company nor any agent representing the company can give legal or tax advice. Please consult a tax advisor or financial planner regarding the information and concepts contained in this material.” or

“Neither Great Southern Life Insurance Company nor any agent representing the company can give legal or tax advice. Please consult a tax advisor or financial planner regarding the information and concepts contained in this material.”

Investment Advice

As an insurance agent, you are not authorized to provide investment advice. Your state may have specific regulations regarding this. Many states prohibit insurance agents from providing investment advice to clients without first obtaining the appropriate securities licenses and/or registrations. For example, Arkansas, Iowa, Tennessee, and Utah have specific regulations requiring any agent who recommends the replacement of a security with a life insurance product to have an appropriate securities license. Other states may have similar requirements. Please familiarize yourself with the requirements in the states where you conduct business and comply. Penalties for violations could result in the

loss of your insurance license and termination of your Agent Agreement and appointment. Please check the regulations in the states in which you do business.

Stranger-Owned Life Insurance (STOLI)

Stranger-Owned Life Insurance (STOLI) arrangements are prohibited by Americo and as an agent you should not engage in any STOLI arrangement involving Americo products. STOLI is an arrangement in which an insurance contract is formed with the intention of assigning ownership and death benefits to investors with no insurable interest.

These arrangements are being closely scrutinized and monitored by state regulators and industry associations.

The issue relates to circumventing state insurable interest statutes. For the purpose of life insurance, a person or an acceptable entity has an insurable interest in another life if the loss of that life would cause the person to suffer a financial loss. This is enforced by insurance companies, including Americo, by restricting the owner and beneficiary of a policy to parties that would suffer an economic loss if the insured dies. This person is typically a close relative or a business associate.

STOLI arrangements violate the insurable interest laws, which are designed to ensure that a person buying a life insurance policy has an economic interest in the continued life – not death – of the insured. STOLI arrangements lack an insurable interest between the insured and the owner or beneficiary.

Oftentimes, a trust is established specifically to facilitate the STOLI arrangement. The trust is then named as the beneficiary of the policy and the trustees are the “stranger” investors. In many cases, consumers are promised “free life insurance” for a period of time. The consumer may also be given an inducement to enter into the arrangement. They may also be sold on the promise of large settlements or buyouts of the life insurance policy at some future time by investors. Unfortunately, these marketing activities focus on seniors who may be misled by the perceived financial benefits.

In addition to actions taken by regulatory authorities, engaging in a STOLI arrangement may result in serious consequences, including termination of your Americo Agent Agreement and appointment.

Stranger-Originated Annuities (STOA)

Like STOLI transactions, under stranger-originated annuity (STOA or STAT) transactions, investors seek to obtain annuity contracts or the benefits paid under annuity contracts for investment purposes. Third-party investors may pay a fee or other benefits to individuals with whom the investors have no relationship. The individual applies for an annuity with the individual as the annuitant. After its purchase, the annuity or the benefits under the annuity will be transferred to the investors. Depending upon the benefit being obtained, the investor may seek individuals who are in poor health and are not expected to live longer than a year. Other investment schemes may seek different types of individuals.

Stranger-originated annuity arrangements are prohibited by Amerigo and as an agent you should not take part in any STOA arrangements.

Rebating

Amerigo does not allow rebating in any way. Rebating includes giving an applicant anything of value not specified in the contract. It is your responsibility to check your state's rules and regulations surrounding rebating to determine how something of "value" is defined by your state. Rebating is also refunding any portion of your commissions to induce the purchase of a life insurance or annuity. This practice is prohibited for all Amerigo agents, regardless of applicable state law.

Churning

The activity of selling new life insurance or annuity policies, which is not in the best interest of the client, and is for the primary purpose of generating a commission is commonly referred to as "churning." These sales are strictly prohibited by Amerigo. You should not initiate any replacement sale unless you and the client believe they will benefit from the transaction. Please see the Replacement section of this guide for more complete details regarding Amerigo's replacement policies.

Conflicts of Interest – Prohibited Practices

Our producers should not serve in any capacity that may be construed as creating a conflict of interest. The following activities are considered conflicts of interest and are strictly prohibited by Amerigo:

- ▶ Paying premiums for clients or lending money to clients to purchase a life insurance or annuity contract.
- ▶ Depositing clients' funds in your own account that is under your control.
- ▶ Designating yourself as a beneficiary, annuitant, co-owner, acting in the capacity of a trustee, executor, administrator, conservator, or guardian for a client's life insurance or annuity contract, other than one insuring you or an immediate family member. "Immediate family" of a customer, defined as spouse, domestic partner, common-law spouse, child, step-child, mother, father, grandparent, brother or sister, or as otherwise determined by Company procedure or state law.
- ▶ It is equally unacceptable to use an agency or producer's home and/or business address or telephone number as the owner's address or phone number of record if the owner does not reside at the address. The customer should list his or her primary residence as the address. A producer must scrupulously avoid real or apparent conflicts of interest involving customers to whom Amerigo products are sold.

Witnessing Applications & Signature Requirements

Your signature as the witnessing agent means you are attesting to the following:

Applications

- ▶ You are licensed and appointed in the state in which the application is signed.
- ▶ You have personally asked each question on the application to the Proposed Insured(s) and that you have accurately recorded the application information supplied by him/her.
- ▶ You have no reason to believe that any of the information provided is inaccurate or incomplete.

Suitability Form

- ▶ You have completed a suitability analysis regarding the purchase of the annuity.
- ▶ You have reasonable grounds for believing that the recommendation to purchase the annuity is suitable.
- ▶ The information on the form was furnished by the consumer and you have no reason to believe the information provided is inaccurate.

Prohibited Practices

The following practices are prohibited and can lead to disciplinary action, including termination of your Agent Agreement:

- ▶ Signing the application or other documents as the witnessing agent if you did not witness the signature.
- ▶ Signing the application or other documents on behalf of another agent.
- ▶ Signing the application or other documents on behalf of the consumer.
- ▶ Asking or requiring your client to sign a blank or incomplete application or other document.
- ▶ Allowing someone other than the insured or owner to sign the application.

Electronic Signatures

We make it easy to do business with use with the availability of our eApplication. With the eApplication, your clients have the option to sign the application using Tablet Signing or Remote Signing. For Tablet Signing, the signer (proposed insured, owner, and payor) must sign the application directly using the tablet. If you are using the Remote Signing option, the person signing the application must be the person who receives the email.

When signing the eApplication, full signatures are required; initials are not sufficient. As with the traditional paper process, you cannot sign for the client under any circumstance. Signing for a client is fraud, even if it is an electronic signature. Agents found signing for clients will be subject to termination.

Keep in mind when signing eApplications:

- ▶ eApplications cannot be signed by agents or clients between 11:00 pm and 6:00 am local time. Signatures need to be collected before or after these times.
- ▶ The policy owner will be required to provide additional security information when signing the eApplication.

Replacements

Replacement is any transaction in which a new life insurance policy or new annuity contract is purchased and, because of this transaction, an existing life insurance policy or annuity will be changed.

When a life insurance policy or annuity is replaced, one of the following will occur with the existing coverage:

- ▶ lapse, forfeit, surrender or partial surrender, assignment to the replacing insurer, or otherwise termination.
- ▶ convert to paid-up insurance, continue as extended term insurance, continue under another form of nonforfeiture benefit, or otherwise reduce in value by other policy values.
- ▶ be amended to affect either a reduction in benefits or the term for which coverage would otherwise remain in force, or for which benefits would be paid.
- ▶ reissue with reduction in cash value.
- ▶ be used in a financed purchase.

Replacements include “financed purchases;” which according to the NAIC model regulation, means the purchase of a new policy involving the actual or intended use of monies obtained by the withdrawal or surrender of, or by borrowing from values of, an existing policy to pay all or part of any premium due on the new policy. Americo considers it a “financed purchase” if any of the above transactions are processed on an existing life insurance or annuity contract either four months before or 13 months after the issue date of the new policy.

State Requirements

Many states have adopted replacement regulations for life insurance and annuities, and compliance with these regulations is required when doing business in those states. The regulations are designed to help protect the interests of consumers by ensuring they have considered the consequences of replacing their existing policy with a new one. State requirements vary and should be followed carefully. It is also important to use the correct replacement forms for your state. Please review the Replacement Communication on www.americo.com in the Compliance section.

Agent’s Responsibility

We recognize that in certain instances replacements are appropriate and advantageous to clients. However, inappropriate replacements may lead to complaints, regulatory action, and litigation. If replacement is contemplated, it is important that you help the client determine whether replacement is appropriate and in line with the client’s goals and objectives. When replacement is considered, the policyowner or contract owner needs to recognize the potential disadvantages of replacement, any possible alternatives to replacement, as well as the benefits of replacement. Refer to the Replacement Appropriateness Agent Verification Form #12-108-1 to find factors an agent should consider with each replacement. A Replacement Form is required in some states. Check www.americo.com for exact requirements.

It is to your benefit to correctly identify replacements, complete the appropriate replacement forms, and submit them with the application. Doing this will help avoid delays in the processing of business and help ensure compliance with replacement regulations.

When working with your client to replace an existing product, we recommend you follow these guidelines:

- ▶ Ensure that the required replacement form is shared with the client and signed and dated on the same date as the application for coverage.
- ▶ Make sure you comply with all applicable suitability and replacement laws and regulations.
- ▶ Know and apply the definition of replacement.
- ▶ Thoroughly evaluate and discuss the circumstances of the replacement with the client to help the client make a decision that is in line with his financial needs and objectives.
- ▶ Provide the client with relevant and appropriate information so he can make an informed decision.
- ▶ Be certain to disclose if a replacement is involved, and disclose appropriately on the application and on any other required form.

Agents who engage in excessive or inappropriate replacement activity, or fail to disclose relevant replacement activity, will be subject to company sanctions up to and including termination of their Agent Agreement with us. In addition, you may be subject to penalties imposed by the state where the application was taken. These penalties include substantial fines, suspension, or revocation of your license to sell insurance.

Sale of Ancillary Programs

As an independent agent, you may be promoting and selling ancillary products and services (i.e., prescription drug cards, discount health care, Medicare Advantage, or funeral planning). These programs may be offered to the same consumer to whom you are soliciting life insurance and annuity products. As these non-life insurance programs become increasingly popular, the number of consumer complaints has increased. Complaints directed toward insurance companies and agents are often a result of the consumer's misunderstanding that the sale of life insurance is not related to the sale of these ancillary programs.

Some important points to remember and incorporate into your sales practices include:

- ▶ The use of misleading, deceptive, or untrue statements is strictly prohibited.
- ▶ It must be communicated to the consumer that the life insurer and its products are not related to these ancillary programs.
- ▶ There must be clear distinction between the sale of ancillary programs and the sale of life insurance products.
- ▶ The opportunity to purchase an ancillary program or benefit can never be made contingent upon the purchase of a life insurance policy, or vice versa.
- ▶ The insurance premium must be communicated as a separate and distinct charge.

If you are offering ancillary products, please refer to your state's regulations.

Controlled Business

Agents are required to properly notate their relationship to the client on the agent's statement of the application, including if they are related to the client. Advanced commissions will not be paid on controlled business. Controlled business is defined as spouse, ex-spouse, domestic partner, common-law spouse, child, step-child, mother, father, grandparent, brother or sister of the agent.

Telecom Laws

The Federal “Do Not Call” Registry

The Telephone Consumer Protection Act (TCPA) authorized the creation of a national “Do Not Call” Registry (DNC Registry). Telemarketers are generally prohibited from calling consumers who place their phone numbers on the DNC Registry. This DNC Registry allows consumers across the country to avoid receiving certain types of phone solicitations by registering their phone numbers in a national database.

Businesses that telemarket to residences must access the national DNC Registry at least once every 31 days prior to the date a call is made to ensure the number is not listed on the DNC Registry. Service calls that do not include any solicitation are not prohibited. Telemarketers who violate the Do Not Call rules may be subject to fines of up to \$16,000 per violation.

There are charges associated with the registry, if you are accessing more than five area codes. For more information, refer to the Federal Trade Commission’s website, www.ftc.gov.

Established Business Relationship

The Do Not Call rules prohibit businesses from contacting a customer whose number is listed on the national DNC Registry unless there is an established business relationship with the customer, and then certain restrictions apply. An established business relationship is defined, in relevant part, as “a prior or existing relationship formed by a voluntary two-way communication between a [marketer] and a [consumer] ... on the basis of the [customer]’s purchase or transaction with the entity within the eighteen (18) months immediately preceding the date of the phone call or on the basis of the [customer]’s inquiry or application regarding products or services offered by the entity within the three (3) months immediately preceding the date of the call.”

Where an established business relationship exists:

- ▶ A company may contact a customer for 18 months after a business transaction and for three (3) months after a consumer makes an inquiry or application;

- ▶ A company cannot contact the customer once a customer asks to be placed on the company’s specific internal Do Not Call list, even if the customer continues to do business with the company;
- ▶ A company must display their company name and telephone numbers on Caller ID;
- ▶ A telephone sales call can only be made between 8 a.m. and 9 p.m.;
- ▶ A sales call can only be made between 8 a.m. and 9 p.m. (at the called party’s local time);
- ▶ Prior to soliciting business, marketers must identify themselves and disclose they are making a sales call, including a brief description of the product being offered.

If an established business relationship does not exist with a customer on the national DNC Registry, the seller must obtain the customer’s prior express written consent before sending telemarketing communications to that customer.

State “Do Not Call” Legislation

Many states have passed their own “Do Not Call” laws. Often, state laws are more restrictive than federal law. Several state “Do Not Call” laws allow the attorneys general of the state to investigate and prosecute violations of the state and Federal “Do Not Call” laws. Telemarketers should make sure they are familiar with the state laws, and the relevant nuances of how these laws apply to the insurance business, in the states in which they operate.

Pre-Recorded Messages

If a marketing call uses artificial voice or pre-recorded messages, the TCPA requires the caller to obtain the customer’s express written consent before initiating such a call. This is true even if the caller has an established business relationship with the customer or the customer is not on the DNC Registry.

Cell Phones

The TCPA prohibits telemarketers from using automatic telephone dialing systems to call cell phone numbers or send text messages, unless customers give their prior express written consent. Recent regulations broadly define what constitutes an autodialer so that most telemarketers may be barred from calling consumers on their cell phones without their prior express written consent. Specifically, “autodialer” is defined to include any system that has the present or future capacity to automatically dial numbers. Autodialers are not limited to equipment that actually functions as an autodialer when a call or text message is sent, but also includes systems that can be reprogrammed as an autodialer.

Prior Express Written Consent

To constitute valid prior express written consent under applicable regulations, an authorization must:

- ▶ Be in writing and signed by the person to be called (the signature may be acquired through any means permitted by the E-SIGN Act, including mail, websites, text messages or voice recordings);
- ▶ List the phone number to which the signer authorizes advertisements to be delivered;
- ▶ Include a statement authorizing the seller to deliver or cause to be delivered to the person called advertisements or telemarketing messages using an automatic telephone dialing system or an artificial or pre-recorded voice;
- ▶ Contain a disclosure stating that the person is not required to sign the agreement as a condition to purchasing any products; and
- ▶ Be “clear and conspicuous,” meaning it must be apparent to a reasonable consumer, separate and distinct from other disclosures, and not hidden.

In addition, the disclosure should identify the seller(s) of the products that will be the subject of the call. It is the responsibility of the agents and their agencies to ensure proper consent was obtained before making marketing calls.

It is important to note that customers may revoke their consent at any time and by any means, including orally or in writing. Customers who revoke their consent should be removed from marketing call lists.

Email Advertising

The CAN-SPAM Act is a Federal statute that sets rules for sending commercial emails. The act provides for penalties for up to \$16,000. The Act’s main requirements include:

- ▶ Identifying the message as an advertisement;
- ▶ Not using false or misleading content, including in subject lines;
- ▶ Providing the advertiser’s physical address, which can include PO Box;
- ▶ Giving recipients the ability to opt out of future emails and honoring such requests promptly.

For more information on the CAN-SPAM Act, visit the Federal Trade Commission’s website, www.ftc.gov.

TeleSales

Eagle Premier Series, HMS Plus, and AdvantageWL applications can be taken over the telephone in states where the products are available.

In California, the maximum age for telephone sales is 59.

The following guidelines must be followed for telephone sales:

- ▶ You must be licensed and appointed in the state in which the Owner resides and signs the application
- ▶ You must ask all of the questions exactly as they appear on the application.
- ▶ Answer “NO” to the questions that read “At the time this application was taken, were all of the proposed insured(s) present and did you witness their signatures?” and “Was a government-issued picture I.D. requested, reviewed, and confirmed for the Proposed Insured(s), Owner, and Payor?”
- ▶ If additional requirements arise during the underwriting process (i.e. health questionnaires, incomplete replacement forms, disclosures) requiring the client’s signature, these can also be completed via mail, secure email, or fax.
- ▶ Telephone sales are not allowed on any cases with face amounts greater than \$250,000.
- ▶ All regular Underwriting and New Business guidelines apply.

Electronic Applications

(Eagle Premier Series & HMS Plus only)

- ▶ Americo’s eApplication and illustration software, Sales Connection, has required forms built into the eApplication process. When signing, select Email Signing. Once signing process begins, all signatures must be completed by midnight the same day. The eApplication remains open for 7 days to allow you to complete it, so if the email signature process has expired, you will need to cancel the email signing process and resend the email the following business day.
- ▶ Electronic signatures must be completed using DocuSign through agent or client account with

- ▶ Certificate of Completion. No other electronic signature methods will be accepted.
- ▶ You cannot sign for the client under any circumstance. Signing for a client is fraud, even if it is an electronic signature. Americo does not authorize you to sign for clients even if the client has given you verbal or written authorization to do so. Agents found signing for clients will be subject to termination.
- ▶ Client must have a valid email address. You are not authorized to create an email for the client, or to use your email address on the client’s behalf.

Electronic Applications

(Medicare Supplement Only)

- ▶ All applicants must be covered under Medicare Part A & B. Policy issue is state-specific. The applicant’s state of residence controls the application, forms, premium and policy issue.
- ▶ In order to access the eApplication you will need to have a valid writing number and be registered on our agent website. The eApp can be used to complete forms and obtain an applicant’s signature.
- ▶ Client must have a valid email address. This email address will be used in the insured’s profile if approved for coverage and also used to correspond with the applicant about the status of their application while it is being underwritten. You are not authorized to create an email for the client, or to use your email address on the client’s behalf.
- ▶ You cannot sign for the client under any circumstance. Signing for a client is fraud, even if it is an electronic signature. Americo does not authorize you to sign for clients even if the client has given you verbal or written authorization to do so. Agents found signing for clients will be subject to termination.

Review the Medicare Supplement eApplication Reference Guide (15-138-15) for eApp instructions. For information about the evaluation process used in underwriting and issuing Medicare Supplement insurance policies underwritten by AFL and GSL, review the Agent Underwriting Guidelines (19-011-1). Both documents can be found on AmericoMedSup.com.

Non-Resident Sales

A non-resident sale occurs when a resident of one state purchases an insurance product in another state. Whenever a sale occurs in a state other than the policy owner's state of residence, certain rules must be followed to ensure compliance with Company policy and the laws and regulations of the applicable state insurance departments.

As a reminder, Americo is not authorized to conduct business in New York. New York residents cannot apply for a policy, regardless of where the application was signed. Residents of the following states/territory are prohibited from purchasing a product in a state/territory outside of their state of residence: AR, MA, MN, MS, NV, UT, WA, and WI.

When a non-resident sale is permissible in a state, the consumer must provide a valid reason to be in the non-resident state (other than solely to purchase insurance products). The Non-resident sales form (17-096-1) must be completed and submitted with the application. Acceptable reasons for a customer to purchase a product outside of his or her resident state may include the fact that the customer maintains a second residence in the state or has regular business dealings or is employed in the state. Vacationing in the non-resident state is not a sufficient reason for a non-resident sale; additionally, the fact that the product is not approved in the customer's resident state is insufficient.

If you are involved in a non-resident sale, Americo requires that you:

- ▶ Make certain the customer has a valid connection to the non-resident state and accurately complete the Non-Resident Sales Form.
- ▶ Confirm product availability and state approval.
- ▶ Be currently licensed to sell the product in all states in which any aspect of the sale occurs.
- ▶ Sell, sign, and deliver the contract in the application state.

Questions and Concerns

For questions and concerns regarding market conduct, ethical sales practices, compliance laws and regulations, and privacy, please contact our Compliance Department at 800.231.0801 or regulatory.compliance@americo.com.

For concerns about fraudulent activity, immediately contact Americo's Compliance Officer, Becky Criswell at 816.391.2352

For questions regarding advertising reviews, contact Agent Services at 800.231.0801 or Marketing.Support@americo.com

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PO BOX 410288
Kansas City, MO 64141-0288