

First **Catholic** Slovak
Ladies **Association**

24950 Chagrin Blvd.
Beachwood, OH 44122
(800) 464-4642
www.fcsla.org

**AUTHORIZATION TO RELEASE POLICY INFORMATION
AND NOTIFICATION OF POTENTIAL REPLACEMENT
(FCSLA NY REPLACEMENT RELEASE)**

Section 1: Existing Insurance Company:

Name: _____

Address: _____

City: _____

Phone: _____

Section 1(a): Existing Policy:

Policy Owner: _____

SSN: _____ Date of Birth: _____

Policy No(s): _____

Transfer Value: _____

Agent of Record: _____

Section 2: Replacing Agent:

Agent Name: _____

Address/Fax: _____

Section 3: Existing Company Instructions and Contract Owner Authorization

Existing Company: I may replace the above policy with a new life insurance annuity policy. Please accept this signed form as my authorization for you to release the information necessary to complete the required Disclosure Statement for the above referenced policy. Please mail the information to: 1) the agent identified above; 2) the agent of record on my existing policy (if different from the agent listed above); and 3) First Catholic Slovak Ladies Association of the United States of America.

Policy Owner's Signature

Date

**DEFINITION OF REPLACEMENT
(FCSLA NY APPENDIX 11)**

IN ORDER TO DETERMINE WHETHER YOU ARE REPLACING OR OTHERWISE CHANGING THE STATUS OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS, AND IN ORDER TO RECEIVE THE VALUABLE INFORMATION NECESSARY TO MAKE A CAREFUL COMPARISON IF YOU ARE CONTEMPLATING REPLACEMENT, THE AGENT IS REQUIRED TO ASK YOU THE FOLLOWING QUESTIONS AND EXPLAIN ANY ITEMS THAT YOU DO NOT UNDERSTAND.

AS PART OF YOUR PURCHASE OF A NEW LIFE INSURANCE POLICY OR A NEW ANNUITY CONTRACT, HAS EXISTING COVERAGE BEEN, OR IS IT LIKELY TO BE:

- (1) LAPSED, SURRENDERED, PARTIALLY SURRENDERED, FORFEITED, ASSIGNED TO THE INSURER REPLACING THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, OR OTHERWISE TERMINATED?
YES _____ NO _____
- (2) CHANGED OR MODIFIED INTO PAID-UP INSURANCE; CONTINUED AS EXTENDED TERM INSURANCE OR UNDER ANOTHER FORM OF NONFORFEITURE BENEFIT; OR OTHERWISE REDUCED IN VALUE BY THE USE OF NONFORFEITURE BENEFITS, DIVIDEND ACCUMULATIONS, DIVIDEND CASH VALUES OR OTHER CASH VALUES? YES _____ NO _____
- (3) CHANGED OR MODIFIED SO AS TO EFFECT A REDUCTION EITHER IN THE AMOUNT OF THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT OR IN THE PERIOD OF TIME THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT WILL CONTINUE IN FORCE? YES _____ NO _____
- (4) REISSUED WITH A REDUCTION IN AMOUNT SUCH THAT ANY CASH VALUES ARE RELEASED, INCLUDING ALL TRANSACTIONS WHEREIN AN AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE RELEASED ON ONE OR MORE OF THE EXISTING POLICIES? YES _____ NO _____
- (5) ASSIGNED AS COLLATERAL FOR A LOAN OR MADE SUBJECT TO BORROWING OR WITHDRAWAL OF ANY PORTION OF THE LOAN VALUE, INCLUDING ALL TRANSACTIONS WHEREIN ANY AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE BORROWED OR WITHDRAWN ON ONE OR MORE EXISTING POLICIES? YES _____ NO _____

(6) CONTINUED WITH A STOPPAGE OF PREMIUM PAYMENTS OR
REDUCTION IN THE AMOUNT OF PREMIUM
PAID? YES _____ NO _____

IF YOU HAVE ANSWERED YES TO ANY OF THE ABOVE QUESTIONS, A
REPLACEMENT AS DEFINED BY NEW YORK INSURANCE REGULATION NO.
60 HAS OCCURRED OR IS LIKELY TO OCCUR AND YOUR AGENT IS
REQUIRED TO PROVIDE YOU WITH A COMPLETED DISCLOSURE
STATEMENT AND THE **IMPORTANT** NOTICE REGARDING REPLACEMENT
OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS.

Date: _____ **Signature of Applicant:** _____

Date: _____ **Signature of Applicant:** _____

AGENT TO COMPLETE:

TO THE BEST OF MY KNOWLEDGE, A REPLACEMENT IS INVOLVED IN THIS
TRANSACTION: YES ____ NO ____

Date: _____ **Signature of Agent:** _____

**DISCLOSURE STATEMENT
(FCSLA NY APPENDIX 10A)**

IMPORTANT - IT MAY NOT BE IN YOUR BEST INTEREST TO SURRENDER, LAPSE, CHANGE OR BORROW FROM EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS IN CONNECTION WITH THE PURCHASE OF A NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT WHETHER ISSUED BY THE SAME OR A DIFFERENT INSURANCE COMPANY. YOU ARE URGED TO CONTACT YOUR EXISTING AGENT OR INSURANCE COMPANY PRIOR TO COMPLETING THE TRANSACTION. THEY CAN HELP YOU DECIDE WHETHER THE REPLACEMENT IS IN YOUR BEST INTEREST.

FOR YOUR PROTECTION, the New York State Department of Financial Services requires that you be given this Disclosure Statement, the **IMPORTANT** Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts and the Definition of Replacement, together with policy information on all proposed and existing coverage affected.

Name of Applicant _____ Telephone # _____
 Address _____
 Name of Agent _____ Telephone # _____
 Company _____
 Address _____

The information on existing coverage on this form was obtained from:

___ The replaced company
 ___ Approximations if replaced company failed to provide information in the prescribed time

1. DESCRIPTION OF TRANSACTION:

AS OF DATE:

Proposed Policy/Contract	(1)	Existing Policies/Contracts Affected	
		(2)	(3)
_____	Company _____	_____	_____
_____	Customer Service Phone Number _____	_____	_____
_____	Type of Insurance _____	_____	_____
\$ _____	Face Amt \$ _____	\$ _____	\$ _____
\$ _____	Rider: Name of Rider _____	_____	_____
	\$ _____	\$ _____	\$ _____

\$ _____ Rider: Name of Rider _____
 \$ _____ \$ _____ \$ _____

\$ _____ Rider: Name of Rider _____
 \$ _____ \$ _____ \$ _____

\$ _____ Rider: Name of Rider _____
 \$ _____ \$ _____ \$ _____

\$ _____ Premium: \$ _____ \$ _____ \$ _____

Contract No.# _____ # _____ # _____

Issue Date: _____

Proposed Policy/Contract	Existing Policies/Contracts Affected		
	(1)	(2)	(3)

\$ _____ Surrender Charge \$ _____ \$ _____ \$ _____
 Guaranteed

_____ % Interest Rate _____ % _____ % _____ %
 Loan

_____ % Interest Rate _____ % _____ % _____ %
 Contestable

_____ Years Expiry Date _____ M/Y _____ M/Y _____ M/Y
 Suicide

_____ Years Expiry Date _____ M/Y _____ M/Y _____ M/Y

Existing coverage to be changed by: (1) (2) (3)

Lapse or Surrender	[]	[]	[]
Amendment or Reissue	[]	[]	[]
Loan or Withdrawal	[]	[]	[]

Reduction To \$ _____ \$ _____ \$ _____

Reduced

Paid-Up For \$ _____ \$ _____ \$ _____

Extended

Term For _____ Yrs _____ Mos _____ Yrs _____ Mos _____ Yrs _____ Mos

Cash released by change	Year	\$ _____	\$ _____	\$ _____
	Year	\$ _____	\$ _____	\$ _____
	Year	\$ _____	\$ _____	\$ _____

Use of cash released: _____

DISCLOSURE STATEMENT CONTINUED:

2. SUMMARY RESULT COMPARISON:

New With Existing Coverage Changed			Existing Coverage Unchanged	
Guaranteed	Non-Guaranteed	Annual Premium	Guaranteed	Non-Guaranteed
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Surrender Value			Surrender Value	
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Death Benefit			Death Benefit	
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Dividends			Dividends	
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____

AGENT'S STATEMENT:

1. The primary reason(s) for recommending the new life insurance policy or annuity contract is (are):

2. The existing life insurance policy or annuity contract cannot meet the applicant's objectives because:

3. The advantages of continuing the existing life insurance policy or annuity contract without changes are:

REMARKS:

- The attached proposal, including sales material, was used in this sale.
- No proposal or sales material was used in this sale.

DISCLOSURE STATEMENT CONTINUED:

If more than three existing life insurance policies or annuity contracts are to be affected by this transaction or if more than one new life insurance policy or annuity contract is proposed, Section 1 of this Disclosure Statement must be completed for such additional life insurance policies and annuity contracts. In addition, a composite comparison shall be completed for all existing life insurance policies or annuity contracts to all proposed life insurance policies or annuity contracts. The proposal, including sales material used in the sale of the proposed life insurance policy or annuity contract, must accompany the submission of this form to the insurer. Copies must be given to the applicant.

I have personally completed this form and certify that it is correct to the best of my knowledge and ability.

Date: _____ **Signature of Agent:** _____

I hereby acknowledge that I received and read the above "Disclosure Statement" before I signed the application for the new coverage.

Date: _____ **Signature of Applicant:** _____

Date: _____ **Signature of Applicant:** _____

**NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
DISCLOSURE STATEMENT
ANNUITY TO ANNUITY REPLACEMENT ONLY
(FCSLA NY APPENDIX 10B)**

IMPORTANT - IT MAY NOT BE IN YOUR BEST INTEREST TO SURRENDER, LAPSE, CHANGE OR BORROW FROM EXISTING ANNUITY CONTRACTS IN CONNECTION WITH THE PURCHASE OF A NEW ANNUITY CONTRACT WHETHER ISSUED BY THE SAME OR A DIFFERENT INSURANCE COMPANY. YOU ARE URGED TO CONTACT YOUR EXISTING AGENT OR INSURANCE COMPANY PRIOR TO COMPLETING THE TRANSACTION. THEY CAN HELP YOU DECIDE WHETHER THE REPLACEMENT IS IN YOUR BEST INTEREST.

FOR YOUR PROTECTION, the New York State Department of Financial Services requires that you be given this Disclosure Statement, the **IMPORTANT** Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts and the Definition of Replacement, together with policy information on all proposed and existing coverage affected.

Name of Applicant _____ Telephone # _____
 Address _____
 Name of Agent _____ Telephone # _____
 Company _____
 Address _____

The information on existing coverage on this form was obtained from:

___ The replaced company
 ___ Approximations if replaced company failed to provide information in the prescribed time

1. DESCRIPTION OF TRANSACTION:

AS OF DATE:

Proposed Annuity Contract

Existing Annuity Contracts Affected

(1) (2) (3)

_____ _____	Company _____ Customer Service Phone Number _____ Type of Annuity _____ Contract Number # _____ # _____ # _____ Issue Date _____
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DISCLOSURE STATEMENT CONTINUED:

Proposed Annuity Contract	Existing Annuity Contracts Affected		
	(1)	(2)	(3)
\$ _____	Account Value \$ _____	\$ _____	\$ _____
\$ _____	Minus Surrender Charge \$ _____	\$ _____	\$ _____
\$ _____	Plus/Minus Market Value Adjustment (if any) \$ _____	\$ _____	\$ _____
\$ _____	Equals Surrender Value \$ _____	\$ _____	\$ _____

2. SUMMARY RESULT COMPARISON:

THE PROPOSED ANNUITY IF YOU CONTINUE YOUR CURRENT ANNUITY

Surrender Value
To Be Invested: \$ _____ Current Value \$ _____

If Variable Annuity
 Hypothetical Rates of Return

If Variable Annuity
 Hypothetical Rates of Return

At At At At At
 Guaranteed Current 0% 6% 12%
 Rate Rate

At At At At At
 Guaranteed Current 0% 6% 12%
 Rate Rate

SURRENDER VALUE

\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	In 5 Yrs \$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	In 10 Yrs \$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

DEATH BENEFIT

\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	In 5 Yrs \$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	In 10 Yrs \$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

AGENT'S STATEMENT:

1. The primary reason(s) for recommending the new annuity contract is (are):

2. The existing annuity contract cannot meet the applicant's objectives because:

3. The advantages of continuing the existing annuity contract without changes are:

4. The surrender charge, if my client replaces his or her existing annuity contract, is ___% or \$_____.

The new annuity my client is applying for imposes a new surrender charge as follows:
(Describe percentage rate of surrender charge for each year in which a surrender charge is imposed)

Year 1 _____% Year 2 _____% Year 3 _____% Year 4 _____% Year 5 _____%
Year 6 _____% Year 7 _____% Year 8 _____% Year 9 _____% Year 10 _____%

REMARKS: _____

- The attached proposal, including sales material, was used in this sale.
- No proposal or sales material was used in this sale.

If more than three existing annuity contracts are to be affected by this transaction or if more than one new annuity contract is proposed, Section 1 of this Disclosure Statement must be completed for such additional annuity contracts. In addition, a composite comparison shall be completed for all existing annuity contracts to all proposed annuity contracts. The proposal, including sales material used in the sale of the proposed annuity contract, must accompany the submission of this form to the insurer.

Copies must be given to the applicant.

I have personally completed this form and certify that it is correct to the best of my knowledge and ability.

Date: _____ **Signature of Agent:** _____

I hereby acknowledge that I received and read the above "Disclosure Statement" before I signed the application for the new annuity contract.

Date: _____ **Signature of Applicant:** _____

Date: _____ **Signature of Applicant:** _____

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES
IMPORTANT NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE
INSURANCE POLICIES OR ANNUITY CONTRACTS
(FCSLA NY APPENDIX 10C)

THIS NOTICE IS FOR YOUR BENEFIT AND REQUIRED BY REGULATION NO. 60

YOU ARE CONTEMPLATING THE PURCHASE OF A LIFE INSURANCE POLICY OR ANNUITY CONTRACT IN CONNECTION WITH THE SURRENDER, LAPSE OR CHANGE OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. THE AGENT IS REQUIRED TO GIVE YOU THIS NOTICE TOGETHER WITH A SIGNED DISCLOSURE STATEMENT CONTAINING THE SUMMARY RESULT COMPARISON FOR THE NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT AND ANY LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO BE CHANGED THAT SETS FORTH THE FACTS OF THE TRANSACTION AND ITS ADVANTAGES AND DISADVANTAGES TO YOU. YOUR DECISION COULD BE A GOOD ONE - OR A MISTAKE - SO MAKE SURE YOU UNDERSTAND THE FACTS. YOU SHOULD:

1. CAREFULLY STUDY THE DISCLOSURE STATEMENT, WHICH INCLUDES A SUMMARY RESULT COMPARISON, UNTIL YOU ARE SURE YOU UNDERSTAND FULLY THE EFFECT OF THE TRANSACTION.
2. ASK THE COMPANY OR AGENT FROM WHOM YOU BOUGHT YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO REVIEW WITH YOU THE TRANSACTION AND THE DISCLOSURE STATEMENT. YOU MAY BE ABLE TO EFFECT THE CHANGES YOU DESIRE MORE ADVANTAGEOUSLY WITH THEM. THEIR CUSTOMER SERVICE TELEPHONE NUMBER IS CONTAINED IN THE DISCLOSURE STATEMENT.
3. CONSULT YOUR TAX ADVISOR. THERE MAY BE UNFAVORABLE TAX IMPLICATIONS ASSOCIATED WITH THE CONTEMPLATED CHANGES TO YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS.

As a general rule, it is often not advantageous to drop or change existing coverage in favor of new coverage, whether issued by the same or a different insurance company. Some of the reasons it may be disadvantageous are:

1. The amount of the annual premium under an existing life insurance policy may be lower than that called for by a new life insurance policy having the same or similar benefits. Any replacement of the same type of policy will normally be at a higher premium rate based upon the insured's then attained age.

2. Since the initial costs of a life insurance policy are charged against the cash value increases in the earlier life insurance policy years, the replacement of an old life insurance policy by a new one results in the policyholder sustaining the burden of these costs twice. Annuity contracts usually contain provision for surrender charges, therefore a replacement involving annuity contracts may result in the imposition of surrender charges.
3. The incontestable and suicide clauses begin anew in a new life insurance policy. This could result in a claim being denied under the new life insurance policy that would have been paid under the life insurance policy that was replaced.
4. An existing life insurance policy or annuity contract often has more favorable provisions than a new life insurance policy or annuity contract in areas such as loan interest rate, settlement options, disability benefits and tax treatment.
5. There may have been changes in your health since the purchase of the existing coverage.
6. The insurance company with which you have existing coverage can often make a desired change on terms that would be more favorable than if you replaced existing coverage with new coverage.

YOU HAVE THE RIGHT, WITHIN 60 DAYS FROM THE DATE OF DELIVERY OF A NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT, TO RETURN IT TO THE INSURER AND RECEIVE AN UNCONDITIONAL FULL REFUND OF ALL PREMIUMS OR CONSIDERATIONS PAID ON IT, OR IN THE CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, A PAYMENT OF THE CASH SURRENDER BENEFITS PROVIDED UNDER THE POLICY OR CONTRACT, PLUS THE AMOUNT OF ALL FEES AND OTHER CHARGES DEDUCTED FROM GROSS CONSIDERATIONS OR IMPOSED UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, AND MAY HAVE THE RIGHT TO REINSTATE OR RESTORE ANY LIFE INSURANCE POLICIES AND ANNUITY CONTRACTS THAT WERE SURRENDERED, LAPSED OR CHANGED IN THE TRANSACTION TO THEIR FORMER STATUS TO THE EXTENT POSSIBLE AND IN ACCORDANCE WITH THE INSURER'S PUBLISHED REINSTATEMENT RULES TO THE EXTENT SUCH RULES ARE NOT INCONSISTENT WITH THE PROVISIONS OF THIS PART.

IMPORTANT: THIS RIGHT SHOULD NOT BE VIEWED AS REINSTATING OR RESTORING YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT TO THE SAME CONDITION AS IF IT HAD NEVER BEEN REPLACED. THERE MAY BE CONSEQUENCES IN REINSTATING OR RESTORING YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT, INCLUDING BUT NOT LIMITED TO:

- THE RIGHT TO REINSTATE OR RESTORE YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT APPLIES ONLY TO COMPANIES SUBJECT TO NEW YORK INSURANCE LAWS;
- YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT IS SUBJECT TO YOUR SPECIFIC COMPANY'S REINSTATEMENT RULES, WHICH MAY VARY FROM COMPANY TO COMPANY. THESE RULES MAY REQUIRE PAYMENT OF

BOTH PREMIUM AND INTEREST; HOWEVER, YOU WILL NOT BE SUBJECT TO EVIDENCE OF INSURABILITY, OR A NEW CONTESTABLE OR SUICIDE PERIOD;

- YOU MAY NOT RECEIVE THE INTEREST OR INVESTMENT PERFORMANCE DURING THE PERIOD THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT WAS REPLACED; AND
- THERE MAY BE UNFAVORABLE FEDERAL INCOME TAX CONSEQUENCES AS A RESULT OF THE REINSTATEMENT OF YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

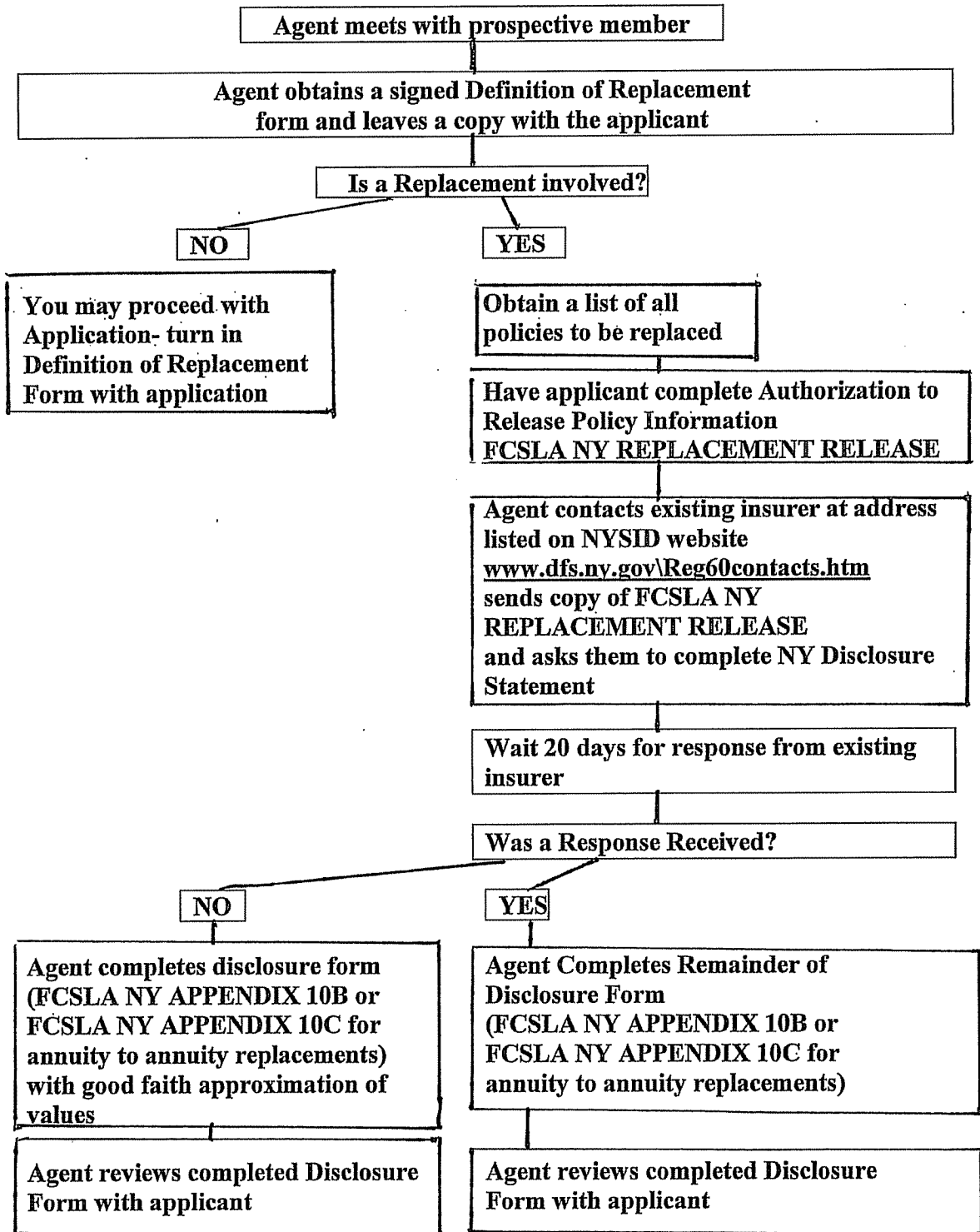
IMPORTANT: IN THE CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, THE VALUE OF THE POLICY OR CONTRACT MAY INCREASE OR DECREASE DURING THE 60 DAY PERIOD DEPENDING ON THE PERFORMANCE OF THE UNDERLYING INVESTMENTS, WHICH MAY EFFECT THE VALUE OF THE REFUND YOU RECEIVE.

I HEREBY ACKNOWLEDGE THAT I READ THE ABOVE “IMPORTANT NOTICE” AND HAVE RECEIVED A COPY OF SAME.

Date: _____ **Signature of Applicant:** _____

Date: _____ **Signature of Applicant:** _____

FCLSA NEW YORK REPLACEMENT PROCESS FOR FCSLA AGENTS/RECOMMENDERS



Applicant decides to proceed with Replacement

Applicant decides to proceed with Replacement

Agent has client sign:
1) FCSLA annuity or life insurance application,
2) Disclosure Form,
3) Important Notice Form (FCSLA NY APPENDIX 10C)
Leaves 1 copy of #2 and #3 with client.

Agent submits to FCSLA:
1. signed Application
2. signed Disclosure Form
3. signed Important Notice Form
4. Signed Definition of Replacement Form
5. Signed Authorization Form

FCSLA Home Office reviews forms from Agent. Are they complete and accurate?

NO

Company contacts agent and explains deficiency, agent must correct deficiency

If not corrected within 10 days application is rejected

If corrected

YES

Within 10 days of receipt of items 1-5, sends Notification of Replacement to existing company (incl. any illustration/sales material used)

Application sent to New Business for processing/underwriting, etc.

If the contract issued differs from what was originally applied for, company asks agent to get a new Disclosure Form signed and resubmit it with any revised illustration/sales materials used.

First **Catholic** Slovak Ladies **Association**



24950 Chagrin Blvd., Beachwood, Ohio 44122-5634

Phone: (216) 464-8015
Toll Free: (800) 464-4642
Fax: (216) 464-9260
E-Mail: info@fcsla.org
www.fcsla.org

FCSLA LIFE INSURANCE AND ANNUITY REPLACEMENT POLICY & PROCEDURES FOR THE STATE OF NEW YORK

1. Purpose: The purpose of this rule is to comply with New York Regulation 60 (11 NYCRR 51) regarding the replacement of life insurance and annuity products and to protect the interests of our members and prospective members with respect to the replacement of life insurance and annuity products.
2. Definition of Replacement: A replacement means that new life insurance or new annuities are to be purchased and delivered or issued for delivery in New York and it is known to the licensed agent or recommender that, as part of the transaction, existing life insurance policies or annuity contracts have been or are likely to be:
 - (1) Lapsed, surrendered, partially surrendered, forfeited, assigned to the insurer replacing the life insurance policy or annuity contract, or otherwise terminated;
 - (2) Changed or modified into paid-up insurance; continued as extended term insurance or under another form of nonforfeiture benefit; or otherwise reduced in value by the use of nonforfeiture benefits, dividend accumulations, dividend cash values or other cash values;
 - (3) Changed or modified so as to effect a reduction either in the amount of the existing life insurance or annuity benefit or in the period of time the existing life insurance or annuity benefit will continue in force;
 - (4) Reissued with a reduction in amount such that any cash values are released, including all transactions wherein an amount of dividend accumulations or paid-up additions is to be released on one or more of the existing policies;
 - (5) Assigned as collateral for a loan or made subject to borrowing or withdrawal of any portion of the loan value, including all transactions wherein any amount of dividend accumulations or paid-up additions is to be borrowed or withdrawn on one or more existing policies; or
 - (6) Continued with a stoppage of premium payments or reduction in the amount of premium paid.

3. Exemptions: These rules and procedures shall not apply when:
- (a) The application is for an internal conversion (i.e. an application for a policy converting a current FCSLA policy when a contractual change or a conversion privilege is being exercised);
 - (b) A policy change customarily granted by FCSLA is being exercised, provided such change results in no additional surrender or expense charge or suicide or contestable restrictions, and only to the extent such change is approved by the New York Superintendent of Insurance. This exception will only apply when authorized, in writing, by FCSLA's National Officers.
 - (c) The new coverage is provided under:
 - (1) a group life insurance policy or group annuity contract, except when an agent or insurer directly solicits the certificate holder for the new coverage and a portion of the premium or consideration is borne, directly or indirectly, by the certificate holder;
 - (2) an individual life insurance policy or individual annuity contract whose cost is borne wholly by the applicant's employer or by an association of which the applicant is a member; or
 - (3) individual life insurance policies or individual annuity contracts covering employees of an employer, debtors of a creditor, or members of an association, that are distributed on a mass merchandising basis and administered by group-type methods, except when an agent or insurer directly solicits the applicant for the new coverage and a portion of the premium or consideration is borne, directly or indirectly, by the applicant;
 - (d) The existing life insurance is a nonrenewable, nonconvertible term policy with five years or less to its expiration date.
4. FCSLA's Position Regarding Replacements: FCSLA makes every attempt to govern life insurance and annuity replacement activities with the applicant/policy owner's interest foremost in mind. We do not encourage or condone indiscriminate or unnecessary replacements of existing life insurance and/or annuity policies or replacements which would cause the applicant to suffer monetary damages or would otherwise not be in the best interest of the applicant. This includes not only replacement of other companies' policies but the replacement of our own policies as well. At the same time, we acknowledge that sometimes a replacement can be in the best interest of the client. Therefore, agents are required to ensure that the client's interests are examined and a client is fully informed before deciding to replace a policy. It is the duty of each FCSLA agent/recommender to understand and follow all replacement laws, rules and regulations and to notify FCSLA of any questions or concerns regarding the same.

5. Agents' Duties:

A. Applications: All applications include a statement that is to be signed by both the agent/recommender and the applicant as to whether the applicant has existing policies or contracts. This section of the application must be completed and no application may be processed if this section is not completed.

B. Agent Replacement Responsibilities: In conjunction with a replacement or anticipated replacement of a life insurance or annuity policy, each agent shall:

(i) obtain with or as part of each application a completed "Definition of Replacement" (FCSLA NY APPENDIX 11) signed by the applicant and the agent and leave a copy of such form with the applicant for his or her records;

(ii) submit to FCSLA along with each application a signed and completed "Definition of Replacement" (FCSLA NY APPENDIX 11); and

(iii) where a replacement has occurred or is likely to occur:

(1) obtain with or as part of each application a list of all existing life insurance policies or annuity contracts proposed to be replaced;

(2) notify the insurer whose policy or contract is being replaced and FCSLA of the proposed replacement. Submit to the insurer whose policy or contract is being replaced: i) a list of all life insurance policies or annuity contracts proposed to be replaced, as well as the policy or contract number for such policies or contracts; ii) a signed and completed "Authorization to Release Policy Information and Notification of Potential Replacement" (FCSLA NY REPLACEMENT RELEASE); iii) a request for the information necessary to complete the "Disclosure Statement" (FCSLA NY APPENDIX 10A for life insurance replacements or FCSLA NY APPENDIX 10B for annuity to annuity replacements) with respect to the life insurance policy or annuity contract proposed to be replaced. In the event the insurer whose coverage is being replaced fails to provide the information within 20 days, the agent may use, and FCSLA shall review and may accept, good faith approximations based on the information available;

(3) present to the applicant, not later than at the time the applicant signs the application, the "Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity

Contracts” (FCSLA NY APPENDIX 10C) and a completed “Disclosure Statement” (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B) signed by the agent and leave copies of such forms with the applicant for his or her records;

(4) have the applicant acknowledge that the “Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts” (FCSLA NY APPENDIX 10C) and the completed “Disclosure Statement” (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B) have been received and read; and

(5) submit with the application to FCSLA:

- i) a list of all life insurance policies or annuity contracts proposed to be replaced;
- ii) a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract;
- iii) if only FCSLA approved sales materials were used in conjunction with the sale, a completed Sales Material Verification form which is a statement signed by the agent representing that the agent used only FCSLA-approved sales materials and states that copies of all sales materials were left with the applicant. The agent shall keep one copy of the Sales Material Verification, forward one copy to FCSLA and give one copy to the applicant.
- iv) proof of receipt by the applicant of the “Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts” (FCSLA NY APPENDIX 10C) and the completed “Disclosure Statement” (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B) including the primary reason(s) for recommending the new life insurance policy or annuity contract and why the existing life insurance policy or annuity contract cannot meet the applicant’s objectives.

C. Prohibited Conduct By Agent: Agents shall not:

- i. fail to comply with this rule:
- ii. make or give any deceptive or misleading information in the “Disclosure Statement” (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B) or in any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract

- iii. in completing the application, fail to ask the applicant the pertinent questions regarding the possibility of replacement;
- iv. incorrectly record an answer;
- v. counsel an applicant to answer the question(s) with respect to replacement negatively in order to prevent notice to the insurer to be replaced; or
- vi. counsel an applicant to write directly to the insurer in such a way as to attempt to bypass such insurer's agency representation or obscure the identity of the agent replacing the life insurance policy or annuity contract; or
- vii. take any other action that would circumvent or violate the plain language or the intent of New York Regulation 60 or these policies and procedures.

6. FCSLA's Duties:

A. In conformance with New York Regulation No. 60 (11 NYCRR 51), FCSLA shall:

- (1) Inform and train our agents with respect to the requirements of New York Regulation No. 60 (11 NYCRR 51);
- (2) Require with or as part of each application, a completed "Definition of Replacement" (FCSLA NY APPENDIX 11) signed by the applicant and agent;
- (3) Maintain signed and completed copies of the "Definition of Replacement" (FCSLA NY APPENDIX 11) for six calendar years or until after the filing of the report on examination in which the transaction was subject to review by the appropriate insurance official of domicile, whichever is later; and
- (4) Require with or as part of each application a statement signed by the agent as to whether, to the best of his or her knowledge, replacement of a life insurance policy or annuity contract is involved in the transaction.
- (5) Require that all applications, forms and other replacement material be dated (time stamped) upon receipt.
- (6) Designate a principal officer specifically responsible for the monitoring and enforcement of these procedures. The officer designated is the Compliance Officer, Karen Visocan 24950 Chagrin Blvd. Beachwood, OH 44122 (800) 464-4642 ext. 1050.

(7) Notify the Superintendent of Insurance of the state of New York of any changes in these procedures or the designated principal officer within thirty days of such change.

B. FCSLA's Duties as Replacing Insurer: Where a replacement has occurred or is likely to occur, FCSLA, as the replacing insurer, shall:

(1) Require with or as part of each application a list prepared by the agent representing, to the best of his or her knowledge, all of the existing life insurance policies and annuity contracts proposed to be replaced;

(2) Require with or as part of each application a copy of any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and proof of receipt by the applicant of the "Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts" (FCSLA NY APPENDIX 10C) and the completed "Disclosure Statement" (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B);

(3) Require a completed Sales Material Verification Form signed by the agent indicating that only FCSLA approved sales materials were used in the sale of the proposed life insurance policy or annuity contract.

(4) Examine any proposal used, including the sales material used in the sale of the proposed life insurance policy or annuity contract, and the "Disclosure Statement" (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B), and ascertain that they are accurate and meet the requirements of the New York Regulation No. 60 (11 NYCRR 51) and New York Insurance Law;

(5) Within ten days of receipt of the application furnish to the insurer whose coverage is being replaced a copy of any proposal, including any sales material used in the sale of the proposed life insurance policy or annuity contract, and the completed "Disclosure Statement" (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B);

(6) Where the required forms are received with the application and found to be in compliance with New York Regulation No. 60, maintain copies of: any proposal, including the sales material used in the sale of the proposed life insurance policy or annuity contract; proof of receipt by the applicant of the "Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts" (FCSLA NY APPENDIX 10C); the signed and completed "Disclosure Statement" (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B); and the notification of replacement to the insurer whose life insurance policy or annuity contract is to be replaced indexed by agent, for six calendar years or until after the filing of the report on examination in which the transaction was subject to review by the appropriate insurance official of its state of domicile, whichever is later;

(7) Where the required forms are not received with the application, or if the forms do not meet the requirements of New York Regulation No. 60, or are not accurate, within ten days from the date of receipt of the application either have any deficiencies corrected or reject the application and so notify the applicant of such rejection and the reason therefor. In such cases, FCSLA shall maintain any material used in the proposed sale;

(8) Treat the proposed life insurance policy or annuity contract in all respects as if it were a new issuance of the life insurance policy or annuity contract subject to no differences in underwriting or in other considerations including, but not limited to: premium discount, interest rate credit, agent compensation or expenses, or incentives such as bonuses or other inducements to agents;

(9) In the event the life insurance policy or annuity contract issued differs from the life insurance policy or annuity contract applied for, ensure that the requirements of New York Regulation No. 60 are met with respect to the information relating to the life insurance policy or annuity contract as issued, including but not limited to the revised "Disclosure Statement" (FCSLA NY APPENDIX 10A or FCSLA NY APPENDIX 10B), any revised or additional sales material used and acknowledgement by the applicant of receipt of such revised material;

(10) If FCSLA issues a replacement life insurance policy or annuity contract, FCSLA shall provide to the policy or contract owner the right to return the policy or contract within sixty days from the date of delivery of such policy or contract and receive an unconditional full refund of all premiums or considerations paid on it. Payment of such refund shall be made within ten days following receipt of the policy or contract for cancellation in accordance with the right to cancellation provision of the policy or contract; and

(11) Submit all electronic reports required by the New York State Department of Financial Services required under New York Regulation No. 60 even if no instances of non-compliance existed for the period.

(12) If a replacement life insurance policy or annuity contract has been issued, provide to the policy or contract owner the right to return the policy or contract within sixty days from the date of delivery of such policy or contract and receive an unconditional full refund of all premiums or considerations paid on it. Payment of such refund shall be made within ten days following receipt of the policy or contract for cancellation in accordance with the right to cancellation provision of the policy or contract. During this period, an insurer whose policy or contract has been replaced shall reinstate or restore, without underwriting or a new contestable or suicide period, such policy or contract as of the date of replacement, upon receipt by the insurer whose policy or contract has been replaced of: (1) written proof that the replacement policy or contract has been canceled, including the

date of cancellation; (2) any funds, previously released under such replaced policy or contract; and (3) any premium or consideration due on the original policy or contract which shall be calculated from the paid-to-date. The insurer whose policy or contract has been replaced shall reinstate or restore the original policy or contract to its former status to the extent possible and in accordance with its published reinstatement rules to the extent such rules are not inconsistent with Regulation No. 60 11 NYCRR 51.

C. FCSLA's Duties as Existing Insurer: Where a replacement is involved and another company is replacing or proposing to replace a FCSLA policy, FCSLA shall:

(1) Maintain copies of all notifications and materials from replacing insurers notifying FCSLA of a replacement or proposed replacement. The materials shall be kept for six calendar years or until after the filing of the report on examination in which the transaction was subject to review by the appropriate insurance official of domicile, whichever is later; and

(2) Within twenty days of receipt of a request from a New York licensed agent or broker for information necessary for completion of the "Disclosure Statement" with respect to a life insurance policy or annuity contract proposed to be replaced, together with proper authorization from the applicant, furnish the required information simultaneously to the agent of record of the existing life insurance policy or annuity contract being replaced and the agent and insurer replacing the life insurance policy or annuity contract.

7. FCSLA Forms: FCSLA and its agents shall use the following forms when completing any replacements or proposed replacements for the state of New York which are attached hereto:

- i) DEFINITION OF REPLACEMENT (FCSLA NY APPENDIX 11);
- ii) DISCLOSURE STATEMENT (FCLSA NY APPENDIX 10A);
- iii) DISCLOSURE STATEMENT ANNUITY TO ANNUITY REPLACEMENT ONLY (FCLSA NY APPENDIX 10B);
- iv) IMPORTANT NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS (FCSLA NY APPENDIX 10C);
- v) AUTHORIZATION TO RELEASE POLICY INFORMATION AND NOTIFICATION OF POTENTIAL REPLACEMENT (FCSLA NEW YORK REPLACEMENT RELEASE); and
- vi) SALES MATERIAL VERIFICATION.

EFFECTIVE JULY 3, 2013