

# COMPANION LIFE INSURANCE COMPANY

A MUTUAL *of* OMAHA COMPANY

888 VETERANS MEMORIAL HIGHWAY, SUITE 515, HAUPPAUGE, NY 11788



## NEW YORK REGULATION 60 FORMS PACKET FOR LIFE INSURANCE REPLACEMENTS

### PACKET CONTAINS

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- NEW YORK REGULATION 60 REPLACEMENT SUBMISSION GUIDELINES
- AUTHORIZATION TO DISCLOSE POLICY OR CONTRACT INFORMATION
- IMPORTANT NOTICE REGARDING REPLACEMENT
- DISCLOSURE STATEMENT
  - FOR CASH VALUE POLICIES
  - TERM TO TERM

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## NEW YORK Regulation 60 Replacement Submission Guidelines for Life Insurance

- Y5415\_0403 – Definition of Replacement – Submit with every application (included in the application packet and not included in this packet). This form has been combined with information regarding sales material used at time of application.**

If any question on Y5415 is answered “yes,” Submit the following :

- Y5416\_0706 – Authorization to Disclose Policy or Contract Information**
- Need a copy prepared for each existing insurer.
  - Include all policy / contract numbers on the form.
  - Include the date when the form was sent to the existing insurer in the space provided at the bottom of the form.
- Y5414\_0403 – Important Notice Regarding Replacement**
  - Remember to submit both page 1 and 2 of the Y5414.

- Regulation 60 Disclosure Statement Definitions**

Instructions for Y5412\_0406 – Disclosure Statement

- Y5412\_0406 – Disclosure Statement (for Cash Value Policies)**
  - Verify the form is signed and dated appropriately.
  - Verify that one of the boxes at the bottom of Page 1 is check marked.
  - Verify that one of the check boxes for sales materials / proposals is marked on the Disclosure Statement on Page 4.
- Y6541\_1205 – Disclosure Statement (for Term to Term Policies)**
  - Verify the form is signed and dated appropriately.
  - Verify that one of the check boxes for sales materials / proposals is marked on the Disclosure Statement on Page 1.
  - Verify one of the boxes on page 1 is checked whether approximations or information from the other company was used.
- A copy of the Other Company’s proposal or any documentation used in preparing the disclosure statements or approximations.**

If the Y5412, or Y6541 indicates that a Proposal, Illustration, or Sales Materials were used, please submit the following:

- A copy of the Sales proposal or illustration used in selling the new plan.**

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### By submitting the required forms or supporting documentation with the application:

- The Underwriting process will proceed without delays or files being closed within 10 days due to missing requirements
- Policies will be issued more quickly
- Notification to the existing insurer will be done within the acceptable timeframe

## Authorization to Disclose Policy or Contract Information

To: \_\_\_\_\_ Policyowner: \_\_\_\_\_  
\_\_\_\_\_  
Your Policy(s): \_\_\_\_\_  
\_\_\_\_\_ or Contract(s): \_\_\_\_\_

Attention\*: \_\_\_\_\_  
\_\_\_\_\_

(\*You must list the appropriate contact person provided by each licensed insurer or society and posted on the following website: [www.ins.state.ny.us/reg60/reg60contacts.htm](http://www.ins.state.ny.us/reg60/reg60contacts.htm). Please note: some companies have provided more than one contact, so it is important you use the appropriate contact for the type of policy or contract that is proposed to be replaced.)

We are requesting your assistance in accordance with New York State Insurance Department Regulation No. 60 11NYCRR 51 in providing the required information for completing the enclosed New York State Disclosure Statement. We would like to thank you in advance for your cooperation.

Please forward the requested information directly to our representative at the address shown below:

Attention:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This authorization is for the purpose shown above, and valid until revoked in writing by the policyowner. A photocopy of this authorization is as valid as the original.

\_\_\_\_\_  
Policyowner's Signature

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Date of Birth

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
ZIP Code

\_\_\_\_\_  
Date

**Date this form was sent to existing insurer:** \_\_\_\_\_  
month / day / year

## Authorization to Disclose Policy or Contract Information

To: \_\_\_\_\_ Policyowner: \_\_\_\_\_  
\_\_\_\_\_  
Your Policy(s): \_\_\_\_\_  
\_\_\_\_\_ or Contract(s): \_\_\_\_\_

Attention\*: \_\_\_\_\_  
\_\_\_\_\_

(\*You must list the appropriate contact person provided by each licensed insurer or society and posted on the following website: [www.ins.state.ny.us/reg60/reg60contacts.htm](http://www.ins.state.ny.us/reg60/reg60contacts.htm). Please note: some companies have provided more than one contact, so it is important you use the appropriate contact for the type of policy or contract that is proposed to be replaced.)

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Please forward the requested information directly to our representative at the address shown below:

Attention:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This authorization is for the purpose shown above, and valid until revoked in writing by the policyowner. A photocopy of this authorization is as valid as the original.

_____ Policyowner's Signature	_____ Social Security Number	
_____ Street Address	_____ Date of Birth	
_____ City	_____ State	_____ ZIP Code
_____ Date		

Date this form was sent to existing insurer: \_\_\_\_\_  
month / day / year

# COMPANION LIFE INSURANCE COMPANY

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## Insurance Department 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 Regulation No. 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 together with a signed disclosure statement 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 transaction 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.
2. Ask the agent or broker from whom you bought your existing life insurance policies or annuity contracts to review with you the transaction and the Disclosure Statement. You may be able to effect the changes you desire more advantageously with them. Their customer service telephone number is contained in the Disclosure Statement.
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 in 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 provisions of this part.

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1. Carefully study the Disclosure Statement, which includes a Summary Result Comparison, until you are sure you understand fully the effect of the transaction.
2. Ask the agent or broker from whom you bought your existing life insurance policies or annuity contracts to review with you the transaction and the Disclosure Statement. You may be able to effect the changes you desire more advantageously with them. Their customer service telephone number is contained in the Disclosure Statement.
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.
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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.
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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 provisions of this part.

**IMPORTANT:** This right should not be 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 your 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 above "IMPORTANT NOTICE" and have received a copy of same.**

**DATE:** \_\_\_\_\_ **SIGNATURE OF APPLICANT:** \_\_\_\_\_

**DATE:** \_\_\_\_\_ **SIGNATURE OF APPLICANT:** \_\_\_\_\_

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- 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.

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**DATE:** \_\_\_\_\_ **SIGNATURE OF APPLICANT:** \_\_\_\_\_

**DATE:** \_\_\_\_\_ **SIGNATURE OF APPLICANT:** \_\_\_\_\_

## Regulation 60 Disclosure Statement Definitions

(To be used on all replacements other than annuity to annuity)

All questions must be completed. Use N/A (Not Applicable when appropriate).

1. **Name of Applicant** - Print name of person applying for coverage.
2. **Telephone Number** - Home telephone number of applicant.
3. **Address** - Full address of applicant.
4. **Name of Agent** - Print name of agent/broker writing new coverage.
5. **Telephone Number** - Agent/Broker's business telephone number.
6. **Agent's Address** - Agency/Brokerage business address, with Name of Agency or Company affiliation, if any.
7. **Source used to complete information** - If any information on existing coverage was received from one or more replaced company(ies), mark "X" in "the following replaced company(ies)" box and list the names of the company(ies) which provided the information. If any approximations were used because requested information was not provided by one or more replaced company(ies), mark "X" in the "approximations" box and list the names of the replaced company(ies) which did not provide the information.

### 1 - Description of Transaction Section

8. **As of** - As of date of value of each existing policy.
9. **Company Name** - Names of Insurance companies for existing and proposed policies.
10. **Customer Service Phone Number** - Customer Service telephone numbers for existing and replacing insurance companies.
11. **Contract Number** - Policy/contract/certificate number of existing policies (blank for proposed policy).
12. **Issue Date** - Issue date of existing policies.
13. **Type of Insurance** - Type of insurance (i.e., Term, Whole Life, Universal Life).
14. **Base Policy Face Amount** - Face amount of base policy excluding riders.
15. **Riders** - Indicate type of rider and benefit amount (if applicable) for all riders attached to base policy.
16. **Total Annualized Premium** - Include the premium for the base policy and all riders. Premium should be annualized if applicant is paying a premium mode other than annual.
17. **Current Surrender Charge** - Specify current surrender charge of existing policies (if applicable).
18. **Guaranteed Interest Rate** - Specify contract minimum guaranteed interest rate (if applicable) for existing and proposed policy.
19. **Current Loan Interest Rate** - Indicate loan interest percentage (if applicable) for existing and proposed policy.
20. **Current Loan Balance** - Indicate current outstanding loan balance of existing policy(ies) and proposed policy (if applicable).
21. **Contestable Expiry Date** - Indicate if contestable period has expired or contestable expiry date (month, day and year) for current policies and duration of contestable period for proposed policy.
22. **Suicide Expiry Date** - Indicate if suicide period has expired or suicide expiry date (month, day and year) for current policies and duration of suicide period for proposed policy.
23. **Lapse or Surrender** - Check if existing policy(ies) are to be lapsed or surrendered.
24. **Amendment or Re-Issue** - Check if existing policy(ies) are to be amended or re-issued.
25. **Loan or Withdrawal** - Check if existing policy(ies) cash value will be borrowed or withdrawn.
26. **Death Benefit Reduction To** - Indicate reduced face amount of existing policies.
27. **Reduced Paid Up For** - Indicate new face amount if policy(ies) are being placed on reduced paid-up non-forfeiture option.
28. **Extended Term To** - Specify expiry date (month, day and year) or duration of Extended Term Period (whichever available) if policy(ies) are being placed on Extended Term Insurance (ETI) non-forfeiture option.

**29. Cash Release at Time of Change (at \_\_\_\_\_)** - Enter dollar amount of funds released by exercising one of the above changes.

**30. Use of Cash Released** - How will cash released be used (e.g., 1035 Exchange, pay premiums on proposed policy).

## **2 - Summary Result Comparison Section**

**Proposed With Existing Coverage Changed** [Values reflecting planned changes for existing policy(ies)]

**31A,B&C Annualized Premium** - Indicate total annualized premium on a guaranteed and non-guaranteed basis for present year, five years from the present year and ten years from the present year for proposed policies. Premiums should be annualized if applicant is paying a premium mode other than annual.

**32A,B&C Surrender Value** - Indicate surrender value (net of loan) on a guaranteed and non-guaranteed basis at the end of present year, five years from the end of the present year and ten years from the end of the present year for proposed policies.

**33A,B&C Death Benefit** - Enter death benefit on a guaranteed and non-guaranteed basis at the end of present year, five years from the end of the present year and ten years from the end of the present year for proposed policies.

**34A,B&C Dividends** - Enter illustrated dividends, if applicable, at the end of present year, 5 years from the end of the present year and ten years from the end of the present year for proposed policies. [To be completed if dividends are not included above in Surrender Value and Death Benefit.]

### **Existing Coverage Unchanged**

**35A,B&C Annualized Premium** - Indicate total combined existing policy(ies) annualized premium based on existing coverage unchanged on a guaranteed and non-guaranteed basis, present year, five years from the present year and ten years from the present year. Premiums should be annualized if applicant is paying a premium mode other than annual.

**36A,B&C Surrender Value** - Enter total combined existing policy(ies) surrender value on a guaranteed and non-guaranteed basis, at the end of present year, five years from the end of the present year and ten years from the end of the present year based on existing coverage unchanged.

**37A,B&C Death Benefit** - Enter total combined existing policy(ies) death benefit on a guaranteed and non-guaranteed (including paid-up additions) basis, at the end of present year, five years from the end of the present year and ten years from the end of the present year based on coverage unchanged.

**38A,B&C Dividends** - Enter illustrated dividends, if applicable, at the end of the present year, five years from the end of the present year and ten years from the end of the present year based on existing coverage unchanged. [To be completed if dividends are not included above in Surrender Value and Death Benefit.]

## **Agent Statement Section**

**39. Disclosure Question 1** - Enter the reason(s) for recommending the new life policy or annuity contract (i.e., lower premium).

**40. Disclosure Question 2** - Enter the reason why the existing insurance policy(ies) or annuity contract(s) cannot meet the applicant's objectives (e.g., too expensive, not enough coverage).

**41. Disclosure Question 3** - List the advantages of continuing the existing insurance policy or annuity contract (e.g., contestability and suicide clause have expired).

**42. Remarks** - Enter any pertinent comments bearing on the transaction.

**43. Proposal/Sales Material Used** - Check the appropriate box(es) indicating if a proposal and/or sales material was used to make the sale. Make sure at least on box is checked.

**44. Agent/Broker Certification** - Agent/Broker signs and dates.

**45. Applicant's Acknowledgment** - Applicant and spouse (if his/her policy will be replaced with new coverage) sign and date. If applicant and owner are different, owner must sign also.

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## Insurance Department 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 LIFE INSURANCE POLICY OR ANNUITY CONTRACT WHETHER ISSUED BY THE SAME OR A DIFFERENT INSURANCE COMPANY. YOU ARE URGED TO CONTACT YOUR EXISTING AGENT/BROKER OR INSURANCE COMPANY PRIOR TO COMPLETING THE TRANSACTION. THEY CAN HELP YOU DECIDE WHETHER THE REPLACEMENT IS IN YOUR BEST INTEREST.

**FOR YOUR PROTECTION**, the Insurance Department of the State of New York requires that you be given this Disclosure Statement, the **IMPORTANT** Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts and the Definition of Replacement, together with policy information on all proposed and existing coverage affected.

Name of Applicant(s) \_\_\_\_\_

Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

Name of Agent/Broker \_\_\_\_\_

Telephone Number \_\_\_\_\_

Agent's Address \_\_\_\_\_

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

The following replaced company(ies) \_\_\_\_\_

Approximations if the following replaced company(ies) failed to provide information in the prescribed time: \_\_\_\_\_

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Name of Applicant(s) \_\_\_\_\_

Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

Name of Agent/Broker \_\_\_\_\_

Telephone Number \_\_\_\_\_

Agent's Address \_\_\_\_\_

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

The following replaced company(ies) \_\_\_\_\_

Approximations if the following replaced company(ies) failed to provide information in the prescribed time: \_\_\_\_\_

**Disclosure Statement Continued:**

**1 - DESCRIPTION OF TRANSACTION:**

**AS OF DATE:** \_\_\_\_\_

**Proposed Policy/Contract**

**Existing Policies/Contracts Affected**

	(1)	(2)	(3)
_____ Company Name	_____	_____	_____
_____ Customer Service Phone Number	_____	_____	_____
_____ Contract Number	# _____	# _____	# _____
_____ Issue Date	_____	_____	_____
_____ Type of Insurance	_____	_____	_____
\$ _____ Base Policy Face Amount	\$ _____	\$ _____	\$ _____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
\$ _____ Total Annualized Premium	\$ _____	\$ _____	\$ _____
\$ _____ Current Surrender Charge	\$ _____	\$ _____	\$ _____
_____ % Guaranteed Interest Rate	_____ %	_____ %	_____ %
_____ % Current Loan Interest Rate	_____ %	_____ %	_____ %
_____ Current Loan Balance	_____	_____	_____
_____ Contestable Expiry Date	_____	_____	_____
_____ Suicide Expiry Date	_____	_____	_____

Existing coverage to be changed by:

Lapse or Surrender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amendment or Reissue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan or Withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Death Benefit Reduction To	\$ _____	\$ _____	\$ _____
Reduced Paid-Up For Extended Term to	\$ _____	\$ _____	\$ _____
Other	_____	_____	_____
Cash released by change	\$ _____	\$ _____	\$ _____

Use of cash released: \_\_\_\_\_

**Disclosure Statement Continued:**

**1 - DESCRIPTION OF TRANSACTION:**

**AS OF DATE:** \_\_\_\_\_

**Proposed Policy/Contract**

**Existing Policies/Contracts Affected**

	(1)	(2)	(3)
_____ Company Name	_____	_____	_____
_____ Customer Service Phone Number	_____	_____	_____
_____ Contract Number	# _____	# _____	# _____
_____ Issue Date	_____	_____	_____
_____ Type of Insurance	_____	_____	_____
\$ _____ Base Policy Face Amount	\$ _____	\$ _____	\$ _____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
_____ Rider _____	_____	_____	_____
\$ _____ Total Annualized Premium	\$ _____	\$ _____	\$ _____
\$ _____ Current Surrender Charge	\$ _____	\$ _____	\$ _____
_____ % Guaranteed Interest Rate	_____ %	_____ %	_____ %
_____ % Current Loan Interest Rate	_____ %	_____ %	_____ %
_____ Current Loan Balance	_____	_____	_____
_____ Contestable Expiry Date	_____	_____	_____
_____ Suicide Expiry Date	_____	_____	_____

Existing coverage to be changed by:

Lapse or Surrender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Amendment or Reissue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loan or Withdrawal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Death Benefit Reduction To	\$ _____	\$ _____	\$ _____
Reduced Paid-Up For Extended Term to	\$ _____	\$ _____	\$ _____
Other	_____	_____	_____
Cash released by change	\$ _____	\$ _____	\$ _____

Use of cash released: \_\_\_\_\_

**Disclosure Statement Continued:**

**2 - SUMMARY RESULT COMPARISON:**

<b>Proposed With Existing Coverage Changed</b>		<b>Annualized Premium</b>	<b>Existing Coverage Unchanged</b>	
<b>Guaranteed</b>	<b>Non-Guaranteed</b>		<b>Guaranteed</b>	<b>Non-Guaranteed</b>
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Surrender Value</b>				
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Death Benefit</b>				
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Dividends</b>				
	\$ _____	At Present		\$ _____
	\$ _____	5 Years Hence		\$ _____
	\$ _____	10 Years Hence		\$ _____

**AGENT'S/BROKER STATEMENT**

- The primary reason(s) for recommending the new life insurance policy or annuity contract is (are):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- The existing life insurance policy or annuity contract cannot meet the applicant's objectives because:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- The advantages of continuing the existing life insurance policy or annuity contract without changes are:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Disclosure Statement Continued:**

**2 - SUMMARY RESULT COMPARISON:**

<b>Proposed With Existing Coverage Changed</b>		<b>Annualized Premium</b>	<b>Existing Coverage Unchanged</b>	
<b>Guaranteed</b>	<b>Non-Guaranteed</b>		<b>Guaranteed</b>	<b>Non-Guaranteed</b>
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Surrender Value</b>				
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Death Benefit</b>				
\$ _____	\$ _____	At Present	\$ _____	\$ _____
\$ _____	\$ _____	5 Years Hence	\$ _____	\$ _____
\$ _____	\$ _____	10 Years Hence	\$ _____	\$ _____
<b>Dividends</b>				
	\$ _____	At Present		\$ _____
	\$ _____	5 Years Hence		\$ _____
	\$ _____	10 Years Hence		\$ _____

**AGENT'S/BROKER STATEMENT**

- The primary reason(s) for recommending the new life insurance policy or annuity contract is (are):  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- The existing life insurance policy or annuity contract cannot meet the applicant's objectives because:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
- The advantages of continuing the existing life insurance policy or annuity contract without changes are:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## Disclosure Statement Continued:

Remarks \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- The attached proposal, including sales material, was used in this sale.
- No proposal or sales material were used in this sale.

If more than three existing life insurance policies or annuity contracts are to be affected by this transaction or if more than one new life or annuity contract is proposed, Section 1 of this Disclosure Statement must be completed for such additional life insurance policies and annuity contracts. In addition, a composite comparison shall be completed of all existing life insurance policies or annuity contracts to all proposed life insurance policies or annuity contracts. The proposal, including sales material used in the sale of the proposed life insurance policy or annuity contract, must accompany the submission of this form to the insurer. Copies must be given to the applicant.

**I have personally completed this form and certify that it is correct to the best of my knowledge and ability.**

Date: \_\_\_\_\_ Signature of Agent/Broker: \_\_\_\_\_

**I hereby acknowledge that I received and read the above "Disclosure Statement" before I signed the application for the new coverage.**

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

## Disclosure Statement Continued:

Remarks \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- The attached proposal, including sales material, was used in this sale.
- No proposal or sales material were used in this sale.

If more than three existing life insurance policies or annuity contracts are to be affected by this transaction or if more than one new life or annuity contract is proposed, Section 1 of this Disclosure Statement must be completed for such additional life insurance policies and annuity contracts. In addition, a composite comparison shall be completed of all existing life insurance policies or annuity contracts to all proposed life insurance policies or annuity contracts. The proposal, including sales material used in the sale of the proposed life insurance policy or annuity contract, must accompany the submission of this form to the insurer. Copies must be given to the applicant.

**I have personally completed this form and certify that it is correct to the best of my knowledge and ability.**

Date: \_\_\_\_\_ Signature of Agent/Broker: \_\_\_\_\_

**I hereby acknowledge that I received and read the above "Disclosure Statement" before I signed the application for the new coverage.**

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

## Insurance Department of the State of New York Disclosure Statement

---

### For Use With Replacement of Term Policy to Term Policy (with no Cash Value) Only

**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 life insurance policy or annuity contract whether issued by the same or a different insurance company. You are urged to contact your existing agent or insurance company prior to completing the transaction. They can help you decide whether the replacement is in your best interest.

FOR YOUR PROTECTION, the Insurance Department of the State of New York requires that you be given this Disclosure Statement, the **IMPORTANT** Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts and the Definition of Replacement, together with policy information on all proposed and existing coverage affected.

Name of Applicant(s) \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

Name of Agent \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

The Information On Existing Coverage on This Form Was Obtained From:

- The following replaced company(ies): \_\_\_\_\_
- Approximations if the following replaced company(ies) failed to provide information in the prescribed time:

### Agent's Statement:

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

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

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

Remarks: \_\_\_\_\_

- The sales material shown on the attached checklist were used in this sale.
- The attached proposal was used in this sale.
- No proposal or sales material were used in this sale.

If more than three existing life insurance policies are to be affected by this transaction or if more than one new life insurance policy is proposed, Section 1 of this Disclosure Statement must be completed for such additional life insurance policies. In addition, a composite comparison shall be completed of all existing life insurance to all proposed life insurance policies. The proposal, including sales material used in the sale of the proposed life insurance policy, must accompany the submission of this form to the insurer. Copies must be given to the applicant.

I have personally completed this form and certify that it is correct to the best of my knowledge and ability.

Date: \_\_\_\_\_ Signature of Agent \_\_\_\_\_

## Insurance Department of the State of New York Disclosure Statement

---

### For Use With Replacement of Term Policy to Term Policy (with no Cash Value) Only

**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 life insurance policy or annuity contract whether issued by the same or a different insurance company. You are urged to contact your existing agent or insurance company prior to completing the transaction. They can help you decide whether the replacement is in your best interest.

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Name of Applicant(s) \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

Name of Agent \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

The Information On Existing Coverage on This Form Was Obtained From:

- The following replaced company(ies): \_\_\_\_\_
- Approximations if the following replaced company(ies) failed to provide information in the prescribed time:

### Agent's Statement:

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

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

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

Remarks: \_\_\_\_\_

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I have personally completed this form and certify that it is correct to the best of my knowledge and ability.

Date: \_\_\_\_\_ Signature of Agent \_\_\_\_\_

**DISCLOSURE STATEMENT CONTINUED:**

**1. Description of Transaction:**

Proposed Policy		Existing Policies Affected		
		(1) As of	(2) As of	(3) As of
	Company Name			
	Customer Service Phone No.			
	Policy Number	#	#	#
	Issue Date			
	Type of Term Insurance			
\$	Base Policy Face Amount	\$	\$	\$
	Rider			
	Rider			
	Rider			
	Rider			
	Rider			
\$	Total Annualized Premium	\$	\$	\$
	Contestable Expiry Date			
	Suicide Expiry Date			
<b>Existing coverage to be changed by:</b>				
		(1)	(2)	(3)
	Lapse	[ ]	[ ]	[ ]
	Amendment or Reissue	[ ]	[ ]	[ ]
	Other			
	Cash released by change	\$	\$	\$

Use of cash released: \_\_\_\_\_

**2. Summary Result Comparison:**

Proposed With Existing Coverage Changed			Existing Coverage Unchanged	
Guaranteed	Non-Guaranteed		Guaranteed	Non-Guaranteed
		<b>Annualized Premium</b>		
\$	\$	Current Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$
		<b>Death Benefit</b>		
\$	\$	End of 1st Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$
		<b>Dividends</b>		
\$	\$	End of 1st Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$

I hereby acknowledge that I received and read the above Disclosure Statement before I signed the application for the new coverage.

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

**DISCLOSURE STATEMENT CONTINUED:**

**1. Description of Transaction:**

Proposed Policy		Existing Policies Affected		
		(1) As of	(2) As of	(3) As of
	Company Name			
	Customer Service Phone No.			
	Policy Number	#	#	#
	Issue Date			
	Type of Term Insurance			
\$	Base Policy Face Amount	\$	\$	\$
	Rider			
	Rider			
	Rider			
	Rider			
	Rider			
\$	Total Annualized Premium	\$	\$	\$
	Contestable Expiry Date			
	Suicide Expiry Date			
<b>Existing coverage to be changed by:</b>				
		(1)	(2)	(3)
	Lapse	[ ]	[ ]	[ ]
	Amendment or Reissue	[ ]	[ ]	[ ]
	Other			
	Cash released by change	\$	\$	\$

Use of cash released: \_\_\_\_\_

**2. Summary Result Comparison:**

Proposed With Existing Coverage Changed			Existing Coverage Unchanged	
Guaranteed	Non-Guaranteed		Guaranteed	Non-Guaranteed
		<b>Annualized Premium</b>		
\$	\$	Current Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$
		<b>Death Benefit</b>		
\$	\$	End of 1st Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$
		<b>Dividends</b>		
\$	\$	End of 1st Year	\$	\$
\$	\$	5 Years Hence	\$	\$
\$	\$	10 Years Hence	\$	\$

I hereby acknowledge that I received and read the above Disclosure Statement before I signed the application for the new coverage.

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

Date: \_\_\_\_\_ Signature of Applicant: \_\_\_\_\_

# COMPANION LIFE INSURANCE COMPANY

A MUTUAL *of* OMAHA COMPANY

888 VETERANS MEMORIAL HIGHWAY, SUITE 515, HAUPPAUGE, NY 11788



## 1035 EXCHANGE

### Mail to:

#### For Fixed Annuity: 1-800-733-0662

Companion Life Insurance Company  
Special Product Service  
Attn: Individual Life Underwriting  
State Hwy 133, Blair, NE 68008

#### For Life Brokerage: 1-800-775-7894

Companion Life Insurance Company  
Life Brokerage Services  
Attn: Individual Life Underwriting  
State Hwy 133, Blair, NE 68008

**1035 Exchanges:** The Internal Revenue Code - Section 1035(a) provides for tax-free exchange of a non-qualified annuity, life or endowment contract from one carrier or issuer of a contract to a new carrier. This exchange is often made when a client wishes to take advantage of better product features such as those offered by the Companion Life Insurance Company Annuity. By exercising a 1035(a) exchange, the client may transfer the money from the old carrier to Companion Life Insurance Company without incurring a taxable gain for federal income tax purposes. **Although the exchange is easy to transact, it is important that a few rules are followed to assure that the exchange qualifies as a tax-free exchange under Internal Revenue Code - Section 1035(a).**

# Points to Keep in Mind When Exercising a 1035 Tax-free Exchange

## Agent:

- Exchange can be from a non-qualified life or annuity policy to Companion's non-qualified annuity policy, or
- Exchange can be from a non-qualified life policy to Companion's non-qualified life policy. (Note: An annuity may NOT be exchanged for a life policy.)
- The Owner(s) and Annuitant(s)/Insured of old policy being exchanged must be the same as the Owner(s) and Annuitant(s)/Insured of the new policy being requested.
- The policy being exchanged must provide for a surrender value that meets the new policy minimum requirement.
- A fully completed application with the 1035(a) exchange box marked along with a fully completed Internal Revenue Code Section 1035 Exchange Assignment form is completed and sent to Companion along with the policy(ies) being exchanged. If the policy(ies) being exchanged cannot be located, please complete the Lost Policy Statement. (Replacement regulations must also be met (Regulation 60). Please complete appropriate replacement forms.)
- For life only: No funds can be collected with the application, and all funds received for the initial payment must come from the policy being exchanged unless the minimum premium requirement is met. If the plan type allows, additional subsequent payments can be made after the initial 1035 Exchange payment is received by Companion Life Insurance Company.

## Owner(s):

- Companion Life Insurance Company will submit 1035(a) Exchange Assignment Form to old carrier to request the tax-free exchange within 2 days of receipt of the annuity application or upon underwriting approval for life applications. A policyowner "Thank You" letter will also be sent at that time.
- It may be in your best interest to contact the old carrier and encourage them to release the policy funds to Companion upon receipt of the 1035 Exchange Assignment request without delay.
- If the funds are not received at the end of a 3-week period, Companion will make a second request for the release of the funds.
- The new policy cannot be issued until the funds are received from the old carrier unless the minimum initial premium requirement is met. Companion will follow-up until the funds are received.

# Internal Revenue Code Section 1035 Exchange Assignment Form

To: \_\_\_\_\_  
Name of Existing Carrier

\_\_\_\_\_  
Street Address of Existing Carrier      City      State      ZIP Code      Telephone

From: \_\_\_\_\_  
Name of Owner(s)

\_\_\_\_\_  
Street Address of Policyowner(s)      City      State      ZIP Code      Telephone

\_\_\_\_\_  
Name of Insured(s), if Different than Owner(s)

\_\_\_\_\_  
Policy Number(s) Being Exchanged

As permitted by Section 1035 of the Internal Revenue Code, I have decided to exchange my policy(ies) (the old policy(ies)) for a replacement policy (the new policy), for which I have applied to Companion Life Insurance Company, Mutual of Omaha Plaza, Omaha, NE 68175. Note: Please see attached cover letter for specific mailing instructions.

In order to accomplish the exchange, I assign to Companion all right, title and interest in the old policy(ies); however, this assignment shall be considered void in the event the contemplated exchange is not completed.

Companion will accept the transfer of these funds under the tax-free provision of IRC Section 1035. The funds will be placed in a non-qualified annuity or life policy.

The exchange shall be considered completed upon the expiration of the period of time, which begins with delivery of the new policy, during which I am permitted to cancel the new policy and obtain a refund.

**Note the following if you are exchanging an old life insurance policy(ies) for a new life/annuity policy with Companion Life Insurance Company:**

The Technical and Miscellaneous Revenue Act of 1988 (TAMRA) created a new class of life insurance policies called Modified Endowment Contracts. A Modified Endowment Contract is a life insurance policy whose premiums exceed certain limits prescribed by this law. Certain changes to existing life insurance policies, called “material changes,” require a recalculation of the premiums to determine whether or not the new life insurance policy has become or will become a Modified Endowment Contract. This law defines a Section 1035 Exchange of life insurance policies as a “material change.” A Section 1035 Exchange does not make the new life insurance policy a Modified Endowment Contract. However, the exchange requires a recalculation to determine the amount of premiums that the policyowner can pay into the new policy and still receive favorable tax treatment.

If your premium payments exceed certain limits prescribed by this law, the new policy is a Modified Endowment Contract. All Modified Endowment Contracts retain the most important tax advantages of life insurance. Death benefits will continue to be received free of state and federal income tax in most instances and policy cash values will continue to accumulate income tax free as long as they remain in the policy. However, all policy loans, withdrawals, assignments and surrenders will be taxed as income to the policyowner to the extent of any gain in the contract. There is gain in the contract if the cash values of the policy exceed the investment in the policy (generally, the premium paid). In addition, the policyowner may be required to pay a 10% tax penalty on the taxable portion of any policy loan, withdrawal, assignment or surrender made by the policyowner prior to age 59 1/2.

I also acknowledge that:

- (a) upon approval of the issue of the new policy, Companion will request the surrender of the old policy(ies) for its (their) cash value:
  - (1) the entire proceeds may be applied either as an initial premium or as additional premium for the new policy, or
  - (2) if the proceeds exceed the amount which can be accepted as premium for the new policy, the excess will be paid to me.

(continued on next page)

