



LIFE INSURANCE COMPANY

AGENT GUIDE

Annuities • Life Products • Fixed Indexed Products

This document is designed to provide guidelines and reference material that should be helpful in submitting business. Information contained in this document is not intended to be all-encompassing. Sagicor Life Insurance Company (SLIC) reserves the right to change guidelines and practices at any time and without notice. This document does not override the terms of the policy/contract between SLIC and the policyholder nor does it override the contract between SLIC and the agent. SLIC does not render legal or tax advice. If legal or tax advice is required, the services of a competent professional should be sought.

ABOUT SAGICOR LIFE INSURANCE COMPANY

Sagicor Life Insurance Company is licensed in 44 states and the District of Columbia, a licensed reinsurer in 44 states and DC and a third-party administrator in all 50 US states. Sagicor Life Insurance Company is a wholly-owned subsidiary of Sagicor Financial Corporation, one of the oldest insurance groups in the Americas, with operations in 22 countries including the United States, Latin America and the Caribbean. Sagicor Life Insurance Company is a full-service life insurance company offering a wide range of competitive products consisting of universal life, term life, annuities and critical illness products. In addition, the Company provides third-party administration to unaffiliated companies through a flexible and efficient policy administration system for processing life insurance and annuity products.

Sagicor Life products are marketed through independent agents and general agents. Administering more than \$2 billion of in-force insurance business and managing approximately \$479 million¹ in assets, Sagicor Life is committed to offering our customers world-class service with integrity and value.

For more information visit www.SagicorLifeUSA.com

ABOUT SAGICOR FINANCIAL CORPORATION

Established in 1840, Sagicor Financial Corporation's (Sagicor) insurance operations is dominant in most of the countries in which it operates. Based on its strong core earnings, profitability and more than adequate levels of risk-based capital, Sagicor's Caribbean operations have been consistently rated "A" Excellent by AM Best.

In 2007, Standard and Poor's assigned Sagicor a "BBB+" counterparty credit and financial strength. Total Group assets stand today at approximately \$3.4 billion² with capital and surplus of approximately \$500 million. Sagicor's balance sheet continues to exemplify prudence and the capacity to support future expansion programs. Sagicor will continue to seek out growth opportunities through acquisitions and strategic partnerships to expand geographically.

For more information visit www.sagicor.com

¹Based on admitted assets for 2006. Best's Insurance Reports, 2007 Edition

²Based on Sagicor Financial Corporation, 2006 Annual Report



Dear Valued Agent,

Thank you for entrusting us with your business. We appreciate the confidence you have placed in Sagicor Life. This guide is provided as a reference to help you and your staff conduct business with our company.

As you refer to this guide, feel free to call any of our service areas with questions you may have. We value your communication and will strive to follow through with our commitment to providing the exemplary service you deserve.

Also, we appreciate your involvement as we enter the U.S. marketplace. Your input and ideas will be invaluable to us as our business grows and our processes evolve to exceed your expectations.

There is a great strength and depth of expertise within the Sagicor family. Our U.S. Recruiting, Sales and Marketing team is ready to work with you. We have a passion for this business and we want you to know that every day we think about how we can provide the extra value and personal attention that will make a difference in your business and in your life.

Let's build an extraordinary future together.

Sincerely,

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

Ken Marshall
President and CEO
Sagicor Life Insurance Company

p.s. Welcome to the Sagicor Life Family. . . where we promote Wise Financial Thinking for Life.

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SAGICOR LIFE INSURANCE OFFICE DIRECTORY

Mailing Address: Home Office
Sagicor Life Insurance Company
P.O. Box 52121
Phoenix, AZ 85072-2121

Overnight Delivery: Home Office
Sagicor Life Insurance Company
4343 N. Scottsdale Road, Suite 300
Scottsdale, AZ 85251

Telephone Numbers: Home Office

General (888) SAGICOR or (888) 724-4267
Local (480) 425-5100
General Facsimile (480) 425-5150 (local)
General Facismile (866) 463-0397 (toll-free)
Client Services (888) SAGICOR x4610
Claims (888) SAGICOR x4630

Agent Licensing (888) SAGICOR x4660
Agent Services (888) SAGICOR x4680
Underwriting (888) SAGICOR x4650
New Business (888) SAGICOR x4640
New Business Facsimile (800) 324-8943
Commissions (888) SAGICOR x4670

Home Office Hours:

Mon.-Thurs.: 7:00 a.m. – 4:30 p.m. MST
Friday: 7:00 a.m. – 12:00 p.m. MST

Oklahoma City (OKC) National Recruiting Sales and Marketing Office

1008 NW Grand Blvd, Suite B
Oklahoma City, Ok 73118

Telephone Number: OKC Office

Toll Free: (888) SAGICOR x4690
Facsimile: (800) 497-7461

Office Hours:

Mon. – Fri.: 8:00 a.m. – 4:30 p.m. CST

Voicemail:

Voicemail is available 24 hours a day. Feel free to call us anytime and leave a detailed message. We will call you back during business hours. Our voicemail system will prompt you to select the department that can best assist you. Message options will also be available.

Forms:

Forms may be obtained in a number of ways. You can request them from your recruiter by phone or e-mail; you may log on and print them directly from the SLIC website; you can download them using your illustration software; or you may request them from our Agent Services Department. Should you experience a problem, please contact our Agent Services Department for assistance at (888) SAGICOR, Ext 4680.

Please help us avoid unnecessary delays by keeping your address, e-mail, and phone numbers current with us! Contact our Agent Services Department in writing or via email PRC@SagicorLifeUSA.com to update your contact information.

AGENT APPOINTMENT & RENEWAL PROCESS

APPOINTMENT PROCESS

Complete the appointment application in its entirety. If any questions are answered yes, please provide an explanation.

Submit the following forms by faxing or mailing them to our Home Office:

- Appointment Application
- If you currently carry Errors and Omission Insurance, please provide a copy of your declaration page
- Signed Agent Contract
- Signed Authorization to Obtain Consumer Reports
- Copy of Resident License. If you wish to be appointed in non-resident states that you produce in, please provide a copy of your license with the non-resident appointment fees.
- Proof of Anti-Money Laundering Course Certification
- Complete Agency Profile
- If commissions are being paid to your Agency or Corporation, we will require a copy of the agency/corporation license in each state you are requesting appointment in.
- Commissions, under \$10,500, are paid via Electronic Funds Transfer (“EFT”) on a daily basis for annuity and single premium policies and weekly for recurring periodic premium. Please complete the Direct Deposit Authorization provided on the last page of the Agent Contract.

Upon approval you will receive a welcome packet to get you started with Sagikor Life Insurance Company.

RENEWAL PROCESS

A copy of your current license may be needed at renewal time if it cannot be confirmed online. SLIC will pay the initial and renewal appointment fees for any actively selling agent. The agent is required to pay all non-resident appointment fees. These fees must be submitted at the time the appointment is requested or prior to time of renewal.

AGENT NON-PRODUCTION AND TRANSFER GUIDELINES

Our sales and marketing team is very proactive in helping you and your agents discover how Sagicor Life can help you build your business, for example we:

- call every newly appointed agent to introduce Sagicor and ask to work a case.
- follow up every month, for the first six (6) months.
- hold regular conference calls.
- invite active agents to participate in local, regional, and national meetings.
- visit with our agents in the field.
- sponsor exciting contests and conventions.
- encourage suggestions and Agent feedback.

NON-PRODUCTION

It is our goal to look for ways to help you write business with Sagicor, but sometimes agents get sidetracked or excited about other opportunities. Keeping a non-producing agent active costs everyone time and diverts dollars which could be spent on product development, marketing assistance, training, contests, bonuses and more.

Sagicor will regularly monitor and review production, and if an agent has been contracted longer than 12 months, with no production, that agent will be sent a letter with the following options:

- A commitment to participate in a tele-conference, workshop, or meet with a member of the sales and marketing team, with a goal to submit business within 60 days.
- A commitment to participate in a tele-conference, workshop, or meet with a member of the sales and marketing team, but all annual appointment and renewal fees to be paid upfront by the agent or the MGA*.

TRANSFERS

Transfers are not encouraged, although we understand that on occasion a transfer may be the best alternative for all involved. For that reason the following guidelines have been established based on input from MGAs across the nation.

- A transfer will be considered on a case-by-case basis only after 12 months from contract date with no submitted or issued business.
- The non-producer will submit a written request to Sagicor which details the reason for the transfer.
- A copy of this request is to be sent to the current and prospective MGAs.
- Transfer requests due solely to a higher commission level are inappropriate.
- Transfers will be allowed one time.
- If appointment fees are due, either the Agent or the new MGA are to pay these fees upfront.
- Upon the transfer, the Agent and the new MGA will agree to the Agent submitting business within 60 days.

*Unless prohibited by state law.

WEBSITE REGISTRATION INSTRUCTIONS

If you are a licensed and appointed agent with Sagicor Life Insurance Company, you are able to register on our website www.SagicorLifeUSA.com and look up commission information, policy status, and print or order our sales and service forms.

- Go to our website: www.SagicorLifeUSA.com.
- Select “AGENT” located in the blue border at the top of the page. Our “Welcome to Sagicor Life Insurance Company’s Agent Login” screen will be displayed.
- Select “register to continue” located in the body of the message or “Register” located in the bottom right corner of the screen.

ENTER THE FOLLOWING INFORMATION AND CLICK SUBMIT

- If you are licensed under your Social Security Number enter your Social Security Number excluding the dashes (i.e.: nnnnnnnnn).

or

- If you are a business entity, enter your Corporation or Business Federal ID number excluding the dash (i.e.: nnnnnnnnn).
- Agent ID – Enter your assigned agent number (SLICXXXXX).
- Enter your birth date without any slashes (i.e.: mmddyyyy). If you are licensed as a corporation or business you will not enter a birth date.
- Enter your e-mail address. Remember the e-mail address you entered. This will be the address we will use if you request your User ID and password be emailed to you.
- Enter your User ID of choice – Your User ID must be between 7 and 30 characters in length. No embedded blanks are allowed.
- Enter your password of choice – Your password can be between 7 and 10 characters in length. No embedded blanks are allowed.
- VERIFY PASSWORD: (i.e.: password2).

***Note: All characters are case sensitive.**

Make note of your User ID and password as it will not be redisplayed. For security purposes, we are unable to provide the password if you contact us via telephone.

Please contact our Agent Services Department at (888) SAGICOR, Ext 4680, if you experience problems with registering.

COMPLETING THE APPLICATION

FAST TRACK TO POLICY ISSUE

- Submit the application along with other required forms by faxing them to (800) 324-8943 or mailing them to the Home Office. If you fax the application, please keep the originals for your files.
- Answer all questions on the application.
- Print clearly using black ink.
- Double check information on the application before submitting. Common errors that can delay processing include missing signatures, dates and agent numbers.
- If you receive payment with application, detach the conditional receipt and leave with the applicant.
- Use the Special Request area of the application to note requests such as: a special policy date, a date to save age, or if you would like the policy to be issued with family or partners' policies.
- If someone other than the applicant is designated as owner, please complete ownership information in the owner section of the application. The owner must sign the application in the event policy changes are required in the future.
- If a Trust is named as owner or beneficiary, a copy of the title and signature page of the Trust Agreement is required along with the page showing the Successor Trustees.

CASH WITH APPLICATION (CWA)

- Do not send partial premiums. A full modal premium is required.
- Do not send cash for initial payments.
- We do accept money orders from the applicant or the policy owner.
- EFT Authorization with a voided check is considered by the Home Office to be the same as CWA. We will draft for the first premium immediately upon underwriting approval, assuming no other requirements are outstanding.
- If the application is faxed with the EFT Authorization and initial premium was also collected, a copy of the initial premium check must be faxed with the application to avoid an immediate EFT for the initial premium.
- You must note the applicant's name on the CWA check before mailing the check to the Home Office.
- Personal checks written by the agent on behalf of the applicant will not be accepted.

Incomplete applications, including any supplemental forms, will cause delays in issuing the policy/contract and could result in an amendment to the policy/contract. If a policy/contract amendment is required, commissions are not paid until the Home Office receives the signed amendment. Amendments may be faxed to our New Business Department at 800-324-8943. For assistance or questions on completing forms, please contact our New Business Department at (888) SAGICOR, Ext 4640. Forms may be printed directly from our website at www.SagicorLifeUSA.com or you may download and print the forms from your illustration software or feel free to contact our Agent Services Department at (888) SAGICOR, Ext 4680.

POLICY DELIVERY

- Policies are mailed to the agent for delivery to the policy owner.
- Delivery receipt is enclosed to be signed and dated by policy owner and agent and returned to the Home Office.
- SLIC will follow up with the agent every 10 business days on outstanding requirements.
- Pending requirements are updated daily on the website. Delivery requirements must be received within 30 days from the date of the request or the policy will be processed as "Closed Incomplete".

UNDERWRITING INFORMATION

SLIC will be responsible for ordering all medical requirements and will process the order within 48 hours of receiving the application. SLIC will follow up with the paramedical companies and the status will be provided on the website under pending policies. If you prefer a specific paramed, please select from the approved paramedical companies listed and indicate this in the special request box on the application. If you prefer to order the requirements, please indicate this in the Agent's Report in the "Proposed Insured/Owner Information" section, question #8.

APPROVED PARAMEDICAL COMPANIES

APPS – American Para Professional Systems, Inc.

800-727-2999
www.appsnational.com

EMSI – Examination Management Services, Inc

800-872-3674
www.emsinet.com

Portamedic

800-782-7373
www.portamedic.com

APPROVED LAB COMPANY

CRL – Clinical Reference Lab

800-882-1922
www.crlcorp.com

EXAMPLES OF BENEFICIARY DESIGNATIONS

One Beneficiary & Two or More Contingent Beneficiaries:

Primary – Mary Jones Doe, Wife

Contingent – Richard R. Doe, Sarah J. Doe, and Sally A. Doe, Children

Spouse Beneficiary & Named & Unnamed Children Contingent Beneficiaries:

Primary – Mary Jones Doe, Wife of the Insured

Contingent – Richard R. Doe, Sarah H. Doe, and Sally A. Doe, Children and any other children born of the marriage of the Insured and said Spouse

One Beneficiary & One Contingent Beneficiary:

Primary – Mary Jones Doe, Wife

Contingent – Richard R. Doe, Son

Two Beneficiaries:

Primary – James A. Doe, Father and Betty L. Doe, Mother

Two Beneficiaries & One Contingent Beneficiary:

Primary – James A. Doe, Father and Betty L. Doe, Mother

Contingent – Jane A. Doe, Daughter

One Beneficiary & Minor Contingent Beneficiaries, minor's share, if any, payable to Custodian:

Primary – Elizabeth J. Doe, Wife

Contingent – Jane A. Doe, Susan B. Doe, and Larry D. Doe, Children, if adults, otherwise to Sally Simple, Insured's Sister, as Custodian for Jane Doe, Susan Doe, and Larry Doe under the Uniform Transfers to Minors Act as enacted in this State

Three or more Beneficiaries:

Primary – James A. Doe, Brother, Tina M. Doe, Mother, and Henry H. Doe, Father

To Insured's Estates:

Primary – Estate of the Insured

Joint Life Policies & Contingent Beneficiaries:

The survivor of John E. Doe and Mary J. Doe, the Insureds; otherwise to Jane A. Doe, Sue L. Doe, and Larry D. Doe, Children

Per Stirpes:

Primary – Mary J. Doe, Wife of the Insured

Contingent – Jane A. Doe, Sue L. Doe, and Larry D. Doe, Children, equally, per stirpes

NOTE: "per stirpes" means that if Jane A. Doe predeceases the Insured, her share of the Death Benefit will go to her Children.

Creditor Beneficiary:

Primary – Gary S. Doe, Any City, MO., 64141, Creditor, as his interest may appear, the balance if any, to Jane A. Doe, Wife

NOTE: Naming a creditor beneficiary may restrict ownership rights. Please refer to the ownership section of your policy/contract.

Corporate Beneficiary:

Smith Manufacturing Company, a corporation at 31520 Broad St., Anytown, MO., 64141, Employer- Business

Trustee Beneficiary: (Person or Bank)

Example 1 – John E. Doe, Trustee under the (Name) Trust dated _____ or his successor(s) in trust

Example 2 – First National Bank of Anytown, USA, 00000, under the (Name) Trust dated _____ or their successor(s) in trust

Funeral Home Beneficiary:

Wagnor-Jones Funeral Home, 100 Howe St., Anywhere, USA, 00000, as its interest may appear, balance to Mary J. Doe, Wife of the Insured

NOTE: Naming a Funeral Home beneficiary in this way may restrict ownership rights. Please refer to the ownership provision of your policy/contract.

The Last Will:

Primary – Executor or Personal Representative named in Insured's Last Will and Testament as admitted to probate

Specifying Percentage:

When using percentages you need to include a contingent beneficiary for each percentage.

Example: Primary – 60% of the proceeds payable to John Doe, Husband, if living, otherwise 60% of the proceeds payable to Casey May, Sister, as the contingent beneficiary

Primary - 40% of the proceeds payable to Sue Doe, Daughter if living, otherwise 40% of the proceeds payable to Jim Doe, Brother, as the contingent beneficiary

COMMISSIONS

NEW BUSINESS COMMISSIONS

- New Business commission payments have a commission cap of \$10,500 per policy/contract, paid on the policy release date through electronic funds transfer (EFT) or check. Any remaining commission balance is paid 40 days from the release date.

COMMISSIONS

- Commissions are paid weekly if the agent is paid through EFT. If EFT is not established, agents receive checks paid at month end.
- Commission payments must be \$50.00 or greater before a check or EFT is processed.

Note: Please refer to your Commission Schedule for reduced commission rates on policies/contracts issued with an Insured or Annuitant over age 80.

DEBIT COLLECTION PROCESS

- Charge backs are processed throughout the month and are offset by new business, renewal and bonus commissions.
- A chargeback becomes a negative balance due immediately and will be reflected on the agent's month end commission statements.
- For the agent's convenience, a notification stamp is placed on the month end statement reflecting a debit balance and requesting immediate payment.
- In the event a debit balance is not repaid within 90 days, either by issuing new business or renewal commissions, the agent is then placed in our collection program and is requested to pay off the debit balance in full.
- If the outstanding debit balance is not paid in full, we may terminate the agent's contract and all renewal commissions may be used to repay the debit balance.

SERVICE AFTER THE SALE

POLICY CHANGES

Should your Policyholder request a change to their policy, please have the appropriate Client Services form completed. Servicing forms may be ordered or printed off the website at www.SagicorLifeUSA.com. Many of the services most frequently requested can be provided by completing the following forms.

Change Form (SCS-PTC or SCS-CR - consult our website for the most current versions or call our Client Services Department at 888-SAGICOR, Ext 4610).

- Beneficiary Changes
- Ownership Changes
- Name Changes
- Address Changes

Policy/Annuity Service and Change Request Form (SCS-PSC - consult our website for the most current versions or call our Client Services Department at 888-SAGICOR, Ext 4610).

- Policy Values/Loans
- Surrenders
- Withdrawals

WITHDRAWALS ON CASH VALUE LIFE PRODUCTS*

SLIC's cash value life insurance policies may allow for partial surrender or loan of the Net Cash Value at any time while the policy is in force. However, there may be minimum withdrawal amounts required or guidelines regarding partial surrenders not reducing the Net Cash Value of the policy below a certain limit. Withdrawals may affect the policy's face amount. Please call our Client Services Department for specific forms to be used.

Surrender charges do apply to SLIC policies and may be different for each offered product. Within certain rules and guidelines, we may waive the surrender charge if the insured is confined to a nursing home care facility. Please consult life product sales material for product specifics on surrender charges or call our Client Services Department at 888-SAGICOR, Ext 4610.

LOANS*

The insured may borrow from their cash value life policy, within certain guidelines and limitations. Interest on the loan will be charged at a Guaranteed Loan Interest Rate shown on the data page within the policy.

*There may be a risk of tax consequences, death benefit reduction, or policy lapsing. Please consult a qualified tax consultant when considering recommending an insured borrow or withdraw from their policy. Sagicor Life Insurance Company does not render legal or tax advice.

PAYMENT OF POLICY PROCEEDS / INCOME OPTIONS

SLIC life policies offer income options within certain guidelines, amounts, and limits for all or part of the death benefit or the amount payable on surrender of the policy. Lump Sum, Interest Only, Fixed Amount, Fixed Period, and Life Income are all available choices under our life products. Please call our Client Services Department for specifics on electing one of these options.

SINGLE PREMIUM WHOLE LIFE POLICIES

Our Single Premium Whole Life policies (SPWL) are issued as Modified Endowment Contracts (MECS). These are contracts not meeting the requirements of IRC Section 7702A for policies issued after June 21, 1988 and, therefore, subject to different tax treatment than traditional whole life products meeting IRC Section 7702A requirements. A 1035 exchange may affect the MEC status. Please refer to a qualified tax consultant and IRC Section 72(e)(10) for specific information on the tax treatment for distributions out of a Modified Endowment Contract.

AVAILABLE RIDERS (not available for all products and not available in all states)

SLIC life policies offer a variety of riders to choose (the Accelerated Benefit Insurance Rider (ABIR) and Return of Benefit Rider (ROP) is inherent in certain products):

- Accelerated Benefit Insurance Rider (ABIR)
- Accidental Death Benefit Rider (ADBR)
- Accident Disability Income Benefit Rider (ADIBR)
- Children's Term Rider (CTR)
- Waiver of Premium Rider (WP)
- Return of Premium Benefit Rider (ROP)

Each rider has specific guidelines for election, possible additional costs in premium or administrative fees, and may require additional underwriting. Payout for each rider will vary dependent upon guidelines outlined within each rider's underwriting specifications and are not necessarily guaranteed. Please refer to specific product material or contact our New Business Department or our Recruiting, Sales and Marketing Office for clarification on each rider's terms and conditions.

Certain riders, such as the Accelerated Benefit Insurance Rider (ABIR), may carry additional tax consequences. Please review this rider for specifics on payout and refer to a qualified tax consultant prior to election of the option.

GUARANTEED RENEWAL AND CONVERSION PRIVILEGES

Some of our term policies provide a renewal privilege at the end of the initial term period. The policy may be renewed annually for the same benefit amount shown on the policy schedule, subject to certain conditions.

The following is not meant to be inclusive of all rules and regulations regarding renewals:

- The policy must be renewed within 31 days after the end of the policy period during which the policy was in effect.
- The age of the insured must be less than 95 years on the date of such renewal. The policy anniversary following the Insured's 95th birthday, the policy will expire.
- The premium rate for each renewal is shown on the Premium Schedule page. The renewal rate is based on the Insured's age on the date of renewal, the Insured's sex (not in MT) and Premium Class.
- If the policy was issued with an extra premium, an extra premium computed on a consistent basis will be charged for each renewal period.

Some of our life products provide the insured with an option to elect a conversion privilege. The policy may be converted without evidence of insurability at any time prior to the policy anniversary following the insured's 70th birthday. The policy must be in force and have no premiums in default. Conversion is not allowed if premiums are being waived, or are eligible to be waived under a waiver of premium rider; while a disability income benefit is being paid; or if an accelerated benefit payment has been made.

The following is not meant to be inclusive of all rules and regulations regarding conversions:

- Conversion is allowed to a permanent life policy currently offered for conversion.
- Death benefit amount cannot be greater than the original policy face amount at time of conversion.
- New policy must comply with our then current rules for amount, age, and premium class.
- Existing riders may or may not be available for conversion without additional underwriting.

For specifics on policy terms and conditions regarding renewals and conversions, please refer to the insured's policy and attached rider(s) page(s), if applicable, or call our New Business Department at 888-SAGICOR, Ext 4640.

NON-TAXABLE 1035 EXCHANGES

SLIC has developed a convenient form to accommodate non-taxable 1035 Exchanges and Tax Qualified Transfers (Form SLIC-ATF-1). We recommend that you expedite the transfer paperwork to SLIC along with the completed application so we may initiate the transfer process as soon as possible. This transfer form makes it easy for the agent to initiate the transfer by completing the form and using the following guidelines for distribution.

Please send to the SLIC Home Office:

1. The completed application along with any applicable supplemental forms
2. The “Authorization to Transfer Funds” form
3. The original replacement form

Please Note: Life transfers are not initiated until the Sagicor Life Application has been approved by our Underwriting Department

1035 EXCHANGE TIPS:

- If a client receives a distribution from their tax qualified account, such as an IRA, they have 60 days to roll over the money into another IRA. The 60-day rule does not apply to non-tax qualified money transfers and does not qualify as a 1035 Exchange if the client receives the money.
- The new policy being written must have the same owner(s) and annuitant as the surrendering contract.
- The following rules must be used when initiating a 1035 Exchange:
 - Annuity = Annuity only
 - Life = Life, Annuity, or Endowment policy
 - Endowment policy = Annuity or an Endowment policy

Not following current IRS rules and regulations for 1035 Exchange qualifications will result in forfeiture of 1035 Exchange tax advantages. The agent along with a competent tax professional is responsible for review and recommendation to their client in regard to a 1035 Exchange or transfers of money in general.

FOLLOW UP ON 1035 EXCHANGES AND TRANSFERS

The Home Office will follow up on transfer requests every 10 business days by phone to the surrendering company. SLIC encourages the agent and the client to also follow up with the surrendering company on a regular basis. The latest status regarding the transfer appears on a pending report available on our website.

TAX QUALIFIED MONEY TRANSFERS

- If a client receives a distribution from their IRA, they have 60 days to deposit the money into another IRA. Please note the type of transaction in the special request section of the application.
- Only one IRA rollover is permitted per calendar year per traditional IRA. However, an unlimited number of tax-free trustee-to-trustee transfers are permitted because these types of transactions are not considered IRA rollovers (IRC §402(c)(2)).
- If rolling money from a 401K be sure the client is 59 ½, or separated or retired from the sponsoring company.
- In order to preserve any capital gain or special averaging treatment for the qualified money, one cannot commingle tax-qualified money with non-tax qualified money (EGTRRA 2001, §641(f)(3), §642(c)(2); Let Rul. 8433078).
- If your client meets the requirements for a minimum distribution, it is necessary for the surrendering company to take out the minimum distribution before transferring the funds to SLIC.
- Surrender charges do apply to SLIC annuities and life policies, including our fixed-indexed products and may be different for each offered product line. Please consult sales material or the policy/contract for detailed information on specific surrender charges for each product.

Withdrawals made before age 59 ½ may be subject to federal income tax penalties. Minimum withdrawal amounts and account balances may be required. Please refer to the “Withdrawal” section of our Agent Guide for more detailed information and contact our Client Services Department for the latest information on minimum withdrawal amounts or account balance requirements.

Sagicor Life Insurance Company does not render legal or tax advice. This Agent Guide simply reflects our understanding of tax rules and regulations in effect at the time of publication.

COMPETING FAIRLY

UNFAIR TRADE PRACTICES

Most states have adopted the Unfair Trade practices Act to protect consumers against unfair or deceptive insurance marketing and claims practices.

Any of the following practices are hereby defined as unfair trade practices in the business of insurance.

- A) Misrepresentations and False Advertising of Insurance Policies. Making, issuing, circulating, or causing to be made, issued or circulated, any estimate, illustration, circular or statement, sales presentation, omission or comparison that:
- 1) Misrepresents the benefits, advantages, conditions or terms of any policy; or
 - 2) Misrepresents the dividends or share of the surplus to be received on any policy; or
 - 3) Makes a false or misleading statement as to the dividends or share of surplus previously paid on any policy; or
 - 4) Is misleading or is a misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates; or
 - 5) Uses any name or title of any policy or class of policies misrepresenting the true nature thereof; or
 - 6) Is a misrepresentation, including any intentional misquote of premium rate, for the purpose of inducing or tending to induce the purchase, lapse, forfeiture, exchange, conversion or surrender of any policy; or
 - 7) Is a misrepresentation for the purpose of effecting or pledge or assignment of or effecting a loan against any policy; or
 - 8) Misrepresents any policy as being shares of stock.
- B) False Information and Advertising Generally. Making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion, representation or statement with respect to the business of insurance or with respect to any insurer in the conduct of it insurance business, which is untrue, deceptive or misleading.
- C) Defamation. Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting or encouraging the making, publishing, disseminating or circulating of any oral or written statement or any pamphlet, circular, article or literature which is false, or maliciously critical of or derogatory to the financial condition of any insurer, and which is calculated to injure such insurer.
- D) Boycott, Coercion and Intimidation. Entering into any agreement to commit or by any concerted action committing any act of boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in the business of insurance.
- E) False Statements and Entries.
- 1) Knowingly filing with any supervisory or other public official, or knowingly making, publishing, disseminating, circulation or delivering to any person, or placing before the public, or knowingly causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before public, any false material statement of fact as to the financial condition of an insurer.
 - 2) Knowingly making any false entry of material fact in any book, report or statement of any insurer or knowingly omitting to make a true entry of any material fact pertaining to the business of such insurer in any book, report or statement of such insurer, or knowingly making any false material statement to any insurance department official.

- F) Stock Operations and Advisory Board Contracts. Issuing or delivering or permitting agents, officers or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common law corporation, or securities or any special advisory board contracts or other contracts of any kind promising returns and profits as an inducement to purchase insurance.
- G) Unfair Discrimination. Allowing differences in rates, premiums, fees, or policy benefits between individuals of the same class or insurance risk based on place of residence, race, creed, or national origin. Some states may also prohibit discrimination based on gender, marital status, and place of residency or other factors.

REPLACEMENTS

Replacement guidelines

A transaction involving a replacement should not be made unless it is in the consumer's best interest and the consumer is fully informed of both the advantages and disadvantages of the replacement. The suitability of the product and appropriateness of the replacement must fit the consumer's needs.

An agent should not induce a policyowner to take a disbursement from one policy and use the money as premium to open a new policy or add money/premium to an existing policy.

State requirements regarding replacements vary. The following is provided as general guideline based upon the NAIC Model Regulation of the Replacement of Life Insurance and Annuities. Agent should review and understand the replacement rules of all jurisdictions in which they are licensed.

In June 2000, the National Association of Insurance Commissioners (NAIC) adopted a new Life Insurance and Annuity Replacement Model. Except where otherwise specified, the following are the key requirements included in this regulation.

Replacement requirements

A replacement means any transaction in which new life insurance or a new annuity is purchased and it is known or should be known to the proposing agent that by reason of such transaction, an existing life insurance policy or annuity has been or is to be:

1. Lapsed, forfeited, surrendered, or partially surrendered or assigned to the replacing insurer, or otherwise terminated.
2. Changed to reduced paid-up or extended term insurance or otherwise reduced in value by the use of nonforfeiture benefits or policy values.
3. Amended to reduce benefits or the term of coverage.
4. Reissued with reduced cash value.
5. Used in a financed purchase (funds obtained by the withdrawal or surrender of, or by borrowing from, values of an existing policy to pay all or part of any premium due on a new policy).

The Free Look period is 30 days.

Duties of agents: The writing agent must complete the life insurance or annuity contract replacement requirements in their entirety, including the questions on the application that address whether or not the applicant has existing policies or contracts and whether or not the applicant intends to replace existing policies or contracts. If the applicant does not have any existing policies or contracts, the agent's duties with respect to the replacements are complete. If the applicant has existing policies the writing agent is required to do the following:

1. Complete and sign the replacement notice. The Sagacor state specific new business forms contain all required replacement forms.
2. Leave with the applicant copies of all sales proposals used during the presentation and complete the questions in the new business forms relating to the types of sales material used.
3. Submit to the Home Office all replacement requirements and a copy of all sales material used during the sales presentation. This does not include company-approved sales aids of a generally descriptive nature.
4. Document in their permanent consumer file all pertinent information regarding the replacement transaction, including information used to determine the suitability of the replacement for the client.

TWISTING

"Twisting" of life insurance policies or annuities is prohibited by the Unfair Trade Practice Act of nearly all states. In most states, "twisting" means using deceptive practices to effect a replacement. Such deception may include, for example, false or misleading statements about the existing policy, its insurer, or producer. It can also involve comparing policies in a manner that is misleading, incomplete or unfair. Twisting is a criminal offense in some states.

CHURNING

"Churning" is a relatively new concept. New insurance laws in a few states such as Arkansas and Florida, requires the producer to determine and document that the replacement is beneficial to the client.

If a client is considering replacing an existing policy with another one, you can provide a valuable service by helping them evaluate whether a replacement is in their best interest. The client should consider the following factors to determine whether a replacement is appropriate. Discuss and review with the client:

LIFE INSURANCE

- Surrender charges. If any, on the existing policy.
- Front-end loads or sales charges of the new policy.
- Accessibility of policy values of the new policy. (Be sure to disclose the availability of policy loans, the duration of the surrender charge period, amount of penalty and charges associated with partial withdrawals and surrenders, and any limits or conditions for waiving those penalties or charges.)
- Effect of the new contestable and suicide periods of a new policy.
- Evidence of insurability. The new policy may be rated or declined.
- Cost and duration of premiums and fees for each policy.
- Comparison of cash value under the old and new policies.
- The costs and effect of borrowing from the existing policy, if contemplated.
- Tax treatment of the surrender or exchange or any outstanding policy loans.
- The advantages of modifying the existing policy. If possible, to meet the client's objectives rather than buying a new policy.
- Is there a significant difference in the comparative financial ratings (AM Best, Fitch, Moody's etc.) assigned the new company versus the rating of the old company?

ANNUITIES

- Surrender charges, if any on the existing annuity.
- Liquidity of the new annuity. (Be sure to disclose the duration of the surrender charge period, amount of penalty and charges associated with partial withdrawals and surrenders, and any limits or conditions for waiving those penalties or charges.)
- Tax treatment of surrender or exchange.
- Cost and fees of annuity.
- Guaranteed death benefits or riders.
- Is there a significant difference in the comparative financial ratings assigned to the new company versus the old company?

Use fact-finding tools to assist you in complete and accurate comparison of policies. In the end, clients must make their own decisions regarding what they believe to be in their best interest. However, a quick review of these issues and tools will allow you to assist the client in making informed decisions concerning the advisability of replacement. If the client decides to replace a policy, you should advise him or her to keep the old one in force until an underwriting decision is made on the new policy.

In addition, the appropriate replacement form will require you to certify that the replacing coverage materially improves the insured's position. Indiscriminately replacing an insured's coverage may subject you to fines and other penalties.

IMPORTANT NOTE

To stay out of trouble, be sure to document the reasons justifying the replacement. Your documentation should include the client's reasons for the replacement and the advantages and disadvantages to the client. The Society of Financial Services Professionals (<http://www.financialpro.org/>) provides a Replacement Questionnaire you can use with clients.

SALES PRACTICES AND ADVERTISING

ADVERTISING GUIDELINES

As an agent for Sagikor Life Insurance Company (SLIC) we expect you to provide advertising and sales materials that are clear as to purpose plus honest and fair as to content. In order to attain this goal you must have a thorough knowledge of all the products made available by SLIC and have a solid knowledge of insurance products, in general and insurance and compliance laws. Our brief guide is general in nature and cannot discuss all of the topics, laws and regulations that may affect your activity as a producer. For this reason please contact our National Recruiting, Sales and Marketing Team with any questions.

Practice good judgment. Avoid statements that might be misleading or deceptive. Don't use a misleading name for yourself, your agency, company or product. Do not omit or misstate information that would be material to the client's decision. Describe the product and its features accurately and completely. Don't over emphasize the products advantages or ignore or minimize its important conditions, limitations, costs, fees, charges etc. If you must compare products or companies be complete, fair, accurate and balanced in your statements.

There are many rules that apply to advertising and written materials. Based on the National Association of Insurance Commissioners (NAIC) Model Rules governing the Advertising of Life Insurance and Annuities; life insurance advertising is material designed to create public interest in life insurance or annuities, as insurer, an insurance producer or agency or an insurance product. It is also any material used to induce the public to purchase, increase, modify, reinstate, borrow, surrender, replace or retain an insurance policy or annuity.

Advertising can be found in many places. Here is a partial list of communication media or tools which depending on their content, audience, jurisdiction or use, may be considered insurance advertising.

- Business Cards
- Depictions
- Form Letters
- Illustrations
- Infomercials
- Lead Generators
- Leaflets or flyers
- Letterhead
- Newspaper Ads
- Printed Materials
- Radio or TV Ads
- Radio Talk Shows
- Reprints of newspaper or magazine articles
- Scripts
- Seminars
- Signs and Billboards
- Slide Presentations
- Standardized or mass electronic mail messages
- Standardized pitches or presentations
- Telemarketing
- Training materials designed to be used with the public
- Video or audio tapes
- Websites
- Written Presentations
- Yellow Pages

Understand the Company's advertising guidelines, rules and procedures for producers and follow them closely.

Use materials provided by the Company. Check with the Company to make sure it is for the correct state and it is current (especially if the material is more than 1 year old).

If you create or use advertising not provided by the Company, it must be approved in writing by the Company before you use it if the material:

- names the Company
- refers to the Company Product

Sagicor will create and provide pre-approved advertising pieces for your use.

If the material mention insurance and the public sees, hears or receive it know that it is advertising. Mentioning insurance includes an insurance product or service, an insurance company or an insurance producer or agency. The "public" includes potential or prospective recruits for new producers.

Helpful Hints when using advertising:

- Always name the insurance company, or the licensed insurance producer or agency.
- Identify yourself as an insurance producer whenever you name yourself in conjunction with insurance.
- Don't send advertisements in states where you are not licensed. Be aware of advertising or soliciting across borders by phone, mail or email.
- Special rules and disclaimers apply when advertising across mass media channels such as newspapers, web sites, television or radio.
- Don't show material to a client if it is marked "For internal use only", "For producer use only", "For training only" or a similar restriction.
- Don't highlight, modify or alter approved materials. Don't excerpt or extract from approved materials.
- There are special state and federal rules for telemarketing. They impose disclosure requirements, set permitted hours, and impose other conditions and restrictions. You should be aware of phone solicitation laws of the state you do business in.
- Sales of traditional life insurance or annuities in or through a financial institute must also meet the advertising requirements of the state or federal agencies that regulate that institution. Such requirements include disclosures the insurance product is subject to risk, not backed by financial institution, and is not guaranteed by federal agency. Approval may be required by the financial institution or a related party.
- Remember that federal law prohibits unsolicited fax advertising.
- Unsolicited email advertising is restricted and/or prohibited by various state laws.

SALES ILLUSTRATIONS AND SALES PROJECTIONS

General Guidelines for Using Sales Illustrations

When presenting a hypothetical illustration, inform the client that the illustration is intended to show how the policy would work under different assumptions. (It is improper to use a hypothetical illustration to project expected results based on those assumptions.)

Never guarantee rates, values, or projections in an illustration when they are based on non-guaranteed rates, non-guaranteed charges, or hypothetical performance or assumptions. Do not imply or lead a prospective applicant to believe the assumptions will be achieved even though not guaranteed.

Do not modify, mark on or remove pages from illustrations.

Use only Company approved illustrations. This includes illustrations generated or provided by the Company, or generated by you on software provided by the Company. If you generate an illustration, be sure to provide all the required parts of the illustration.

Though you may not be required to keep a copy of the illustration, it is a good practice to keep copies of any and all illustrations presented to your clients.

Special Guidelines for Sales Projections of Fixed Indexed Annuities

Fixed Indexed Annuity sales projections can be based upon non guaranteed interest rates that shall not be greater than that currently being credited by the Company. The projection must set forth with equal prominence a comparable projection based upon the policy's minimum guaranteed interest rate. All projections containing a rate to be earned are required to state the deduction of all limitations and conditions to include any and all surrender charges and policy or administrative fees, which affect the rate of return. These limitations and conditions must be disclosed prominently. Currently state rules and company practices vary widely for sales projections of fixed annuities. Check with the Company to make sure you are in compliance with all applicable policies and procedures.

DO NOT CALL REGISTRY REGULATIONS

Federal and State regulations may limit your telephone sales activities. Be aware of these rules and always follow them.

Effective October 1, 2003, the Federal Communications Commission (FCC) adopted a final rule under the Telephone Consumer Protections Act of 1991. The rule establishes, in addition to other requirements, a national Do Not Call registry that is applicable to telephone solicitations to consumers made by all commercial organizations, including persons engaged in the business of insurance.

The following is provided as a guideline of the rule's requirements and procedures that agents need to be aware of and always follow.

The key objective of the rule

To allow consumers a choice about whether to receive telemarketing calls by establishing a national centralized Do Not Call registry. The registry permits consumers who do not want to be solicited by telephone to place their phone number on the Do Not Call registry. Telemarketers are prohibited from calling a number listed on the registry.

The key requirements of the Do Not Call Rule

1. National Do Not Call registry No person or entity shall initiate any telephone solicitations (a call or message for the purpose of encouraging the purchase or rental of, investment in, property, goods or services) to a person who has registered their residential telephone number on the national Do Not Call registry.

A call is not considered a telephone solicitation if:

- the individual has provided prior express invitation or permission;
- a personal relationship (family member, friend or acquaintance of the telemarketer making the call) exists with the individual;
- an established business relationship exists with the individual; or
- the call is on behalf of a tax-exempt non profit organization.

Established business relationship is defined as a prior or existing relationship formed by a voluntary two-way communication between a company and a consumer with or without an exchange or consideration, on the basis of the consumer's purchase or transaction with the entity within the 18 months preceding the call or the consumer's inquiry or application regarding products or services offered with the three months preceding the call.

2. Company Do Not Call list – No person or entity shall initiate any call for telemarketing purposes to a residential telephone number unless such person or entity has established procedures for maintaining a list of persons who request not to receive telemarketing calls made by or on behalf of that person or entity. The rules provide minimum standards for procedure implementation.
3. State Do Not Call laws and regulations – The Federal Do Not Call rule does not preempt state Do Not Call laws and regulations. The Federal Do Not Call rule sets the minimum requirements but the state Do Not Call laws and regulations apply if they are more restrictive than the Federal Do Not Call law.

Agents need to be aware of and comply with the FCC rules and any applicable state laws.

Agent Duties

Agents are not permitted to use the Company name as part of their telephone solicitation calls unless they comply with the FCC and applicable state rules.

Agents who make calls that are telephone solicitation calls (cold calls) using Sagicor name are required to do the following:

- Search the National Registry and applicable state Do Not Call registries before making any calls to residential telephone numbers that are considered a telephone solicitation call under these rules. Agents are prohibited from calling any consumer whose number is on the National Registry or the applicable state registry.
- Contact Sagicor Client Services to make sure that the individual to be called has not been placed on the Company Do Not Call list.
- Establish your own Do Not Call list. Agents are responsible for maintaining their own Do Not Call lists of consumers who have asked not to receive calls placed by, or on behalf of the agent of any consumers who request to be placed on it. Individuals should be kept on your list for five years.
- Establish written procedures to comply with the national Do Not Call rules and train personnel to comply.
- Maintain records documenting your compliance process.
- Monitor and enforce compliance with the rules.

Additional information regarding the FCC rules and applicable state law is available on the Federal Trade Commission's Web site at: <http://www.ftc.gov/>.

PRIVACY REGULATIONS

Sagicor Life Insurance Company (SLIC) is in the business of protecting financial information for both the insured and the producer.

In November of 1999, the Financial Services Modernization Act – Gramm-Leah-Bliley Act (GLBA) became law. Under Title V of the GLBA certain provisions are set forth that limit the way a financial institution, including insurance companies use the information obtained from consumers.

Enforcement of the Privacy Provisions is left to the financial regulator of the various financial institutions. For example,

- The Securities and Exchange Commission (SEC) created Regulation S-P to enforce the Privacy Provisions for brokers and dealers, etc.
- The National Association of Insurance Commissioners (NAIC) adopted a privacy model regulation (NAIC Model) to enforce the privacy provisions for insurance companies.

The NAIC Model applies to “licensees”, i.e., anyone who must be licensed by a state in order to engage in the insurance business, such as insurance companies, producers, third-party administrators, etc. The NAIC Model requires that a licensee give initial and annual notices to consumers regarding the licensee’s uses of “nonpublic personal financial information” about consumers. An insurance producer does not need to provide the notices as long as an insurance company with which the producer is appointed and sells for, gives the notices. Furthermore, the producer enters into a contract with the insurance company that prohibits the producer from disclosing or using consumer non public personal financial information unless the disclosure or uses is in connection with the producer’s performance under the contract and as permitted by the regulation.

Nonpublic personal financial information is virtually any information other than non public personal health information about a consumer that a licensee obtains. For example, nonpublic personal financial information may include a consumer’s gender, age, phone and social security number, as well as information that more obviously seems “financial”, such as information about a consumer’s income or assets.

Protecting Health Information

The NAIC Model also prohibits insurance companies, producers, TPAs, etc, from disclosing “nonpublic personal health information” about a consumer to anyone, unless the consumer authorizes the disclosure or certain provisions of the regulation permit the disclosure.

Nonpublic personal health information is information created by or derived from a health care provider or consumer, and obtained by a licensee, that relates to:

- the past, present or future physical, mental, or behavioral health of any individual;
- health care provided to an individual; or
- payment for health care provided to an individual.

Additionally, the federal government under the Health Insurance Portability and Accountability Act (HIPAA) protects consumers health information. HIPAA’s Privacy Rule became effective April 14, 2003. Under HIPAA, the Department of Health and Human Services (HHS) created guidelines to protect the confidentiality and security of personal health information (PH). HIPAA applies to medical providers and health plans but does not directly apply to life and annuity operations. The rules for “health plans” operations govern a range of subjects, including who may have access to medical information, how it may be obtained, and when it may be disclosed. The definition of “health plan” includes the following type of insurance coverage: specified disease, long-term care, hospitalization, major medical, as well as riders that pay for medical costs such as a long-term care rider.

If you sell health plans

Producers who sell health plans are considered “Business Associates” under HIPAA because they collect and receive PHI regarding the Company’s customers. Business Associates must comply with the HIPAA Privacy Rule. The Privacy Official at the appointed company can provide more information about your obligation as a Business Associate.

If you sell health plans, HIPAA requires you to set up policies and procedures that limit unauthorized access to private information. This includes password-protecting your computer system, locking your computer stations while away from your desk, locking file drawers where PHI is stored, ensuring that faxes, copies and other papers containing PHI are expeditiously collected and distributed to the appropriate staff member. You should also consider utilizing a shredder to properly dispose of PHI that you do not need. Programs designed to explain these procedures to your staff are strongly advised.

When meeting “face to face” with clients, HIPAA has no restrictions on the type of products you may discuss. Also, HIPAA’s marketing provision expressly allows the company and its producers to inform customers of policy upgrades, enhancements, or value-added items to the Company’s health-related products.

However, HIPAA prohibits health plans and their producers from using PHI for cross-marketing purposes without an individual’s authorization. The information on the applications for health plans is considered PHI and cannot be used to market other products. Please note that information that you did not create or receive in your capacity as a producer of the Company is not considered to be PHI. You are allowed to maintain a card file or computer list of clients that does not relate to information received from the Company or created or received on behalf of the Company. Keep this separate from any files you might have that contain applications and other documents that have PHI. Another option is to have clients sign a special authorization for cross marketing during/before the time they apply for a “health plan”.

Additionally, the health plan must provide a HIPAA “Notice of Health Information Practices” at the time of enrollment in the health plan. The Notice explains policyholder rights and health plan responsibilities under HIPAA.

If you don’t sell health plans

Even in situations where you are taking an application for life insurance or other lines which are not included in the definition of “health plan” under HIPAA, it is very likely that you will be required to get a special “HIPAA compliant” authorization signed by the applicant. This is because insurance companies often must request medical information from doctors, hospitals, and other health care providers. Those providers are subject to HIPAA and cannot provide requested medical information unless they are presented with a special HIPAA compliant authorization. Similar authorization may need to be obtained at the time any claim is submitted.

ANTI-MONEY LAUNDERING (AML)

In compliance with the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), Pub. Law 107-56(2001), SLIC has adopted an Anti-Money Laundering (AML) compliance policy. It is the policy of SLIC to prohibit and actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. SLIC is committed to AML compliance in accordance with applicable law and requires its officers, employees and appointed producers to adhere to these standards in preventing the use of its products and services for money laundering purposes.

SLIC has established an anti-money laundering program which includes:

1. Written internal policies, procedures, and controls regarding anti-money laundering activity
2. Designation of an Anti-Money Laundering Compliance Officer
3. Ongoing Anti-Money Laundering training programs
4. Written identification and verification policies and procedures which include methods to verify, to the extent reasonable and practical, the identity of any applicants, owners and beneficiaries.

ANTI-MONEY LAUNDERING

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have been derived from legitimate origins or constitute legitimate assets.

RED FLAGS AND MONITORING OF SUSPICIOUS ACTIVITY

There are signs of suspicious activity that suggest money laundering. These are commonly referred to as “red flags”. If a red flag is detected, additional due diligence will be performed before proceeding with the transaction. If a reasonable explanation is not determined, the suspicious activity shall be reported to the AML Compliance Officer.

EXAMPLES OF RED FLAGS ARE:

- The customer exhibits unusual concern regarding the firm’s compliance with government reporting requirements and the firm’s AML policies, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspect identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer’s stated business strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash equivalents, or asks for exemptions from the firm’s policies relating to the deposit of cash and cash equivalents.

ANTI-MONEY LAUNDERING (AML)

- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the \$10,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
 - For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
 - The customer is from, or has accounts in, a country identified as a non-cooperative country or territory by the Financial Action Task Force.
 - The customer's account has unexplained or sudden extensive wire activity, especially in accounts that had little or no previous activity.
 - The customer's account shows numerous currency or cashiers check transactions aggregating to significant sums.
 - The customer's account has a large number of wire transfers to unrelated third parties inconsistent with the customer's legitimate business purpose.
 - The customer's account has wire transfers that have no apparent business purpose to or from a country identified as a money laundering risk or a bank secrecy haven.
 - The customer makes a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.
 - The customer makes a funds deposit for the purpose of purchasing a long-term investment followed shortly thereafter by a request to liquidate the position and transfer the proceeds out of the account.
 - The customer requests that a transaction be processed in such a manner as to avoid the firm's normal documentation requirements.
 - The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as penny stocks, Regulation S (Reg S) stocks, and bearer bonds, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
 - The customer's account shows an unexplained high level of account activity with very low levels of securities transactions.
 - The customer attempts to borrow the maximum cash value of a single premium policy soon after purchase.
- If the appointed producer:
- Exhibits a dramatic or unexpected increase in sales (particularly of single premium contracts)
 - Has consistently high activity in single premium contracts in excess of company averages
 - Exhibits a sudden change in lifestyle
 - Requests client documentation be delivered to the agent

SLIC's Compliance Officer is responsible for the administration, revision, interpretation, and application of this Policy. The Policy will be reviewed annually and revised as needed. Should you have any questions regarding SLIC's Anti-Money Laundering Program, please contact our AML Compliance Officer.

AGENT'S OBLIGATIONS

INSURANCE RULES AND REGULATIONS:

You should comply with all laws of the state or states in which you transact business, and all rules and regulations of the insurance departments thereof. You represent and warrant that you will only solicit and sell SLIC's insurance products in states in which SLIC and you, at that time, hold all applicable licenses. You should conduct yourself according to the highest standards of honesty and fairness, and provide competent and customer focused sales and service.

ADVERTISING:

You should not insert any advertisement into any publications or distribute any advertising material, circular, or pamphlet relating to SLIC, or its products, without SLIC's prior written consent.

APPLICATIONS AND PREMIUMS:

You should promptly forward to SLIC all applications for insurance obtained by you. All premium settlements collected by check are subject to collections and must be made payable to SLIC's name only. All such premium settlements, entire or partial, taken with an application or taken upon delivery of the policy/contract, shall be immediately forwarded to us by you.

DELIVERY:

Delivery of the policy/contract may be made only if the proposed insured at the time of delivery is, to the best of your knowledge and belief, in as good a condition of health and insurability as is stated in the application for such policy/contract, and the first premium has been fully paid and delivery of the policy/contract is made within ten (10) days from the date said policy is issued by SLIC. Any policy/contract not so delivered shall be immediately returned to SLIC upon expiration of said ten (10) days.

SIGNATURES:

You should either; (a) personally witness all signatures on any application, amendment, illustration, or other document affecting the rights of an applicant or insured; or (b) attach thereto a written statement explaining why the signature was not witnessed. You shall not falsify, or aid or abet the falsification of any signature on any document.

REPLACEMENT:

You should not solicit, or aid or abet the solicitation of, any person insured by SLIC for the purpose of persuading or attempting to persuade such person to terminate his or her insurance with SLIC or to replace it with the insurance of another company.

UNDERWRITING GUIDELINES:

You agree to comply with SLIC's underwriting rules and guidelines.

SALES, MATERIALS AND INFORMATION:

You acknowledge that all printed forms, advertisements, rate books, manuals and other sales materials furnished to you by SLIC are the property of SLIC. You agree to return all such material to SLIC on demand and/or on termination of this Contract and you should not make or retain copies thereof. Therefore, you should maintain strict confidentiality of all SLIC information and shall not disclose such information to any other person or entity other than disclosure for the purpose of selling SLIC's insurance policies.

LIMITATIONS:

Any material, supplies or advertisements mentioning SLIC by name or relating to any of its products (except that provided by SLIC) may be used, or be permitted to be used, only with our prior written approval. Without liability to you, we may at our sole discretion, at any time and from time to time (1) discontinue and/or withdraw any form of policies in any territory without prejudice to our right to continue use of said form in any other territory or SLIC; (2) discontinue and/or withdraw any form of policy and (3) resume the issuance or use of any form of policy at any time.

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