

Reminder and Update: Sale of Life Insurance and Annuities to California Seniors

This is a reminder and a notice of updates to California's law which requires agents and brokers to provide certain disclosures and abide by the certain requirements when soliciting annuities or life insurance to seniors age 65 and older. Changes have been made as result of S.B.1170, which is effective January 1, 2013.

1. Meetings in a Senior's Home

Before the visit

A change to California law amends the current requirements that apply to visits made to a senior's home to sell an annuity or life insurance policy. While California currently requires an "In Home Visit" disclosure to be completed and delivered, S.B. 1170 sets out changes to that form. Revised disclosure form (L-3107A REV 1-13) incorporates these changes and must be delivered at least 24 hours, but no more than 14 days prior to the meeting. **Changes have been made to this form as result of S.B. 1170 and the revised form must be used on or before January 1, 2013.**

As with the current form, if the senior has an existing insurance relationship with you and requests a meeting with you the same day, you may deliver the notice the same day, as long as the delivery is prior to the actual meeting.

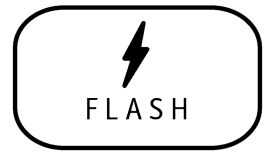
During the Visit

Upon arrival in the senior's home, you must state that the purpose of the meeting is to talk about insurance or collect information for a follow up visit to sell insurance, if that is the case.

You must also state the name and titles of all persons arriving at the home and the insurer they represent, if known.

Each person attending the meeting at the senior's home must provide the senior with a business card or other written identification stating the person's name, business address, telephone number, and any insurance license number.

Persons attending a meeting with a senior must end all discussion and leave the home of the senior immediately if asked to leave by the senior. *A person may not solicit a sale of an annuity or life insurance policy at the residence of a senior, in person or by telephone,*



by using any plan, scheme, or ruse that misrepresents the true status or purpose of the contact.

2. Disclosure for Residents Age 65 and Older

You must provide prospective senior insureds with a "Disclosure for Persons Residing in California Age 65 or Older" (LR354A). This disclosure contains the proper notification that tax consequences or penalties may be incurred upon the sale or liquidation of certain assets to fund the purchase of a life insurance product or annuity.

3. Replacements

Agents and insurers are prohibited from recommending the replacement or conservation of an existing policy by use of materially inaccurate presentation or comparison of an existing contract's premium and benefits or dividends and values, in order to recommend an unnecessary replacement or to conserve an existing one to an insured age 65 or older.

Unnecessary replacement is defined as the sale of an annuity or life insurance product to replace an existing annuity or life insurance product that requires the insured to pay a surrender charge for the annuity or life insurance product that is being replaced and that does not confer a substantial financial benefit over the life of the policy to the purchaser.

Patterns of action by policyholders who purchase replacement policies from the same agent after indicating on the application that replacement is not involved, will indicate that the agent had knowledge that a replacement was intended in connection with the sales of those policies, and these patterns of action will constitute a violation of the rule.

All forms are available for download at www.NorthAmericanCompany.com or you may contact Sales Development at 800-800-3656 ext. 10411 to order these forms.