

Rules and procedures Regarding Implementation and Compliance with the Department of Financial Services of the State of New York

Part 51 (Regulation 60) Replacement of Life Insurance Policies and Annuity Contracts

To protect the interests of the public regarding the replacement of life insurance policies or annuity contracts, Amalgamated Life Insurance Company formally adopts the following rules and procedures:

Amalgamated Life shall in all cases involving the sale of its individual life insurance products where its policy or contract is or may be replacing another insurer's policy or contract:

1. Inform and train its insurance agents and brokers with respect to Regulation 60.
2. Require a completed "Definition of Replacement" (**Exhibit B**) signed by the applicant and insurance agent or broker and maintain signed and completed copies of the "Definition of Replacement in accordance with Part 243 of this Title (Regulation 152).
3. Require each insurance agent or broker to submit with each signed application for insurance a signed statement as to whether to the best of the agent's or broker's knowledge, replacement of a life insurance policy or annuity contract is involving in the transaction.
4. In those transactions where a replacement has or is likely to occur, Amalgamated Life will require the agent or broker to submit along with the application for insurance:
 - a. A list of all existing life insurance policies or annuity contracts proposed to be replaced
 - b. A copy of all sales material, including any proposal, used in the sale of the proposed life insurance or annuity contract.
 - c. Proof of receipt by the application of the "IMPORTANT Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts" (**Exhibit A**).
 - d. An accurate and complete "Disclosure Statement" (**Exhibit C**) signed by the insurance agent or broker including the primary reason or reasons for recommending the new life insurance policy or annuity contract and why the existing life insurance policy or annuity contract cannot meet the applicant's objectives.
5. Examine any proposal or sales material utilized in the sale of the proposed life insurance or annuity contract and the "Disclosure Statement".
6. Deliver the completed "Disclosure Statement" to the policy or contract holder no later than the time of delivery of the policy or contract. The insurer may, at its discretion, require the "Disclosure Statement" to be signed by the applicant, a copy of which shall be provided to the applicant at the time the applicant signs the "Disclosure Statement";
7. Furnish the insurer whose insurance or annuity contract in being replaced copies of the completed "Disclosure Statement" and a list of the sales material including any proposal utilized in the sale of the policy or contract within ten days of delivery of the life insurance policy or annuity contract with an offer to provide a copy of such material within ten days of a request for the material.

8. Submit annual electronic reports by February 1 of each year to the superintendent, identifying any insurer who has failed to provide information as required by Department Regulation.
9. Maintain the sales material, including any proposal, used in the sale of the life insurance policy or annuity contract; proof of receipt by the applicant of the "IMPORTANT Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts"; the signed and completed "Disclosure Statement"; and the notification of replacement to the insurer that issued the life insurance policy or annuity contract that is to be replaced, indexed by agent or broker in accordance with Part 243 of this Title (Regulation 152).
10. The proposed life insurance policy or annuity contract will be treated in all respects as if it were a new issuance, without differences in regard to underwriting, premiums, interest rate credit, agent/broker compensation, expenses or incentives.
11. If an initial "Disclosure Statement" was provided to the applicant prior to the delivery of the life insurance policy or annuity contract and the life insurance policy or annuity contract is issued other than as applied for Amalgamated Life will provide the owner a revised "Disclosure Statement" that conforms to the life insurance policy or annuity contract as issued no later than the time of delivery of the policy or contract. A revised "Disclosure Statement" is NOT provided where there are changes in the amount of expected initial or additional premiums and any changes in amounts of exchanges pursuant to section 1035 of the Internal Revenue Code, rollovers or transfers if the changes do not impact the key benefits and features of the life insurance policy or annuity contract as applied for.
12. For any replacement life insurance policies or annuity contracts, the insured will be allowed the right to return the policy or contract within sixty (60) days from the date of delivery of such policy or contract. Additionally, the insured will receive an unconditional full refund of all premiums or considerations paid or in the case of a variable or market value adjustment policy or contract, a payment of the cash surrender benefits provided under the policy or contract plus the amount of all fees and other charges deducted from the gross considerations or imposed under the policy. Payment of such refund shall be made within (10) ten days following receipt of the policy or contract for cancellation in accordance with the right to cancellation provision of the policy or contract. During this period, an insurer that issued the policy or contract that has been replaced shall reinstate or restore, without underwriting or a new contestable or suicide period, such policy or contract as of the date of replacement, upon receipt by the insurer that issued the policy or contract that has been replaced of: (a) written proof that the replacement policy or contract has been canceled, including the date of cancellation; (b) any funds, previously released under such replaced policy or contract; and (c) any premium or consideration due on the original policy or contract which shall be calculated from the paid-to-date. The insurer that issued the policy or contract that has been replaced shall reinstate or restore the original policy or contract to its former status to the extent possible and in accordance with its published reinstatement rules to the extent that such rules are not inconsistent with the provisions of this Part.

In those circumstances where Amalgamated Life's policy or contract is being replaced, Amalgamated Life will:

1. Maintain copies of the replacement notices received from other carriers, indexed by insurer in accordance with Part 243 of this Title (Regulation 152).
2. Within (20) twenty days of receipt of a request for information necessary for completion of the "Disclosure Statement" with respect to the life insurance policy or annuity contract proposed to be replaced, together with proper authorization from the applicant, Amalgamated Life will furnish the required information to the agent or broker of record of the existing policy/contract, the agent or broker and the insurer replacing the policy/contract.



EXHIBIT A

DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK **IMPORTANT** NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS

THIS NOTICE IS FOR YOUR BENEFIT AND REQUIRED BY 11 NYCRR Part 51 (REGULATION 60)

YOU ARE CONTEMPLATING THE PURCHASE OF A LIFE INSURANCE POLICY OR ANNUITY CONTRACT IN CONNECTION WITH THE SURRENDER, LAPSE OR CHANGE OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. THE AGENT OR BROKER IS REQUIRED TO GIVE YOU THIS NOTICE. A SIGNED DISCLOSURE STATEMENT WILL ALSO BE PROVIDED TO YOU CONTAINING THE SUMMARY RESULT COMPARISON FOR THE NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT AND ANY LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO BE CHANGED THAT SETS FORTH THE FACTS OF THE TRANSACTIONS AND ITS ADVANTAGES AND DISADVANTAGES TO YOU. YOUR DECISION COULD BE A GOOD ONE-OR A MISTAKE-SO MAKE SURE YOU UNDERSTAND THE FACTS. YOU SHOULD:

1. CAREFULLY STUDY THE DISCLOSURE STATEMENT, WHICH INCLUDES A SUMMARY RESULT COMPARISON, UNTIL YOU ARE SURE YOU UNDERSTAND FULLY THE EFFECT OF THE TRANSACTION. **THE DISCLOSURE STATEMENT IS REQUIRED TO BE PROVIDED TO YOU NO LATER THAN UPON DELIVERY OF THE POLICY OR CONTRACT.**
2. ASK THE COMPANY OR AGENT OR BROKER FROM WHOM YOU BOUGHT YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS TO REVIEW WITH YOU THE TRANSACTION. YOU MAY BE ABLE TO EFFECT THE CHANGES YOU DESIRE MORE ADVANTAGEOUSLY WITH THEM.
3. CONSULT YOUR TAX ADVISOR. THERE MAY BE UNFAVORABLE TAX IMPLICATIONS ASSOCIATED WITH THE CONTEMPLATED CHANGES TO YOUR EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS.

As a general rule, it is often not advantageous to drop or change existing coverage in favor of new coverage, whether issued by the same or a different insurance company. Some of the reasons it may be disadvantageous are:

1. The amount of the annual premium under an existing life insurance policy may be lower than that called for by a new life insurance policy having the same or similar benefits. Any replacement of the same type of policy will normally be at a higher premium rate based upon the insured's then attained age.
2. Since the initial costs of a life insurance policy are charged against the cash value increases in the earlier life insurance policy years, the replacement of an old life insurance policy by a new one results in the policyholder sustaining the burden of these costs twice. Annuity contracts usually contain provision for surrender charges; therefore a replacement involving annuity contracts may result in the imposition of surrender charges.
3. The incontestable and suicide clauses begin anew a new life insurance policy. This could result in a claim being denied under the new life insurance policy that would have been paid under the life insurance policy that was replaced.
4. An existing life insurance policy or annuity contract often has more favorable provisions than a new life insurance policy or annuity contract in areas such as loan interest rate, settlement options, disability benefits and tax treatment.
5. There may have been changes in your health since the purchase of the existing coverage.
6. The insurance company with which you have existing coverage can often make a desired change on terms that would be more favorable than if you replaced existing coverage with new coverage.



YOU HAVE THE RIGHT, WITHIN 60 DAYS FROM THE DATE OF DELIVERY OF A NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT, TO RETURN IT TO THE INSURER AND RECEIVE AN UNCONDITIONAL FULL REFUND OF ALL PREMIUMS OR CONSIDERATIONS PAID ON IT, OR IN THE

CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, A PAYMENT OF THE CASH SURRENDER BENEFITS PROVIDED UNDER THE POLICY OR CONTRACT, PLUS THE AMOUNT OF ALL FEES AND OTHER CHARGES DEDUCTED FROM GROSS CONSIDERATIONS OR IMPOSED UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, AND MAY HAVE THE RIGHT TO REINSTATE OR RESTORE ANY LIFE INSURANCE POLICIES AND ANNUITY CONTRACTS THAT WERE SURRENDERED, LAPSED OR CHANGED IN THE TRANSACTION TO THEIR FORMER STATUS TO THE EXTENT POSSIBLE AND IN ACCORDANCE WITH THE INSURER'S PUBLISHED REINSTATEMENT RULES TO THE EXTENT SUCH RULES ARE NOT INCONSISTENT WITH THE PROVISION OF 11 NYCRR Part 51 (REGULATION 60).

IMPORTANT: THIS RIGHT SHOULD NOT VIEWED AS REINSTATING OR RESTORING YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT TO THE SAME CONDITION AS IF IT HAD NEVER BEEN REPLACED. THERE MAY BE CONSEQUENCES IN REINSTATING OR RESTORING LIFE INSURANCE POLICY OR ANNUITY CONTRACT, INCLUDING BUT NOT LIMITED TO:

- THE RIGHT TO REINSTATE OR RESTORE YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT APPLIES ONLY TO COMPANIES SUBJECT TO NEW YORK INSURANCE LAWS;
- YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT IS SUBJECT TO YOUR SPECIFIC COMPANY'S REINSTATEMENT RULES, WHICH MAY VARY FROM COMPANY TO COMPANY. THESE RULES MAY REQUIRE PAYMENT OF BOTH PREMIUM AND INTEREST, HOWEVER, YOU WILL NOT BE SUBJECT TO EVIDENCE OF INSURABILITY, OR A NEW CONTESTABLE OR SUICIDE PERIOD;
- YOU MAY NOT RECEIVE THE INTEREST OR INVESTMENT PERFORMANCE DURING THE PERIOD THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT WAS REPLACED; AND
- THERE MAY BE UNFAVORABLE FEDERAL INCOME TAX CONSEQUENCES AS A RESULT OF THE REINSTATEMENT OF YOUR LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

IMPORTANT: IN THE CASE OF A VARIABLE OR MARKET VALUE ADJUSTMENT POLICY OR CONTRACT, THE VALUE OF THE POLICY OR CONTRACT MAY INCREASE OR DECREASE DURING THE 60 DAY PERIOD DEPENDING ON THE PERFORMANCE OF THE UNDERLYING INVESTMENTS, WHICH MAY AFFECT THE VALUE OF THE REFUND YOU RECEIVE.

I HEREBY ACKNOWLEDGE THAT I READ THE "IMPORTANT NOTICE" AND HAVE RECEIVED A COPY OF SAME.

Date: _____ Signature of Applicant: _____

Date: _____ Signature of Applicant: _____



EXHIBIT B

DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK DEFINITION OF REPLACEMENT

IN ORDER TO DETERMINE WHETHER YOU ARE REPLACING OR OTHERWISE CHANGING THE STATUS OF EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS, AND IN ORDER TO RECEIVE THE VALUABLE INFORMATION NECESSARY TO MAKE A CAREFUL COMPARISON IF YOU ARE CONTEMPLATING REPLACEMENT, THE AGENT OR BROKER IS REQUIRED TO ASK YOU THE FOLLOWING QUESTIONS AND EXPLAIN ANY ITEMS THAT YOU DO NOT UNDERSTAND.

AS PART OF YOUR PURCHASE OF A NEW LIFE INSURANCE POLICY OR A NEW ANNUITY CONTRACT, HAS EXISTING COVERAGE BEEN, OR IS IT LIKELY TO BE:

- 1) LAPSED, SURRENDERED, PARTIALLY SURRENDERED, FORFEITED, ASSIGNED TO THE INSURER REPLACING THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT, OR OTHERWISE TERMINATED? ☐ YES ☐ NO
- 2) CHANGED OR MODIFIED INTO PAID-UP INSURANCE; CONTINUED AS EXTENDED TERM INSURANCE OR UNDER ANOTHER FORM OF NON-FORFEITURE BENEFIT; OR OTHERWISE REDUCED IN VALUE BY THE USE OF NON-FORFEITURE BENEFITS, DIVIDEND ACCUMULATIONS, DIVIDEND CASH VALUES OR OTHER CASH VALUES? ☐ YES ☐ NO
- 3) CHANGED OR MODIFIED SO AS TO AFFECT A REDUCTION EITHER IN THE AMOUNT OF THE EXISTING LIFE INSURANCE OR ANNUITY BENEFIT OR IN THE PERIOD OF TIME EXISTING LIFE INSURANCE OR ANNUITY BENEFIT WILL CONTINUE IN FORCE? ☐ YES ☐ NO
- 4) REISSUED WITH A REDUCTION IN AMOUNT SUCH THAT ANY CASH VALUES ARE RELEASED, INCLUDING ALL TRANSACTIONS WHEREIN AN AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE RELEASED ON ONE OR MORE OF THE EXISTING POLICIES? ☐ YES ☐ NO
- 5) ASSIGNED AS COLLATERAL FOR A LOAN OR MADE SUBJECT TO BORROWING OR WITHDRAWAL OF ANY PORTION OF THE LOAN VALUE, INCLUDING ALL TRANSACTIONS WHEREIN ANY AMOUNT OF DIVIDEND ACCUMULATIONS OR PAID-UP ADDITIONS IS TO BE BORROWED OR WITHDRAWN ON ONE OR MORE EXISTING POLICIES? ☐ YES ☐ NO
- 6) CONTINUED WITH A STOPPAGE OF PREMIUM PAYMENTS OR REDUCTION IN THE AMOUNT OF PREMIUM PAID? ☐ YES ☐ NO

IF YOU HAVE ANSWERED YES TO ANY OF THE QUESTIONS, A REPLACEMENT AS DEFINED BY NEW YORK INSURANCE REGULATION 60 HAS OCCURRED OR IS LIKELY TO OCCUR AND YOUR AGENT OR BROKER IS REQUIRED TO PROVIDE YOU WITH THE **IMPORTANT** NOTICE REGARDING REPLACEMENT OR CHANGE OF LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS. YOU WILL ALSO RECEIVE A COMPLETED DISCLOSURE STATEMENT NO LATER THAN THE TIME YOUR NEW POLICY OR NEW CONTRACT IS DELIVERED.

Date: _____ Signature of Applicant: _____

TO THE BEST OF MY KNOWLEDGE, A REPLACEMENT IS INVOLVED IN THIS TRANSACTION: ☐ YES ☐ NO

Date: _____ Signature of Agent or Broker: _____



EXHIBIT C

DEPARTMENT OF FINANCIAL SERVICES OF THE STATE OF NEW YORK DISCLOSURE STATEMENT

IMPORTANT: IT MAY NOT BE IN YOUR BEST INTEREST TO SURRENDER, LAPSE, CHANGE OR BORROW FROM EXISTING LIFE INSURANCE POLICIES OR ANNUITY CONTRACTS IN CONNECTION WITH THE PURCHASE OF A NEW POLICY OR CONTRACT WHETHER ISSUED BY THE SAME OR A DIFFERENT INSURANCE COMPANY.

- THIS DISCLOSURE STATEMENT IS REQUIRED TO BE PROVIDED TO YOU NO LATER THAN UPON DELIVERY OF THE NEW POLICY OR CONTRACT. PLEASE REVIEW THIS DOCUMENT CAREFULLY AS IT CONTAINS IMPORTANT COMPARISON INFORMATION BETWEEN YOUR EXISTING INSURANCE POLICY OR ANNUITY CONTRACT AND THE NEW POLICY OR CONTRACT.
- IMPORTANT 60 DAY REFUND PERIOD:

IF YOU ARE NOT SATISFIED WITH YOUR NEW LIFE INSURANCE POLICY OR ANNUITY CONTRACT YOU HAVE THE RIGHT, WITHIN 60 DAYS FROM THE DATE OF DELIVERY OF YOUR POLICY OR CONTRACT, TO RETURN IT AND RECEIVE A REFUND.

- PLEASE CONTACT THE COMPANY, AGENT OR BROKER IF YOU HAVE ANY QUESTIONS.

FOR YOUR PROTECTION, the Department of Financial Services of the State of New York requires that you be given this Disclosure Statement with policy information on all proposed and existing coverage affected.

Name of Applicant: _____ Telephone #: _____

Address: _____

Name of Agent or Broker: _____ Telephone #: _____

Company: _____ Telephone #: _____

The information on existing coverage on this form was obtained from:

- ☐ the replaced company
- ☐ approximations if replaced company failed to provide information in the prescribed time



DESCRIPTION OF TRANSACTION:

Proposed Policy/Contract

AS OF DATE:

Existing Policies/Contracts Affected

	(1)	(2)	(3)
Company:			
Customer Service			
Telephone Number:			
Type of Insurance:			
\$ Face Amount:	\$	\$	\$
\$ Rider:	\$	\$	\$
\$ Rider:	\$	\$	\$
\$ Rider:	\$	\$	\$
\$ Rider:	\$	\$	\$
\$ Rider:	\$	\$	\$
\$ Premium	\$	\$	\$
Contract Number:	#	#	#
Issue Date:			
\$ Surrender Charge:	\$	\$	\$
% Guaranteed Interest Rate:	%	%	%
% Loan Interest Rate:	%	%	%
Years Contestable Expiry Date:	M/Y	M/Y	M/Y
Years Suicide Expiry Date:	M/Y	M/Y	M/Y

Existing coverage to be changed by:

Lapse or Surrender:	☐	☐	☐
Amendment or Reissue:	☐	☐	☐
Loan or Withdrawal:	☐	☐	☐
Reduction To:	\$	\$	\$
Reduced Paid-Up For:	\$	\$	\$
Extended Term For:	Yrs Mos	Yrs Mos	Yrs Mos

Cash released by change:

Year:	\$	\$	\$
Year:	\$	\$	\$
Year:	\$	\$	\$

Use of cash released: _____



DISCLOSURE STATEMENT CONTINUED:**2. SUMMARY RESULT COMPARISON:**

New With Existing Coverage Changed			Existing Coverage Unchanged	
Guaranteed	Non-Guaranteed	Annual Premium	Guaranteed	Non-Guaranteed
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Guaranteed	Non-Guaranteed	Surrender Value	Guaranteed	Non-Guaranteed
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Guaranteed	Non-Guaranteed	Death Benefit	Guaranteed	Non-Guaranteed
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
Guaranteed	Non-Guaranteed	Dividends	Guaranteed	Non-Guaranteed
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____

AGENT'S OR BROKER'S STATEMENT:

1. The primary reason(s) for recommending the new life insurance policy or annuity contract is (are):

2. The existing life insurance policy or annuity contract cannot meet the applicant's objectives because:

3. The advantages of continuing the existing life insurance policy or annuity contract without changes are:

REMARKS:

☐ Sales material, including proposal, was used in this sale.

☐ No sales material or proposal was used in this.

