

Agent Market Conduct and Compliance Guide

For the Forethought Life Insurance Company



March 2018

AN INTRODUCTORY NOTE TO OUR VALUED PRODUCERS:

Forethought Life Insurance Company recognizes and appreciates the many contributions that you make to our success and growth as a company. Our agents, agencies and funeral homes are a key part of our past accomplishments and future aspirations. Through your efforts in marketing and selling Forethought Life Insurance products, we are better able to deliver on our commitment to provide protection, security and peace of mind to our customers. You should be proud of the profession you've chosen. You are in a great position to make a significant positive impact on the financial stability and wellbeing of individuals, families and businesses.

We want to do everything we can to help you achieve and sustain success in the course of selling products and servicing customers for Forethought Life. A big part of being an insurance professional is doing things the right way – in other words, conducting your business in a fair, honest and ethical manner. Forethought Life is committed to helping our agents do just that and to assisting you in understanding legal and regulatory requirements.

In an era of increased regulatory scrutiny of agents and companies, it's critically important that you are aware of key rules and regulations that affect your business. Keep in mind that awareness is only the beginning, and ultimately your compliance with all of the requirements of the states in which you do business is a key component to a successful career. Please read the information presented in this Guide and keep this document in a convenient location for your reference.

Thank you for all that you do for Forethought Life and the Forethought Life Insurance Company.

A handwritten signature in black ink that reads "Kelly Milberger". The signature is written in a cursive, flowing style.

Kelly Milberger
SVP and Head of Preneed Sales

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OVERVIEW AND PURPOSE

The Forethought Life Insurance Company Agent Market Conduct and Compliance Guide was created to assist you in understanding important Forethought Life guidelines and procedures related to market conduct and compliance issues, and to help you develop a best practices approach to your business activities. In order to fairly and effectively conduct business with customers, you must have a thorough knowledge and understanding of Forethought Life's positions and guidelines, as well as the laws and regulations of the states in which you solicit business.

NOTE: Throughout this Guide, you will see that we have used the terms "agent", "producer", and "field representative" somewhat interchangeably for the sake of convenience and readability. We have referred to Forethought Life Insurance Company alternatively as Forethought, Forethought Life, "We," "Us", or the "Company" at various times as well.

Every insurance company is presented with the same fundamental challenges of successfully growing their business, achieving customer satisfaction and loyalty, developing and maintaining effective distribution systems for their products and complying with the regulatory regimes of all states in which it operates. Forethought Life has made a commitment to its customers to create life insurance products that provide value and versatility over a long period of time. We know that you recognize the importance of making product recommendations based on customer needs. We also know that you share our objective of maintaining solid long-term relationships with those customers by providing outstanding service after the sale. To further these goals, Forethought wants to equip its producers with a basic foundation for good market conduct by providing as much information and guidance as we can in the areas of insurance regulation, Company positions, requirements and training opportunities on compliance issues.

Yours is a highly worthy profession. The business of selling and servicing life insurance and annuity products is both very challenging and very rewarding. Long-term success in the business is achievable only through dedication to your clients, respect for your industry and a fundamental understanding of what constitutes acceptable market conduct in the eyes of regulators and the companies you represent.

Forethought Life wants you to recognize our mutual success is only sustainable if we focus on doing the right things for the customer such as conveying the value of preplanning and ensuring a meaningful memorialization. That emphasis on treating prospective and existing customers with due care goes a long way in solidifying Forethought Life's reputation, as well as your own. The guidelines and positions described in this Guide reflect the goals and values of Forethought Life. Also, these guidelines are intended to help you become familiar with Forethought Life's compliance rules and standards that you have committed to following under the terms of your independent selling agreement with Forethought Life Insurance Company.

All producers should understand that Forethought Life is committed to conducting business in a manner commensurate with the highest ethical standards and maintains compliance with all applicable laws and regulations.

When we are all truly focused on the needs, goals, and aspirations of our customers, we will benefit from the enduring relationships that perspective creates. Please take the time to review this Guide and keep it for your own reference. This Guide will also be posted and maintained on Forethought's agent portal at www.globalatlantic.com/preneed.

We are here to help you be the best insurance professional you can be. Please contact us if you have any questions about the topics presented in this Forethought Life Insurance Company Agent Market Conduct and Compliance Guide.

When we are all truly focused on the needs, the goals, and the aspirations of our customers, we will benefit from the enduring relationships that perspective creates. Please take the time to review this Guide and keep it for your own reference. This Guide will also be posted and maintained on Accordia's agent portal.

We are here to help you be the best insurance professional you can be. Please contact us if you have any questions about the topics presented in this Accordia Life and Annuity Company Agent Market Conduct and Compliance Guide.

Forethought Life appreciates your efforts in marketing and selling our products, as well as providing high-quality service to our customers after the sale. We recognize that effective marketing, advertising and promotion are all keys to a successful insurance sales practice. We want to help you achieve and sustain that success by informing you of the regulatory standards associated with such material, and provide a fair and attentive review of your material so that you can use it confidently and professionally.

The insurance industry is heavily regulated, primarily by the states. The marketing, advertising and sale of life insurance and annuity products are the subject of heightened regulatory scrutiny. In the area of advertising, underlying statutes, regulations, bulletins and guidelines continue to evolve. Many of the communications you make in the regular course of selling life insurance and annuity products are likely encompassed in the regulatory definition of advertising.

It is important for all representatives of Forethought Life to realize that compliance issues can arise from the communications you have and the marketing or advertising material you share with both prospective and existing customers. When improper or unapproved advertising is used, it may result in reputation or image erosion for you and Forethought Life, a negative reflection on our industry, insurance department complaints, marketing restrictions, and intensified regulation.

Forethought Life's Advertising Guidelines are derived to a large extent from the National Association of Insurance Commissioners ("NAIC") Advertisements of Life Insurance and Annuities Model Regulation, as well as our own best practices approach for the review of advertising that is based on interaction with customers, regulators and agents over many years. The Model Regulation has been adopted as the law in a majority of states, although there is some variation even among those states. Other states have their own unique regulations pertaining to advertising, although most have provisions that are similar to those found in the Model. Insurance advertising is closely regulated with frequent changes, clarifications, and bulletins issued by state departments of insurance. The following are some key points to keep in mind when developing advertising and marketing material:

(1) Broad Definition of Advertising. Please understand the definition of "advertising" under the Model Regulation, and under our Advertising Guidelines, is very broad. For the purpose of these Guidelines, advertising is defined as any material designed to create public interest in Forethought Life (or any affiliated company), its products, its agents or brokers — OR any material designed to induce the public to purchase, increase, modify, surrender, borrow on, reinstate or retain a policy issued by any of our affiliate companies.

(2) Examples of material that must be submitted to the Advertising Review Team for approval:

- Any material that discusses, describes, depicts or portrays in any manner, any Forethought Life company, its products or product features.
- All lead cards, seminar invitations, prospecting letters, call scripts and other similar "front end" material designed for the ultimate purpose of leading to the solicitation of prospective purchasers of life insurance and annuity products, **regardless of the lack of specific reference to Accordia Life, its products or product features.**
- Any consumer-directed material that discusses the advantages, benefits, characteristics, or tax aspects of life insurance or annuities — **regardless of whether specific products or product features are mentioned — if it can be reasonably expected to be used in conjunction with the sale or attempted sale of one of our products.**
- Any material that compares life insurance and annuities to other financial products.

We encourage all of our sales representatives to read the **Forethought Life Advertising Guidelines**.

These guidelines contain valuable information and instructions on how to submit your advertising material for review.

In addition to guidance on general requirements and prohibitions, you will find information on

(1) words and phrases to avoid with suggested alternatives;

(2) a list of professional designations that are approved or prohibited by Forethought Life for use in conjunction with the sale or attempted sale of its products; and

(3) an Appendix that summarizes some key state-specific rules and requirements for advertising.

NOTE: If you have questions regarding the appropriateness of certain language or require assistance for formulating acceptable language, please contact us at preneed.marketing@gafg.com

- Any material in the nature of sales and marketing concepts which are designed to position/promote or sell life insurance and annuity products. Websites, including but not limited to social media sites that address preplanning through insurance funding or mention Forethought Life of our products.

(3) Identity of Agent, Purpose of Contact. For any “first-point-of-contact” material such as lead cards, prospecting letters and seminar invitations, you must clearly and conspicuously disclose that you are a “licensed insurance agent,” “licensed insurance producer,” or “licensed insurance professional,” and the stated purpose of the contact needs to include a reference to life insurance and/or annuities. We expect all of our agents to follow this guideline.

An increasing number of states have added specific requirements around such disclosure. For example, North Carolina’s Insurance Code includes the following requirement:

An advertisement shall not make use of any method of marketing [emphasis added] that fails to disclose in a conspicuous manner that a purpose of the method of marketing is solicitation of insurance and that contact will be made by an insurance agent or insurance agency. 11 NCAC §12.0427(p).

It’s also important to note that certain states impose requirements on funeral directors, licensed preneed professionals, and/or agents to disclose their identity, title, and role in Advertisements.

(4) Identity of insurer, product. For those advertisements that do refer to an insurer, its specific products or product features, the Model Regulation requires that the issuing company’s full name and home office location are prominently displayed, and the full product name, product type and form number are referenced. Therefore, under our Advertising Guidelines, an advertisement that includes any reference to Forethought Life or any affiliated company, our products or riders, or any features of such products or riders, must include the information described above and, of course, be submitted for review and approval prior to use.

(5) Accuracy and Truthfulness. No advertising material that is created or used by agents representing any Forethought Life company should contain information that is untrue, misleading or deceptive, nor should any advertisement omit material information where such omission would tend to misrepresent the product or concept advertised. If insurance products or their characteristics are described in an advertisement, they should be clearly identified as insurance products and not be described via alternative references such as “fund,” “account,” “investment” or “plan.”

(6) Guaranteed and Non-Guaranteed Elements. Under the Model Regulation, advertisements cannot utilize or describe non-guaranteed policy elements in any manner that is misleading and there can be no indication that non-guaranteed elements are guaranteed. Forethought Life’s Advertising Guidelines require that any discussion of non-guaranteed elements such as growth rates or policy values shall contain a clear statement that they are not guaranteed.

[NOTE: this relates to insurance policy elements and not the goods and services listed in the funeral planning agreement.]

(7) Disclosures. Examples of material that require specific disclosures:

- Any advertising material that discusses or references the tax aspects of Forethought products must (1) explain, or cite the authority for, such tax treatment; (2) contain a clear statement that the reference to tax treatment does not constitute tax, legal or accounting advice; and (3) contain a clear statement that the consumer should consult their own legal or tax counsel to confirm how the tax treatment may apply to them.

Any advertising material that discusses or references strategies or requirements to qualify for any government assistance program such as Medicaid, Social Security, or Veteran’s benefits must contain a clear statement that the consumer should consult their own legal or financial planning counsel for guidance on specific requirements and limitations in their jurisdiction.

State insurance departments strictly control licensing, appointment and solicitation requirements. Although most states have similar licensing and appointment rules, there can be important variations. Furthermore, other entities, such as a state Funeral Board, may impose licensing requirements specific to the pre-planning and pre-need purchase of funeral goods and services. You need to be familiar with the requirements of each state in which you intend to conduct business.

Your Agent Contract

Each agent seeking to obtain a contract with Forethought must complete an Insurance Selling Agreement. It is critical that you answer all questions truthfully and accurately. Any misrepresentation of facts within the application or agreement later discovered will be grounds for termination of the Contract. Also note that you have agreed to self-report any adverse actions, such as a required compliance with a DOI consent order, within five days of their occurrence to our Legal department.

The authority to act on behalf of the Company under your Contract is subject to a number of terms and conditions. You need to read your Contract carefully and fully understand your obligations under it. One such commitment is your agreement to cooperate with the Company and follow its procedures and guidelines — many of which are discussed in this Guide.

Licensing and Appointment

As your Agent Contract states, you are authorized to solicit only those insurance products that have been approved for sale by the applicable state insurance authority, and that you are properly licensed to sell. State laws and requirements change quite frequently, and you have a professional obligation to ensure that you stay current with the applicable state's rules and regulations concerning such subjects as training, continuing education, suitability requirements, replacements, and various sales practices. Particularly if you are licensed in multiple states, keeping track of this information can be a considerable challenge. Although we attempt to keep our agents current, **it is ultimately your responsibility to understand your obligations under your insurance, preneed or funeral director licenses.** Your state's insurance department or funeral board website is a great place for information

We follow all state regulations and directives on proper and timely appointment of agents. Although solicitation and appointment rules vary by state, and are subject to change, it is ultimately the agent's responsibility to follow the appointment and solicitation guidelines established in each state in which they hold an insurance license. We will notify agents, agencies and funeral firms via Compliance Notices when any state's solicitation and appointment guidelines change.

Although a number of states authorize solicitation prior to their final approval of appointment, they do so under strictly enforced rules regarding the timing of the agent's contract and/or the submission of the first application to the Company. **Under no circumstances are you authorized to solicit applications on behalf of Forethought in any state that does not allow solicitation prior to appointment until you have obtained an official date of appointment from the state.**

Also keep in mind that although some states allow "pre-appointment solicitation," it is incumbent upon you to familiarize yourself with our products, procedures and guidelines prior to taking any applications.

To summarize your commitment, every agent who receives an Insurance Selling Agreement with Forethought must ensure that:

- A proper license and appointment according to regulatory and Company requirements is obtained and maintained to solicit and submit customer applications for the type of product(s) requested in the customer application.

- All information included with the application for appointment to represent our Company is accurately and completely recorded.
- Applicable state continuing education requirements, including AML training, are completed.
- Licenses are renewed as required, and a copy of the renewed license is immediately sent to the Company.
- Notification is sent to the Company if there is a change in licensing status (i.e., license is terminated, suspended or revoked).
- Any private administrative staff or outside vendors shall either limit their activities to clerical and administrative functions or have applicable required license(s) and Company appointment(s) as well. The agent is responsible for insuring that such persons also comply with these guidelines.
- Private customer information is properly safeguarded and secured while in your possession.
- Any commission or other compensation is not split or shared with an unlicensed person or entity. The Company does not permit rebating. An agent may not give the customer anything of value to induce the sale of a Company product.
- The Company will process terminations of appointments according to regulatory and Company requirements. The reason(s) for termination will also be provided to appropriate regulatory agencies as required by such agencies.

General Solicitation Guidelines

As the discussion above indicates, it is vital that you pay strict attention to the licensing, appointment and solicitation rules of each state in which you do business. The public has a right to expect that the person who is trying to sell them an insurance product is duly licensed with the state and has a current agent contract with the company the agent purports to represent. **Under no circumstance should a Forethought producer act as a “surrogate” for a non-licensed or non-appointed agent.**

That means if you sign the application as the agent, you must have been, in fact, the agent who met with the customer and solicited the application. Deliberately circumventing such rules will jeopardize your agent contract and likely subject you to fines, penalties and possibly the loss of your insurance license.

We want all of our producers to do as thorough a job as possible in meeting the financial objectives of each customer. Here are some basic reminders on the appropriate solicitation of Forethought customers:

- Provide competent and customer-focused sales and service, treating each customer as you would want to be treated, with high standards of honesty and fairness.
- Seek information from the customer, such as the payment plan option that is most affordable, that will assist in making appropriate recommendations.
- Use only Company approved advertisements and sales literature.
- Fairly, clearly, and fully explain the life insurance policy or annuity contract being sold.
- Carefully distinguish between the guaranteed and non-guaranteed elements of the prearrangement.

AGENT EDUCATION AND TRAINING

Forethought Life recognizes the importance of each agent's commitment to adequate education and training as a key ingredient in achieving and sustaining your success as an insurance professional. It is your own personal responsibility to ensure that you comply with all continuing education requirements for each state in which you maintain an insurance license. In recent years, in addition to basic continuing education requirements, some states have enacted additional requirements for agents, including mandatory training on certain categories of insurance products or on various market conduct subjects such as suitability. As new requirements evolve, we will continue to notify you of your specific duties for the completion of such training.

Independent of state-mandated training, Forethought Life provides a variety of educational and training opportunities for producers designed to enhance your professionalism, market conduct awareness, and general knowledge of the company's products, policies and procedures. We provide education and training for our agents in the following ways:

- **Live training on site for agencies and funeral homes:** We use a variety of training methods and materials to successfully grow your business. We do this by offering workshops on a vast number of courses all designed to deliver results to help you achieve your goals. We work with beginning and experienced insurance agents, sales managers and funeral home owners.
- **Agent & Sales Manager training programs:** We cover a broad spectrum of sales and leadership workshops to ensure you stay ahead of shifting market trends. Our courses are customized to cover what you need to keep you on track. We assist Sales Managers to effectively manage and motivate a sales team. Participants walk away with customized plans for managing their business.
- **Sales Strategy Events:** Marketing development and strategic business planning are just a few areas where we focus to analyze your business and provide sound strategies to help you obtain your goals. The focus is on building a sound results-focused business plan you can implement. Quarterly follow up is scheduled to ensure the plan is still on track.
- **Webinars:** We offer online versions of our courses to provide flexible learning options to meet your busy schedule. We also have a library of recorded webinars you can view at your convenience.
- **Phone coaching:** This unique solution helps make sure your sales staff is successful. The phone coaching or individual training program creates customized training plans to fit your needs. Sales Development professionals will consult with you, determine the needs and goals necessary and create an action plan. Through a series of phone calls and online coaching (such as listening to webinars, etc.) you will realize your goals and grow your skillset. We believe that ongoing follow up is crucial to the success of this program and will provide guidance through this process.
- **Continuing Education:** The Sales Development Team has partnered with Success CE to offer you continuing education for your life insurance licenses. Using a special voucher, you will receive up to 30 hours of free continuing education to help fulfill your continuing education requirements.
- **Agent Guides and Customer Brochures:** These materials explain Forethought Life products and provide additional information on various marketing concepts.

We are dedicated to helping you be the best insurance professional you can be. Ethical business practice and compliance are the foundation of all the training we provide. We want you to have the very best training and educational opportunities possible— including training on products, illustrations, marketing concepts, home office processes and sales skills. We would like all of our producers to become aware of the vast array of tools and resources provided by Forethought Life to enhance the customer experience for both you and your client.

Forethought Life provides educational and training opportunities in a number of ways:

The Sales Development and Marketing Teams offer all approved training presentations on Forethought Life products, marketing concepts and marketing tools, including basic compliance-related information.

Forethought Life's Compliance staff is available on request to present live or web-based training for agencies and marketing organizations.

Forethought Life's Compliance staff can assist in helping agencies and marketing organizations formulate their own compliance training initiatives and material.

Your commitment to your own business through consistent professional growth is an important ingredient in achieving sustainable career success. This goes beyond merely completing course work or attending training sessions. We all learn from our experiences, and the interaction that you have with prospects and clients builds a foundation for improving your own effectiveness and the value that you bring to customers. Over time, you also learn from other insurance professionals — possibly through joint work, attending industry meetings that offer presentations by veteran agents, through agent study groups or just by personal observation. One impressive characteristic of our industry has always been that, over the years, many successful agents have demonstrated a desire to “give back” to the business and share their training, knowledge and experience with other agents. By maintaining a serious commitment to your own training and professional development, you can be in a position to do the same thing.

Just as important as your knowledge of marketing concepts and product training is the development of a fundamental framework for market conduct and compliance issues that enhance your ability to successfully operate your business with confidence and without having to look in the “regulatory rear view mirror.”

COMPLAINTS

Forethought Life employees and field representatives strive to do the right thing for our customers. More specifically, we want to continue to be an industry leader in innovative high-quality products placed through professional, well-trained agents, and offer excellent customer service after the sale.

In spite of our collective efforts to do that, policy owners are not always satisfied with their experience as a customer. Complaints are a part of doing business, and in a highly regulated environment such as the insurance industry, they can occur for a number of different reasons. Two key aspects of this subject that you should fully understand are: (1) what constitutes a complaint; and (2) what you should do when a customer makes a complaint.

Definition of a Complaint

We define a complaint as, “a written communication primarily expressing a grievance.” The following is a list of examples of written communications that we would consider complaints:

- Expression of general dissatisfaction directed to a company officer
- Expression of profanity and/or derogatory statements
- Allegations of violations of insurance law or regulation
- Allegations of violations of preneed law or regulation
- Allegations of criminal activity
- Allegations of fraud or misappropriation
- Allegations of misrepresentation
- Allegations of an inappropriate or unsuitable sale
- Allegations of an inappropriate replacement
- Allegations of unacceptable customer service both during the preneed sales process and at need.

It's also important to realize that complaints may come from various sources:

- Forethought Life contract owner
- Beneficiary of a Forethought contract
- Regulatory body on behalf of a customer
- Attorney on behalf of a customer
- Individual authorized to act on behalf of a customer, including:
 - Attorney in Fact
 - Conservator
 - Custodian
 - Guardian
 - Insurance agent or financial representative authorized to act on behalf of the customer

Note Regarding Litigation.

In lieu of making a complaint, (or sometimes subsequent to the complaint), a policy owner may choose to file a lawsuit against you, the Company and possibly other parties who may have been involved in the sale. Should this happen, and the action involves the sale of a Forethought product, please contact the Legal Department immediately so we can respond appropriately. Also, regardless of whether or not the action involves the sale of a Forethought product, you should contact your E&O carrier immediately to report a claim.

Complaint Procedure and Process

If an agent, agency or funeral home receives a complaint directly, it should immediately be forwarded to the Compliance Department. The Company maintains a log of all written complaints and has a regulatory obligation to maintain accurate records of all written complaints. Further, you need to be aware that it is inappropriate and unacceptable for an agent to initiate any discussion of settlement of a complaint without consulting with and gaining the permission of the Home Office.

The process of responding to complaints received from or on behalf of consumers, and complaints or inquiries received from state insurance departments, is handled by Compliance. You may forward any complaint received to Compliance via email to: Legal_Compliance@gafg.com.

Acknowledging Receipt of Complaint - An acknowledgment letter is sent to the policy/contract owner or their designated representative stating that the complaint has been received, is being reviewed and providing contact information of the team member assigned to the complaint.

Request for Agent Response - When the complaint involves the conduct of the agent or funeral home, we will notify the applicable parties of the complaint received. In most instances, we will require a written response to the complaint along with all sales materials utilized in the sales process within five business days of the request. Copies of complaints will be sent via facsimile or email whenever possible. A copy will also be sent to any general agent, agency, or funeral home involved in the sale. This is the primary opportunity for an agent to “tell his or her side of the story” and explain any and all details that may be relevant to Compliance’s review and resolution of the complaint. If the complaint does not involve the conduct of the agent or funeral home, then notification is generally not sent.

Follow-Up for Agent Response - If no statement is received within five business days, a second request is made to the agent and a copy of the request is provided to the applicable Sales representative. If a response is not received after the second request, we will proceed with our analysis of and response to the complaint without the agent’s statement.

Contacting the Customer - Under most circumstances, Compliance will call the customer or authorized individual acting on behalf of the customer. Exceptions to the rule occur when a regulatory agency has requested that we not make contact directly with the customer or when an attorney represents the customer. **Neither the agent nor his/her hierarchy should contact the complainant or policy owner if the policy owner or his/her representative has requested that no contact be made or if a state regulatory agency or an attorney is involved.** Because the facts and circumstances of each complaint are unique, a case-by-case analysis

of each complaint is necessary to determine the appropriate action. An agent's response to a complaint is taken into consideration before a complaint is responded to by the Company or resolved by Compliance, which will assess the information provided by both the customer and the agent, and then determine an appropriate course of action.

Customer Complaint Resolution - We are committed to handling complaints in a thorough, fair, expeditious and courteous manner in accordance with applicable statutes, rules and regulations. We understand that when a complaint is filed, it is an opportunity to make a difference to a customer, gain insight into how the company can better provide value for all customers and preserve our relationships with our customers.

CONFIDENTIALITY OF CUSTOMER INFORMATION

Protecting the privacy of our customers' information is an important aspect of providing good customer service and earning the trust of all our policyholders. We are required by law to protect our customers' non-public information and implement internal controls to ensure the confidentiality and security of that information. Congress addressed consumer privacy as part of the Financial Services Reform Act of 1999 (Gramm-Leach-Bliley Act, or GLBA). Title 5 of GLBA lays out responsibilities under federal law with respect to the private information that is gathered and used in the selling and servicing of financial services products, including life insurance and annuities. Over a decade ago, the National Association of Insurance Commissioners (NAIC) adopted the Standards for Safeguarding Customer Information Model Regulation, which has largely been enacted in every state. This regulation describes the privacy requirements and mandatory controls that are applicable to the insurance business.

"Non-Public Personal Information" refers generally to information collected that is not available to the general public. Concerning Forethought Life customers, information of this nature would include, but is not limited to:

- Policy/contract values
- Policy/contract numbers
- Social security number
- Type of policy/contract purchased
- Medical information
- Beneficiary information

Customers have the right to expect that the information we receive from them will be used only in connection with their application for a life insurance or annuity product as well as the subsequent servicing of any policy or contract that we issue. They expect that their information will be protected from unauthorized use, or from others who should not have access to the customer's personal information. Therefore, we are committed to protecting the confidentiality and integrity of your clients' personal, non-public information as they become our customers. Correspondingly, you have the following fundamental obligations:

Agents are obligated to protect non-public personal information of customers in accordance with the Forethought Life Companies Privacy Policy and Guidelines, and in accordance with the terms of their Forethought Life Selling Agreement.

- Agents are required to protect customers' information and implement internal controls to ensure the confidentiality and security of customer information is not breached.
- Documents, desktop computers, laptops, handheld devices, and additional resources used to store non-public personal information should be kept secure at all times.

- Agents should consult a legal advisor to determine if the agent has additional obligations with respect to his/her business and relationships outside of his/her relationship with the Company.
- Any security breach of Forethought customers' personal information should be reported to us immediately.

The Forethought Life Companies Privacy Policy and Guidelines provides a comprehensive explanation of our responsibilities to guard our customer's privacy. The foundation for the Guide is the NAIC Model Regulation on Privacy of Consumer Financial and Health Information, which was adopted to assist states in meeting the requirements outlined within GLBA. As with most Model Regulations, some states have adopted the Model with little variation while others have established their own unique laws and regulations.

As an agent of Forethought, you must comply with our Privacy Policy and related Guidelines. In most cases, where your activities are limited to obtaining customer information in conjunction with our application, and you are functioning as our authorized representative, you are covered by our Privacy Policy and likely do not need to have your own privacy policy. However, if you use the information you gather either prior to or after the policy is issued, for other marketing purposes, our Privacy Policy likely does not cover you. It is important for you to understand that to the extent you act as an independent provider of insurance products and other financial services or advice, you may have to comply with privacy regulations aimed at your own business – in addition to complying with privacy requirements and guidelines of the companies you represent.

CONFLICTS OF INTEREST

It is vitally important you realize that various agreements or transactions in which you want to engage with customers may be inappropriate or even unlawful. Although it is fundamental that you must act in the best interests of the customer and not your own when selling life insurance and funeral goods and services, some agents fail to recognize how important it is to avoid both apparent and potential conflicts of interest. With respect to transactions involving Forethought Life customers, all producers should keep in mind the following points:

- You must not be or become the owner of a policy or contract other than one insuring your life, that of a close family member, or a business associate in whom you have a demonstrable insurable interest.
- You must not be or become the designated beneficiary of a policy or contract other than one purchased and/or owned by you or a close family member.
- You must not be or become the holder of a Power of Attorney over the property of a customer, particularly if such power is exercisable with respect to a Forethought Life policy or contract.

Other conflict of interest issues can arise within the context of an agent-client relationship. While strong customer relationships and persistent business are generally encouraged, the following transactions between Forethought producers and customers are prohibited:

- Lending money to a customer
- Borrowing money from a customer
- Commingling your funds with those of a customer
- Making any unauthorized transactions including the submission of applications contrary to the wishes of the customer

Please also realize that engaging in any such activities does not only result in possible termination of your selling agreement, but could be a violation of state law which would subject you to any applicable statutory fines or penalties and possibly result in revocation or suspension of your insurance license.

CUSTOMER SIGNATURES AND CORRESPONDENCE

The clear acknowledgement via signature that the customer understands certain information or undertakes certain obligations when purchasing a Forethought life insurance product is an important part of the sales process. The application, issue and delivery processes include requirements around the execution of certain documents and forms. Although the Company maintains on its agent websites some helpful tips on what forms are required in conjunction with a given case, there are times in which a required form is missed the first time around.

Agents are not permitted under any circumstance to sign a customer's name even on their behalf or with their authorization (this includes initials). Signing a customer's name will subject the agent to disciplinary action by the Company, up to and including termination. This includes the applications, disclosures, illustrations, delivery receipts and any other forms associated with the policy. Forgery is a criminal offense and carries severe consequences, not only from the Company, but from regulatory authorities as well.

Neither agents nor their staff are permitted under any circumstance to call or email the Home Office and falsely represent that they are the policy owner or contract owner.

Keeping Track of Paperwork on New Cases

The following are some tips on processing paperwork in conjunction with New Business requirements – for any point-of-sale disclosure forms that require customer signatures, you should:

- Explain the information contained in the form.
- Ask the customer to read the form.
- Verify that the customer signs the form.
- Make sure the customer records the actual date of his/her signature.
- Verify that the application and all applicable required disclosure forms are properly completed and signed by the appropriate person, if signatures are required on the form.
- In situations where the owner and insured are two different parties, you need to pay close attention to whose signature is required.
- In cases involving policy ownership by a business entity, a company officer other than the proposed insured or annuitant should sign the application and related forms on behalf of the business.
- Examples of disclosure forms include replacement forms, buyer's guides, and various other point-of-sale and delivery disclosure forms.
- Leave the appropriate copy of each disclosure form with the customer as required.
- SnapApp

Policy Owner Service Requests

- Requests for automatic premium withdrawals must be authorized by the bank account holder.
- Requests for policy loans, partial withdrawals or cancellations will be promptly handled after proper written request, signed by the policy owner, is received.
- Any owner address change that occurs will result in a notice being sent to the old and new address on file.
- Life insurance reinstatement applications must be signed by the owner and will be promptly reviewed according to regulatory requirements, Company policy and applicable policy form language.
- Any change in beneficiary must be requested in writing and signed off on by the owner.
- Any modification to the Direction to Pay Proceeds must be signed off on by the owner and successor funeral home.
- If a name or ownership change occurs, proper written notification must be signed by the owner and submitted with any applicable supporting documentation.

DO NOT CALL REGISTRY

The Federal Communications Commission (FCC) prohibits calls to consumers listed on the National Do Not Call Registry. The rule exempts clients with an established business relationship or those who have written for information about products or given written permission to be contacted. In addition, many states have rules regarding telephone solicitation. Under the Telephone Consumer Protection Act (TCPA), the FCC also regulates the manner in which telephone sales calls can be made, including the manner in which calls using a pre-recorded voice or an automatic dialing system must be made.

National Do Not Call Registry Guidelines for Producers

The Federal Communications Commission (FCC) adopted a final rule establishing a Do-Not-Call (DNC) Registry, which became effective October 1, 2003. The National DNC Registry is a list where individuals can register their residential phone numbers to limit telephone solicitations. As of October 1, 2003, consumers had already registered more than 52 million phone numbers with the National DNC Registry. The National DNC Registry is managed and enforced by the Federal Trade Commission (FTC). Please understand that the National Registry requirements apply to insurance agents and the calls you may make to customers. Some states have established their own DO-NOT-CALL regulations that may exempt certain insurance solicitations. **But the National Registry DOES NOT provide any exemption for insurance solicitations.**

Telephone Calling Guidelines for Agents

The FCC adopted a final rule amending the TCPA which became effective in 2012 and 2013. Under the TCPA regulations, sales or solicitation calls may not be made to consumer telephone residential lines or cell phones using an automated dialer or using a pre-recorded voice without the consumer's prior written consent.

Impact to Agents:

If you use the telephone to make solicitations, you cannot call people who have listed their number on the National DNC Registry. **If you do call a number on the National DNC Registry, you can be fined up to \$11,000 per call.** If you use an automated dialing system or pre-recorded calls of any type, you may not call people who have not given you their prior written consent to be contacted by telephone. Violations of these regulations can result in a fine of up to \$500-\$1500 per call.

What agents CAN do:

- Call individuals (if they are not on DNC Registry) by hand using a live voice on their residential or cell phone lines, but only between the hours of 8 a.m. and 9 p.m. You must identify yourself, your agency, and the purpose of the call is to discuss annuity and insurance products.
- Call businesses (only personal phone numbers can be registered).
- Call individuals by hand using a live voice on their residential phone lines if you have an “established business relationship” based on the consumer’s purchase or a transaction, within 18 months prior to the call.
- Call consumers to respond to a specific inquiry or concerning an issue with the consumer’s application.
- Call individuals on the National DNC Registry, or on a cellular phone line, or using a pre-recorded voice or an automated dialer, but only if those individuals have provided prior written permission to you for these calls.

What agents CANNOT do:

- Call individuals who are listed on the National DNC Registry.
- Call before 8 a.m. or after 9 p.m.
- Call individuals who ask not to be called, regardless of any existing relationship.
- Call individuals based on “referrals” without checking the National DNC Registry.

How does an agent access the National DNC Registry?

The National DNC Registry may be accessed at www.Telemarketing.donotcall.gov. Telephone numbers are sorted by area code. You will be asked to provide identifying information such as agent, funeral home, or agency name and address. The National DNC Registry will be updated every three months, and you must re-check for additional names added to the National DNC registry every three months. You can access five area codes for free. After that there is an annual fee of \$54 per area code with a maximum fee of \$14,850 for the entire U.S. database. Fees must be paid annually by you.

State Do Not Call Lists

States will continue to have their own do not call lists, many of which will be coordinated with the National DNC Registry. States which have elected not to share with the National DNC Registry and do not exempt any insurance solicitation include: Indiana, Louisiana, Missouri, Tennessee, Texas, Wisconsin, and Wyoming. If you are in these states, you need to check your state list as well.

Agents’ Do Not Call List

Even if a customer has not registered on the National DNC Registry or on a State do not call list, he/she can tell you that he/she does not wish to receive marketing calls from you or your funeral home or agency. If you get such a request, you must add that number to your own “Do Not Call list” and you must not call that customer for solicitation purposes.

Summary

The FCC rule prohibits calls to consumers listed on the National DNC Registry. The rule exempts consumers with an established business relationship or those who have written for information about products or given written permission to be called.

You should check all numbers you call for solicitation purposes against:

- (1)** The National Do Not Call Registry
- (2)** Your State do not call list, if applicable
- (3)** Your own Agent/Agency Do Not Call list.

INVESTMENT ADVICE

Forethought Life understands there are producers contracted with our companies who are licensed to sell securities and/or provide investment advice to customers, but many are not. Forethought Life also recognizes that in the course of most preneed sales it is unlikely that securities or investment advice will be a factor. However, a prospective client may hold investments in a security and contemplate using that investment to fund the sale. It is important to remember that if you do not have the appropriate registration, you are prohibited from dispensing investment advice to existing or prospective customers – by Forethought Life and by law.

Whether an agent is providing investment advice that requires registration depends on the facts and circumstances, but if you are not licensed to discuss securities or provide investment advice, then the following activities should be avoided:

- Recommending the liquidation of a security;
- Recommending a specific allocation amongst asset classes;
- Discussing the characteristics, advantages, or disadvantages of a particular security; and
- Advising a customer as to whether securities are relatively more or less suitable than a fixed insurance product.

You are responsible for being aware of and abiding by all the laws of the state(s) in which you conduct business – whether they derive from insurance regulation, securities regulation, unfair trade practice statutes, or other laws.

NEW BUSINESS

Taking Applications

For all cases, please keep in mind that the application becomes part of the life insurance policy or annuity contract that you sell on behalf of the Company. In taking applications for Forethought, the following are some critical points in making sure that your cases are submitted in good order:

- Make every effort to ensure the information provided by the applicant is complete and correctly recorded.
- Ask all questions as required by the Company and accurately record the responses.
- Make sure that the information on applications and other New Business forms are legible and easily readable.
- Accurately record information regarding the customer's existing life insurance policies and annuity contracts.
- Explain to the customer what constitutes a replacement before asking the applicant if a potential replacement is involved.
- If a replacement transaction is known or can reasonably be expected to occur, follow the applicable procedures for replacement cases and complete all required paperwork.
- Calculate the premium based on Rates2Go or the product rate card.
- Ask the applicant to carefully review the application before it is signed.
- Make sure the customer records the actual date and location where the application is signed.
- Have the applicant initial any changes written on the application. Do not use correction fluid to cover previously recorded information.
- Never permit an applicant to sign a blank or incomplete application or form.

- Never alter or amend any documents obtained.
- Remember that the submission of some documents and information is time-sensitive and you need to be aware of state-specific rules and requirements in that regard.
- Complete any additional state-specific point-of-sale forms that may be required.
- Always record the name and agent code of the agent who takes the application and witnesses the signatures of the customer(s).
- Determine whether you are offering funeral guarantees, cost-estimate pricing or insurance with no funeral home goods and services guarantees.
- If offering guaranteed or cost-estimate contracts, ensure you are completing the appropriate Funeral Planning Agreement and Statement of Goods and Services.
- Review the funeral home general prices list and accurately record prices and merchandise selected on the Statement of Goods and Services.
- Ensure you are totaling the contract correctly.
- Accurately record the Funeral Firm and Funeral Recipient information on the Statement of Goods and Services.

For life insurance applications: Promptly submit any initial premium paid along with all applicable documents to the Company, including the application, and, if applicable, the Replacement Form, 1035 exchange transmittal, and any other information obtained during field underwriting. Clearly disclose any condition that would affect the insurability of an applicant. Submit additional forms as required by the circumstances of the case.

Applications Completed and Signed by a Guardian, VA Fiduciary, or an Attorney-in-Fact

In some cases, your client may be working with you through their attorney-in-fact, or some other court or government-appointed person or entity. If this is the case, it is important to note that this could affect their ability to obtain full, first-day death benefit coverage on multi-pay plans. Please refer to your state's Agent Reference Guide for more information.

For any new business submitted by a guardian, attorney-in-fact or VA fiduciary, please remember to also submit proof of their authority such as properly executed and current power-of-attorney form, court orders or other legal documents granting authority to act on behalf of the insured with respect to insurance transactions.

The following are some tips to remember when submitting applications:

- The appropriate signature format for an attorney-in-fact or guardian is something substantially similar to: Sally Smith, by Samuel Smith, power of attorney; or John Smith, by Jane Smith, guardian.
- A VA fiduciary can sign a preneed life insurance contract on behalf of owner of the policy, but there are special requirements:
 - Official form from the VA naming who can sign
 - If the form from the VA does not name who is to sign, Forethought requires a second letter stating who can sign as fiduciary
 - Signed Funeral Planning Agreement
 - Fiduciary can sign if the policy is guaranteed, there is a completed Goods and Services form and the Funeral Planning Agreement is signed
 - Fiduciary can sign if the policy is price estimate-only, with a coverage estimate of Goods and Services, as long as the Funeral Planning Agreement is signed
 - Fiduciary CANNOT sign if there is no completed/signed Funeral Planning Agreement

(final expense or non-guaranteed)

- The policy must be made irrevocable (have signed irrevocable sheet)
- New business applications submitted will require one of the following:
 - If the owner is the insured, then a valid signature of the insured/owner.
 - If the insured cannot sign as owner, then provide a power of attorney document or a court-ordered conservatorship document. Being a Representative Payee, on its own, will not be enough to issue the contract.
 - If the owner is different than the insured, then follow the rules for insurable interest and provide the relationship of the owner to the insured on the appropriate section of the application. Have the owner sign in the appropriate section. A Representative Payee does not meet the definition of insurable interest.
- Unless a rep payee is also a guardian or attorney-in-fact, he or she may not sign legal documents, other than Social Security documents, for a beneficiary. Rep payees have no legal authority over earned income, pensions or any income from sources other than Social Security or SSI, unless the rep payee is also a legal guardian or has power-of-attorney.

Handling Customer Funds

Funds collected on behalf of the Company by the agent shall be submitted to the Company immediately. All premiums, after the initial premium, are to be submitted directly to the Company by the customer. Forethought does not allow premiums to be paid from agents' personal accounts. **Do not commingle customer funds with agent funds.** In certain states, under specific conditions, it is permissible for the funeral home to submit the initial payment provided the funeral home check form is submitted with the premium payment. **Note that certain states require all premiums, including the initial payment, be made payable and submitted directly to the insurance company.**

Agents are expected to maintain adequate records and procedures to assure proper handling of customer funds. Agents may not rebate or advance premiums, offer to pay premiums for a client, or submit fictitious policies – business submitted for the purpose of generating a commission that is cancelled after the chargeback period expires.

Underwriting Life Insurance

Part of being an insurance professional is to take your field underwriting responsibility very seriously whenever you take an application. You can assist in expediting the new business process by committing to the following as standards of good business practice:

- Review and comply with all Company guidelines and procedures including face amount limits, if applicable, age limits for non-guaranteed sales, cross border sales requirements, and field underwriting standards and requirements.
- Report all knowledge and observations concerning the applicant's health during the application process.
- Follow Company underwriting standards, guidelines, and procedures as information is obtained and applied to product eligibility and selection.
- Please refer to your Agent Reference Guide for additional information.

Policy/Contract Issue and Delivery

Policy/Contract Issue: It is vitally important that you familiarize yourself with the New Business requirements for your cases. At Forethought Life, we want to make the process for issuing your new cases as efficient and responsive as possible. As a producer, you are a valuable customer for us and we want you to have all of the information necessary to complete any

requirements and forms for the business that you submit. When cases are not submitted in good order, the number of outstanding issue requirements is greater, the chance of errors in the processing of the case may increase, and unnecessary delays may ensue that can lead to a disappointing customer experience with Forethought Life for both you and the applicant.

The adequacy and timing of some forms and requirements also may be directed by statute or regulation. We realize that, in some instances, the proper and timely completion of required forms seems like a purely administrative or ministerial function, but these requirements do have a purpose and are often the subject of regulatory inquiries and market conduct examinations.

Fortunately, we provide tools for you including Snap App, Rates2Go, agent reference guides, and customer support representatives for both sales and service. We encourage you to utilize these helpful tools to increase the chances that all regulatory and issue requirements are met the first time around!

Note: Agents do not have the authority to waive any of the Company's informational or underwriting requirements, or to modify the terms of the Company's applications, policies, or information on disclosures.

Here's a tip: If you have a case that you anticipate, due to size or ownership & beneficiary arrangement, may trigger some additional questions by the New Business, team, it's always a good idea to provide the Company with as much additional information as possible in a cover letter submitted with the application.

Free Look Period Cancellation. Requests for free-look returns with a refund of any premiums paid will be promptly handled, according to regulatory requirements, Company policy and applicable policy form language. To cancel a policy during the free-look period, the policy owner must do the following (as stated on the cover page of the policy):

1. Return the policy to the Home Office;
2. Return the policy to you, the agent who sold the policy; or
3. Submit a written request signed by the policy owner.

In any case, the policy must be returned within 30 days after it is received by the owner. By company practice, Forethought allows 90 days to review and return the policy for a full refund. Requests to cancel policies that do not fulfill these conditions (such as a verbal request from the policy owner to the agent, or from the agent to the home office) are generally not valid and may not be honored by the Company. Likewise, agents do not have the authority to request cancellations of policies.

Any agent who receives a verbal request from a policy owner asking for the cancellation of a policy should inform the policy owner that the verbal request is insufficient and explain the above conditions that must be fulfilled for a proper and valid cancellation.

Record Retention: Agents should know applicable state requirements concerning record retention. Even if a state does not have specific requirements, agents should maintain customer files, in a secure location, with at least the following information:

- Any information provided by the customer and was part of the basis for the agent's recommendation.
- A copy of the application, signed point-of-sale disclosures, replacement form (if applicable), and any correspondence or complaints.
- The advertising or sales literature that was communicated to the customer.

You should retain documentation in permanent client files in an organized, easily retrievable manner. You should also periodically review and update the information with the customer

NON-RESIDENT SALES

Forethought Life wants to make sure all of its agents understand the rules and regulations that pertain to nonresident sales of life insurance and annuities. **A “non-resident sale” (sometimes referred to as a “cross-border sale”) occurs whenever a customer buys a life insurance policy or an annuity contract outside their state of residence.**

A substantial part of the mission of state insurance departments is to protect their citizens from purchasing products that have not been approved in their respective states, as well as making sure only agents and companies properly licensed in their respective states are

doing business with residents of their states. More than ever, state insurance departments are examining transactions in which residents of their states are being sold insurance products outside their jurisdiction. The repercussions for agents and insurance companies can be severe – fines, penalties, remediation, suspension of agent license or certificate of authority.

With our very mobile society, it's quite likely you will experience situations in which there is an opportunity to sell a life insurance policy or annuity contract to an individual who is not a resident of the state in which you are located or conducting business. If the solicitation for the sale of an insurance product takes place in a state that is not the state of residence of the applicant/owner, you must comply with the following guidelines and requirements:

- Provide accurate and complete disclosure to Forethought Life of the location of solicitation, Application, and delivery.
- Complete Section 3 of Form A9562-01 Preneed New Business Options*.
- The solicitation, the application, the premium collection and policy delivery must occur in the same state.

*not applicable in MA, MN, and UT where cross border sales are not permitted

When completing the Preneed New Business Options Form, keep in mind that a completed funeral planning agreement and itemized list of goods and services is required to establish a valid reason for the non-resident sale.

State insurance departments will not tolerate agents who deliberately bend the rules in the course of selling products to citizens outside of their own state of residence. In order to do so, you must maintain the appropriate non-resident license(s) and only sell products approved in the non-resident states while conducting business in those states. In addition, you must be familiar and comply with all rules & regulations in each state for which a non-resident license is held.

The following are some practices in which no agent appointed with Forethought Life should become involved:

- Do not act as agent in states in which you are not licensed.
- Do not sell products in states where they are not approved.
- Do not invite potential prospects from one state to a seminar in another state due to product unavailability in prospects' state of residence.
- Do not advise a prospect who is a resident of one state to travel to another state due to product availability.
- Do not submit an application indicating that it was signed in a state which, in fact, it was not completed and signed.
- Do not act as a "surrogate" for another agent who is not properly licensed in the state in which the solicitation occurs.

The rules surrounding non-resident sales can be challenging and there are a number of situations, especially in cases where the applicant/owner and the proposed insured or annuitant are different persons, where it may be difficult to tell: (1) where the solicitation took place; (2) which state's rules should apply; and (3) which state's forms should be used. **If you have questions about how to proceed in such cases, please Contact Sales Support at (866) 449-3722 or preneedsales.support@gafg.com to discuss the case.**

CLAIMS

Note: It is important that you understand that some states prohibit cross border sales to residents of their states in general. Also, even in cases where the Preneed New Business Options Form is completed Forethought reserves the right to decline applications based on other information or circumstances known to the Company.

Getting complete and accurate information from the family and the funeral home will allow for a positive claim experience and timely disbursement of the death proceeds. You must ensure that all required forms are completed, especially the Beneficiary Claim Form, which is required when excess proceeds are payable to a non-funeral home payee. Please also ensure that all state specific requirements are submitted. Check that you have entered the Insured's information, specifically the date of death. When in doubt, refer to the table provided on the instruction page of the claim form (copied below).

Make sure the funeral director reads the authorization and signs the claim form. You will need to obtain a witness signature, certifying the funeral home provided services – **this cannot be a funeral home employee.**

The main reasons that a claim is pended are:

- Beneficiary Claim Form omitted;
- Amount of Benefits Claimed omitted;
- Death Certificate missing;
- Relationship to Insured omitted, and
- The funeral home signed as Witness or Witness Signature omitted.

Make sure you double check the need for these requirements before submitting a claim.

Claimant:	Submit:
Funeral Home claiming all proceeds	Preneed Claim Form (Additional state specific requirement, if required)
Funeral Home claiming partial proceeds, with excess proceeds being paid to a non-funeral home payee	Preneed Claim Form and the Beneficiary Claim Form (Additional state specific requirements, if required)
Funeral Home not claiming proceeds	Beneficiary Claim Form and supporting documents (Additional state specific requirements, if required)

The recommended disposition of all contestable claims is reviewed by a claims committee, including members of Forethought's legal and compliance teams. Contestable claims that result in a denial of coverage will result in a commission chargeback. Please consult your selling agreement and current commission schedule for more details.

In the claims review, insurance contracts may be reformed to the coverage that should have been issued based on true responses to the application questions, in lieu of an outright denial. Excessive reformations is grounds for recommending the agent to the agent monitoring team for a review of sales practices.

PATRIOT ACT AND ANTI-MONEY LAUNDERING

The U.S. Patriot Act establishes certain requirements and controls for the financial services industry in order to prevent financial institutions from being used for money laundering and the financing of criminal and terrorist activities. Since 2003, the application of the Patriot Act to banks and other large financial institutions has been extended to insurance companies. Forethought Life takes this responsibility very seriously and has adopted an Anti-Money Laundering Program in order to fulfill its obligations under the Patriot Act as developed by the U.S. Department of Treasury. In order for you to maintain your Insurance Selling Agreement with Forethought, you are required to assist the Company in combating financial crime and adhere to Company policies and guidelines.

The focus of the U.S. Patriot Act is primarily on preventing money laundering and terrorist financing. Money laundering is defined generally as the practice of engaging in financial transactions to conceal the identity, source, or destination of illegally gained money or the process of taking the proceeds of criminal activity and making them appear legal. Individuals or businesses who are engaged in the illegal practice of money laundering are generally attempting to avoid a transaction reporting requirement under state or federal law or to disguise the fact that the money was acquired by illegal means. Terrorist financing can generally be defined as the collecting or distribution of funds with the knowledge that they are to be used to sponsor, finance or carry out terrorist acts. Frequently, money laundering is a key component of the financing of terrorist organizations. But it is important to keep in mind that money laundering has much broader application in the facilitation or concealment of a wide range of criminal activity.

You have a fundamental obligation to do the following:

- Protect the Company and your customers against financial crime.
- Stay informed at all times by fulfilling the requirements for anti-money laundering/ financial crime training.
- Be diligent in observing customer interaction for suspicious activity, or red flags.
- Report any suspicious activity that you detect or observe that may be related to money laundering or any other financial crime.

As an insurance professional, you will encounter a variety of prospective customers in the course of your career. These customers will have widely varying backgrounds and financial circumstances. It has been said that insurance professionals who maintain close relationships with their customers often know more about those clients than their lawyer, CPA, banker or stockbroker. But such comprehensive knowledge only comes with time and multiple interactions with the customer. When you first meet a prospective customer, always keep in mind that you, as well as Forethought Life, are interested in long-term relationships with reputable individuals and businesses who are involved only in lawful activities.

The summary below offers general information on the following topics:

- Customer Identification
- High Risk Jurisdictions, Businesses and Individuals
- AML Red Flags
- Acceptable Forms of Payment
- Confidentiality
- Reporting Suspicious Activity

Customer Identification: You are required to meet “Know Your Customer” requirements as part of each application for a life insurance policy or an annuity contract. This means that you must validate the identity of each applicant by collecting sufficient personal information to help identify the applicant as well as describing basic financial information and establishing the primary reason for purchasing the product. The financial information and reason for purchase help validate that the purchase is being made for a legitimate purpose and also helps support the suitability of the sale.

For individuals, such documentation must generally be in the form of an official, unexpired government-issued identification document with a photo of the applicant such as a driver’s license or a passport. In the event that an applicant is legitimately unable to provide such documentation, the Company, in its discretion, may perform “non-documentary” verification procedures in order to help validate the identification of the customer.

These procedures generally include matching the information provided by the customer to a certified public database. **It is important to realize that the Company reserves the right to decline an application if it cannot obtain sufficient information to establish the identity of any applicant.**

High Risk Jurisdictions, Businesses and Individuals: The Company compares applicants to lists of “non-cooperating countries and territories” (NCCT) that is established by the Financial Actions Task Force (FATF) and other screening lists. Applicants who are citizens or residents of these jurisdictions or have business or political ties to such countries require heightened due diligence and more scrutiny by the Company in the application process.

AML Red Flags:

- The customer insists on making initial or recurring premium payments in cash when they have been informed that cash is not an acceptable form of payment.
- The customer is reluctant to provide personal identification information.
- The customer attempts to make initial or recurring payments (i.e. checks, wires and electronic funds transfer) from either of the following:
 - From a non-U.S. bank account
 - Irregular payment amounts in excess of the monthly premium amount
 - Use of unacceptable forms of payment (see section below)
- The customer shows little or no concern about the future performance of the product and is greatly concerned with the cancellation and/or surrender terms, i.e. fines or penalties.
- A sudden request by the customer to take the maximum loan typically within the first 12 months of the contract inception or within a time frame that appears unreasonable.
- The customer requests a change of ownership on their policy/contract to a person or entity not associated with the account and/or an entity of an OFAC Sanctioned or prohibited country.
- The customer attempts to pay premiums in more than one payment from various unacceptable sources (i.e. checks from unrelated parties, check from various accounts, etc.).
- The customer attempts to pay initial or recurring premiums via a third-party person or entity not associated with the policy/contract owner.

Forms of Payment: Like other responsible insurance companies, we have created rules around the type of payment that it will accept in conjunction with the initial premium and for subsequent premium payments as well.

The following forms of payment are **acceptable** to Forethought Life:

- Cashier’s checks from a U.S. bank from the remitter’s account when the remitter on the cashier check is the owner/annuitant.
- Third-party checks that originate from an insurance company, U.S. financial institution, or pension plan, and are endorsed over to the appropriate issuing Forethought Life company.
- Personal checks - must be from a U.S. bank with the name and address of the **Applicant/Owner** imprinted on the front of the check (except as specified above).
 - Starter (not preprinted) checks are acceptable in amounts less than \$500.
- Rollover checks and transfer checks (including those connected to a 1035 exchange) received from a U.S. insurance company or U.S. financial institution.

- Wire transfers (except as specified above) and where the originator is the policy owner and the transfer is drawn from a U.S. bank account.
- Double endorsed (third party) checks – generally acceptable when made payable to a funeral home and then endorsed to Forethought Life Insurance Company.
- Money Orders under \$500.
- Credit or debit card payments payable to Forethought Life Insurance Company.

The following forms of payment are **not acceptable** to Forethought Life:

- Cash (Currency) in any amount
- Checks made payable to cash
- Traveler's checks
- Checks or wire transfers originating from a foreign bank.
- Agent or agency check or wire transfer where the agent is the originator (except when the agent is the owner/annuitant).
- Personal checks or cashier checks not made payable to Forethought Life Insurance Company.
- Checks drawn on the account of someone (an unrelated party) other than the Applicant/Owner.

If a customer provides you with a form of payment that is not permitted, it should be returned to the customer immediately and the Anti-Money Laundering Compliance Officer or his/her designee notified.

If an unacceptable form of payment is received by the Company, it will be returned to the appropriate party.

Reporting Suspicious Activity: Forethought Life has an obligation under the Patriot Act and related laws to report suspicious activity – especially that which indicates the possibility of money laundering. While we acknowledge that Preneed policies are not a likely target for money laundering activities, we are required to have procedures in place and both employees and agents who observe the occurrence of any of the “red flags” described above must report the activity to the Anti-Money Laundering Compliance Officer or his/her designee immediately. Once a case file has been referred to the Forethought Life Compliance Department, an in-depth review of the transaction will be completed to determine if a Suspicious Activity Report (SAR) should be filed with the U.S. Department of the Treasury's Financial Crime Enforcement Network (FinCEN). The Anti-Money Laundering Officer or his/her designee has primary responsibility for filing SARs to FinCEN. Under no circumstance should you ever disclose, to a customer or any other person, the content of a SAR, the fact that a SAR is being considered, or that a SAR has been filed.

Agent Training: Federal regulations that became effective in 2006 require that insurance agents receive anti-money laundering training. Forethought appointed, preneed agents must complete the Forethought Life AML training and certification provided by the Licensing Department on a rolling 24-month period from their appointment date.

PROFESSIONAL DESIGNATIONS

At Forethought Life, we fully support your continuing education efforts as this commitment benefits your clients, the companies with whom you do business and the industry. We also enthusiastically support your pursuit of professional designations to further your professional abilities and knowledge. The number of designations used by individuals and groups engaged in the sale of life insurance and/or annuity products continues to increase. It is very difficult for both companies and consumers to determine the level of education, training or expertise a given designation appears to represent. But if companies were to allow any designation to be used without review, the result would likely be a general dilution of those designations which truly represent a commitment to education and professional growth.

To help guide you in your decision making process when pursuing professional designations, Forethought Life maintains a list of approved and prohibited designations in our Advertising Guidelines. **It is important to realize that unless a designation is on the approved list, it cannot be used in conjunction with the marketing and sale of Forethought products.**

Note designations that appear on the approved list may only be used in a manner that is consistent with ethical business practices and that you do not obscure the fact you are a licensed insurance professional. In reaching our conclusions on whether to approve or prohibit the use of a particular designation, we generally look at a number of factors including, but not limited to:

- Whether the organization issuing the designation appears to be an educational institution or professional society dedicated to fostering professional growth or appears to operate primarily as a marketing association.
- Whether or not the designation is representative of a rigorous curriculum or substantial course of study as opposed to a relatively brief seminar or workshop.
- To what degree the designation may have the capacity to mislead a consumer into believing that the agent is engaged in a profession other than that of an insurance salesperson;
- To what degree the designation may have the capacity to infer expertise or a depth of education that does not really exist.
- To what degree regulatory authorities have expressed concern over certain designations – particularly those in the category of “senior specialist” designations.

Ultimately, identifying yourself and your professional background without misrepresenting the fact that you are a licensed insurance agent, who earns commissions on the sale of products, is the number one requirement.

The way in which you present yourself to the public and, therefore, to potential Forethought Life customers is an important industry concern and the subject of increasing regulatory attention. It is generally considered an unfair and deceptive trade practice to misrepresent your expertise or your intention to sell insurance products.

We review various professional designations from time to time. For a current list of approved and prohibited designations, please refer to the [Forethought Life Advertising Guidelines - Preneed](#). Only designations included on the approved list can be used in conjunction with the marketing, sale or attempted sale of Forethought Life products.

Finally, you should also be aware some states have provided specific prohibitions against the use of certain designations. If you do business in any state that has provided a list of prohibited designations, you must comply irrespective of whether Forethought Life or any other carrier allows the designation to be used.

The replacement of an existing life insurance policy or annuity contract is a decision that an owner should make only after careful consideration of a number of factors. Customers rely on you to provide sufficient information with which to make a good decision and you should make a replacement recommendation **only where it is in the customer's best interests**.

It is the position of the Forethought Life that you should only recommend a replacement of an existing life insurance policy or an existing annuity contract if, after an appropriate review, it is determined that the recommended replacement will assist the client in meeting their insurance needs and financial objectives. Stated in this way, replacement evaluations are really an aspect of the overall suitability of your product recommendation to a customer.

We do not encourage or condone the systematic replacement of existing life insurance policies and/or annuity contracts. This includes the replacement of other companies' policies and contracts, as well as the replacement of the Company's contracts. However, we do recognize, in some instances, a replacement may assist the client in meeting their insurance needs and financial objectives.

Specific Considerations

All replacements require the consideration of a number of factors – both product related as well as circumstances unique to each customer. If we consider the three types of replacements that Forethought Life encounters with life insurance and annuity sales, the following (non-exhaustive) list of considerations emerges for the agent and the customer:

Life Insurance – Life Insurance Replacements

- Underwriting classification of current policy
- Underwriting classification decision on proposed policy
- Death benefit provided by current policy
- Death benefit provided by proposed policy
- Charges incurred if current policy is replaced
- Charges related to the proposed policy (duration and amount)
- Use of 1035 exchange process to prevent taxable gain, carry over cost basis
- Tax implications for the client (including discharge of outstanding policy loan)
- Company ratings
- Financial status of client

Annuity – Annuity Replacements

- Surrender charges incurred if current policy is replaced
- Market Value Adjustment on surrendered contract
- Guaranteed and non-guaranteed values
- Death benefit provisions
- Financial status of customer
- Use of 1035 exchange process to prevent taxable gain, carry over cost basis
- Company ratings

Annuity – Life Replacements

- Not a tax-free exchange under IRC Section 1035
- Identified need for life insurance/objective to be accomplished
- Has the original need/objective for the annuity disappeared/changed?
- Age of applicant at time of purchase
- Can life insurance be issued on a favorable underwriting basis?
- Can the customer meet ongoing premium payment obligation?

Regulation of and Requirements for Replacement Transactions: There has been an increased focus on replacement transactions by regulators in recent years. Many states have adopted the NAIC Model Regulation on Replacement of Life Insurance and Annuities. Most other states have similar requirements. Some states have very strict procedural requirements for producers and insurers.

The NAIC Model Regulation includes a very broad definition for replacements and imposes stringent requirements for agents and companies.

Partial Surrenders and Financed Purchases. It is critical that you understand that the broad definition under the Model (and therefore the requirements for compliance) applies not just to full surrenders of life insurance policies or annuity contracts, but also extends to new policies or contracts purchased with funds (e.g. withdrawals or partial surrenders) from existing policies or contracts. One only needs to examine the Model Regulation and Question #2 on the notice of replacement form:

“2. Are you considering using funds from your existing policies or contracts to pay premiums due on the new policy or contract?”

The Model regulation makes it clear that the definition of replacement extends to so-called “financed purchases” – i.e., transactions in which the purchase of the new policy or contract is funded totally or partially from the values of an existing policy or contract. In addition, any transaction in which values are used from an existing policy within four months prior to, or 13 months after, the purchase of a new policy with the same insurer, is presumptively treated as a financed purchase. All insurance companies are therefore specifically required to monitor internal replacement activity via financed purchases.

It is vitally important that you have a clear understanding of the requirements for a replacement transaction in each state for which you are licensed to sell life insurance and annuity products. Your compliance with and completion of all requirements when you make a replacement recommendation is critical in assisting Forethought Life with demonstrating appropriate documentation to regulators in the course of Market Conduct Examinations.

Your own documentation within your client file is also crucial. You should always be in a position to demonstrate: (1) you conducted a thorough review of your clients’ needs/objectives; (2) you made a fair and careful comparison of the existing policy/contract with the proposed policy/contract; and (3) you can readily articulate the primary reason for the replacement recommendation (why it is suitable for the customer and in the customer’s best interest).

Forethought Life has considerable confidence in its field representatives to treat our customers fairly and with the intention of doing the best job for each customer, based on their individual needs and circumstances.

We recognize any profession involving sales, and particularly insurance sales, is highly challenging and generally requires a combination of characteristics in order to achieve success. Some of these traits – for example, conviction, persistence, receptiveness, and enthusiasm are quite necessary for producers to navigate the challenges associated with an insurance career.

There are times when some of these same characteristics can pose some risk for you from a regulatory or compliance perspective. In some situations, conviction and enthusiasm may be viewed as excessively aggressive sales tactics. In others, receptiveness to new ideas may lead you to get involved in a questionable marketing concept or sales practice that ultimately is not in yours or your client's best interests. It is important to be aware of some of these pitfalls when you are interacting with your prospects and clients. To maintain the high standards of Forethought Life, you are required to notify Forethought Compliance if you become aware of conduct by other Forethought producers that violates any company policy

Some of the sub-topics in this section of the Guide are closely monitored by regulatory authorities.

Abusive or Coercive Sales Methods

You must strive toward presenting insurance products in a setting where customers are given meaningful choices in their decision to purchase a life insurance product. You must not engage in any sales tactics that involve illegal, abusive, or coercive sales methods.

Responsiveness to questions about the product and clear communication about both its advantages and limitations is an important part of your job. There is nothing wrong with appropriately motivating a prospective customer to take action to solve their insurance and funeral planning needs. There is a long and impressive history in our company and throughout the industry that clearly demonstrates how life insurance and annuities have helped protect and sustain the financial well-being of many individuals and families.

But abusive or coercive sales methods are unnecessary and will not be tolerated by Forethought Life. You should not suggest, for example, that a prospective customer would be “foolish” not to purchase a particular product or create a false sense of urgency by stating an insurance product is a “limited offer” and “you must act now.” Neither should you make any statements to the effect that a prospective customer's family will be “disappointed with them” or declining to purchase a product will result in “financial disaster.”

Competition

Forethought Life is committed to fair and respectful competition. You may not disparage or defame an insurer, its products or another producer in the course of selling or attempting to sell our products. Nor may you misrepresent or inappropriately comment on an insurer's financial strength. Any comparisons with other insurers' products must be complete, balanced, and comply with the accuracy and truthfulness requirements described in our Advertising Guidelines.

Forethought Life believes our products can stand up favorably against those offered by our competitors. However, when comparing our products with those of our competitors, it is necessary to present fair and balanced information. Providing our current and potential customers with up-to-date, clear, and accurate information are key ingredients to a successful sale. Any time you purposefully make false or misleading statements about a competitor in order to sell a Forethought Life product, you are engaged in an unethical and illegal sales practice. We do not tolerate this type of sales strategy. When false or misleading information about a competitor (company or agent) is used to persuade a customer to induce a purchase, it's not only unethical and illegal - it may create skepticism in the client generally about insurance products and producers. The entire insurance industry suffers as a whole from this activity.

As an individual agent, you can contribute to fair and balanced competition by:

- Refraining from making disparaging comments about other companies and/or agents.
- Refraining from making false or misleading statements about other companies and/or agents.
- Using up-to-date information when comparing Forethought Life's and our competitors' products.
- Refraining from suggestion that any particular company is in financial difficulty.

Ghostwritten Materials

Forethought Life prohibits the use of misleading marketing materials to improperly legitimize your credentials or background in the course of marketing and selling our products. One example of a prohibited marketing practice is the use of "ghostwritten" books, articles, or other materials. A book or article is considered ghostwritten if you represent yourself as the author but have not actually substantively contributed to the writing of the material. The use of any media that misrepresents the true authorship is prohibited.

Providing third-party information on insurance and financial topics is a worthy "value added" service that you can provide for customers. Keep in mind that the type of information you present should have value for the customer and not serve merely to enhance your own credentials. In those instances in which you are indeed the author of a book, article or newsletter, remember that such material constitutes advertising and may be subject to review and approval according to the submission requirements described in the Forethought Life Advertising Guidelines.

It is acceptable to give customers newsletters and other material that you purchase from a third-party vendor as long as the real author is clearly identified and there is no attribution or inference of authorship by you. However, you may acquire material that allows you to customize a piece with your own information or enables you to distribute reprints under the caption, "Provided by." That is acceptable as long as the true author's name is identified.

Misrepresentation

The most prevalent allegation made by consumers in complaints is a failure to fully disclose the total cost of the insurance funded preneed contract.

You must ensure that your customers understand the insurance product and preneed contract they purchased including the total cost of funding and which elements are guaranteed or non-guaranteed.

Allegations regarding misrepresentation after the sale also occur. Be aware that information provided after the sale may lead to allegations of misrepresentation and policy owners should never be provided information that is misleading or has the potential to be misleading.

Pretext Selling

A growing concern identified by many regulators in recent years is the failure of insurance agents to clearly identify themselves as such and to deliberately camouflage the ultimate reason for contacting a prospective customer. Broadly speaking, pretext selling can be described as a sales/marketing practice by an insurance agent through which:

- The true purpose of a seminar, workshop, meeting or appointment is disguised through the use of subject matter other than insurance products, particularly in marketing materials such as lead cards and seminar invitations.

- The true identity of the agent as a person engaged in the sale of life insurance products and/or annuities is not disclosed, and some alternative description is used that could mislead a consumer into believing that an agent is an “advisor,” “consultant,” “planner”, “senior specialist,” or some similar term unrelated to sales.

Types of subject matter often involved in pretext selling include:

- Medicaid planning
- VA Benefits
- Living trusts
- Tax preparation
- How to Avoid Probate
- How to reduce taxes on Social Security benefits

Particularly where true identity and purpose are not disclosed, and personal information is obtained from a prospective customer, there are instances in which state regulatory authorities have taken action against agents, marketing organizations and companies. For example, the state of California has described a “pretextual interview” as generally where you, in an attempt to obtain information about a consumer, do one or more of the following:

- Misrepresent the true purpose of the interview
- Pretend to be someone you’re not
- Pretend to represent a person you are not in fact representing
- Refuse to identify yourself on request.

If you intend on soliciting prospective clients for the sale of insurance products, you must not misrepresent the nature of your meeting. Prior to obtaining any financial information, whether in an initial telephone conversation or at a subsequent meeting, you are required to disclose that certain information gathered may be used to solicit insurance products. You should also be aware of your individual state’s requirements in this regard.

Rebating

Rebating is illegal in most states, and prohibited by Forethought Life regardless of state.

A rebate involves the return of value of any kind to the customer in connection with the purchase of insurance. Nothing outside the contract may be introduced into the application process as an inducement to purchase a life insurance or annuity policy. Transactions that may be considered a rebate include, but are not limited to:

- Any gift designed to induce a purchase, where the gift’s value is significant in relationship to the policy’s premium
- Return of commissions earned
- “Free insurance”
- Payment by the agent or agency of any premium
- Refund of premium due to persistency of policy Anti-rebating statutes are designed to (1) prevent the creation of competitive disadvantages among insurers and producers by creating a level playing field for all insurance professionals and (2) protect insurance consumers and the public at large from unfairly discriminatory rates and practices by ensuring that an insurance policy’s written terms are applied consistently to all policyholders.

Rebating vs. Promotional Gifts

States have issued bulletins for clarification on their anti-rebating laws, specifically addressing what would be considered an inducement to purchase vs. an advertising or promotional incentive.

Keep in mind that it is your responsibility to:

- Refrain from making any offers of refunds or bonuses, which are not specifically stated in the insurance policy.
- Understand, know, and abide by company policy and anti-rebating laws in states where you hold licenses.
- Contact the applicable state Department of Insurance for clarification concerning that states restrictions around promotional gifts.

Use of “Scare Tactics”

Forethought Life understands that in the marketing of life insurance or annuity products, motivating a prospective customer to take action is a critical element in the sales process. During the sales process an agent will often utilize a combination of experience-based knowledge, creative expression via promotional and marketing material, and perhaps information supplied by a third party.

Any advertising and marketing material, as defined in our Advertising Guidelines and submission requirements, used in conjunction with the sale or attempted sale of a Forethought Life product, or to create an interest in Forethought Life, its subsidiary companies, or its products must be submitted for review. In the course of our review of advertising submissions, we sometimes discover messages, words, phrases, and imagery that are inappropriate and require revision for a variety of reasons. In addition, we receive accounts from attendees at consumer-directed seminars and workshops about statements and statistical information that are either untrue or misleading on their face, or are used in an inappropriate context. Regulators often consider such inappropriate or misleading statements and information to constitute the use of “scare tactics.”

Forethought Life will not tolerate the use of scare tactics in the sales process. Examples of statements that would likely be considered scare tactics by regulators include the following:

- “Your assets will be seized when you go into a nursing home.”
- “Probate is devastating. You must avoid it at all costs.”

Beyond specific statements, the use of statistical data, financial assumptions and quotations from third-party sources should be accurate and in an appropriate context. In addition, such information should not be used to frighten a consumer into believing their current financial products or plans are not viable or that they will result in a financial disaster. For example, we have seen several instances in which a segment of statistical data is extracted from a broader study, it is used to promote the sale of our products, and the data is either used completely out of the context created by the source or is, in fact, used in direct opposition to the intent of the study.

The use of inappropriate imagery to motivate a customer may also be considered to be a scare tactic. Depictions of financially destitute individuals are totally inappropriate in promoting the sale of Forethought Life products. This is particularly troublesome when an inference is created by the use of such images that life insurance or annuity products are the only solution to prevent financial destitution.

Clearly, the advantages that Forethought Life life insurance and annuity products can provide for customers are very impressive. The combination of Forethought Life’s innovative product portfolio with your ability to analyze your clients’ needs and objectives, and to utilize your

sales skills, is truly powerful. Motivating a prospect to take action may take many forms and is different from one customer to the next. But the use of misleading information, unnecessary embellishment and, in the worst case, scare tactics, is unnecessary, unprofessional and potentially damaging to Forethought Life and the industry. We cannot and will not tolerate the use of scare tactics in the promotion of our products. Please keep in mind your avoidance of such tactics will go a long way in enhancing your own professionalism, reducing your exposure to complaints and regulatory inquiries, and ultimately fostering stronger client relationships.

Suitability of Sales

While you owe all of your customers the same obligations and duties, the age and stage in life of the customer can influence how information presented to a client is perceived. For example, both state and federal regulators have noted that seminars aimed at retirees or those age 65 and older present unique challenges. While the spirit of many of these guidelines and requirements essentially pertain to the solicitation of any customer, you should be particularly vigilant in providing fair and balanced sales information to seniors.

Some states have enacted laws and regulations specifically for the protection of seniors. Examples include the NAIC Senior Protection in Annuity Transactions Model Regulation and the California Disclosure Requirements for Senior Citizens. It is your responsibility to be familiar with all the laws and regulations of the states in which you do business and fulfill the requirements set forth under these Guidelines.

On the other end of the spectrum, sales to young clients, particularly clients age 30 or younger also raise suitability concerns. Generally, a preneed life insurance policy will not be the most affordable or economically sound investment for young, healthy clients. However, that generality does not apply to all cases and a preneed contract funded through a preneed life insurance will be an appropriate investment for some clients. Keep in mind that Forethought requires a completed funeral planning agreement and goods and services for all preneed sales to clients under age 50.

Any recommendation for the purchase or exchange of a Forethought Life product must be made on the basis of reasonable grounds to believe the recommendation is suitable for the customer. Assessment of what is “reasonable” for a given consumer is based on the information known by the agent at the time of sale.

TAX ADVICE

Similar to the discussion in the Investment Advice section of this Guide, you are frequently involved in conversations with customers in which questions about taxation arise. There is a broad range of contexts in which such issues are discussed. Some pose more risk than others in terms of the likelihood you might be accountable for dispensing “tax advice” without the requisite qualifications, background and experience to do so. An example of this exposure can be found by examining your professional liability (E&O) policy. A typical insurance agent’s professional liability policy excludes tax advice from coverage, but generally will honor claims brought against you for statements about taxation that are “incidental” to the sale of a covered product.

You will note Forethought Life frequently includes the following standard disclosure language, or something similar, in many of its consumer-directed materials:

“The information that follows is intended to provide only a general discussion of the concepts contained herein and in no way should be construed as tax, investment or legal advice. The information provided is believed to be accurate as of the date presented. Some of the concepts discussed can be complex, and for each individual will require consultation with an attorney, accountant or tax advisor as part of the planning process.”

At the same time we recognize the discussion you have with your clients frequently includes information about the basic characteristics of life insurance and annuities. As an insurance professional, you should be aware of the basic tax aspects of the products you sell and be prepared to answer the customer's questions in that regard. For example, you know the death proceeds of a life insurance policy are generally income tax-free and the accumulated value of an annuity contract grows income tax-deferred. There is nothing wrong with discussing such fundamental aspects of life insurance and annuity taxation with your customers.

You also have an obligation to develop a fundamental understanding of some of the basic "tax traps" associated with planning that involves life insurance or annuity products. For example, certain ownership and beneficiary arrangements may have unanticipated tax consequences. Another example of a tax fundamental might be incidents of ownership by the insured, in a policy on the life of the insured, will likely lead to inclusion of the death proceeds of the policy in the insured's taxable estate.

General knowledge of the rules within IRC Section 1035 on allowable tax-free exchanges of policies is another common area of discussion. A solid insurance professional should know these tax fundamentals and be prepared to discuss them. **But that same insurance professional should make it clear to the client that he/ she is providing information about incidental tax matters, not dispensing tax advice.**

As an insurance professional you often perceive your role as one of providing broad assistance to your customers to enhance their financial well-being. Depending upon your licenses and designations, this may extend beyond insurance product and planning recommendations to broader financial planning or advice. Even when an agent is insurance-licensed only, you may often find yourself in the position of responding to various questions from a prospect or client about a wide range of financial matters. Many agents establish relationships with their clients where they become both a trusted professional and a personal confidant. Frequently, a seasoned insurance professional may know more about a client's financial needs and objectives, even their personal hopes and aspirations, than the client's attorney, accountant or other advisor. You are in a unique position to positively impact your client's future and that of the client's family.

On the other hand, it is also important to recognize that there is considerable risk associated with exceeding your expertise. Legal matters, legal documents and legal advice should be left to licensed attorneys. Tax and accounting advice should be left to tax attorneys and accountants.

UNAUTHORIZED PRACTICE OF LAW

At Forethought Life we encourage you to build relationships and work with other professionals. Developing a relationship with lawyers, CPAs, trust officers and other financial services professionals is not only appropriate but encouraged by us in order to enhance the your professional growth and to provide a comprehensive approach to meeting a customer's financial and insurance needs and objectives. Frequently, customers look to their agents for information and/or advice regarding various financial, tax, or estate planning matters. One of the key challenges posed to any insurance professional is how to provide general information within one's base of knowledge and experience, without "crossing the line" and providing professional advice or services for which the agent does not have the required professional license or the requisite training. This is particularly problematic regarding legal matters that are naturally intertwined with the placement of insurance products, as well as the planning context in which that occurs.

The **unauthorized practice of law** generally occurs when a person who is not an attorney gives legal advice or drafts legal documents that impact a person's rights. For example, this could arise in a situation where you may be discussing a person's need for insurance as part of an estate plan. To avoid the claim of unauthorized practice of law, you should keep your conversation general in nature, and ALWAYS state that you are not a lawyer and any such advice can only be given by a licensed attorney.

Below are examples of situations that could be construed to be the unauthorized practice of law:

- Advising a customer that certain legal documents, (without the advice of counsel), such as a living trust or power of attorney, are appropriate legal instruments for their estate planning needs. Example: "Based on your situation, you need to have a revocable living trust."
- Giving advice as to their legal rights and responsibilities. Example: "None of these assets that you currently have are protected from lawsuits or the Medicaid Office, which will seize them if they can."
- Providing advice as to the selection, drafting, or completion of legal documents which affect the legal rights of an entity or person. Example: "Every person your age needs a living will, you included."
- Explaining legal principles of wills and trusts to clients in a manner that directs them to execute specific documents or to purchase specific legal services. Example: "A will is a public document that the court and anyone else will see when you die and a living trust is a private document that works the same way. You don't want the whole world seeing how you wanted your estate distributed, do you? Therefore, a living trust is the preferred choice for people who like privacy."
- Advising a customer about the sufficiency of estate planning documents. Example: "Based on my review of your living trust and power of attorney, this all looks outdated and was done before laws changed, and I think you need to make some amendments."
- Entering into an agreement or other understanding with and/or consideration to an attorney to recommend the purchase of insurance products to your customers. Example: "Sending a customer to a lawyer whom you pay to create estate planning documents, including the situation where that lawyer also recommends the purchase of insurance products for which you are the agent, or soliciting legal work for an attorney where the attorney recommends you as the insurance agent of choice."
- Stating or implying that you are affiliated with or acting in connection with a lawyer with whom the customer is obtaining legal advice. Example: "Suggesting that you 'work with' or are part of an attorney's law firm."
- The practice of engaging in such acts as "fee splitting" or "commission splitting," or the act of sharing fees with professional colleagues in return for a systematic stream of referrals. Many, if not all, states view this quid-pro-quo approach as an unethical and illegal trade practice.

UPL Reminders: In order to ensure you do not participate in the unauthorized practice of law, you should refrain from:

- Offering of any legal advice and/or prepare any legal instruments.
- Making yourself out to be an expert in estate planning.
- Providing legal advice to convince customers that certain legal documents, such as a living trust or power of attorney, might be good options for their estate planning needs.

- Providing advice as to legal rights and responsibilities.
- Providing advice as to the selection, drafting, or completion of legal documents which affect the legal rights of an entity or person.
- Inducing customers to make decisions about the disposition of their estate based on information about a state's probate system.
- Explaining legal principles of wills and trusts to customers in a manner that directs the customers to choose certain estate planning documents.
- Providing recommendations based on the sufficiency or propriety of estate planning documents.
- Referring to yourself as an "estate planner," "trust specialist," or some similar description.
- Advising customers that life insurance and annuities are exempt from judgment creditors or making presumptive statements in that regard. While that may be true in some jurisdictions, state exemption statutes are complex, vary widely from state to state and often require legal interpretation.

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Global Atlantic Financial Group

Global Atlantic Financial Group, through its subsidiaries, offers a broad range of retirement, life and reinsurance products designed to help our customers address financial challenges with confidence. A variety of options help Americans customize a strategy to fulfill their protection, accumulation, income, wealth transfer and end-of-life needs.

Global Atlantic was founded at Goldman Sachs in 2004 and separated as an independent company in 2013. Its success is driven by a unique heritage that combines deep product and distribution knowledge with leading investment and risk management, alongside a strong financial foundation.