

## Texas Revised Replacement Regulations

Texas has recently amended its replacement regulations to conform with the NAIC revised model replacement. The revised Texas replacement regulations will be in **effect on January 1, 2008**. Please carefully review the information provided below:

A replacement includes an existing policy or contract being affected by lapse, forfeit, surrender (full or partial), assignment to the replacing insurer, termination, conversion to reduced paid-up insurance, or used in a financed purchase. A financed purchase means the purchase of a new policy with the use of funds obtained by the withdrawal, surrender, or borrowing of value from an existing policy to pay any part of a premium on a new policy owned by the same policyholder and issued by the same company within 4 months prior and 13 months after the effective date of the new policy.

### Replacement Notice Requirement

1. If an applicant has an existing policy or contract (even if there is no replacement), the agent must present and read aloud the replacement notice at the time of application. Please note: If the applicant does not want the replacement notice read aloud, the applicant must initial the form regarding this notice.
2. The replacement notice must be completed, signed, and dated by both the applicant and agent at the time of application and a copy of the completed, signed, and dated notice must be left with the applicant, and a copy must be in the application file forwarded to the insurer along with the application.
3. Effective January 1, 2008, WCL-2043-N 8/01 (Rev.11/07 Texas) (Attached) is the new replacement form for use in Texas.

### Sales Materials / Illustration / No Illustration Form Requirement

1. If the agent does not use an illustration at the time of application, a Statement Regarding Illustration (W-8474 10/04) must be completed, signed, and dated at the time of application and forwarded to the insurer along with the application.
2. A copy of all sales materials and a statement identifying any preprinted or electronically presented company-approved sales materials, and copies of individual sales materials (such as illustrations) must be submitted to the insurer along with the application.
3. To satisfy the requirement of a statement by the agent, the existing Texas application contains a "statement/remarks section" where the agent can fill-in the company-approved sales materials used during solicitation.
4. In NAIC states, a copy of any electronically presented sales material shall be provided to the applicant in printed form no later than the time of policy delivery.

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The new replacement form is available in the Texas Application Packet. These can be ordered online or downloaded from [www.westcoastlife.com](http://www.westcoastlife.com).

### To Download the Texas Application Packet or individual Texas Replacement Form:

- Go to [www.westcoastlife.com](http://www.westcoastlife.com)
- Click on **Agent/BGA Center**
- Enter your Agent/BGA **Contract Number** and **Zip Code of Record**
- Once in the Agent/BGA Center, click on **Download Forms and Software** on the left-hand side
- Select **Application Packet** or **Individual Forms**
- Select **State, Types, Category** and click **Execute**

### To order Texas Application Packets:

- Go to [www.westcoastlife.com](http://www.westcoastlife.com)
- Click on **Agent/BGA Center**
- Enter your Agent/BGA **Contract Number** and **Zip Code of Record**
- Once in the Agent/BGA Center, click on **Order Supplies** on the left-hand side
- Select **Order Supplies Here**
- Fill out the appropriate information and click **Submit**

**Additional Questions?**  
**Agents – Please contact your BGA**  
**BGAs – Please contact your Regional Representative.**

**IMPORTANT NOTICE: REPLACEMENT OF LIFE INSURANCE OR ANNUITIES**

This document must be signed by the applicant and the insurance producer, if there is one, and a copy left with the applicant.

You are contemplating the purchase of a policy or 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 the 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 interests. 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 and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements 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 (include 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.	<hr/>			
2.	<hr/>			
3.	<hr/>			

Make sure you know the facts. Contact your existing company or its insurance producer/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 make an informed decision.

The existing policy or contract is being replaced because \_\_\_\_\_

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

Applicant's Signature	Printed Name	Date
Producer's Signature	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.)

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 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 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 "grandfathered" treatment of the old policy under the Federal Internal Revenue 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?