

# Replacement Appropriateness Agent Verification Form 12-108-1 (07/13)



***This form must be completed and submitted when replacing an existing policy or contract in the following states: AK, AL, AZ, AR, CO, CT, HI, IA, KY, LA, ME, MD, MT, NE, NH, NJ, NM, NC, OH, OR, RI, SC, SD, TX, UT, VA, WV, WI. See Americo.com for state updates.***

Americo Financial Life and Annuity Insurance Company regularly advises appointed agents of the need to fully evaluate replacement recommendations. Replacements should only occur when it is in the client's best interest and when the client fully understands both the benefits and any disadvantages of the product change. Americo expects each agent proposing a replacement to evaluate the appropriateness of the replacement according to the following guidelines, and any other factors relevant at the time of the sale. For each replacement, the product replacing an existing policy or contract must meet the client's needs and objectives, the agent must fully explain the product, including a discussion of the advantages and disadvantages of replacement, all state required replacement disclosures must be read aloud, where required, and/or reviewed and forms completed by the client and agent, and sales materials used to explain the product or justify the replacement must be left with the client. Clients have the right to make an informed decision regarding replacements. The agent's role in a replacement sale is to make sure the client is armed with the information he/she needs.

As an agent, you must also consider any alternatives to replacement that may meet your client's needs. You should present your client with all options to weigh against the replacement of his/her existing product. For example, the client may be able to update an existing policy to provide better cash value growth. The client may also benefit from keeping the existing policy and purchasing another product to fill in for additional needs. Determine if the client qualifies for a rating re-classification, which could lower his/her premiums. In some cases, considering an alternative may still meet the definition of a replacement, but would ultimately be a better solution for the client instead of lapsing an existing product for another.

By signing below, you confirm that you have discussed the following factors, where applicable, with each customer prior to completing a sale involving the replacement of an existing policy or contract:

- Reduction of current cash value due to new acquisition costs
- Length of time needed to recover the costs associated with the proposed policy or annuity contract
- Tax implications discussed, if any, and client advised to consult a professional tax or financial advisor
- Impact on client's immediate liquidity needs
- Surrender charge schedule on existing and proposed policy or annuity contract
- Potential increase in cost of insurance due to insured's increased age or health at the time of replacement
- Available riders and their associated costs/benefits
- Financial status of the client and retirement income needs
- Circumstances under which the existing and proposed policy could lapse
- Duration of coverage under the existing and proposed policy
- Differences in features and benefits between the existing and proposed coverage or annuity contract
- Differences in loan features between the existing and proposed coverage or annuity contract

## Agent Verification

I hereby certify that in proposing the replacement to the client, I have reviewed each of the above factors and other considerations with said client and discussed all advantages and disadvantages of the proposed replacement. I am submitting all required state replacement forms, and confirm that each form has been reviewed with the client and answered truthfully. I have determined and confirmed with the client that the existing policy or contract no longer meets their needs and objectives, and that the proposed replacement is appropriate in accordance with this Replacement Appropriateness - Agent Verification and state law. I have left copies of the company-approved advertising with the client and have also identified the materials I used on the relevant replacement forms.

\_\_\_\_\_  
Agent's Name

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date

Proposed Insured/Annuitant: \_\_\_\_\_