



ADVISOR COMPLIANCE GUIDE

K U V A R E |

GUARANTY
INCOME LIFE INSURANCE COMPANY

UNITED LIFE
INSURANCE COMPANY

LINCOLN
BENEFIT & LIFE



ADVISOR COMPLIANCE GUIDE INTRODUCTION

We make this guide available to you to provide assistance and guidance through the sales and servicing aspects of your business. This guide is designed to be a resource on important issues in the insurance industry. This guide is not intended to be a recitation of all applicable laws, rules or regulations. It also provides you guidance with the expectations that we have of our producers. As the industry changes, this guide will be updated and made available to you.

KUVARE VALUES

01

DELIVER ON OUR PROMISE

To policyholders, partners and ourselves

02

BE ACCOUNTABLE FOR EXECUTION

You are empowered to take action

Be bold in your actions

Strive for high performance

03

EXERCISE YOUR OBLIGATION TO CONTRIBUTE

Share your opinions to enable the best decisions

Provide and welcome feedback

Be fact-based in your decision-making

04

POSITIVELY INFLUENCE THOSE AROUND YOU

Be a positive force

Support the growth of others

Operate with integrity

05

RESPECT AND TRUST YOUR PEER

Stand up for what is right

Assume positive intent



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LICENSING AND APPOINTMENTS

You are responsible for obtaining and maintaining all licensing requirements in the jurisdictions you represent our company. You are also responsible for knowing and abiding by the continuing education requirements of those states. If you wish to write any of our annuity products, you must also complete and satisfy any applicable state annuity training requirements.

Each state requires producers to obtain a license prior to transacting the business of life insurance and annuities within its state. And, you must be licensed to sell life insurance and annuities by each of the states in which any sales activity takes place. You must be appointed in that state by the insurer issuing the product to be sold.

If your sales activities take place in a number of states, you must be licensed and appointed to sell in all states concerned. In order to avoid being subject to the laws of multiple states, thus requiring multiple licenses and appointments, it is recommended, when possible, that all sales activity takes place within one state.

TRUSTEE PURCHASES In the sale of an annuity contract to a trustee of a trust, the location of the trustee (and not the situs of the trust) when the contract is solicited, where the application is executed and where the contract is delivered will determine where you must be licensed. The fact that a trustee is involved in the transaction does not alter the rule that you must be appropriately licensed and appointed in all jurisdictions in which sales activity occurs.

COMMISSIONS

We will pay commissions as outlined in your contract. We will not pay a commission to any person who has not been properly licensed and appointed. Producers may not falsify an application in order for another producer to receive a commission on a sale.

FAIR COMPETITION

We engage in active and fair competition and we believe that competition is an effective and efficient means of providing the best products and services to customers. Federal and state laws regulate a competitive environment in which free enterprise can flourish. We insist that producers act in full compliance with applicable federal and state statutes and regulations governing trade practices. We and our producers will:

- Refrain from utilizing or producing any misrepresentative, deceptive, or false advertising:
 - (a) regarding insurance products or the product benefits, advantages, conditions, or terms of any insurance contract; or
 - (b) concerning interest, dividends or surplus to be received on any insurance contract; or
 - (c) involving the use of any name or title misrepresenting the true nature of an insurance product;
- Refrain from making, disseminating or circulating, any statement which is false or derogatory to the financial condition of an insurer, for the purpose of injuring any person or insurer engaged in the business of insurance;
- Refrain from entering into any agreement to commit or by any concerted action committing any boycott, coercion or intimidation resulting in an unreasonable restraint or monopoly in the business of insurance;
- Refrain from violating applicable state and federal laws;
- Avoid replacing existing life insurance policies and annuity contracts without meeting the requirements of applicable federal and state law, or without providing information to the customer that he or she needs in order to ascertain whether replacement of existing contracts may be in his or her best interest.

A violation of any of the above by any producer will result in disciplinary action including, if appropriate, termination of the relationship with the Company.

ADVERTISING

Any advertisement, as defined below, must be submitted to, and approved by, us prior to the advertisement being printed or used. We will review the specific advertising regulations for a particular state(s) in order to assure compliance and to avoid penalties resulting from the improper use of an advertising piece. Please remember that most states have a very broad definition of advertising that includes, but is not limited to, items set forth below.

Advertising materials submitted to us will be reviewed within five (5) working days of receipt. We will work with you so the advertising can be approved in a timely manner. After suggested changes have been made, the advertisement must be submitted in its final format to us. Upon final approval, a copy of the advertising material will be returned to you.

Many organizations have their own specific guidelines regarding advertising. If there are differences between our guidelines and those of another organization or governing body, the more restrictive shall apply. Our approval shall not be used as satisfaction of advertising (approval) for another organization or governing body.

The original final-approved version of every advertisement will be maintained by us, in accordance with state laws. We will not stand behind any advertisement for which prior written approval was not obtained. There are certain states and products that require an advertisement to be filed and approved by the State Department of Insurance prior to its use. When state approval is required, no advertisement may be used until state approval has been obtained.

The term “advertisement” in this context is used to mean material designed to create public interest in insurance products or an insurer, or to induce the public to purchase, increase, modify, reinstate or retain a policy. The definition of “advertisement” includes, but may not be limited to:

1. Printed and published material, audio visual material, and descriptive literature of an insurer used in social media, direct mail, newspapers, magazines, radio scripts, television scripts, billboards and similar displays.
2. Descriptive literature and sales aids of all kinds issued by an insurer, producer, broker or solicitor for presentation to members of the insurance- buying public and including, but not limited to, circulars, leaflets, booklets, depictions, illustrations, form letters and lead-generating devices of all kinds.

3. Prepared materials for use by brokers, producers and solicitors, whether prepared by the insurer or the broker, producer or solicitor.
4. Material used for the training and education of an insurer's sales personnel, producers, solicitors and brokers which is designed to be used or is used to induce the public to purchase, increase, modify, reinstate or retain a policy.
5. Material included with a policy when a policy is delivered and material used in the solicitation of renewal and reinstatements.

If you have any questions or concerns about meeting advertising compliance issues, please send the advertisement in question to us for approval.

STATEMENTS ABOUT THE COMPANY

Any statements, written or oral, about the company shall follow the following guidelines:

- Name: All advertisements should use the appropriate company's full name.
- Rating Agencies: Promotion of the company's ratings by national rating agencies must follow the company approved format. Upon request we will provide you with pre-approved pieces that discuss our ratings.
- Guaranty Association Membership: You may not make any statements that refers to the existence of a state insurance guaranty association. In most states, the use of such information constitutes an unfair trade practice.
- Statistics: All statistics used must be accurate and not misleading. The source of any statistics used must be identified and must be current.
- Products: You must clearly represent our products as life insurance or annuity products. Our products should not be referred to as investments, nor should the interest crediting on these products be compared to the rates of returns for securities or other investment products.

ANNUITY SUITABILITY

You have an important job in assisting your client with determining the product(s) that is appropriate for them. State regulations and your obligations to your client require you to gather enough information to make a recommendation of a suitable product.

The NAIC Suitability in Annuities transactions Model regulation generally includes the following:

- You must have reasonable grounds for believing the recommendation of an annuity product, optional benefit, and any investment option within the product is suitable for the applicant.
- When making a recommendation, you have informed the applicant of the various features of the annuity, such as the surrender periods and charges, potential tax penalties that apply to early withdrawals, mortality and expense fees, potential charges for and features of riders, the insurance and investment components of the product.
- Your recommendation should be based on facts disclosed to you by the applicant after reasonable inquiry as to their age; annual income; liquid net worth; tax status; financial situation and needs, including the financial resources used for the funding of the annuity; intended use of the annuity; financial objectives; financial experience; liquidity needs; financial time horizon; risk tolerance; existing assets, and any other information known, used, or considered to be reasonable by you in making the recommendation.
- In addition to the above, there may be state specific requirements that apply. For instance, in the State of California, it is prohibited to recommend that an insured 65 years of age or older purchase an unnecessary replacement annuity. An unnecessary replacement means the sale of an annuity to replace an existing annuity that requires that the insured will pay a surrender charge for the annuity that is being replaced and that does not confer a substantial financial benefit over the life of the policy to the purchaser so that a reasonable person would believe that the purchase is unnecessary.

Additionally, some states, such as California and Minnesota, require consideration of whether or not the consumer has a reverse mortgage.

In certain circumstances agents may have a relationship with the company such that the sale of a company product would cause them to be treated as a fiduciary under ERISA. In such circumstances the company will comply with the requirements of prohibited transaction class exemption 84-24 or if the conditions of that exemption cannot be satisfied, with prohibited transaction class exemption 2020-02.



Uncovering information about your client's financial situation means more than asking how much they earn each year and how much money they have "in the bank." Make sure you also understand your client's lifestyle, recent or upcoming life events (e.g. divorce, marriage, college tuition, retirement and planned medical expenses, etc.), financial experience, taxes owed, income needs (income compared to expenses), time horizon and liquid assets outside of this annuity or other annuities already owned. This information will assist you in completing this critical task.

SUITABILITY FORMS

Our Suitability Forms are designed to capture the end result of your suitability analysis. You may require additional information when making your recommendation. No matter how good your memory is, if an issue ever arises, it will be helpful to have a detailed summary in your file as to why your recommendation was suitable at the time it was made. Keep notes on each conversation, information discussed and presented, and every item you considered during your analysis. All materials used during your review are required to be maintained as part of your customer file. You may be asked to provide this documentation to our company. State regulations require producers to retain written documentation for each customer for each recommended transaction. We require a separate Suitability Form for each annuity application. If the review and analysis of your client's needs resulted in your decision to recommend two annuity contracts, it is likely that their goals and objectives were not the same for each application.

When the annuity is funded by another annuity or life insurance contract, list the surrender charge percentage and dollar amount for each contract being replaced and do not combine or net the existing surrender charges from multiple contracts. Do not "estimate" these numbers; the best source for accurate information is a recent statement or phone call to the existing carrier. It is important that your client understand the impact of surrender charges compared to the potential benefits for each replacement. Please document your client file with the current contract value and surrender charge (including Interest Adjustment, also referred to as Market Value Adjustment) for each replacement in case further review is necessary. Replacements must be in your client's best interest, and you need to be able to demonstrate the clear benefit to the client from the replacement transaction in light of his or her individual needs and objectives.

APPLICATIONS

The application provides valuable information about the client and every product sale must be made using the appropriate Company approved application. All responses on the application shall be completed accurately by the applicant and 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. Receipt of an incomplete application shall render the application not in good order.

The application shall be reviewed by the producer before it is signed by the applicant, and then signed by the applicant. The producer shall sign the application after the applicant has signed it. Making any corrections or alterations after an applicant has signed it, without having the applicant acknowledge the change, is prohibited. Any changes, alterations, amendments or corrections on the application shall be made by the producer (or applicant) and initialed by the applicant.

Although the following list is not exhaustive, we do not allow a producer to be named as, or to act as, the following:

- a beneficiary or contingent beneficiary;
- a beneficiary of an owner's beneficiary trust;
- a trustee, co-trustee or successor trustee for an owner's trust; or
- an attorney-in-fact or successor attorney-in-fact for an owner.
- estate executor/executrix
- an owner of the customer's contract

The exception to this exists when the producer is "immediate family" of a customer, defined as spouse, child, step-child, mother, father, grandparent, brother or sister. It is equally unacceptable to use a producer's home or business address as the owner's address.

REPLACEMENTS

A “replacement” is any transaction in which a new life insurance policy or a new annuity contract is to be purchased and it is known (or should be known) to the producer that, as a result of such transaction, an existing life insurance policy or annuity contract has been or is to be terminated or converted. A replacement also occurs when part of the cash value or a policy loan is used to finance the purchase of a new policy. Replacements are highly scrutinized by both federal securities and state insurance regulators.

We expect our producers to always be acting in the best interests of the client and making sure that the client is in a position to make an informed decision based on a thorough disclosure of all relevant information. The information may include, but is not limited to, any product features, death benefits, living benefits, annuity payout options and amounts, existing and new surrender charges and periods, investment risk, new or higher charges and fees, and possible taxation.

If you and your client determine that the replacement is appropriate, you must follow our procedures and any applicable state regulations. Specifically, you will need to:

- Follow all applicable state replacement requirements. Ensure that you provide the correct state-required notice to the client prior to taking the application. Be sure to complete the required notice and if the state required notice provides a space to fill in the reason for the replacement, be sure to fill in your client’s reason for the replacement. Have your client sign the notice and send a copy to us with the application. Note that some states may require a notice form when the applicant owns an existing life insurance policy or annuity contract, even when no replacement is involved.
- Disclose any transaction that is known to you to be a replacement on the application.
- Maintain documentation of the sale in your client’s file consisting of your notes, discussions, and sales material used during your presentation that supports your recommendation for the replacement. We strongly recommend that you document why the applicant is replacing his or her coverage and that both you and the applicant sign such documentation. Good documentation will help you demonstrate your compliance with applicable state and federal requirements. It will also prove invaluable to you in supporting the sale in the resolution of any misunderstandings that might occur after the sale.

REPLACEMENT OF VARIABLE INSURANCE PRODUCTS

If you are not licensed to sell variable products, it is your responsibility to ensure you comply with the requirements of state insurance law if you recommend the replacement of a variable life insurance policy or a variable annuity contract. Producers who are not licensed to sell variable products in Arkansas, Iowa, Tennessee, Utah, and Vermont are prohibited from recommending the replacement of a variable annuity or variable life insurance policy. Other states may adopt a similar prohibition -- producers are encouraged to review state insurance regulator Web sites for specific information, and our producer Web site for our communication(s) of such prohibitions.

Although not intended to be a comprehensive state listing of all applicable state bulletins and requirements, producers may refer to the following bulletins which are posted on each state's Insurance Department's websites:

- Arkansas Bulletin No. 14-2009
- Iowa Insurance Bulletin 11-4
- Tennessee Bulletin dated 05-22-13
- Utah Administrative Rule 590-133-7
- Vermont Insurance Division Bulletin 161

SENIOR CLIENTS

It is important to know and understand that senior investors require special consideration and attention. The following is a partial list of some of those considerations to take into account when you deal with this segment of the population.

SENIOR PROTECTION LAWS

Elder Abuse legislation has been adopted in many states and provides seniors with additional protections. You are expected to be familiar with the laws of your state and act accordingly. Similarly, several state and federal regulators have adopted guidelines for identifying and reporting exploitation of vulnerable adults. Producers need to be aware of the requirements applicable to their business.

COGNITIVE OR MENTAL IMPAIRMENT

You are not expected to be able to “diagnose” mental or cognitive impairment, but you should be aware of signs that indicate if a client is not fully competent. Any cognitive impairment could be used to void the purchase of an insurance product and could subject you and your agency to additional scrutiny by relatives and possibly regulatory authorities. In the event we determine that a client suffers from a cognitive or mental impairment, we reserve the right to rescind policies or contracts sold and charge back any commissions paid to you.

Some signs to look out for:

- Family members making financial decisions for the client, without a formal authority (power of attorney)
- Client or client’s family members discloses that they have been diagnosed with any form of mental disorders, including dementia, Alzheimer’s, diminished capacity, etc.
- The client is unable to recall pertinent facts or information.

USE OF PROFESSIONAL DESIGNATIONS

There are many professional designations available to producers. Regulators have been taking notice of the potential for misuse of these designations. You must follow all state laws and regulations, federal securities laws and FINRA rules that address the use of professional designations with the public. You may not use any title or designation that implies an expertise in any area where such expertise does not exist.

The NAIC Model prohibits the use of senior designations or certifications (1) by a producer who has not earned or is ineligible to use the designation; (2) that are nonexistent or self-conferred; (3) that imply a level of qualification that the producer does not have; (4) that are issued by organizations that are primarily engaged in marketing or sales and do not have procedures for monitoring or disciplining their designees for improper conduct.

UNFAIR TRADE PRACTICES

We will not tolerate unfair trade practices. The following unfair trade practices are generally prohibited under state law, this list is not all inclusive, please be aware of the laws specific to your state. We reserve the right to discipline any producer who engages in any of these practices even if the producer was representing another carrier while engaging in these practices.

MISREPRESENTATION

Misrepresentation is any statement that contains false or misleading information. A producer may not:

- Misrepresent the benefits, advantages, conditions or terms of a product
- Use false or misleading information for the purpose of inducing or tending to induce the purchase, lapse, forfeiture, exchange or surrender of any product

TWISTING

Twisting is the practice of using statements that misrepresent or inaccurately compare the terms, benefits, features or conditions of a product for the purpose of inducing or attempting to induce a client to lapse, forfeit, exchange, convert or surrender a product.

CHURNING

Churning is the practice of replacing a client's product with another product when the replacement is contrary to the client's best interest and when the primary purpose is for generating sales commissions for the producer. All replacements must show a benefit to the client.

REBATING

Rebating is paying or giving a client any valuable consideration as an inducement to purchase a product. We do not allow rebating in the sale of any of our products regardless of whether a state permits such a practice.

DEFAMATION

Defamation is the making, publishing, disseminating or circulating any statement which is false, deceptive or misleading with respect to the business of insurance or any insurer or agent in the conduct of its business.

SCARE TACTICS, COERCION, OR INTIMIDATION

Producers are prohibited from using any form of communication that may be construed as a scare tactic, coercion or intimidation.

ANTI-MONEY LAUNDERING (AML)

We are committed to prohibiting and preventing money laundering and any activity that facilitates money laundering activities. You may be requested to provide additional information about your client if we become aware of any suspicious activity that indicates possible money laundering activity on behalf of your client. Your cooperation and prompt responses are required to ensure that we meet our reporting obligations to the federal government. Our requests and your responses will be treated confidentially, and cannot be shared with your client or any other involved person.

In order to sell annuities and life insurance, our anti-money laundering program requires you to:

- Ensure that all information on the application is correct and all associated documents are accurate and complete. Records of this information must be retained as long as the contract remains in force and for five years thereafter. If a customer resists providing this information, notify the company AML Officer.
- Notify us if you detect any money-laundering red flags so that the Company can determine whether a suspicious activity report (SAR) must be filed with the U.S. Department of the Treasury. Red flags include, but may not be limited to, the following:
 1. The purchase of an insurance product inconsistent with the customer's needs.
 2. Unusual payment methods, such as cash, cash equivalents (e.g., money orders, travelers' checks), or structured money (i.e., multiple payments made to avoid transaction reporting thresholds).
 3. Early termination of a product (including during the "free-look" period).
 4. Termination of a product at a cost to the customer, or where payment is made by, or the refund check is directed to, an unrelated third party.
 5. The transfer of the benefit of a product to an unrelated third-party.
 6. A customer who shows little concern about the investment performance of a product.
 7. A customer who is reluctant to provide identifying information when purchasing a product or who provides minimal or seemingly fictitious information.
 8. A customer who borrows the maximum amount available or takes a significant withdrawal soon after purchasing the product.
 9. Any other activity which you think is suspicious.

The Company's AML Officer has the sole responsibility for responding to any inquiry regarding the subject matter of any suspicious activity report (SAR), per our AML policy. A producer must not, under any circumstances, disclose the fact that a SAR has been filed or considered, nor disclose the contents of a SAR to the subject of a SAR or to any third party. To do so would violate federal law.

COMPLAINTS

A complaint is any written or verbal communication alleging a grievance by a client. The communication may come from a client, their attorney or any state or federal regulatory agency.

Any complaints you receive shall be reported immediately to us. Regulators require us to maintain a complete record of all complaints received and each state has guidelines as to the time permitted to respond to a complaint. Producers must respond promptly and completely to any request from us concerning a complaint, including a request for a written summary of the facts related to the complaint. Failure to provide this information upon request and in a timely manner may result in disciplinary action up to and including termination. And under no circumstances shall a producer offer cash or any other valuable consideration to settle a complaint.

If you have any questions regarding customer complaints, please contact our Compliance Department.

PRIVACY

Federal privacy law known as Graham-Leach-Bliley and individual state laws impose certain legal obligations on producers and life insurance companies with regard to their collection, use and protection of clients' private information.

Producers should be familiar with the Companies' privacy policies. Customer information should only be collected, used and disclosed in accordance with consumer privacy notices and disclosure authorizations of the Companies. Producers must maintain or be subject to policies and procedures to protect customer information and other confidential information. These policies and procedures should address, as appropriate, access control, encryption and other controls appropriate to protect customer information and confidential information. Producers should also comply with applicable privacy and data security laws.



Below are a few things to consider when dealing with client's private information.

- Physical Security. Whether at home, the office, or in the car—documents or computers containing personal information should be kept in a secure and locked area.
- Transmission. The safest and most secure method possible should be used when sending or receiving private information. Private information should be e-mailed only if encrypted. If encrypted e-mail is not available, fax or mail the information.
- Disposal of Private Information. Documents containing private information should be disposed of in a secure manner, such as shredding.

NOTIFICATION OF DATA BREACH

Producers must comply with applicable data breach notification laws. Producers must notify us as promptly as possible, but in no event later than 72 hours from determining private information has been lost, stolen, or accessed by an unauthorized party. You shall cooperate with us in investigating and responding to incidents involving unauthorized disclosure, acquisition or use of private information.

FRAUD

Producers must understand that they must comply with all federal and state laws and regulations, as well as our policies, procedures and guidelines pertaining to anti-fraud and fraud detection. We are committed to our customer's safety and protection and take our responsibility to prevent the occurrence of fraud seriously. Producers who suspect someone of committing a fraudulent act should contact us immediately.

RECORD RETENTION

Producers are responsible for maintaining client files, which includes advertising materials used to sell the Companies' products, sales illustrations, client meeting notes, phone call documentation, customer correspondence and information used to verify customer identities. Maintaining adequate client files is essential for responding to customer or regulatory authority questions at a later date. Failure to maintain adequate client files may result in disciplinary action.

Producers shall make all records available for inspection to the Company or any regulatory authority upon request, even after termination of their agreement with the Company. Producers should maintain their client records for at least 7 years following the termination of the policy or contract.

REQUIRED REPORTING

Every producer will inform us, if legally permitted to do so, if any of the following occur and such occurrence is material and relevant to its ability to fulfill its obligations under its agreement with us:

- You are contacted by any government agency or regulatory body with any inquiries
- You are the subject of any investigation or inquiry by any governmental agency or self-regulatory body or are required to testify before any such agency or body
- You are a defendant or respondent in any litigation, proceeding or arbitration alleging violation of any rule or regulation of any governmental agency or self-regulatory body
- You are the subject of any censure, injunction, suspension, fine, cease and desist order, or other disciplinary action by any governmental agency or self-regulatory body
- You have any registration, license, permit, certification or membership denied, suspended, revoked or restricted by any governmental agency or self-regulatory body or are barred from becoming associated with a broker or dealer or life insurance company or from engaging in any other securities activities by any governmental agency or self-regulatory body
- You are the subject of any verbal or written complaint by a client or any claim for damages filed by a client
- You are the subject of any bankruptcy, agreement to compromise a debt with creditors, or any unsatisfied judgments or liens
- You are the subject of any arrest, summons, arraignment, indictment or conviction, or plead guilty or no contest to any criminal offense other than a minor traffic violation.



*As an ideal growth partner, K U V A R E provides
strategic support and resources to help pursue
and achieve sustainable growth opportunities
for our K U V A R E family of companies.*

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