



OM Financial Life Insurance Company
OM Financial Life Insurance Company of New York
(Collectively referred to herein as the "Company")

Introduction

A reputation for fair dealing and integrity is essential to the long-term success of insurers and their producers who sell products to help meet the needs of their customers. We achieve that goal by striving to comply with both the letter and the spirit of laws and regulations impacting our business. This is a shared commitment between the Company and our Producers. Producers shall, among other things, acknowledge receipt and agree to be bound to the terms of a Producer Agreement with the Company, this Market Conduct Guide, and the Company's Code of Ethical Conduct. Failure of a Producer to meet the standards of this Guide or the Code of Ethical Conduct, or to abide by the terms of the Producer Agreement may, at the Company's sole discretion, result in disciplinary or remedial action, including termination of the Producer's appointment with the Company.

This Market Conduct Guide establishes standards of conduct for Producers appointed by the Company. The goal of this Market Conduct Guide is to provide concise, understandable and usable information and guidance for the Producer. This Guide may not always reflect the complexity and changes of insurance regulation, so this Guide is sometimes only a summary and not definitive guidance. Whenever you have questions about a compliance issue and cannot find the answer in the Guide, please call your designated representative at our Sales Support line at 1-800-445-6758 or the specified contact person for your distribution channel. If you are unsure about whom to call or if you do not receive a clear answer, please call the Law and Compliance Department in the Home Office at 1-888-697-5433.

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I. Suitability

The Company expects Producers to treat customers fairly and honestly. Producers are expected to recommend and sell the Company's products based upon customer need. The professional designations used by the producers to sell our products must be authentic and representative of an accredited organization.

To identify a customer's need for an insurance or annuity product, we require Producers to make a "needs based" analysis of financial and other information known about the consumer at the time of sale. When a Producer makes a recommendation for one or more of the Company's products, our expectation is that the Producer has made a reasonable effort to gather information necessary to make a suitable recommendation to the consumer, and that the consumer has a need for the product.

The Company has developed Suitability Procedures to assist Producers in making sure recommendations are appropriate for the client. We have also developed an Annuity Suitability Acknowledgement Form that the Producer is required to fill out with the consumer and return with every annuity application at the time of sale. This Form gathers background information about, among other things, the consumer's financial experience, assets and liabilities, risk tolerance and liquidity needs. We require this Form to certify that the product being applied for is suitable for the client at the time of sale, and to protect the interests of the consumer, the Producer, and the Company.

II. Replacements

When replacing a customer's existing life insurance policy or annuity with a new product, the Producer must confirm and document that the replacement is suitable for the consumer. The replacement analysis is frequently governed by specific state requirements, including collecting information about the old product, including surrender charges, and using state mandated replacement forms where required. The guiding principle in replacement transactions is that the transaction should not be made unless there is a reasonable basis that it is in the customer's interest. Replacements contrary to the customer's interest and made for the purpose of generating sales commissions for the Producer are inappropriate and unacceptable. **Producers are required to refrain from initiating any replacement sale unless the Producer believes, taking into account all relevant factors such as application of surrender charges on the replaced policy, that the customer will benefit from the transaction.**

"Replacement" means any transaction in which a new insurance policy is to be purchased, and the Producer knows or should know that an existing insurance policy has or will be:

- Lapsed, forfeited, surrendered or partially surrendered, or otherwise terminated;
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values;
- Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
- Reissued with any reduction in cash value; or
- Surrendered, borrowed against, or withdrawn from in order to purchase a new insurance policy or annuity.

Most states also define "replacement" to include internal replacements of policies issued by the same insurer. With the exception of a policy change or exercise of a conversion privilege under the terms of the existing insurance policy, replacement laws and regulations apply to any transfer or exchange from any policy to another.

Duties of Producers

All Producers must complete the application for an insurance policy in its entirety, including the section regarding replacement of existing insurance, which requires both the Producer and applicant to sign, verifying whether a replacement of an existing policy or contract is involved.

With respect to replacements involving the Company's products, the Producer shall:

- Provide the applicant with a "Notice Regarding Replacement," or any other form required by the state, to be signed by both the applicant and the Producer and left with the Applicant. Producers are required to send a copy of the completed replacement form to the Home Office along with the application. Forms for each state are available from the Company.
- Record on the application and the Notice of Replacement form a list of all existing insurance policies to be replaced and properly identified by name of insurer, the insured, and contract number.
- Leave with the applicant a copy of any and all sales materials including illustrations, if applicable and/or used at the time the application is taken.

III. Applications Taken In A State Other Than State Of Insured's Residence

Applications must be taken and signed in the applicant's state of residence except in those limited circumstances set forth below. The crossing of state lines by a producer or client for the purpose of selling or purchasing insurance products other than in those limited circumstances set forth below violates OMFN policy and may contravene state regulation. Producers found to have engaged in this practice may be terminated in accordance with Section 26 of the Producer's Agreement.

The Company recognizes that out-of-state applications may be acceptable in certain limited circumstances. These are limited to the following circumstances:

- A sale to a client who maintains a secondary residential address in the state where the application was signed, and delivery of the policy is taken in the same state where the application was signed;
- A sale to a client who maintains a business or works in a business located in the state where the application was signed, and delivery of the policy is taken in the same state where the application was signed; or
- A sale to a client where the solicitation of the policy occurred in the state where the application was signed, and delivery of the policy is taken in the same state where the application was signed and, further provided, that the Producer making the sale maintains a permanent office in the same state.

A Producer submitting an application taken in a state other than the applicant's state of residence must submit a written explanation (NEXUS Confirmation Form) of the facts regarding reasons for the address discrepancy, to be submitted with the application.

IV. Producer Licensing, Appointment, Commissions And Education Requirements

General Requirements

All 50 states and the District of Columbia have laws requiring licensing of persons engaged in the business of selling insurance. In addition, most states require that even after a business or individual has obtained a producer's license, the producer may not represent an insurance company unless the producer is specifically designated, or "appointed," by the insurance company to sell its products.

These licensing and appointment requirements are prominently stated in the Company's Producer Agreement, which contains a representation that the Producer is properly licensed and authorized to sell the types of contracts covered by the agreement. When there is doubt concerning licensing and appointment requirements, Producers are encouraged to call Sales Support at the Home Office or the specified contact person for the appropriate distribution channel for guidance.

Producers are responsible for obtaining and maintaining licenses in every state, or the District of Columbia, where they are selling insurance for either OM Financial Life or OM Financial Life of NY. This includes completing the continuing education required by the department(s) of insurance in the relevant jurisdictions(s), and notification of any relevant changes in licensing status.

Resident and Non-Resident Licenses

Producers must be licensed in each state where they do business. To be legally entitled to conduct an insurance business in the Producer's state of residence, the Producer must apply for and obtain a license in that state. In addition, many states require that any non-resident maintain a license in their state of residence, even if the Producer does not engage in any sales activity in their state of residence.

Producers must also observe the licensing requirements of any other jurisdiction in which they do business. It frequently happens that a Producer residing near the border of one or more other jurisdictions sells insurance products in both the Producer's state of residence and the adjoining states. It is generally understood that a Producer will be subject to licensing in all states where he or she solicits or negotiates insurance sales, delivers contracts, collects premiums, or has an office for the conduct of an insurance business. Where there is a doubt concerning the necessity of obtaining a nonresident license, Producers are urged to contact the relevant insurance regulator for that jurisdiction, or call Sales Support or the specific contact person for the appropriate distribution channel.

Appointment

Producers must also be appointed with the Company to solicit business or take applications for the Company's products. State laws may differ on the precise timing of appointments and the actions that Producers may take before appointments are filed with the state insurance department, so contact Sales Support with any questions.

As a part of the appointment process, the Company performs criminal and civil background checks on all Producers. One of the reasons for performing a criminal background check is to satisfy the Company's obligations under the Federal Violent Crime Control Act ("FVCCA"). The FVCCA makes it a felony for a company engaged in the business of insurance to willfully permit the participation of a person who has previously been convicted of a felony crime involving dishonesty or a breach of trust. Producers should note that the FVCCA contains no "grandfather" provision for persons already working in the business of insurance. The FVCCA effectively makes it a crime for any insurance company or its subcontractors to continue to do business with an individual after the company or subcontractor learns of a conviction. In addition, the Company reserves the right to terminate or decline a Producer's appointment for criminal history beyond that covered under the FVCCA.

Commissions and Continuing Education

It is the Company's policy to pay commissions only to Producers who have satisfied applicable licensing and appointment requirements. In addition, most states have adopted continuing education requirements that vary by jurisdiction. In order to maintain state licenses, Producers must stay informed and up-to-date on continuing education requirements in all states where they do business.

V. Sales & Marketing Material Compliance Requirements

Communications to those that distribute our products and to the general public must be accurate, informative and creative, and must represent the highest standards of ethics and integrity, balanced and appropriate disclosure and compliance. The Company's Sales & Marketing Material Compliance Policies & Procedures ("Marketing Material Procedures") encompass regulatory requirements and best practices governing sales and marketing material, most notably NAIC Model Advertising Rules adopted by most states and, for variable products, FINRA content standards.

Material subject to these requirements

Material subject to these requirements includes any public or producer-use-only material created or used by the Company or any Producer, regardless of the type of media, delivery medium or method of distribution, that is designed to:

1. create interest among the public or any producer of insurance products in the Company or its products;
2. induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace, or retain a Company policy; or
3. train or solicit any Producer to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a Company policy.

Such materials subject to our review *include*, but are not limited to, these specific kinds of materials, regardless of who prepares them (including materials prepared by or purchased from independent parties):

1. Printed and published material, audio/visual material, and descriptive literature used in direct mail, newspapers, magazines, directory ads, telephone yellow page ads, radio and television scripts, web sites and other Internet and Intranet displays or communications, other forms of electronic communications, billboards, and similar displays.
2. Descriptive literature and sales aids of all kinds, including but not limited to circulars, leaflets, booklets, depictions, illustrations, and form letters and lead-generating devices of all kinds.
3. Material used for the recruitment, training, and education of a producer and used or designed to be used to directly induce the public or to train producers to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, or replace a Company policy.
4. Prepared sales talks, presentations, and related material, including training material.
5. Solicitation material included with a policy upon policy delivery and material used in the solicitation of renewals and reinstatements unless it is purely factual and administrative and contains no promotional language.

Such materials *not* subject to our review include:

1. Communications with policyholders that do not urge policyholders to purchase, increase, modify, reinstate, or retain a Company policy. However, if as a secondary purpose the piece mentions benefits or features of a Company policy, the piece must be submitted for review and approval under the Marketing Material Procedures.
2. Individualized correspondence from an agent to a single prospect or policy owner, although a substantially similar letter being sent to more than one such prospect or policy owner will generally be considered to be a form letter that is subject to review and approval under the Marketing Material Procedures.

Producer-use-only material subject to this requirement is material designed to be used only with and to only be seen by, insurance-licensed producers (and also securities-licensed producers, when variable products are involved) and is not to be used for marketing purposes. If such material is likely to be seen by financial professionals without appropriate licensing to distribute Company products (such as Registered Investment Advisor or fee-based financial planners who do not have insurance licenses) or by the public (such as an advertisement in National Underwriter or other trade journal routinely left in customer waiting areas of a producer's business), it is considered public use material.

Requirements for Prior Approval

All Sales and Marketing communications that are subject to the Marketing Material Procedures must be submitted to and approved by the Company PRIOR to use. As stated in the Company's Producer Agreement, failure to obtain the Company's approval of all such material prior to its use may constitute grounds for immediate termination.

The process for obtaining our review of Sales and Marketing communications subject to our review are as follows:

Submitting Sales and Marketing Communications for Compliance Review and Approval

- Material must be submitted electronically via email to one of the following email addresses:
adreview@omfn.com – for Non-Variable Annuity & Life ads
vaadreview@omfn.com – for Variable Annuity ads
- The following information must be included in the email request for review:
 - a. Product
 - b. Type of Material
 - c. Intended Use of Material
 - d. Distribution area/states where Material is to be used
 - e. Estimated Number of Distribution
- The following types of ads should be submitted for review and approval:
 - a. Printed and published material – consumer brochures, magazine ads, newspaper ads, direct mailers, radio and television scripts, websites, billboards, etc.
 - b. Descriptive literature – circulars, pamphlets, booklets, form letters, etc.
 - c. Material used for recruitment, training and education – Agent manuals, PowerPoint presentations, Product Highlights, Flyers, speeches, etc.

General Requirements

- The following disclosures should be included on every ad before being submitted for review and approval
Product Type – i.e., SPDA, Universal Life, Fixed Index Annuity, etc.
 - o Form Numbers
 - o Full Legal Name of the Company as well as city and state of domicile
 - o If a Producer piece – For Producer Use Only

Our review of field-submitted material generally takes seven to ten days.

Sales and Marketing Communications Content Standards

Following are general guideline standards. The Company maintains a list of specific recommended *Standard Ad Disclosures* which may be obtained upon request by sending an e-mail message to the appropriate 'ad review' e-mail address shown above.

A. Content Standards for ALL Sales & Marketing Material

1. MUST

- a. If a product is named, must **identify at least once and early the kind of product** being discussed. Not just "Regalis", but "Regalis single premium deferred annuity." Not just "Beacon Navigator", but "Beacon Navigator flexible premium deferred variable annuity."
- b. **Identify the issuing insurer's full and complete name**, and not use marketing names or parent or affiliate company names or the producer's name in a way that confuses which company is financially responsible for contract obligations.
- c. **When citing ratings**, the basis for the rating and its ranking relative to all ratings available from the rating agency must be disclosed. (*Example: A rating (Excellent) from A.M. Best for financial strength and operating performance. (3rd highest of 16 ratings.)*) A.M. Best rating may be used by itself; use of other agency ratings must also include the A.M. Best rating.

- d. **Cite sources** for quoted material or statistics.
- e. Be based upon principles of **fair dealing and good faith**.
- f. Be **fair and balanced**.
- g. Provide a **sound basis for evaluating the facts** about the product or strategy discussed
- h. Disclose the relationship to the Company of any unrelated person or entity identified in the advertisement, noting any non-affiliation between them and the Company if it is not otherwise clear.
- i. For Testimonials:
 - i. Disclose if compensation was paid for an endorsement or testimonial.
 - ii. If the testimonial is about product results or benefits or makes specific service statements or claims, state the testimonial may not be representative of another's experience. *(A simple claim that "[]'s service was friendly, professional and prompt. " needs no disclaimer.)*
 - iii. Cite knowledge and experience of the person quoted sufficient for a consumer to recognize the person as an expert if the testimonial is about an aspect of the product requiring expertise to form a valid opinion.
 - iv. "Institutional Sales Material" may not need as much detail about testimonial disclosure. *(Consult a Compliance or Law Advertising Reviewer.)*
- j. Have verifiable support (to be kept at least in the Advertising Originator's files) of any claims made in the sales and marketing material. *(Example: Claims that a product's costs are lower than industry averages.)*
- k. Identify companies providing other services or products mentioned in an advertisement. (Example: disclosing "Standard and Poors Investment Advisory Services" for asset allocation.) Depending on the service or product, it may be necessary to disclose non-affiliation between that company and our Company.
- l. 'Puffery' must have a basis in verifiable fact. *(Contact the Law or Compliance Advertising Review member for information about adjectives that are and are not acceptable 'puffery'.)*

2. CANNOT

- a. **Imply a life insurance policy (other than a limited term life policy) or annuity is a short-term, liquid investment.** Presentations regarding liquidity or ease of access to policy values must be balanced by clear language describing the negative impact of early redemptions (including unpaid policy loans). Such disclosure may include loss of policy value, death benefit protection, and tax penalties.
- b. **Omit any material fact or qualification** if the omission, in light of the content of the material presented, would cause the communication to be misleading.
- c. **Relegate disclosure to a footnote** if doing so inhibits a fair and balanced clear understanding of the content. *Some regulators disallow most footnoting of disclosure.*
- d. **Include any false, exaggerated, unwarranted or misleading statement or claim.** (Consider the context in which the claim is made, and the clarity of the claim.)
- e. **Partially compare products** (including features like performance or specific benefits) or services without disclosing that the products likely have other different features, costs and expenses that should be considered in evaluating both products.
- f. Claim a product or feature is tax-free or exempt when the tax is merely deferred.
- g. Use the existence of state guaranty funds/associations to promote the safety of assets invested in insurance products.

- h. Make any statement (i.e., such as the policy will be "self-supporting") or represent in any way that premium payments will not be required unless such representation is accompanied by an adequate explanation as to what benefits would be provided or discontinued at the time when payments will no longer be required, and the conditions under which this would occur.
- i. 'Puffery' cannot be promissory or infer certainty about a product's non-guaranteed risks and uncertainties; and cannot compare or infer comparison to other products or companies unless enough information is provided to fairly, completely and accurately evaluate the comparison or at least provide adequate notice of the limited or incomplete comparison being made.

B. Additional Content Standards for Securities Insurance Product sales and marketing material

1. MUST ALSO

- a. Prominently disclose the **name of the FINRA member** (Old Mutual Financial Network Securities – "OMFN Securities") and identify OMFN Securities as the distributor of any security mentioned.
- b. Disclose the relationship between the FINRA member or Insurer and any other person/entity named in the ad. (*Example: An ad for an independent broker-dealer must disclose the non-affiliation between OMFN Securities and that broker-dealer.*)
- c. For a **testimonial**, also state the testimonial is no guarantee of future performance and success.
- d. For **variable products where a death benefit is a material feature, sales and marketing material** should mention this fact. (Variable Life material should always emphasize the insurance aspect (death benefit protection) as the dominant product feature; may then promote investment features with a balanced discussion.)

2. ALSO CANNOT

- a. **Predict or project performance** that is not guaranteed, imply that past performance will recur or make any exaggerated or unwarranted claim, opinion or forecast.
 - i. This does not prohibit the use of hypothetical performance when illustrating a product pursuant to FINRA rules.
- b. Use terminology that could be **inferred to mean retail mutual funds** are directly available in the product. Generally avoid using the word "fund" or "mutual fund"; do use "portfolio." Also, do not say "portfolio from XYZ Fund Manager"; do say "portfolio managed by XYZ Fund Manager."
- c. **Use 'clone fund' performance** to promote a similar variable insurance product investment option.

C. Vendor and Independently Prepared Material

- 1. IS subject to our sales and marketing Communication review process even if it has 'passed' compliance or received a regulator's approval for use by the preparing entity. (*Example: material created by another broker dealer or mutual fund company that has already received FINRA approval by them.*) Such material may be viewed differently in our context and may require independent regulatory filing by us prior to use.
- 2. Must receive permission from the person/entity creating the material before using it in our context.
- 3. Must be submitted with a copy of any regulatory review letter (such as the FINRA comment letter) received by the independent entity.

VI. Sales Illustrations

General Rule

With regard to the Company's products, Producers may only use illustration software approved and issued by the Company. Any use or altering of illustration software or an illustration produced with that software without prior approval of the Company is strictly prohibited. If any sales illustration is used to solicit the Company's products, the applicant must receive a copy of the illustration.

Prohibitions

Producers may not:

- Represent a policy as anything other than life insurance or an annuity, as applicable;
- Make any representation regarding the past performance of the Company's products other than the representations contained in the illustration, or represent that a product's past performance is a reliable indicator of future performance;
- Provide an illustration without clearly indicating that the current interest rate illustrations are based on the Company's current rate schedule, are shown for illustration purposes only, and are not guaranteed;
- Provide an applicant with an incomplete or altered policy illustration;
- Display the current interest rate illustration with such prominence as to render the guaranteed interest rate illustration obscure; or
- Illustrate any of the Company's products not clearly identified by its generic type of life insurance name, and the Company's product name, if different.

VII. Unfair Trade Practices

The purpose of this section is to identify certain acts that constitute unfair methods of competition or unfair or deceptive trade or business practices in the sale of the Company's products, in addition to improper advertising as discussed above. The Company will not tolerate unfair trade practices employed by any appointed Producer. When discovered, such acts may be grounds for termination for cause. **The fact that a practice is not specifically prohibited in this section does not imply acceptance of the practice.**

The following unfair trade practices are prohibited, and the Company reserves the right to discipline any Producer found to have engaged in any of these practices, regardless of whether the Producer has or has not engaged in such practices in connection with the Producer's representation of the Company:

Misrepresentation

"Misrepresentation" means any statement which contains false or misleading information, including misleading information because of incompleteness. Specifically, a producer may not:

- Make or cause to be made any misrepresentation concerning the benefits, advantages, conditions, or terms of an insurance policy;
- Provide false information or fail to provide full disclosure of all requested information on an application for the Company's products;
- Use false or misleading information to induce the lapse, forfeiture, exchange, conversion, or surrender of an insurance policy;
- Obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statement made (in light of the circumstances under which it was made) not misleading; or
- Employ any device, scheme, or artifice to defraud.

Rebating

"Rebating" means any offer to pay or return premiums or commissions to induce the sale of insurance. For example, an agreement to pay the customer a portion of the commission on a sale would constitute rebating. Unless permitted under state law, Producers may not offer to rebate premiums or commissions or offer any other benefit, except those benefits specified in the policy, to induce the sale of the Company's products.

Sales Inducements

"Sales inducements" means any gift, prize, goods, wares, merchandise or other item of valuable consideration given as an inducement to enter into any insurance contract, or as an inducement to receive a quote, submit an application or in connection with any other solicitation for the sale of insurance. Sales inducements may also include an agreement of any form or nature promising payment to another for referral or future business. For example, in some states a producer may not pay a mortgage banker for referral of a new homebuyer who purchases life insurance. Unless permitted by State law, the Company treats "sales inducements" as an unfair trade practice.

Twisting

"Twisting" describes the practice of using written or oral statements that misrepresent or inaccurately compare the terms, conditions, or benefits contained in a policy for the purpose of inducing or attempting to induce the policyholder to lapse, forfeit, surrender, retain, exchange or convert an insurance policy. For example, falsely describing the features of a competitor's policy to induce the replacement of that policy with either Company's policy – or vice versa -- would constitute "twisting."

Discrimination

"Discrimination" means refusing to accept applications, refusing to insure, refusing to continue to insure, or limiting the amount, extent or kind of coverage available to an individual, charging a higher rate for the same coverage solely because of the sex, marital status, age, race, religion, national origin or physical or mental impairment of the individual (except where such refusal, limitation, or rate differential is based upon sound actuarial principles or reasonably anticipated loss experience), or refusing to insure solely because another insurer has refused to write a policy or has canceled or has refused to renew an existing policy in which that person was the named insured.

Defamation

"Defamation" means making, publishing, disseminating, circulating or placing before the public, an advertisement, announcement or statement containing any untrue, deceptive or misleading statement with respect to the business of insurance or any insurer in the conduct of its insurance business.

Tie-in Sales

"Tie-in sales" or "tying arrangement" means an agreement by a party to sell one product but only on the condition that the buyer also purchases a different (or tied) product. *For example, the sale of a life insurance policy cannot be conditioned upon the sale of an annuity contract or purchase of any goods or services.*

VIII. Disclosures

Written Disclosures

Rules regarding whether a producer is required to provide certain written disclosures in the sale of insurance products vary from state-to-state. In addition, the rules regarding the timing of delivery of such disclosures vary. Generally, most states require delivery of written disclosures at the time of policy delivery; however, some states require delivery of written disclosures upon the applicant's request or upon acceptance of the applicant's initial premium. Many states require a producer to provide all or some of the following items:

- Buyers Guide.
- Policy Summary.
- Statement of Policy Cost and Benefit Information.
- Notice to Applicants Age 60 or over.
- State Guaranty Association Notice.

Producers are encouraged to review and understand the disclosure rules of all jurisdictions in which they hold insurance licenses.

Producers are not permitted to modify or omit any disclaimers or notices issued by the Company for use with its products. Such disclaimers or notices are required by the Company and may not be removed under any circumstances.

In addition to disclosure forms required by state law, the Company may develop additional disclosure forms to confirm that the customer understands the product purchased and the features of that product. The Company will supply Producers with these forms.

Oral Disclosures

In addition to the written disclosure rules discussed above, the Company requires certain oral disclosures in the sale of our insurance products.

Disclosure of Status as a "Life Insurance Producer"

- A Producer shall inform the prospective purchaser, prior to commencing an insurance sales presentation that he or she is acting as an independent life insurance Producer representing the Company.
- No Producer shall offer to sell any insurance policy in any capacity other than that of a duly licensed insurance Producer.
- No Producer shall use terms such as "financial planner," "investment advisor," "financial consultant," or "financial counselor," in such a way as to imply that the Producer is primarily engaged in an advisory business in which compensation is unrelated to sales, unless that is actually the case. For example, a Producer may not refer to herself as a "financial planner" unless any offers for financial planning services are unrelated to the commissions received from the sale of insurance products.
- No Producer shall advise about, sell, or offer to sell, estate planning documents or services such as wills, trusts and powers of attorney unless the Producer is authorized to practice law, and unless all conflicts are disclosed and knowingly waived in writing by the consumer in the manner required by law. This is not intended to prohibit the Producer's recommendation of appropriate insurance products, for which authorization to practice law is not required.

Description of the Product as "Life Insurance" or "Annuity"

- No Producer shall solicit on behalf of the Company the sale of any insurance policy without the use of the words "life insurance" or "annuity" (as applicable) unless such solicitation is accompanied by other language or documents clearly indicating that the product is a life insurance policy or an annuity policy.
- When presenting the Company's products, no Producer shall use any of the following terms or phrases to describe the features, conditions or benefits of an insurance policy:
 1. "savings"
 2. "savings plan"
 3. "savings account"
 4. "investment"
 5. "investment plan"
 6. "units"
 7. "units of participation"
 8. "founder's plan"
 9. "profits"
 10. "profit sharing"
 11. "special benefits"
 12. "deposit"
 13. "interest plan"

Use of these terms or phrases or other similar terms or phrases in connection with the Company's products has the capacity or tendency to mislead a purchaser or prospective purchaser to believe that he or she will receive something other than an insurance policy. For example, the term "premium" should always be used instead of "deposit" to describe a contribution to an insurance policy.

Statements Regarding Tax Benefits

- A Producer shall not state or imply that an insurance policy's benefits are "tax-free" unless such is the case. Producers shall describe the inside buildup of deferred annuities as "tax-deferred" and not as "tax-free."
- Producers should refrain from providing legal or accounting advice and should encourage customers to seek independent tax or legal advice as appropriate.

Interest Rates

- Any discussion of current interest rates shall be accompanied by a statement that such rates are (1) based on the Company's current rate schedules, (2) generally periodically subject to change at the Company's sole discretion, and (3) not guaranteed.
- Any discussion of interest rates that include a bonus interest rate shall clearly identify the amount of the bonus interest rate and shall identify any limitations of the bonus (such as limited duration).

"Free-look" Provisions

A Producer should make applicants aware of the "free look" provision of the Company's products, which may vary from 10 to 60 days dependent upon state requirements (see Special Rules for Applicants Over 60 Years of Age, below).

Policy Costs

A Producer must disclose all material charges related to an insurance policy issued by the Company and respond to all inquiries concerning the same by providing complete and accurate information.

IX. Special Rules For Fixed Indexed Products

The Company offers a variety of fixed indexed products that provide a guaranteed interest rate and also provide the possibility that interest may accrue based upon a formula linked to an external index such as the S&P 500 or the Russell 2000. Although fixed indexed products are generally understood to be exempt from federal and state securities registration requirements, it is important to understand that the way in which a product is marketed can directly impact the determination of whether it is or is not a security. Accordingly, all Producers are subject to the following guidelines for the marketing of fixed indexed products:

- fixed indexed products should not be marketed as a substitute for mutual funds or other equity investments;
- fixed indexed products should be positioned as possible alternatives to traditional annuities;
- marketing of fixed indexed products should not characterize the product as an investment;
- the marketing should make it clear that the product pays a fixed interest rate and does not provide any direct participation in the index used as part of the product's interest crediting formula; and
- the overall focus of the marketing, including any sales presentations, of fixed indexed products should be the long term retirement aspects of the fixed index products, such as minimum guaranteed surrender values, annuity payout options, and the safety and stability of insurance products in general.

X. Special Rules For Applicants Over 60 Years Of Age

Several states have adopted regulations that require special procedures for delivery of policies to applicants over 60 years of age. These regulations may include delivery of a Financial Review of the policy, a copy of a Guide to Buying Life Insurance After Age 60 and other notices. State law provides that failure to deliver such documents constitutes an omission, which misrepresents the benefits, advantages, conditions or terms of an insurance policy. In addition, the "free-look" period in some states is extended for applicants over 60 years of age. Every Producer must comply with all rules and regulations pertinent to the sale of life insurance and annuity products to applicants over 60 years of age in each state in which the Producer is licensed.

XI. Fraudulent Insurance Acts

State laws broadly define certain acts and practices as fraudulent. Under these laws, Producers may not, either individually or in concert with customers or other persons, engage in fraudulent acts. Fraudulent acts include the following without limitation:

1. Knowingly fail to return any monies or premiums paid for an insurance policy to the applicant or policy owner, the designee of the insured, or other persons entitled to the monies or premiums if the insurance applied for is not ultimately provided;
2. Present to an insurer, or cause to be presented to an insurer, documentation or a written or oral statement that is made in support of a claim with knowledge that the documentation or statement contains false or misleading information concerning a matter material to the claim;
3. Except for prepayment of periodic payments or excess contributions permitted under the terms of the policy, willfully collect excess premium beyond amounts approved or, in cases not subject to approval, beyond charges specified in the policy and fixed by an insurer;
4. Misappropriate or unreasonably withhold funds received or held where the funds represent premiums or returned premiums;
5. Misappropriate benefits under an insurance policy;

6. Act as or hold yourself out to be an insurance producer if the person has not complied with the applicable licensing and appointment laws of their state;
7. Knowingly or willfully make any false or fraudulent statement in or with reference to any application for insurance;
8. Place insurance with an unauthorized insurer not regulated by the state insurance department and/or refuse to obey an order by the state insurance commissioner to produce for examination all policies and other documents evidencing the insurance and the amount of premiums paid or agreed to be paid for the insurance;
9. With intent to deceive, knowingly exhibit a false account, document, or advertisement, relative to the affairs of an insurer;
10. Solicit or take application for, procure, or place for others any insurance for which the producer has not received a license or certificate of qualification;
11. Knowingly violate the licensing and appointment requirements of the state in which the proposed insurance transaction will take place; or
12. Intentionally fail to report to an insurer the exact amount of consideration charged as premium for an insurance policy, if different from the policy premium, and/or fail to maintain records reflecting that information.

Commission of any fraudulent insurance act subjects the Producer to a range of serious sanctions, including disciplinary action from state insurance departments, criminal prosecution, and civil liability. Such acts are also grounds for immediate termination for cause under the Company's Producer Agreement.

XII. Anti-money Laundering Program

The USA Patriot Act (the "Act") requires financial service firms, including insurance companies, to implement appropriate controls and procedures to detect money laundering activities.

The Company is committed to preventing unscrupulous clients from attempting to fund terrorist or criminal activities or launder the proceeds of illegal activities through the Company ("money laundering activities"). To support our commitment, the Company has adopted an anti-money laundering program that has been reasonably designed to (i) protect the Company against the risks of money laundering activities, and (ii) monitor the Company's service providers and the policies and procedures designed to combat money-laundering activities in their performance of services for the Company.

Money Laundering Generally

"Money Laundering" is defined as changing the identity of illegally obtained money so that it appears to have originated from a legitimate source. The Act treats those who assist criminals to launder their ill-gotten gains harshly. As these offenses can also be committed negligently, it is important that all of the Company's employees and Producers, particularly the following, know about money laundering:

- All Producers;
- All employees who have client or account contact (directly or through transactions);
- All employees who keep account/transaction records;
- All employees that exercise supervisory control over such person(s) or area.

The Company will monitor anti-money laundering rules and regulations, and periodically update the Company's anti-money laundering program so that the Company ensures compliance with the Act.

Applications

Every product sale must be made using the appropriate Company application form. All responses on the application shall be completed accurately by the Producer and reflect the applicant's responses to those questions as conveyed to the Producer. Any and all information possessed by the Producer relating to the applicant's responses shall be included on the application.

The application shall be reviewed by the Producer before it is signed by the applicant, and then signed by the applicant in the Producer's presence. After the applicant has signed the application, the Producer shall sign as witness to its execution.

Any changes, alterations, amendments or corrections on the application shall be made by the Producer (or applicant) and initialed by the applicant.

XIII. Customer Monies

General

As stated in the Company's Producer's Agreement, any initial premium, entire or partial, collected by the Producer shall be immediately forwarded to the Company, in the exact form in which it was paid to the Producer.

Unless specified in writing by the Company, the Producer shall have no authority to collect any premiums or monies from policyholders other than the initial premium.

Commingling

All monies, negotiable instruments, or securities received by a Producer for or on behalf of the Company shall be held by the Producer as trustee for the Company, and shall not be used by such Producer for any personal or other purposes whatsoever, but shall be immediately forwarded to the Company. Customer monies shall not be commingled with monies in an insurance Producer's personal account or an insurance agency's general account.

Cash Equivalents

Due to certain anti-money laundering regulations, US financial services companies are required, at a minimum, to give notice to the Department of the Treasury whenever a client pays for a financial product using cash or "cash equivalents" such as money orders or cashier's checks that total \$10,000 or more during a calendar year. The Company imposes certain restrictions or assumes certain reporting obligations with respect to cash and cash equivalents as a result of the anti-money laundering requirements. As such, the Company's Policy on accepting cash or cash equivalents for Life Insurance and Fixed Annuity products is available on Saleslink, but some of the highlights are:

Cash and cash equivalents, other than cashier's checks, will not be accepted for Fixed ANNUITY contracts. With respect to LIFE insurance policies, cash and cash equivalents, other than cashier's checks, up to \$500 will be accepted.

The Company will accept personal checks (not guaranteed by a bank) with the policyholder's name imprinted on the check along with his or her address and phone numbers. Third party personal checks will not be accepted.

The Company will accept wire transfers.

The Company will accept cashier checks, for ANNUITY and LIFE insurance but a Cash Transaction Report (CTR) will be filed with the U.S. Treasury Department for amounts singularly or cumulatively greater than \$10,000 in a 12 month period. With respect to LIFE insurance policies, the Company will file a CTR with respect to money orders that aggregate greater than \$10,000 in a 12 month period. The company will accept cashier's checks only in an amount over \$10,000 for variable annuities.

XIV. Sales Through Financial Institutions

Background

Because customers of banks, thrifts and credit unions ("Financial Institutions") may have preconceived assumptions and expectations about products offered by or through the Financial Institution, the distribution of the Company's insurance products to Financial Institution customers requires that numerous safeguards be imposed to ensure that such customers are not confused as to (1) the nature of the products (i.e., that they are not deposits insured by the Federal Deposit Insurance Corporation (the "FDIC") or the National Credit Union Share Insurance Fund (the "NCUSIF") or in any way an obligation of the Financial Institution), or (2) who is offering the products (i.e., that they are sold by a party other than the Financial Institution or an affiliate). If Producers are unclear whether their marketing of the Company's insurance products comply with the requirements described below, they should contact the Law and Compliance Department.

Sales and Marketing Materials used to promote the Company's products at or through a Financial Institution must be approved by the Company prior to use. In addition, any such materials must include the following disclosures:

Mandatory Disclosures

- Where applicable, that the Company's insurance and annuity products are being provided solely by the Producer, and not by the Financial Institution or its affiliates.
- Where applicable, that the Producer is not affiliated with the Financial Institution or its affiliates.
- The Company's insurance products are not insured by the FDIC or any other agency of the United States government.
- That the Company's insurance products are not deposits or other obligations of the Financial Institution and are not guaranteed by the Financial Institution.
- Where applicable, that the Company's insurance products may be subject to investment risk, including possible loss of value.
- Financial Institutions shall not condition an extension of credit on the purchase of an insurance product issued by the Company.

Any references to the Financial Institution in advertising will be used to refer to the location where the insurance agency services are available.

If requested by the Financial Institution, the Producer must also provide the Financial Institution with an opportunity to review the advertising for compliance with applicable banking regulatory requirements.

Oral Disclosures and Written Acknowledgement

Each Producer, at the times specified below, shall orally inform the customer of Mandatory Disclosures and shall obtain a written acknowledgement from the customer of receipt of Mandatory Disclosures. The Producer shall provide a copy of the acknowledgement to the Company and the Financial Institution upon request. Appropriate acknowledgement forms will be provided by the Company or the Financial Institution.

Timing of Mandatory Disclosures

Mandatory Disclosures are required to avoid confusion as to who is offering the Company's insurance products and their status as uninsured, non-deposit products. These disclosures must be provided:

- Orally during any sales presentation, including sales presentations made during telemarketing contacts;
- Orally when advice concerning insurance products is provided; and
- Orally and in writing before any application for an insurance product is submitted.

XV. Customer Complaints

The Company views all customer complaints very seriously. Consistent with its customer service focus, the Company will strive to resolve all complaints in a fair and timely manner.

Defined

"Complaint" means any written communication expressing a concern or a grievance. "State Insurance Department Complaint" means a written communication regarding a complaint transmitted by a state insurance department.

Mandatory Reporting

All customer complaints and all State Insurance Department complaints (collectively, "Complaints"), regardless of their source, shall be reported immediately to the Company and processed as set forth below.

1. A Producer shall forward any complaint, to the Company's Assistant Vice-President – Claims.
2. The Company's, Assistant Vice-President – Claims will investigate the complaint as appropriate.
3. A Producer must respond in a timely manner to any request for information from the Company concerning a Complaint, including any request for a written summary of the facts related to a Complaint.
4. Under no circumstances should a Producer offer cash or any other valuable consideration to settle a Complaint regarding the Company or its products without providing prior written notice to the Company.

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