

Annuity New Business Checklist

Protective Life Insurance Company¹
West Coast Life Insurance Company¹
Protective Life and Annuity Insurance Company

APPLICATION

- Customer information completed in its entirety where applicable.**
- Beneficiary information completed in its entirety. Please note the following:**
 - ✓ Beneficiary allocations must equal 100% for both Primary and Contingent Beneficiaries.
 - ✓ Percentage and Designation are required for each beneficiary.
 - ✓ Any additional beneficiaries not included on the application must be submitted in writing with a signature of the owner(s) and dated.
- Plan Type. Please note the following:**
 - ✓ Include the plan type that we are to issue the contract and ensure that it is applicable to the product being sold.
 - ✓ Include the amount being submitted as well as any transfer and tax information applicable to this contract.
- Fund Allocations must equal 100%.**
- Replacement Questions completed in their entirety by both customer and agent.**
- Customer Signature. All owners must sign.**
 - ✓ Annuitant signature is required if different than the owner(s).
 - ✓ Complete Date, City and State fields.
- Agent Signature. To ensure timely processing, please include the following:**
 - ✓ Agent's name printed, Agency name, and Agent's phone number.
 - ✓ Florida License ID # if applicable.
- Indexed Annuities 14 Calendar days. Application and funds or Application and Transfer/Exchange form **must be received within 14 calendar days of sign date.****
 - ✓ All Initial Premiums should be identified on application (checks & transfers) - funded premium (checks) must accompany the new business – do not wait to forward
 - ✓ Client-initiated transactions – 60 day rate/cap lock given if completed LAD 1120 Transfer/Exchange form, with Client Initiated box checked, is completed

SUITABILITY FORM

Required for all annuity business submitted through an IMO/BGA. Where FINRA firms have a certified program for Protective to accept your firm's Registered Principal approval, the form is not required.

REPLACEMENT FORM(S)

Please complete all applicable Replacement Forms.

TRANSFER / ROLLOVER / EXCHANGE FORM

Please complete all applicable forms.

TRUST DOCUMENTATION

If the owner is a Trust, we must receive a copy of the Trust Certification form or the first and last page of the trust in order to issue the contract.

POWER OF ATTORNEY DOCUMENTATION

If applicable, POA documentation is required.

¹ Not authorized in New York

FOR AGENT / BROKER DEALER INFORMATION ONLY. NOT FOR USE WITH CONSUMERS.

"Annuity contracts issued by Protective Life Insurance Company (PLICO-not authorized to sell insurance in NY), West Coast Life Insurance Company (WCL - not authorized to sell insurance in NY) and Protective Life and Annuity Insurance Company (PLAICO-authorized to sell life insurance in NY). Securities offered by Investment Distributors, Inc. (IDI). PLICO, PLAICO, and IDI are located at Birmingham, AL 35223, WCL located at San Francisco, CA 94104. All are subsidiaries of Protective Life Corporation. Protective Life Corporation is a separate company and is not responsible for the financial condition or the contractual obligations of PLICO, WCL, PLAICO, or IDI.

Initial Income Payment \$ _____

Income payments begin within 30 days of the Effective Date and are payable to Annuitant 1. Please use 'Special Remarks' to delay the income date (up to 1 year) or to select a different payee.

Income Option: (select one)

For income options based on one or two lives, please attach a copy of a birth certificate, state driver's license or U.S. Passport as proof of age for each Annuitant. Certain periods may not be less than 5 years nor more than 30 years without our prior consent.

Income Options Based on One Life

- Single Life, with ___ years & ___ months certain Single Life, with installment refund Single Life, with cash refund

Income Options Based on Two Lives

- Joint Life, with ___ years & ___ months certain Joint Life, with installment refund Joint Life, with cash refund

If you selected an option based on two lives, the income payments may be reduced upon the death of either Annuitant. To elect this feature, enter the percentage of the current income payment each Annuitant should receive upon the death of the other. If no percentages are entered, income payments will not be reduced due to an Annuitant's death. (Please use whole percentages.)

Annuitant 1: ___ %

Annuitant 2: ___ %

Income Options Not Based on a Life

- ___ years & ___ months certain
 Issue my contract as non-surrenderable.

Unless you select the PAYPlus income escalation feature below, future income payments under this option may be surrendered according to the terms of the Contract. Check the box to the left to waive your right to surrender future income payments.

Income Payment Frequency: (select one)

- Annually Semi-Annually Quarterly Monthly

PAYPlus: (select one) PAYPlus, the annual income escalation feature, is not available with surrenderable income options.

- Yes, increase income payments ___ % on each income date anniversary. (10.00% maximum, in 0.01% increments) No, do not increase my income payments.

NOT INSURED BY ANY GOVERNMENT AGENCY · NO BANK GUARANTEE · NOT A DEPOSIT

This application is part of the annuity contract. The information I provide is true and correct to the best of my knowledge and belief, but my statements are representations and not warranties. This application is made with the knowledge and consent of the proposed Annuitant(s). The company may accept instructions from any Owner on behalf of all Owners.

Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

Application signed at: _____ on _____
(City and State) (Date)

Owner 1: _____ Owner 2: _____

Annuitant 1: _____ Annuitant 2: _____
(If other than Owner 1) (If other than Owner 2)

Federal law requires the following notice: We may request or obtain additional information to establish or verify your identity.

Producer Report

To the best of your knowledge and belief, does the applicant have an existing life insurance policy or annuity contract? ___ Yes ___ No

To the best of your knowledge and belief, does this annuity purchase change or replace any existing annuity or life insurance? ___ Yes ___ No

I determined the suitability of this annuity product to the applicant's financial objectives and situation by inquiring into the applicant's:

___ financial status ___ tax status ___ investment objectives ___ other relevant information

* Comments: _____

Type of unexpired government-issued photo I.D used to verify the applicant's identity? _____ # _____

I certify that I have truly and accurately recorded on this application the information provided to me by the applicant.

Sign Producer Name: _____ Print Producer Name: _____

Producer Number: _____ Agency/Brokerage: _____

Producer Phone #: _____ FL Lic. #(if applicable): _____

PROTECTIVE LIFE INSURANCE COMPANY

P.O. Box 10648

Birmingham, AL 35202-0648

Telephone: 1-800-456-6330

IMPORTANT NOTICE: REPLACEMENT OF LIFE INSURANCE OR ANNUITIES

This document must be signed by the applicant and the insurance producer/agent, if there is one, and a copy left with the applicant.

You are contemplating the purchase of a life insurance policy or annuity contract. In some cases this purchase may involve discontinuing or changing an existing policy or contract. If so, a replacement is occurring. Financed purchases are also considered replacements.

A replacement occurs when a new life insurance policy or annuity contract is purchased and, in connection with the sale, you discontinue making premium payments on the existing life insurance policy or annuity contract, or an existing life insurance policy or annuity contract is surrendered, forfeited, assigned to the replacing insurer, or otherwise terminated or used in a financed purchase.

A financed purchase occurs when the purchase of a new life insurance policy involves the use of funds obtained by the withdrawal or surrender of or by borrowing some or all of the life insurance policy values, including accumulated dividends, of an existing life insurance policy, to pay all or part of any premium or payment due on the new life insurance policy. A financed purchase is a replacement.

You should carefully consider whether a replacement is in your best interests. You will pay acquisition costs and there may be surrender costs deducted from your life insurance policy or annuity contract. You may be able to make changes to your existing life insurance policy or annuity contract to meet your insurance needs at less cost. A financed purchase will reduce the value of your existing life insurance policy and may reduce the amount paid upon the death of the insured.

We want you to understand the effects of replacements and ask that you answer the following questions and consider the questions on the back of this form.

1. Are you considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating your existing life insurance policy or annuity contract? Yes No
2. Are you considering using funds from your existing policies or annuity contracts to pay premiums due on the new life insurance policy or annuity contract? Yes No

If you answered "yes" to either of the above questions, list each existing life insurance policy or annuity contract you are contemplating replacing (include the name of the insurer, the insured or annuitant, and the life insurance policy or annuity contract number if available) and whether each life insurance policy or annuity contract will be replaced or used as a source of financing:

INSURER NAME	ANNUITY CONTRACT OR LIFE INSURANCE POLICY #	INSURED OR ANNUITANT	REPLACED (R) OR FINANCING (F)
1. _____			
2. _____			
3. _____			

Make sure you know the facts. Contact your existing company or its insurance producer/agent for information about the old life insurance policy or annuity contract. If you request one, an in-force illustration, life insurance policy summary or available disclosure documents must be sent to you by the existing insurer. Ask for and keep all sales material used by the insurance producer/agent in the sales presentation. Be sure that you make an informed decision.

The existing life insurance policy or annuity contract is being replaced because _____.

I certify that the responses herein are, to the best of my knowledge, accurate:

Applicant's Signature and Printed Name

Date

Insurance Producer's/Agent Signature and Printed Name

Date

I do not want this notice read aloud to me. ____ (Applicants must initial only if they do not want the notice read aloud.)

A replacement may not be in your best interest, or your decision could be a good one. You should make a careful comparison of the costs and benefits of your existing life insurance policy or annuity contract and the proposed life insurance policy or annuity contract. One way to do this is to ask the company or insurance producer/agent that sold you your existing life insurance policy or annuity contract to provide you with information concerning your existing life insurance policy or annuity contract. This may include an illustration of how your existing life insurance policy or annuity contract is working now and how it would perform in the future based on certain assumptions. Illustrations should not, however, be used as a sole basis to compare policies or annuity contracts. You should discuss the following with your agent to determine whether replacement or financing your purchase makes sense:

PREMIUMS:

Are they affordable?

Could they change?

You're older – are premiums higher for the proposed new life insurance policy?

How long will you have to pay premiums on the new life insurance policy? On the old life insurance policy?

POLICY VALUES:

New policies usually take longer to build cash values and to pay dividends.

Acquisition costs for the old life insurance policy may have been paid; you will incur costs for the new one.

What surrender charges do the policies have?

What expense and sales charges will you pay on the new life insurance policy?

Does the new life insurance policy provide more insurance coverage?

INSURABILITY:

If your health has changed since you bought your old life insurance policy, the new one could cost you more, or you could be turned down.

You may need a medical exam for a new life insurance policy.

(Claims on most new policies for up to the first two years can be denied based on inaccurate statements.

Suicide limitations may begin anew on the coverage.)

IF YOU ARE KEEPING THE OLD LIFE INSURANCE POLICY AS WELL AS THE NEW LIFE INSURANCE POLICY:

How are premiums for both policies being paid?

How will the premiums on your existing life insurance policy be affected?

Will a loan be deducted from death benefits?

What values from the old life insurance policy are being used to pay premiums?

IF YOU ARE SURRENDERING AN ANNUITY OR INTEREST SENSITIVE LIFE PRODUCT:

Will you pay surrender charges on your old annuity contract?

What are the interest rate guarantees for the new annuity contract?

Have you compared the annuity contract charges or other life insurance policy expenses?

OTHER ISSUES TO CONSIDER FOR ALL TRANSACTIONS:

What are the tax consequences of buying the new life insurance policy?

Is this a tax-free exchange? (See your tax advisor.)

Is there a benefit from favorable "grandfathered" treatment of the old life insurance policy under the Federal Internal Revenue Tax Code?

Will the existing insurer be willing to modify the old life insurance policy?

How does the quality and financial stability of the new company compare with your existing company?

WHEN A REPLACEMENT OCCURS, YOU HAVE A THIRTY (30) DAY RIGHT TO RETURN THE CONTRACT

Return the contract within thirty (30) days of the delivery of the contract and receive an unconditional refund of premiums paid, including any policy fees or charges.

In the case of a variable or market value adjustment policy or contract, receive a refund of the cash surrender value provided under the contract plus any fees and charges deducted from the gross premiums paid.

**Request for Transfer or
Exchange of Assets**

Protective Life Insurance Company ¹
West Coast Life Insurance Company ¹
Protective Life and Annuity Insurance Company
Post Office Box 10648 / Birmingham, AL 35202-0648
Toll Free: 800-456-6330 / Fax: 205-268-3151

Existing Protective Contract Number: _____ (for additional payments only)

Check here and complete Box 4 if this is being submitted for a Rate Lock only. (If Rate Lock request is for a CD, you **must** include proof of maturity from the Financial Institution.)

Please do not select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.

Complete this form to transfer assets to Protective Life Insurance Company, West Coast Life Insurance Company or Protective Life and Annuity Insurance Company (each, the "Company") for the issuance of a new annuity contract.

EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED

Company Name _____ Telephone Number _____

Email Address _____ Fax Number _____

Company (Overnight) Address _____

Owner's Name _____ Owner's SSN/Tax ID _____ Joint Owner's Name _____ Jt Owner's SSN/Tax ID _____

Contract/Account Number _____ Annuitant Name & SSN _____ The contract is:
(If different than Owner/Joint Owner) attached
 lost or destroyed

Please check this box if the existing contract being surrendered is a Fixed Annuity. (If box is checked, and your new Protective Life annuity is being issued in the state of Nevada, please complete form A-1128-NEV-Annuity.)

EXISTING ACCOUNT, CONTRACT OR POLICY TO BE TRANSFERRED

<input type="checkbox"/> CLIENT/AGENT INITIATED Non-Qualified:	<input type="checkbox"/> INTERNAL EXCHANGE	<input type="checkbox"/> EXTERNAL EXCHANGE Qualified:
<input type="checkbox"/> 1035 Exchange <input type="checkbox"/> Non-1035 Exchange <input type="checkbox"/> Mutual Fund <input type="checkbox"/> Bank CD <input type="checkbox"/> Other Non-1035 Exchanges	1. Plan Type: <input type="checkbox"/> IRA <input type="checkbox"/> 401(k) <input type="checkbox"/> Mutual Fund	2. Transfer Type: <input type="checkbox"/> CD <input type="checkbox"/> Roth IRA <input type="checkbox"/> 403(b)/TSA <input type="checkbox"/> Other _____

Proposed Plan Type: Non-Qual IRA Roth IRA Other _____

TRANSFER INSTRUCTIONS

See Attached LOI

- Amount to be transferred: Complete: Liquidate and transfer all assets in my account, contract or policy
 Partial: Liquidate and transfer assets totaling \$ _____
- When should transfer occur: Immediately
 Upon maturity date of ____/____/____ (mm/dd/yy)
- Current estimated value of the assets to be transferred are \$ _____
- RATE LOCK** I wish to lock in the interest rate that is in effect when this signed form is received by the Company. **If this box is not checked, you will receive the interest rate in effect on the day we receive the transferred amounts.**
(Please do not select this option for the *Protective Indexed Annuity*, because the interest crediting elements for that product are determined as of the date the contract is purchased.)

Complete 1035 Exchange: I hereby make a complete and absolute assignment and transfer all rights, title and interest of every nature in the above contract to the accepting insurance company indicated below.

Partial 1035 Exchange: I hereby direct the issuer of the above-referenced existing annuity contract to process a partial 1035 exchange to the accepting insurance company indicated below. I intend for this transaction to qualify as a tax-free exchange for Federal income tax purposes.

Based on our understanding of IRS guidance in Rev. Proc. 2011-38, if a contract is involved in a tax-free partial exchange under Internal Revenue Code section 1035 that is completed on or after October 24, 2011, and an amount is withdrawn from or received in surrender of either contract within 180 days of the exchange, the IRS will apply general tax principles to determine the substance, and hence the treatment of the partial exchange and the subsequent withdrawal or surrender. Such a withdrawal or surrender could affect how the partial exchange and the withdrawal or surrender is reported to you and the IRS.

For Other Transfers: Unless it is noted above to hold for a future date, I request the surrendering company to immediately complete the transfer or rollover. Do not withhold any amount for taxes from the proceeds.

SIGNATURES:

_____	_____	_____	_____
Owner's Signature	Date	Joint Owner's Signature	Date
_____	_____		
Annuitant's Signature	Date		

FOR HOME OFFICE USE ONLY

NOTICE OF ACCEPTANCE: The Company will accept the assets and credit them to an annuity contract as described above. The Company has received an application from the Owner to establish an annuity contract for this transaction.

_____	_____	_____
Authorized Signature	Title	Date

SETTLEMENT: Please make check payable for the proceeds and mail to:

- Protective Life Insurance Company
- Protective Life and Annuity Insurance Company (New York Only)
- West Coast Life Insurance Company

Mailing Address: PO Box 10648
Attn: 3-1 Annuity New Business
Birmingham, AL 35202-0648

Overnight Address: 2801 Highway 280 South
Attn: 3-1 Annuity New Business
Birmingham, AL 35223

Introduction

The Kentucky Department of Insurance is pleased to offer this “Annuity Buyer’s Guide” as an aid to assist you in determining your insurance needs and the products that will fill those needs. This guide contains only a brief description of various annuity products. For specific information about a particular type of annuity, you should consult an agent. This guide is not meant to offer legal, financial or tax advice. You may want to consult independent advisors for those specific questions. This guide does not endorse any company, agent or policy type.

What is an Annuity?

An annuity is a contract where an insurance company promises to make payments to an annuitant over a specified period of time or for life. One of the purposes for an annuity is to make sure a person does not outlive his income. An annuity is a type of insurance to protect against the risk of financial hardship during retirement.

There are three participants in an annuity contract: the owner, the annuitant and the beneficiary. Most of the time, the annuitant and the owner are the same person, but it is not required. The owner is the purchaser of the annuity, pays the premiums and has the right to surrender the annuity. The owner also is responsible for any taxes due upon surrender or payout and is usually the person who names the beneficiary of the contract. The annuitant is the person whose age and life expectancy is going to be used to calculate the benefits of the annuity and who will receive the annuity payments. The beneficiary receives the death benefit upon death of the annuitant or the owner.

Various Types of Annuities

Fixed annuity – This type of annuity accumulates interest on the funds deposited into the annuity on a fixed rate basis. Every fixed annuity has a current interest rate and a minimum guaranteed interest rate. The current interest rate will always be equal to or higher than the minimum guaranteed interest rate. Although this varies from company to company and contract to contract, the current interest rate is declared on an annual basis, usually after an initial guarantee period. With a fixed annuity, the insurance company assumes the risk of paying at least the minimum guaranteed interest rate.

Variable annuity – Different than a fixed annuity, a variable annuity pays varying rates of interest on the funds placed inside the annuity based upon the investment options chosen by the annuity owner. If the investment choices do well, the annuity will do well. If the investment choices do poorly, the annuity will not grow as well or even could lose value. Because the

growth of a variable annuity is not guaranteed by the insurance company, the contract holder assumes the risk.

Immediate annuity – This type of annuity begins paying a benefit very soon, usually within 30 days to one year after it is purchased, and usually requires a lump sum payment.

Indexed annuity – This is a fairly new product in the annuity market. Indexed annuities pay an interest rate that is tied to the performance of a common or well-known index such as the S&P 500, the Russell 1000 or the S&P 100. The growth of an indexed annuity is based upon the participation rate of the index it is tied to. For example, if an indexed annuity has a defined participation rate of 70 percent and the index it follows goes up by 10 percent, the annuity's accumulation value will increase by 7 percent (10 percent increase times the 70 percent participation rate). On the downside, most indexed annuities specify a "floor" that the annuity growth rate cannot go below or offer a minimum interest rate. Typically this minimum rate is 1 percent to 3 percent.

Things Common to all Annuities

There are two distinct phases to an annuity - the accumulation phase and the payout phase. The accumulation phase is the first phase where all the premiums are paid into the annuity and the money grows tax-deferred. The second phase is the payout phase, which is when the annuity actually starts to pay the benefits to the annuitant. There are several payout options; a few of these options will be discussed in the following section. Make sure your agent goes over each option with you thoroughly so that you choose the one most appropriate for your needs. It is very important to understand that once a payout option is chosen and you start receiving payments, that option cannot be changed.

Examples of Payout Options (Settlement Options)

- Life income (no refund) – Pays an income as long as the annuitant is alive. Payments stop when the annuitant dies.
- Life income with period certain (10, 15 or 20 years) – Pays an income as long as the annuitant is alive. If the annuitant dies before the period certain has expired, payments are made to the beneficiary for the balance of the period.
- Life income with installments (refund) – This option provides a monthly annuity payment during the lifetime of the annuitant with a guarantee that payments will be made for a certain number of months (not necessarily for the annuitant's full lifetime). The number of months is determined by dividing the accumulated amount of the annuity by the amount of the first monthly annuity payment. Only the number of months is guaranteed so there is no guarantee of a full refund.

The following payout options assume there are two individuals that will be receiving benefits from the annuity.

- Joint and full to survivor (no refund) – This option pays an income as long as one or more annuitant is living. Payments stop when both annuitants are deceased.
- Joint and 2/3 to survivor (no refund) – This option pays an income while both annuitants are alive. When one dies, 2/3 income payments continue during the survivor's lifetime. Payments stop when the second annuitant dies.
- Joint and full to survivor with period certain (10, 15 or 20 years) – Pays an income while at least one annuitant is alive. If both annuitants die before the specified period expires, payments of the balance of the period certain continue to the beneficiary.
- Joint and full to survivor with installments (refund) – This option pays a monthly payment during the lifetime of the annuitant with a guarantee that payments will be made for a certain number of months. The number of months is determined by dividing the accumulated amount of the annuity by the amount of the first monthly annuity payment. Only the number of months is guaranteed so there is no guarantee of a full refund.
- Joint and 2/3 to survivor with period certain (10, 15 or 20 years) – Pays an income while both annuitants are living. When one dies, 2/3 of the income payment continues during the survivor's lifetime. If the second annuitant dies before the period certain expires, the 2/3 payment amount continues to the beneficiary for the balance of the period.

Guaranteed Living Benefits

Guaranteed living benefits may be found as a provision in an annuity contract or added by rider endorsement or amendment to an annuity contract. There are 3 different types and can be very complicated. One important thing to consider is whether or not the particular contract you are considering purchasing allows these benefits to be assignable or not. Be sure to read your contract carefully before purchasing. These different guarantees provide a downside protection to an annuity contract. They are tools to aid in the management of risk by transferring different risks from the buyer to the insurer. There are different types of guarantees defined as follows:

1. **Guaranteed Minimum Withdrawal Benefits (GMWB)** – guarantees the return of at least the owner's investment, or that investment plus an interest component (the benefit base) through periodic partial withdrawals of a certain percent or less of the benefit base, even if the annuity cash value falls to zero. There is usually no waiting period.

2. **Guaranteed Minimum Income Benefit (GMIB)** – guarantees that, regardless of actual policy performance, the buyer is assured a certain minimum future income, but only in the form of a regular annuity payout. It does not guarantee a lump sum.
3. **Guaranteed Minimum Accumulation Benefit (GMAB)** – unlike the other guarantees the GMAB guarantees a minimum lump sum at the end.

Will You be Penalized if You Withdraw Money From Your Annuity?

In most cases “Yes.” However, some annuities have a provision that permits you to withdraw a certain amount each year, usually 10 percent of the annuity value, without having to pay a surrender charge. Please remember, even though you may not have to pay a surrender charge, there may be taxes to be paid on some or all of the money you withdraw. It is recommended that you consult a tax advisor or your annuity insurance company regarding the tax consequences before you make the withdrawal.

Important Things to Consider

1. Review your own insurance needs and circumstances. Choose the kind of contract that has benefits that most closely fit your needs. Ask an agent or company to help you.
2. Be sure that you can handle the premium payments. Ask about any possible increases in premium amounts and what may cause an increase.
3. Don't sign an application until you review it carefully to be sure all the answers are complete and accurate.
4. Don't drop one contract and buy another without a thorough study of the new contract and the one you have now. Replacing your insurance may be costly.
5. Read your policy carefully. Ask your agent or company about anything that is not clear to you.
6. Periodically review your insurance program with your agent or company to keep up with changes in your income and your needs.
7. Do not buy a contract until you have a good understanding of how it works.

Are You Considering Dropping or Replacing an Existing Annuity Contract?

If you are thinking about dropping or replacing an annuity contract, here are some things you should consider:

- If you decide to replace your contract, do not cancel your old contract until you have received the new one. You usually will have a minimum of 30 days to review your new contract to decide if it is what you want.

- It may be costly to replace a contract. There may be substantial surrender charges that you will incur. Remember that if you have held your existing contract long enough and no longer have to pay surrender charges, purchasing a new contract may start a new period of surrender charges.
- Consider consulting a tax advisor to see if dropping your contract could affect your income taxes.
- You may have valuable rights and benefits in your existing contract that are not in the new contract.
- If the annuity contract you have now no longer meets your needs, you may not have to replace it. You might be able to adjust your existing contract or purchase an additional contract to get the coverage or benefits you now need.
- In all cases, if you are thinking of buying a new contract to replace your existing one, check with the agent or company that issued your existing contract. Before replacing, ask your agent or company for an updated illustration (in-force illustration). Check to see how the contract has performed and what you should expect in the future based on the guarantees.

How Can You Find Missing Contracts?

If the deceased's estate went through probate, there is a chance that the contract might have been listed as an asset.

Begin by contacting insurance companies. Try to narrow your search as much as possible. For example, start with those companies most prominent where the deceased lived or worked. Contact the benefits coordinator at the deceased's place of employment. Remember, unless you are the beneficiary, the company is not required to offer any information. Try to provide as much information as possible, including the deceased's name and any aliases, Social Security number, date of birth, etc.

Ask the estate's executor to request copies of all bank statements and other records. If a check has been written or an automatic payment has been made to an insurance company, this might provide a lead.

Contact the deceased's insurance agent for homeowners, renters, or auto insurance. Although he may not have sold your friend or relative an annuity contract, many agents keep records of their client's insurance purchases.

Final Points to Consider

Remember to read your annuity contract carefully when you receive it. Ask your agent or insurance company to explain anything you don't understand. If you have a specific complaint

or can't get the answers you need from the agent or company, contact your state insurance department.

Insurer Rating Organizations

Other sources of information related to the financial strengths of companies are insurance rating organizations. Some of these are A.M. Best, Fitch Ratings, Moody's Investors Service, Standard and Poor's, and Weiss Ratings Inc. You can use these sources to help you research and determine which companies you would like to contact about your insurance needs. The Kentucky Department of Insurance can provide you with ratings from A.M. Best or you can contact the companies directly to get information about their ratings.

A.M. Best
www.ambest.com
Telephone: 908-439-2200

Standard and Poor's
http://www.standardandpoors.com
Telephone: 212-208-1199

Fitch Ratings
www.fitchratings.com
Telephone: 800-893-4824

Weiss Ratings Inc.
www.weissratings.com
Telephone: 800-289-9222

Moody's Investors Service
www.moodys.com
Telephone: 212-553-0377

Other Important Terms

Amendment, Endorsement or Rider – forms that are used to effect contract changes requested by an owner to an individual annuity contract.

Annuitize - This is a term used when the owner elects to convert the lump sum of the accumulated value of the annuity contract to begin receiving a series of payments.

Assignment – transfer of rights under an annuity contract to another person or business in exchange for partial or total ownership rights to the contract.

Guaranteed Living Benefits - a contract provision or added to a contract by rider. These different guarantees provide a downside guarantee to an annuity contract. They are tools to aid in the management of risk by transferring risk from the owner to the insurer. There are different types of guarantees, as follows:

- 1. Guaranteed Minimum Withdrawal Benefit (GMWB)** – the benefit guarantees the return of at least the owner’s investment, or that investment plus an interest component (the benefit base) through periodic partial withdrawals of a certain percent or less of the benefit base, even if the annuity cash value falls to zero. There is usually no waiting period.
- 2. Guaranteed Minimum Income Benefit (GMIB)** – the benefit guarantees that, regardless of actual contract performance, the owner is assured a certain minimum future income, but only in the form of a regular annuity payout. It does not guarantee a lump sum.
- 3. Guaranteed Minimum Accumulation Benefit (GMAB)** – unlike the other guarantees the GMAB guarantees a minimum lump sum at the end.

Long-Term Care Riders - a provision which may or may not require an extra premium that allows for the reduction of the annuity value based upon long term care expenses without applying surrender charges. A benefit above the value of the annuity also may be purchased for an additional cost.

Market Value Adjustment – increase or decrease in the surrender charge of the annuity contract depending on the current financial markets. The cash value is adjusted upward if the policy interest rate is greater than the current interest rate on new money and thus, if interest rates decline after the date the annuity contract is purchased, the surrender charge decreases. However, if the cash value is adjusted downward if the policy interest rate is less than the current interest rate on new money and thus, if interest rates rise after the purchase date of the annuity contract, the surrender charge increases.

Tax-Free Exchange (1035 Exchange) – under Section 1035 of the Internal Revenue Code stipulations that the exchange of one life insurance policy for another life insurance policy generally will not result in a recognized gain for the purposes of federal income tax purposes to the policy owner. The insured must be the same on both policies. Life policies can be exchanged for life policies, life policies can be exchanged for annuities and annuities can be exchanged for annuities. Annuities

cannot be exchanged for life policies. With annuities, the annuitant must be the same on both contracts.

Ten Day Free Look – a contract provision notifying purchasers of new insurance that they have ten days after delivery of the annuity contract to inspect it and if not satisfied, return it to the agent or company for a full refund of all premiums paid.

