Replacement Appropriateness

Agent Verification Form 12-108-1 (05/17)

AMERICO®

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, MO, 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:________________________________

Important Notice:

Replacement of Life Insurance or Annuities

AAA8327 (2008)

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Important Note - This document must be signed by the applicant and the agent, if there is one, and a copy left with the applicant. Application and Replacement Notice must be signed on the same date.

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A *replacement* occurs when a new policy or contract is purchased and, in connection with the sale, you discontinue making premium payments on an existing policy or contract, or an existing policy or contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A *financed* purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the policy values, including accumulated dividends, of an existing policy to pay all or part of any premium or payment due on the new policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interest. You will pay acquisition costs and there may be surrender costs deducted from your policy or contract. You may be able to make changes to your existing policy or contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing policy or contract and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements before you make your purchase decision and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing policy or contract? .... ☐ Yes ☐ No
2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract? .... ☐ Yes ☐ No

If you answered "Yes" to either of the above questions, list each existing policy or contract you are contemplating replacing (including the name of the insurer, the insured or annuitant, and the policy or contract number if available) and whether each policy or contract will be replaced or used as a source of financing:

Insurer Name	Contract or Policy #	Insured or Annuitant	Replaced (R) or Financing (F)
1.			
2.			
3.			

Make sure you know the facts. Contact your existing company or its agent for information about the old policy or contract. If you request one, an in force illustration, policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and retain all sales material used by the agent in the sales presentation. Be sure that you are making an informed decision.

The existing policy or contract is being replaced because:

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I certify that the responses herein are, to the best of my knowledge, accurate:

Applicant's Signature   Applicant's Printed Name   Date

Agent's Signature   Agent's Printed Name   Date

I do not want this notice read aloud to me________ (Applicants must initial only if they do not want the notice read aloud.)

SALES MATERIAL CERTIFICATION

☐ I certify that I used the following company-approved and/or individualized marketing materials, including any electronically presented materials, in my presentation (list form numbers below).

☐ I certify that I did not use any marketing materials in my presentation.

By signing below, I certify that the information above is correct and that I left copies of all sales materials used in my presentation with the applicant.

Agent's Signature   Agent's Printed Name   Date

Important Note: Application and replacement notice must be signed on the same date.

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing policy or contract and the proposed policy or contract. One way to do this is to ask the company or agent that sold you your existing policy or contract to provide you with information concerning your existing policy or contract. This may include an illustration of how your existing policy or contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

PREMIUMS:
- Are they affordable?
- Could they change?
- You're older - are the premiums higher for the proposed new policy?
- How long will you have to pay premiums on the new policy? On the old policy?

POLICY VALUES:
- New policies usually take longer to build cash values and to pay dividends.
- Acquisition costs for the old policy may have been paid; you will incur costs for the new one.
- What surrender charges do the policies have?
- What expense and sales charges will you pay on the new policy?
- Does the new policy provide more insurance coverage?

INSURABILITY:
- If your health has changed since you bought your old policy, the new one could cost you more, or you could be turned down.
- You may need a medical exam for a new policy.
- Claims on most new policies for up to the first two years can be denied based on inaccurate statements.
- Suicide limitations may begin anew on the new coverage.

IF YOU ARE KEEPING THE OLD POLICY AS WELL AS THE NEW POLICY:
- How are premiums for both policies being paid?
- How will the premiums on your existing policy be affected?
- Will a loan be deducted from death benefits?
- What values from the old policy are being used to pay premiums?

IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:
- Will you pay surrender charges on your old contract?
- What are the interest rate guarantees for the new contract?
- Have you compared the contract charges or other policy expenses?

OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:
- What are the tax consequences of buying the new policy?
- Is this a tax free exchange? (See your tax advisor.)
- Is there a benefit from favorable "grand-fathered" treatment of the old policy under the federal tax code?
- Will the existing insurer be willing to modify the old policy?
- How does the quality and financial stability of the new company compare with your existing company?