

Life Insurance and Annuity Sales

Doing the **Right Thing**

2017 Compliance Guidelines



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AMERICO

Americo Financial Life and Annuity Insurance Company is committed to helping you build your business in a compliant and ethical manner. We have compliance programs that are focused on helping 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 Americo’s specific guidelines. 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 specifics.

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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 Americo Sales Support at 800.231.0801.

Advertising Guidelines

Americo Home Office approval is required for all advertising materials. This includes advertisements that may not specifically reference Americo or our products by name, but will be used for solicitation of our products.

According to your Agent Application and Agent Agreement, you must obtain written approval for any advertisement used to solicit Americo products before use. State insurance regulations require us to monitor all advertising. In addition, you must keep copies of all materials, including any items that support the statements in your advertisements.

Due to the changing nature of regulations governing insurance advertisements, Home Office approval is valid for up to 12 months. This time period will be shorter if there are any product or rate changes. After 12 months, or after a change to a product, you must resubmit for approval if you intend to continue using the material.

What is Advertising?

The National Association of Insurance Commissioners (NAIC) defines advertising as any communication “designed to create public interest in life insurance or annuities, or in an insurer, or in an insurance producer; or to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a policy.”
- NAIC, Volume 3, Life Insurance, Advertisements of Life Insurance and Annuities Model Regulation.

It includes, but is not limited to, the following:

- ▶ Brochures, flyers, leaflets, prospecting letters, form letters, lead cards, outer envelopes, and mail stuffers
- ▶ Material used in direct mail, newspapers, magazines, billboards, and posters
- ▶ Internet websites, email and any form of ecommunications, and ecommerce
- ▶ Radio ads, television ads, telephone scripts, telemarketing scripts, and DVDs
- ▶ Seminars and seminar invitations
- ▶ Proposals and illustrations, including supplemental spreadsheets and pages
- ▶ Agent training and presentation material
- ▶ Agent recruiting materials and ads

Obtain Home Office Approval

Secure approval before investing money in development costs, ad space, or airtime. Submit proposed ads to the Marketing Support Department and allow approximately 15 business days for review. One-page ads may be approved in as little as five business days depending on the extent of the content. Multiple-page ads and training materials may take longer. Some states may require ad approval by the state Department of Insurance prior to use. Approval may take an additional 30 to 60 days, and is not guaranteed.

Send your advertising for review to marketing.support@americo.com or fax to 816.391.2387.

We will assign the reviewed advertising piece a unique form number upon submission. This form number is used to track your materials so a history of any piece you submit can be maintained.

Submissions should be completed and in writing. Be sure to include everything that will be used in the sale of an Amerigo product. This includes scripts for presentations and outer envelopes for mailings.

Include the Company's Full Name and Address

Any materials that reference Amerigo or our products must include our full company name (not just the initials or a shortened version) and city/state. For example:

Amerigo Financial Life and Annuity Insurance Company (Amerigo), Kansas City, MO

Clarify You're Selling a Life Insurance or Annuity Product

This is the most important requirement for any ad. The type of product, such as term life insurance, universal life insurance, or flexible premium deferred annuity, must be prominent. In ads with a large amount of content, we generally require a disclosure on the first page that explains the ad as it pertains to life insurance or annuities.

If the ad promotes a specific product or rider, the ad must include the product/rider's formal name and the policy series number (usually in a footnote).

For example, an ad about our term life product, Home Mortgage Series, should include the following information:

"Amerigo Financial Life and Annuity Insurance Company (Amerigo), Kansas City, MO, is authorized to conduct business in the District of Columbia and all states except NY and VT. Home Mortgage Series (Policy Series 296/297/301/302) is underwritten by Amerigo. Riders are optional and available for an additional charge and vary according to state law. Consult policy and riders for all limitations and exclusions. Certain restrictions apply."

Always be Clear, Complete, and Accurate. Keep the Information Balanced:

- ▶ If a non-guaranteed feature is mentioned, such as preferred loans or interest rates, you must disclose that it is not guaranteed and state how long non-guaranteed rates are available.
- ▶ Policies issued on a guaranteed basis or issued with a modified or graded death benefit often require state-specific disclosures. Contact Amerigo for information.
- ▶ If promoting add-on benefits and riders, include a disclosure stating they are optional and available for an additional charge.
- ▶ Ads may not mention state guaranty associations or imply state or Federal government endorsements. Do not use emblems or symbols that imply state or Federal government endorsements.
- ▶ Advertisements for use in multiple jurisdictions should note the product is not available in all states if that is the case. Avoid the impression that the agency or company is licensed to do business where it is not by indicating where you are licensed in ads that cover multiple jurisdictions.
- ▶ Always include your address and contact information. Some states require agents and agencies to disclose their license number.
- ▶ Ads may not compare life insurance and annuities to savings accounts, certificates of deposit, or any other financial instruments in such a way as to be misleading or deceptive. Any such comparisons must be complete and accurate.
- ▶ Ads may not describe provisions and benefits without fairly and accurately describing all limitations, exceptions, or reductions of benefits.

- ▶ Ads should use correct spelling, grammar, punctuation, style, and tone, as well as create an overall positive impression of the company and the product.
- ▶ All disclaimers and disclosures must be clear, conspicuous, and in a legible font.

Be Careful How You Use Professional Titles

If you are licensed and acting in the capacity of a life insurance agent, do not describe yourself as a “financial consultant,” “advisor,” “counselor,” “planner,” or “benefit specialist” unless you are trained and have earned such a designation. Persons with special training and certification, such as a Chartered Financial Consultant (ChFC), generally can use such credentials in advertising, although several states have stringent rules governing such use.

In addition, the use of professional or senior designations in the sales process and in advertisements 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 your state’s regulations. Make sure that you understand and comply with the laws of the states in which you solicit business.

Use Statistics and Ratings Properly

Statistics and ratings must be factual, recent (within the past five years), relevant, and should show dates as well as sources. Our current financial information and ratings are updated and available on www.americo.com. For example: Rating for Americo Financial Life and Annuity Insurance Company (Americo), 2014. Americo Financial Life and Annuity Insurance Company has a financial strength rating of A (Excellent, 4th out of 15 rating categories.) A.M. Best’s rating is assigned after a comprehensive quantitative and qualitative evaluation of a company’s balance sheet strength, operating performance, and business profile. A.M. Best uses a scale of 15 ratings, ranging from “A++” to “F.”

References to Taxation Require Special Care

Ads should not unduly emphasize the tax advantages of life insurance products. Using qualifying language such as “in most cases,” “within certain guidelines,” and “our understanding of current tax law” may be helpful when discussing tax treatment. If an ad covers policy loans, withdrawals, or face changes, we typically require disclosures that these transactions may have tax consequences.

If tax issues are referenced in your ad, 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.”

Never Suggest Government Sponsorship or Endorsement

Do not use terminology or symbols that might imply any government connection or endorsement. Ads that discuss government programs such as Social Security or veterans’ benefits, or that use symbols closely identified with the government, such as military insignias, stars and stripes, eagles, or pictures of Uncle Sam, are prohibited. Also, envelopes or packaging that imply a government affiliation are prohibited.

“State laws require Amerigo to monitor all advertising, which is why we require you to submit all advertising to us for review and approval prior to use.”

Avoid Using Misleading Terms such as:

- ▶ “Deposits” or “contributions” when you mean premiums.
- ▶ “Savings,” “equity,” or “investment” when referring to policy descriptions or account features.
- ▶ Words that suggest absolutes, such as “least,” “most,” “best,” “finest,” “unique,” “lowest,” “highest,” “all,” “ideal,” “guaranteed,” “complete,” or “never” unless clearly described and substantiated.
- ▶ “Plans,” “investments,” “savings plans,” “retirement or pension plans,” or “college funding plans” when you are referring to life insurance policies or annuities.

While this list of prohibited terms is not all-inclusive, it provides an idea of what type of words are viewed as misleading or absolutes.

Treat the Competition Fairly

Ads cannot disparage other insurers, financial institutions, their representatives, or their products. Unfair or incomplete comparisons of products, rates, values, or benefits will not be approved.

Indexed Product Ads have Special Requirements

Advertising of indexed products is highly regulated. The regulations are lengthy and vary by state. Be sure to check your state’s regulations when developing your advertising for these products.

Internet Advertising

Insurance Department advertising regulations apply to all Internet advertising. You must submit any advertising you would like to post to the Internet, including websites, to Amerigo for written approval. Amerigo does not allow the use of social media, or specific websites (e.g., Facebook, Twitter, Craig’s List, Linked In) to market our products or recruit agents to sell Amerigo products.

Some additional requirements are unique to Internet advertising. Please take these guidelines into consideration before submitting your Internet advertising or website for review:

- ▶ The website or Internet advertisement must contain the name of the person or entity contracted to represent Amerigo, as well as a business address and phone number.
- ▶ If the website is intended for agents only, this should be clearly noted on each page.
- ▶ The website or Internet advertisement must disclose the states where the person or entity is (or is not) licensed and contracted to solicit insurance products. (Example: XYZ Agency is licensed in WA, CA, & OR).
- ▶ The website must include the agent’s license number in certain states.
- ▶ All Amerigo product descriptions and information posted must be submitted for review.

- ▶ All Americo product descriptions and information must be updated immediately upon notification of product or rate changes, availability, and other information as required.
- ▶ Any changes in website material must be documented before the website is updated. Screen prints or screen “shots” must be dated, printed, and kept in your own advertising compliance files.
- ▶ Websites that provide time-sensitive information must have a revision or a “last changed” date.

Lead Letters and Postcards

Letters, postcards, and envelopes that are used to generate leads must be approved in writing and prior to use by Americo, even if Americo’s name is not specifically mentioned. Several states have specific requirements regarding lead letters. For example, the inclusion of a lender name is prohibited in many states. Other states prohibit the lender name from appearing in the window of the envelope. The use of lead letters, even if they are coming from a lead generation company, should be monitored closely. Several states have imposed steep penalties on agents using unapproved or misleading letters. Monitor your state requirements closely and be sure to send all letters, postcards, and envelopes for prior approval.

Pre-approved advertising

We offer many pre-approved ads for your use. These ads can be customized with your information and are compliance approved. Call Americo Sales Support at 800.231.0801 to find out more!

The collage displays four distinct advertising pieces:

- Term & Universal Life:** Features a chalkboard with math problems (3+3=6, 4+4=8) and the headline "IMPORTANT THINGS IN LIFE DO NOT HAVE TO BE COMPLICATED. KEEP IT SIMPLE WITH SIMPLIFIED ISSUE TERM & UNIVERSAL LIFE".
- Home Mortgage Series:** Includes a photo of a family and the headline "Home Mortgage Series". It describes a mortgage product with features like "The money in your family income tax-free, in the case of your death" and "Available in 30, 15, or 10 year guarantee periods".
- LifeCrest Index:** A table titled "LifeCrest Index" with the subtitle "compliance product for your mortgage portfolio". It lists various mortgage types and their compliance status.
- How can you ensure that you won't be a burden to your loved ones after you're gone?:** Features a photo of red maple leaves and asks the question "How can you ensure that you won't be a burden to your loved ones after you're gone?".

The Americo logo is visible at the bottom of the collage.

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 Americo 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 Americo 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 Americo within 48 hours.

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

Any certifications achieved outside of LIMRA can be submitted to Americo’s Licensing Department in one of the following ways:

Fax: 800.395.9238

Email: NBDI@americo.com

Mail: PO Box 410288,
Kansas City, MO 64141

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 Financial Life and Annuity Insurance Company 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 Americo 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 Americo (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 Americo Sales Support 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.

- ▶ Be aware of red flags.
- ▶ Report any suspicious activity to Americo's Compliance Officer.

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 Americo Sales Support 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 Home Mortgage Series. 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.

Customer Complaints

If Americo receives 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, Americo requires that you forward that complaint immediately to:

Americo Financial Life and Annuity Insurance Company
Attn: Compliance Department
300 W. 11th Street
Kansas City, MO 64105

Fax: 816.394.2624

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.

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 Americo Sales Support at 800.231.0801.

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. 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 pended 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.

**KNOW THE
RULES!**



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 Americo's Compliance Officer, Becky Criswell at 816.391.2352 and be prepared to supply as much information as possible.

Privacy

Protecting Your Client's Personal Information

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 personal information on clients 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.

Good communication and adherence to privacy guidelines are good business practices.

There are often relevant business reasons for you to have information on policyholders for whom you are not the agent-of-record. 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 Americo 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 Americo. 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 agent of record 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.

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")

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 disclosure referenced on page 6.

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 Americo and as an agent you should not take part in any STOA arrangements.

Rebating

Americo 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 Americo 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 Americo. 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 Americo’s replacement policies.

Conflicts of Interest – Prohibited Practices

The following activities are considered conflicts of interest and are strictly prohibited by Americo:

- ▶ 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 or annuitant for a client’s life insurance or annuity contract, other than one insuring you or a close family member.

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.

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. Amerigo 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.amerigo.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.amerigo.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.

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.

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.

Sources for More Information:

www.fcc.gov
www.ftc.gov
www.donotcall.gov

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.



Americo Financial Life and
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About Amerigo

For over 100 years, Amerigo Life, Inc.'s family of insurance companies have been committed to providing the life insurance and annuity products you need to protect your mortgage, family, and future.¹ We listen to what you want from an insurance policy or annuity and do our best to provide a proper solution for your individual situation.

Innovative thinking and sound investment decisions have helped us build a strong financial foundation for our business. Today, Amerigo Financial Life and Annuity Insurance Company is the lead company in one of the largest independent, privately held insurance groups in the United States² with \$6.3 billion in assets for year-end 2016.³

¹Americo Life, Inc. is a holding company and is not responsible for the financial condition or contractual obligations of its affiliate insurance companies.

²"Admitted Assets, Top Life Writers-2016," A.M. Best Co., as of September 2016.

³Information is as of year end 2016 on a consolidated basis for Amerigo Financial Life and Annuity Insurance Company and the other life insurance subsidiaries of Amerigo Life, Inc., unless otherwise indicated. Information is prepared on the basis of generally accepted accounting principles (GAAP).

Important Information

Americo Financial Life and Annuity Insurance Company is authorized to do business in the District of Columbia and all states except NY and VT.

Neither Amerigo Financial Life and Annuity Insurance Company nor any agent representing Amerigo Financial Life and Annuity Insurance Company is authorized to give legal or tax advice. Please consult a qualified professional regarding the information and concepts contained in this material.

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