

December 1, 2020

Compliance Bulletin: Annual Reminder on Replacements

The purpose of this communication is to reinforce the importance of your responsibilities whenever you make a replacement recommendation, and to remind you of the broad definition of “replacement” under the NAIC Replacements of Life Insurance and Annuities Model Regulation. This regulation is the foundation for Global Atlantic’s Position and Guidelines on Replacements. A replacement transaction is not just limited to a full surrender of an existing life insurance policy or annuity contract, **but also extends to new policies or contracts purchased with any funds (e.g. withdrawals, partial surrenders or loans) from existing policies or contracts.**

Replacing an existing life insurance policy or annuity contract is a decision that a customer should make only after carefully considering of a number of factors. It is Global Atlantic’s position that an agent 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 his or her 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.

When you submit any case that is a replacement transaction, please be sure to provide thorough answers to all of the questions about replacements on the Agent Report submitted with the case. We also strongly suggest you include a cover letter with the application. In the cover letter, explain how the replacement meets the client’s needs and objectives and how you have met your duties as the agent, as described in the Model Regulation.

You can find the Global Atlantic Position and Guidelines on Replacements, and the Agent Market Conduct and Compliance Guide for producers who are contracted to sell traditional life insurance through Accordia Life, at www.globalatlanticlife.com/get-business-done under Legal and Compliance or by [clicking here](#).

