

Important Reminder about Fronting (Ghostwriting)

We would like to provide you with a reminder about fronting (also known as ghostwriting) - an important insurance concern and an activity prohibited by our Company and the laws of many jurisdictions.

Fronting can occur when an agent signs paperwork for an annuity or life insurance-sale solicited by someone else. This typically happens when an appointed agent works with another agent who is not appointed with our Company. In this scenario, the non-appointed agent solicits the sale to the consumer. The appointed agent then signs the application materials as the writing agent (giving the appearance that the appointed agent solicited the sale and described the product). In addition, this situation can exist based on a commission split created by a firm.

Fronting is prohibited by the laws of many jurisdictions and our Company requires that only agents appointed with us describe our products to prospective applicants. Your signature as the agent certifies that the information submitted is true and accurate and we rely on that information when making a determination about the issuance of a product. Failure to comply with these requirements may result in rejection of new business, termination of your appointment with the Company, commission chargeback, and/or referral to an applicable regulatory agency.

Fronting can have severe consequences for you, your customers, and the Company. We want to provide a reminder that fronting is expressly prohibited in our Compliance Guide, which states:

“Only the licensed producer(s) who solicited the business at the time of sale may sign the application and must explain the product to the customer. You should only sign the application if you personally solicited the sale. By signing the application and other sales documentation, you are taking responsibility for the sale and the information provided. Your signature on the application is your personal assurance that the information supplied therein is, to the best of your knowledge, given voluntarily by an eligible applicant in a complete and accurate manner. North American, as well as the regulations of many states, requires that the producer signing an application be the same producer that meets with the customer, explains the product to the customer and delivers the contract to the customer. The only exception to this requirement is if another producer assisted in the sale. In this scenario, he or she should also sign the application – even if they are not taking any commission. This makes it clear to everyone involved in the sale the role of the parties and who the soliciting producer of record is.”

Field Bulletin

What should you do?

- Only sign applications and other materials if you solicited the sale and explained the product to the applicant. Don't sign the application if the product was solicited by someone else (even if they are appointed or work in your office).
- Understand that by signing, you are taking full responsibility for the sale and certifying that the information submitted is correct.
- If another agent assisted in the sale, have the second agent sign the application – even if they are taking 0% commission. This makes the role of the parties clear to everyone.
- If you are a corporate officer, office administrator, etc., do not sign the application unless you personally solicited the sale.
- If you have an assistant, remember that they are to “assist”. The customer should have no confusion as to who is their agent is and what role you play in the application process.

Complying with these requirements helps protect you, your customers and the Company. We appreciate your continuing commitment to professionalism and thank you for your business.

You can access our current [Compliance Guide here](#).

If you have questions about this bulletin, please contact the Special Investigations Unit at SIU@sfgmembers.com.

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