Regulation 60 Annuity Disclosure Statement Definitions and Completion Instructions

for Appendix 10B and Appendix 10B (Alternate 1)

(To be used for annuity to annuity replacements only)

Please note: These instructions are applicable to Appendix 10B and Appendix 10B (Alternate 1). Appendix 10B is used where the Disclosure Statement is presented to the policyholder or contractholder after the time of application (pursuant to the 3rd Amendment to Department Regulation No. 60). Appendix 10B (Alternate 1) is used where the Disclosure Statement is presented to the applicant prior to or at the time of application.

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

Name of Applicant – Name of person applying for coverage.

Telephone # – Home telephone number of applicant.

Address – Address of applicant.

Name of Agent or broker – Name of agent or broker writing new coverage.

Telephone # – Agent's business telephone number.

Company – Name of Agency or Company affiliation, if any.

Address – Agency business address.

Source of Information on Existing Coverage – If any information on existing coverage was received from the replaced company, mark "X" in "the replaced company" box. If any approximations were used because requested information was not provided by the company, mark "X" in the "approximations" box.

Description of Transaction

Line 1: As of Date – Date the stated values were measured.

Line 2: Company – Names of insurance companies for proposed and existing contracts.

Line 3: Customer Service Telephone Number - Customer service telephone numbers for proposed and existing contracts.

Line 4: Type of Annuity – Type of deferred annuity (e.g., fixed only, variable only or combination fixed/variable) for proposed and existing contracts.

Line 5: Contract Number – Blank for proposed contracts; contract numbers of existing contracts.

Line 6: Issue Date – Blank for proposed contracts; issue date for existing contracts.

Line 7: Account Value:

> **Proposed Contract(s) -** Sum total of the surrender values of the existing contracts shown on line 10.
> **Existing Contract(s) -** Current account value, before deduction of surrender charges, market value adjustments and other contractual deductions, as of date shown.

Line 8: Surrender Charge – For existing contract(s), determine surrender charge, if any, as of date shown, including any applicable contractual charges, other than market value adjustments (MVA). For proposed contract(s), insert N/A.

Line 9: Market Value Adjustment (If Any) – For existing contracts, determine MVA as of date shown. If surrender charge and MVA are not separately determinable, include the combined charges under the surrender charge category and note on the MVA line "included above". For proposed contract(s), insert N/A.

Line 10: Surrender Value – For existing contracts, determine surrender value by deducting the surrender charge and/or MVA from the account value. For proposed contract(s), insert N/A.

Summary Result Comparison

General Instructions – Assume **no** future deposits or withdrawals in determining illustrated values in this Part. If more than one contract is being replaced and/or being proposed, determine the illustrated values in this Part as the sum total of the values for the individual contracts on the date shown in the Description of Transaction section above.

Line 1: Surrender Value to Be Invested for Proposed Annuity – Determine the surrender value as the sum total of the surrender values of the existing contracts shown on the “Equal Surrender Value” line of the Description of Transaction section above.

Line 2: Current Value of Existing Annuity(ies) - Determine the current value as the sum total of the account values of the existing contracts shown on the “Account Value” line of the Description of Transaction section above.

Lines 3 & 4: Surrender Value of Fixed Annuity – In the appropriate fixed annuity columns, determine the surrender value as the sum total of the cash surrender values of each of the proposed and the existing contracts at the end of 5 and 10 years after the date of the illustration.

> **At Guaranteed Rate** – For a proposed fixed only annuity, accumulate "Surrender Value to be Invested" (line 1) using the current crediting rate (including the effect of bonuses, if applicable) until the end of the current crediting rate guarantee period, and the minimum guaranteed crediting rate thereafter. For the existing fixed only annuity(ies), accumulate "Current Value" (line 2) in a similar manner. Deduct surrender charge and/or market value adjustment, as appropriate.
>
> **At Current Rate** – For a proposed fixed only annuity, accumulate "Surrender Value to be Invested" (line 1) using the current crediting rate (including the effect of bonuses, if applicable) until the end of the current crediting rate guarantee period, and the current one year term crediting rate thereafter. For the existing fixed only annuity(ies), accumulate "Current Value" (line 2) in a similar manner. Deduct surrender charge and/or market value adjustment, as appropriate.

Lines 3 & 4: Surrender Value of Variable Annuity – In the appropriate variable annuity columns, determine the surrender value as the sum total of the cash surrender values of each of the proposed and the existing contracts at the end of 5 and 10 years after the date of the illustration.

> **At 0%, 6%, 12% -** For all fixed and/or variable investment division funds of a proposed combination fixed/variable or variable only annuity, accumulate "Surrender Value to be Invested" (line 1) at 0%, 6% and 12% annual investment rates. For all fixed and /or variable investment division funds of existing combination fixed/variable and variable only annuity(ies), accumulate "Current Value" (line 2) in a similar manner. Note that the annual investment rates need to be reduced by management and other fund expenses and other contractual charges (other than surrender charge). Deduct surrender charge and/or market value adjustment, as appropriate.

<u>Lines 5 & 6</u>: Death Benefit of Fixed Annuity – In the appropriate fixed annuity columns, determine the death benefit as the sum total of the death benefits of each of the proposed and the existing contracts at the end of 5 and 10 years after the date of the illustration. These values should reflect the effect of any minimum death benefit guarantees of the proposed and existing contracts.

At Guaranteed Rate – For a proposed fixed only annuity, accumulate "Surrender Value to be Invested" (line 1) using the current crediting rate (including the effect of bonuses, if applicable) until the end of the current crediting rate guarantee period, and the minimum guaranteed crediting rate thereafter. For the existing fixed only annuity(ies), accumulate "Current Value" (line 2) in a similar manner.

At Current Rate - For a proposed fixed only annuity, accumulate "Surrender Value to be Invested" (line 1) using the current crediting rate (including the effect of bonuses, if applicable) until the end of the current crediting rate guarantee period, and the current one year term crediting rate thereafter. For the existing fixed only annuity(ies), accumulate "Current Value" (line 2) in a similar manner.

<u>Lines 5 & 6</u>: Death Benefit of Variable Annuity – In the appropriate variable annuity columns, determine the death benefit as the sum total of the death benefits of each of the proposed and the existing contracts at the end of 5 and 10 years after the date of the illustration. These values should reflect the effect of any minimum death benefit guarantees of the proposed and existing contracts.

At 0%, 6%, 12% - For all fixed and/or variable investment division funds of a proposed combination fixed/variable or variable only annuity, accumulate "Surrender Value to be Invested" (line 1) at 0%, 6% and 12% annual investment rates. For all fixed and/or variable investment division funds of existing combination fixed/variable and variable only annuity(ies), accumulate "Current Value" (line 2) in a similar manner. Note that the annual investment rates need to be reduced by management and other fund expenses and other contractual charges (other than surrender charge).

Agent's Statement

Disclosure Question 1 – Enter the reason(s) for recommending the new annuity contracts.

Disclosure Question 2 – Enter the reason(s) why the existing annuity contracts cannot meet the applicant's objectives (e.g., too expensive, not high enough crediting rates).

Disclosure Question 3 – List the advantages of continuing the existing annuity contracts (e.g., no surrender charge).

Disclosure Question 4 – List the percentage and/or amount of the surrender charge of the existing contract to be replaced. List the year-by-year surrender charges of the proposed contract. Enter an explanation, if necessary.

Remarks – Enter any appropriate comments.

Proposal Used – Enter an "x" in the appropriate box indicating if proposal and/or sales material was used to make the sale.

Agent Certification – Agent signs and dates the form.

Applicant's Acknowledgment – Applicant(s) sign and date the form.