

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

First Catholic Slovak Ladies Association of the United States of America
24950 Chagrin Blvd., Beachwood, OH 44122 • (800) 464-4642 • www.fcsla.org

NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE AND ANNUITIES

You have indicated that you intend to replace existing life insurance or annuity coverage in connection with the purchase of our life insurance or annuity policy. As a result, we are required to send you this notice. Please read it carefully.

Whether it is to your advantage to replace your existing insurance or annuity coverage, only you can decide. It is in your best interest, however, to have adequate information before a decision to replace your present coverage becomes final so that you may understand the essential features of the proposed policy and your existing insurance or annuity coverage.

You may want to contact your existing life insurance or annuity company or its agent for additional information and advice or discuss your purchase with other advisors. Your existing company will provide this information to you. The information you receive should be of value to you in reaching a final decision.

If either the proposed coverage or the existing coverage you intend to replace is participating, you should be aware that dividends may materially reduce the cost of insurance and are an important factor to consider. Dividends, however, are not guaranteed.

You should recognize that a policy which has been in existence for a period of time may have certain advantages to you over a new policy. If the policy coverages are basically similar, the premiums for a new policy may be higher because rates increase as your age increases. Under your existing policy, the period of time during which the issuing company could contest the policy because of a material misrepresentation or omission concerning the medical information requested in your application, or deny coverage for death caused by suicide may have expired or may expire earlier than it will under the proposed policy. Your existing policy may have options which are not available under the policy being proposed to you or may not come into effect under the proposed policy until a later time during your life. Also, your proposed policy's cash values and dividends, if any, may grow slower initially because the company will incur the cost of issuing your new policy. On the other hand, the proposed policy may offer advantages which are more important to you.

If you are considering borrowing against your existing policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your existing policy thereby reducing your total insurance coverage.

After we have issued your policy, you will have 20 days from the date the new policy is received by you to notify us you are canceling the policy issued on your application and you will receive back all payments you made to us.

You are urged not to take action or terminate or alter your existing life insurance until you have been issued the new policy, examined it and have found it acceptable to you.

Name of Insured

Existing Insurance Company

Policy Number

Date _____

Applicant's Signature _____

Date _____

Agent's Signature _____

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NOTICE REGARDING REPLACEMENT OF LIFE INSURANCE AND ANNUITIES

Definition: Replacement is any transaction where, in connection with the purchase of new insurance or annuity coverage, you lapse, surrender, convert to paid-up insurance, place on extended term, reduce benefits or term of coverage, reduce cash value or borrow all or part of the policy loan values on an existing insurance policy or annuity.

In connection with the purchase of this coverage, IF YOU HAVE REPLACED OR INTEND TO REPLACE your present life insurance or annuity coverage, you should be certain that you understand all of the relevant factors involved.

You should BE AWARE that you may be required to provide *evidence of insurability* and

- (1) If your HEALTH condition has CHANGED since the application was taken on your present policies, you may be required to pay ADDITIONAL PREMIUMS under the NEW POLICY, or be DENIED COVERAGE.
- (2) Your present occupation or activities may not be covered or could require additional premiums.
- (3) The INCONTESTABLE and SUICIDE CLAUSE will begin anew in a new policy. This could RESULT in a CLAIM under the new policy BEING DENIED that would otherwise have been paid.
- (4) Current law DOES NOT require your present insurer(s) to REFUND any premiums.
- (5) It may be to your advantage to OBTAIN INFORMATION regarding your existing policies from the insurer or agent from whom you purchased the policy. Your existing company will provide this information to you.

CAUTION: If after studying the information available to you, you decide to replace your existing life insurance or annuity coverage with our policy, you are urged not to take any action to terminate or alter your existing coverage until after you have been issued the new policy, examined it and found it to be acceptable to you. If you should terminate or otherwise materially alter your existing coverage and fail to qualify for the life insurance or annuity coverage for which you have applied, you may find yourself unable to purchase other life insurance or annuity coverage or be able to purchase it only at substantially higher rates.

INSURANCE COMPANY INSURER'S MAILING DATE:

Pennsylvania

For Pennsylvania there is one state-specific replacement form, the Notice Regarding Replacement of Life Insurance (“Replacement Form”). It is to be used as follows:

If the certificate to be purchased is to replace an existing policy, the agent should review the Replacement Form with the client and both the client and the agent need to sign the form. The agent should leave one copy with the client, keep one and return one to us.

The Agent should also complete the Sales Materials Verification Form and keep one copy and return one to us.

REPLACEMENT PROCESS:

1. Our application asks if the new cert will replace an old one. If the answer is YES, the applicant must be given the Replacement Form which should be filled out by the agent (or client) and signed by both the Agent and the client. One copy should stay with the client, the agent should keep one copy and we should get one copy.
2. The Agent should also complete the Sales Materials Verification Form and keep one copy and return one copy to us.
3. Once we receive the Replacement Form, within 5 business days, we must send the existing insurer a copy of the Replacement Form and in the case of a life insurance replacement, we must also send a disclosure statement or policy description.
4. Record keeping: copies of all of the above replacement notices must be kept for a period of three years or until our ODI Examination following the replacement (whichever time period is longer).
5. The certificate issued must include a statement (either prominently printed on the first page of the policy or attached as a notice to the policy that there is a 20 day right to an unconditional refund of all premiums paid (starting from delivery date).