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# Policies and Procedures

Minnesota Life Insurance Company  
Securian Life Insurance Company

Life Insurance and Annuity Sales



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# 1. Policies and Procedures Introduction

**This policies and procedures guide is a reference for producers and should be read carefully. It was created to make producers selling Minnesota Life and Securian Life products aware of our policies and procedures, of laws, rules and regulations governing the sale of our products. You are responsible for complying with these policies and procedures in addition to any policies and procedures required by your affiliated agency or broker-dealer.**

This manual is not a recitation of all of the applicable laws, rules or regulations. Producers are responsible for compliance with all applicable laws, rules and regulations and may be subject to regulatory sanctions or criminal prosecution for violations. As your sales agreement with Minnesota Life or Securian Life states, violations of our policies and procedures may result in disciplinary action or termination.

For questions related to Minnesota Life's or Securian Life's Policies and Procedures, you may contact us using the following options:

- Life products: 1-888-413-7860
- Annuity products: 1-800-362-3141
- [advisor.securian.com](http://advisor.securian.com)

## 2. Licensing and Appointment

All states have laws that require persons engaged in the business of selling life insurance and individual annuity products (products) to be licensed. Most states also require producers to be “appointed” by an insurance company in order to sell its products. Only producers who are licensed under applicable state insurance laws and appointed by Minnesota Life and/or Securian Life (each referred to individually in this guide as a “Company,” collectively as the “Companies”) may sell products on our behalf. Contact the Companies’ Central Licensing Unit at 651-665-6113 if you have questions about your appointment status.

### A. Licensing

You are responsible for obtaining and maintaining your license in every jurisdiction where you sell products for the Companies. This includes taking the continuing education courses required by the department(s) of insurance in the relevant jurisdiction(s) and providing notification of any relevant changes in your status. You should also be aware that insurance licensing laws are not uniform from one state to another. The laws vary considerably in terminology, the mechanics of licensing, and the definition of persons who are subject to the licensing requirements. Neither Company will allow the sale of a product unless the producer is appropriately licensed.

### B. Appointment

You must also be appointed by one or both Companies to sell their products. State laws differ widely concerning the timing of appointments, the actions that producers may take before appointments are filed with the state insurance department, and the ability of insurers to pay commission while appointment paperwork is being processed. Neither Company will allow the sale of its products by a producer who is not appointed by the Company. You should also be aware that the Companies perform criminal and civil background checks on all producers and that insurance companies are typically required to notify states of the appointment or termination of any producer.

### C. Continuing Education

Most states have adopted continuing education laws, which vary widely by jurisdiction. In some cases there may be specific education requirements for a particular product. In order to maintain your licenses, you need to stay informed of continuing education requirements in all states where you do business.

### D. Commissions

Generally, it is illegal for an insurance company to pay a commission, directly or indirectly, to any person who has not been properly licensed as a producer and is not appointed with the company. Further, all producers receiving compensation, whether directly or indirectly, as a result of the issuance of our products should be disclosed on the appropriate forms. The Companies will not pay commissions to a producer unless licensing and appointment requirements have been fully satisfied.

## 3. Sales Practices

**This section provides basic standards and guidelines for the sale of either Company’s products. Sales and marketing practices regarded as the most important to assuring appropriate marketplace behavior are listed below. This section is not, however, a comprehensive review of all state statutes, rules and regulations governing the sale or marketing of products. If a particular sales practice is not listed below, that does not indicate that the practice is appropriate or has been approved by the Companies.**

As you review these guidelines, please note that Minnesota Life is not authorized as an insurer in New York. Therefore, producers are prohibited from conducting sales activities on behalf of Minnesota Life from within the state of New York. Producers must comply with the requirements detailed in the document entitled “Minnesota Life Sales Activities Requirements for Advisors with Offices in or Conducting Business in New York.” A copy of the document can be found at [securian.com/policies](http://securian.com/policies) or is available upon request.

### A. Advertising

Almost every state attempts to define life insurance and annuity advertising and provide insurance companies and producers with rules and regulations governing the use of advertising. Most of the tools, sales literature, and procedures for creating and reviewing sales literature used in the sale of products are governed by federal law and/or state life insurance and annuities advertising regulations.

You may only use advertising, sales and marketing materials mentioning the Companies or the Companies’ products that have been approved by the Companies prior to use. That is why it is important to understand the definition of advertising and the Companies’ advertising review and approval processes.

#### i. Definition

The definition of an “Advertisement” or “Advertising” for life insurance or annuity sales is very broad and covers many types of communications. For example, an item prepared for use in the routine course of business (e.g., a customer prospecting letter) may be deemed to be an advertisement subject to regulation in some states. Some states also consider any statement, written or oral, to be an advertisement if it is made by a producer when promoting an insurance product.

The Companies follow the NAIC rules governing the advertising of life insurance, which generally define an “advertisement” as “material designed to create public interest in insurance products such as life insurance or annuities or in an insurance company, or in an insurance producer; or to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain an insurance product including:

- Printed and published material, audiovisual material, descriptive material and descriptive literature of an insurer or insurance producer used in direct mail, newspapers, magazines, radio and television scripts, billboards and similar displays.

- Descriptive literature and sales aids of all kinds issued by an insurer, its insurance producers, or third parties, issued, distributed or used by such insurer or insurance producer; including but not limited to circulars, leaflets, booklets, depictions, spreadsheets, illustrations and form letters.
- Material used for the recruitment, training and education of an insurer's insurance producers which is designed to be used or is used to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a policy or contract.
- Prepared sales talks, presentations, and material for use by insurance producers.
- Any written material prepared by a producer for dissemination to the public (including all forms of electronic communications). As used in the section above, 'insurance producer' means a person (e.g., individual, partnership or corporation) who solicits, negotiates effects, procures, renews, continues or binds policies of insurance or annuities."

State insurance regulators and the National Association of Insurance Commissioners have advised insurers that all social media (e.g., Facebook, Twitter, LinkedIn) is considered to be advertising. Therefore, all existing state laws and regulations that apply to other forms of advertising will also apply to social media. Further, if you are a registered representative associated with a broker-dealer, you must comply with FINRA advertising requirements and your broker-dealers advertising procedures.

## ii. Approval

**All advertisements referring to Minnesota Life, Securian Life or their products must be submitted to and approved by the Companies PRIOR to use. The Companies reserve the right to review or audit your files that contain advertising materials that use the Companies' names or mention their products. As stated in your sales agreement with the Companies, failure to obtain the Companies' approval of all advertising prior to its use may result in disciplinary action or termination.**

The Companies may provide you with preapproved materials for sale of our products. You may not alter or modify any Company-prepared advertising. Any material marked for advisor use only, for financial professional use only, or with a similar designation, may not be downloaded to a public-facing website. Under special circumstances in which other advertising may be required, you should call your marketing contact in the Companies to obtain prior approval of advertising materials you have created. Please plan ahead and allow at least one week for Company approval.

## B. Disclosures and Prohibited Statements

As stated above, we require you to use only Company-prepared sales brochures and other preapproved promotional materials. If you wish to prepare materials for review and approval by either Company prior to use, the guidelines noted here should be observed. Please note that these guidelines apply not only to written materials, but also to oral statements promoting the Companies or the Companies' products. You should also refer to "Verbal

Disclosures” for a discussion of certain terms that are prohibited in written and oral statements about the Companies’ products.

### i. Use of Company Names

It is important to avoid consumer confusion about the identity of the insurance company issuing a product. In particular, an advertisement may not give the misleading impression that the parent company or any other company affiliated with the insurer is financially responsible for the insurer’s obligations under a life insurance policy or annuity contract. All advertisements should use the appropriate Company’s full and correct name, Minnesota Life Insurance Company or Securian Life Insurance Company, to identify the issuing Company. In addition, descriptions of each Company and its affiliates should correctly describe the corporate relationships among those companies.

### ii. Statements about the Companies

Any written or oral statements about the Companies’ financial condition should comply with the following guidelines:

- **Rating Agencies.** Any advertisement or written or oral statement promoting either of the Company’s ratings by national rating agencies must follow a Company-approved format. Upon request, we will provide you with approved pieces that discuss our ratings. Any producer-prepared advertising that discusses our ratings must be submitted to and approved by the Companies prior to use.
- **Risk Based Capital.** You may not make any statement nor use any advertisement that contains information with regard to the Companies’ RBC Level or, with respect to any advertising referring to the Companies or their products, the RBC Level of any other insurer. The NAIC has developed Risk Based Capital (RBC) requirements designed to examine the quality and quantity of an insurer’s surplus. The Life and/or Health RBC Model Act (the Act) provides that RBC standards were not intended as a means to rank insurers generally. The Act also notes that, due to its confidential nature, use of RBC information by any insurer, producer, broker or other person engaged in any manner in the insurance business would be misleading and is therefore prohibited.
- **Guaranty Association Membership.** You may not make any statement or use any advertisement that refers to the existence of a state insurance guaranty association for the purpose of selling any of the Companies’ products. Use of such information constitutes unfair competition and an unfair trade practice under the laws of most states.
- **Statistics.** Statistics used in any advertisement shall be accurate and not misleading in fact or by implication. The source of any statistics used in an advertisement must be identified and shall be current.
- **Vanishing Premiums.** You may not make any statement (such as the policy will be “self-supporting”) or represent in any way that premium payments will not be required for each year of a life insurance policy in order to maintain the illustrated death benefit or that the life insurance policy will be “self-supporting.”

### iii. Product Statements

In addition to the disclosures and statements provided here, you must clearly represent our products as life insurance or annuity products, as applicable. You may not make any representation regarding the past performance of the Companies' products other than the representations contained in the illustration, or represent that a product's past performance is a reliable indicator of future performance. You should not refer to or describe fixed insurance products as investments, nor should the interest crediting on these products be compared to rates of return for securities or other investment products.

## C. Illustrations

With regard to the Companies' products, you may only use illustration software approved and issued by the Companies. Any use of illustration software other than that approved by the Companies is strictly prohibited. Illustrations include spreadsheets, calculations or presentations that reflect the death benefit, premiums or cash values which are derived from either Company's approved illustration software. If you use a sales illustration to solicit sales of the Companies' products, the applicant must receive a copy of the illustration. In addition, you may not:

- Provide an illustration without clearly indicating that the current interest rate illustrations are: (i) based on the respective Company's current rate schedule, (ii) shown for illustration purposes only and (iii) not guaranteed.
- Provide an applicant with an incomplete illustration.
- Display the current interest rate illustration with such prominence as to render the guaranteed interest rate illustration obscure.
- Illustrate any of the Companies' products without clearly identifying the product generically by the type of life insurance or annuity and the Company's product name, if different.

## D. Suitability

### i. Annuities

Some states have enacted suitability statutes relating to life insurance and/or annuity products. Producers must comply with applicable state laws, rules and regulations governing suitability. If you are a registered representative associated with a broker-dealer, you must comply with FINRA suitability regulations and your broker-dealer's suitability procedures.

In addition, the NAIC Suitability in Annuities Transactions Model Regulation (the Annuity Model Suitability Regulation) requires the following relating to annuities:

- In recommending to a consumer the purchase of an annuity or the exchange of an annuity that results in another insurance transaction or series of insurance transactions, the insurance producer must have reasonable grounds for believing that the recommendation is suitable for the consumer on the basis of the facts disclosed by the consumer as to his or her investments and other insurance products and as



to his or her financial situation and needs, including the consumer's suitability information.

- Producers should make a reasonable effort to obtain suitability information such as the consumer's age, annual income, financial situation and needs, financial experience, financial objectives, financial time horizon, intended use of the annuity, existing assets, liquid net worth, liquidity needs, risk tolerance and tax status.
- When making a recommendation, the producer has reasonable grounds to believe (i) the consumer has been reasonably informed of the annuity's features, (ii) the consumer would benefit from the annuity's features, (iii) the annuity as a whole, including any underlying subaccounts to which funds will be allocated at the time of purchase, is/are suitable for the consumer based on his or her suitability information, and (iv) where a replacement or exchange of an annuity is involved, the transaction is reasonable in light of potential surrender charges the consumer may incur, product features that may benefit the consumer and other recent exchange or replacement activity by the consumer.

These rules have already been adopted in several states. As additional states adopt versions of the Annuity Model Suitability Regulation, companies and producers making annuity sales will be required to comply in more states.

## ii. Life Insurance

Multiple states have enacted suitability rules relating to the sale of life insurance policies, including Iowa, Kansas, Minnesota, New Hampshire, North Dakota, Vermont and Wisconsin. The producer must have a reasonable basis for believing the life insurance policy he or she is recommending is suitable for the customer.

The Companies have added questions to the application that ask the customer about the appropriateness of the life insurance policy and their ability to pay the premiums. Each producer is responsible for explaining the long-term nature of life insurance policy to the client and to ensure that the client understands the financial commitment associated with purchasing a life insurance policy. We will also require the producer to certify in the representatives report that they have gathered sufficient information to support the recommendation that the product is suitable for the customer.

When considering whether the life insurance policy is suitable for the customer, the producer should consider many of the factors included in the Annuity Model Suitability Regulation, including, but not limited to, the customer's need for life insurance, the customer's and insured's age, annual income, financial status, investment objectives, experience with financial matters, intended use of the life insurance policy and the customer's time horizon.

The producer should also ensure that adequate documentation to support the recommendation for purchasing the insurance product exists in his or her files. Such documentation may include a needs analysis for the particular client, the sales literature and material presented to the client and any correspondence supporting the recommendation.

## E. Sales to Seniors

Several states have adopted regulations that require special procedures relating to older applicants. For instance, the “free-look” period is extended for applicants exceeding a certain age in some states (e.g., California and Florida). **Producers must comply with all applicable rules and regulations in each state in which the producer is licensed and in which sales are made.**

Many states have enacted regulations that focus on suitability requirements for sales of insurance products to seniors. Special consideration should be given to accumulation sales of life insurance products and the time frame needed for an accumulation strategy to work for the customer. As with all life insurance sales, customers in their 60’s must first and foremost, have a need for the death benefit and should only consider accumulation sales strategies if there is sufficient time and current income to allow them to continue their lifestyle.

## F. Unfair Trade Practices

This section identifies certain acts that constitute unfair methods of competition or unfair or deceptive trade or business practices in the sale of the Companies’ products. The Companies will not tolerate unfair trade practices. **The fact that a practice is not specifically prohibited in this section does not imply that we accept the practice.**

The following unfair trade practices are generally prohibited under state law. The Companies reserve the right to discipline any producer who employs any of these practices regardless of whether a producer has or has not engaged in such practices in connection with the producer’s representation of the Companies.

### i. Misrepresentation

“Misrepresentation” means any statement, which contains false or misleading information, including information that is misleading information because it is incomplete. Specifically, a producer may not:

- Make or cause to be made any misrepresentation concerning the benefits, advantages, conditions, or terms of a product.
- Provide false information or fail to provide full disclosure of all requested information on an application for the Companies’ products.
- Use false or misleading information to induce the lapse, forfeiture, exchange, conversion, or surrender of a product.
- Obtain money or property through: (i) an untrue statement of a material fact, or (ii) an omission of a material fact necessary to make a statement, in light of the circumstances under which it was made, not misleading.
- Employ any device, scheme or artifice to defraud.

### ii. Rebating

“Rebating” means any offer to pay or return premiums or commissions, or any actual payment to induce the sale of products. For example, an agreement to pay the customer or a relative of a customer a portion of the commission on a sale would constitute rebating. The Companies do not allow

rebating in the sale of any of their products regardless of whether a state may permit such practice. In addition, the Companies do not allow the sharing of commissions with an entity or individual who is not licensed to sell insurance products. We may require producers to confirm that they have not provided rebates to customers when completing applications for our products.

### **iii. Sales Inducements**

“Sales inducements” means any gift, prize, goods, wares, merchandise or other item of valuable consideration given as an inducement to enter into any insurance contract or as an inducement to receive a quote, submit an application or used in connection with any other product solicitation. Sales inducements may also include an agreement of any form or nature promising payment to another for referral or future business. For example, in some states a producer may not pay a mortgage banker for referrals of new homebuyers who purchase life insurance. Unless permitted by state law, the Companies treat “sales inducements” as an unfair trade practice.

### **iv. Twisting**

“Twisting” describes the practice of using written or oral statements that misrepresent or inaccurately compare the terms, conditions or benefits contained in a life insurance policy or annuity contract for the purpose of inducing or attempting to induce the consumer to lapse, forfeit, surrender, retain, exchange or convert a life insurance policy or annuity contract. For example, falsely describing the features of a competitor’s life insurance policy to induce replacement with a Company life insurance policy – or vice versa – would constitute “twisting.”

### **v. Churning**

“Churning” describes the practice of a replacement of a life insurance or annuity product where the replacement is contrary to the customer’s interest and made for the primary purpose of generating sales commissions for the producer. Producers are generally required by law to refrain from initiating any replacement sale unless they believe, taking into account all relevant factors such as application of surrender charges on the replaced life insurance policy or annuity contract, that the customer will benefit from the transaction.

### **vi. Discrimination**

“Discrimination” means refusing to accept applications; refusing to insure; refusing to continue to insure; or limiting the amount, extent or kind of coverage available to an individual; or charging a higher rate for the same coverage solely because of the sex, marital status, age, race, religion, national origin or physical or mental impairment of the individual unless the refusal, limitation, or rate differential is based upon sound actuarial principles or reasonably anticipated loss experience; or refusing to insure solely because another insurer has refused to write a policy, or has cancelled or refused to renew an existing policy in which that person was the named insured.

## vii. Defamation

“Defamation” means making, publishing, disseminating, circulating or placing before the public an advertisement, announcement or statement containing any untrue, deceptive or misleading statement with respect to the business of insurance or any insurer in the conduct of its insurance business.

## viii. Tie-in sales or tying arrangement

“Tie-in sales” or a “tying arrangement” means an agreement by a party to sell one product but only on the condition that the buyer also purchases a different (or tied) product. For example, the sale of a life insurance policy cannot be conditioned upon the sale of an annuity contract or purchase of any goods or services. Tie-in sales may also include arrangements whereby the settlement of a life insurance policy or annuity is conditioned upon the purchase of a new life insurance policy or annuity.

## G. Applications

Every product sale must be made using the appropriate Company application. All responses on the application shall be completed accurately by the applicant and the producer and reflect the applicant’s responses to those questions as conveyed to the producer. Any and all information possessed by the producer relating to the applicant’s responses shall be included on the application.

The application shall be reviewed by the producer before it is signed by the applicant, and then signed by the applicant. The producer shall sign the application after the applicant has signed it. Associate advisors are not allowed to sign applications on behalf of the primary advisor/producer. In certain cases, we may be required to have the applicant’s signature witnessed; therefore, some forms may require that the producer sign as a witness to the applicant’s signature. Any changes, alterations, amendments or corrections on the application shall be made by the producer (or applicant) and initialed by the applicant.

## H. Electronic Applications and Signatures

The Companies will only accept electronic applications and applications and/or other documents with electronic signatures through approved vendors, obtained in compliance with our prescribed procedures. Electronic signatures include the use of any device that electronically affixes the client’s signature to an electronically stored form of the application, including, but not limited to styluses, digital signature apps, click wraps or other methods. For more information regarding electronic applications and electronic signatures, please contact us using the following options:

- Life products: 1-888-413-7860
- Annuity products: 1-800-362-3141
- [advisor.securian.com](http://advisor.securian.com)

## I. Premium Financing

The Companies allow customers to use premium financing when purchasing life insurance policies. Customers that purchase policies using this type of financing must meet the Companies' stated requirements and must complete a Premium Financing Disclosure form prior to issuance of the policy. In addition, the Companies require the producer to have Errors and Omissions coverage for premium finance sales and to complete the Premium Finance Pre-Application Request (F74093-46, Rev 1-2015) prior to submission of the application. The Companies will review each premium finance sale to determine if they will accept the case. Please refer to the Companies' Premium Financing - Guidelines and Procedures (F74093-12, Rev 1-2015) and the Premium Financing Lender List for additional details regarding premium financing options for your clients.

## J. Customer Monies

As stated in your sales agreement with the Companies, any initial premium, entire or partial, collected by the producer shall be immediately forwarded to the Companies, in the exact form in which it was paid to the producer. Unless specified in writing by the Companies, the producer shall have no authority to collect any premiums or monies from policyholders other than the initial premium. Producers may not accept purchase or premium payments in the form of cash, starter checks, third-party checks, or cashier's checks (unless the name of the purchaser, account holder, or remitter is preprinted on the cashier's check). Please refer to the Companies' Monetary Instruments Policy for additional information.

**Commingling of funds not allowed** - All monies, negotiable instruments, or securities received by a producer for or on behalf of the Companies shall be held by the producer as trustee for the Companies and shall not be used by producers for any personal or other purposes whatsoever but shall be immediately paid over to the Companies. Customer monies shall not be commingled with monies in a producer's personal account or an insurance agency's general account.

## K. Policy Against Certain Sales Concepts

You should avoid using sales and marketing concepts that are against state or federal law. When using lawful sales and marketing concepts, you should provide full disclosure to interested customers. This means you should assume responsibility for knowing and communicating the risks associated with the sales and marketing concepts that you use.

Generally, the following sales and marketing concepts are violations of the Companies' policies. These are examples which may constitute a reason for us to reject a product application, and it is not intended to be an all-inclusive list:

- Any sales and marketing concept that is a listed transaction or which can otherwise be categorized as a tax shelter.
- Stranger-Originated Life Insurance (STOLI).

- Any sales and marketing concept that recommends harvesting the equity in one's home to purchase life insurance.
- Sales that advocate the withdrawal of retirement funds to purchase life insurance (especially with accumulation focused strategies) will be reviewed pursuant to our guidelines (see F66778-23, 4-2014).
- Captive insurance company sales strategies are subject to strict guidelines and will be reviewed carefully prior to acceptance of the case.
- Any sales and marketing concept that provides an incentive to customers to make a purchase due to rebating.
- Any sales concept that ignores or downplays the fundamental purpose of life insurance, which is to provide protection through its death benefit feature.
- Others as may be communicated from time to time.

The fact that a particular sales or marketing practice is not specifically described in this section does not imply acceptance of the practice by the Companies.

## **L. New York Compensation Disclosure Requirements**

Producers appointed to sell the Companies' products in the State of New York are responsible for compliance with Part 30 to New York Insurance Regulation 194.

As provided in the Regulation, producers must disclose to the purchaser orally or in a prominent writing, at or prior to the time of application for the product, the following information:

- Description of the role of the producer in the sale.
- Whether the producer will receive compensation from the selling insurer.
- That the compensation paid may vary depending on a number of factors, including (if applicable) the product and the insurer that the purchaser selects, the volume of business the producer provides to the insurer, or the profitability of the product that the producer provides to the insurer.
- That the purchaser may obtain information about the compensation expected to be received and the compensation expected to be received on any alternative quotes presented upon request.

If additional information is requested by a purchaser before a product is issued, the following needs to be disclosed in writing at issuance (except if time is of the essence in delivery of the product, it may be delivered within five days of issuance):

- Description of the nature, amount and source of any compensation to be received by the producer or any parent, subsidiary, or affiliate.
- Description of any alternative quotes presented, including the coverage, premium, purchase payment, and compensation that the producer or any parent, subsidiary, or affiliate would have received.
- Description of any material ownership interest the producer or any parent, subsidiary, or affiliate has in the insurer issuing the product or any parent, subsidiary, or affiliate.
- Statement whether the producer is prohibited by law from altering the amount of compensation received from the insurer.

If the additional information is not requested until after product issuance, the disclosure should be made in five business days. The additional disclosure applies to renewals if requested within 30 days of renewal (before or after) and must be provided within five days of the request.

The Regulation indicates that a copy of any written disclosure that you provide to the purchaser must be retained, and you must retain a copy of all written disclosures for at least three years.

### **M. Policy and Contract Delivery**

In most states, an insurance product's "free-look" period begins when the customer acknowledges delivery of the product by signing a delivery receipt. Some states require the Companies to obtain signed delivery receipts from customers. In many cases, the Companies will require the producer to deliver the contract to the customer, obtain the signed delivery receipt and return the delivery receipt to the Companies. Repeated failure to return signed delivery receipts to the Companies may result in disciplinary action.

The customer must receive a "hard copy" of the insurance policy or annuity contract either via regular mail, express mail or hand delivery. The Companies do not currently support the use of electronic means (email, directing the client to a website, etc.) to deliver insurance products. Any use of such means to deliver an insurance policy or annuity contract in this manner is a violation of our procedures and may subject a producer to disciplinary action.

### **N. Record Retention**

Producers are responsible for maintaining client files, which includes advertising materials used to sell the Companies' products, sales illustrations, client meeting notes, phone call documentation and customer correspondence. Maintaining adequate client files is essential for responding to customer or regulatory authority questions at a later date. Failure to maintain adequate client files may result in disciplinary action.

## 4. Replacements

Replacement procedures may vary depending on where the insurance product is sold. Minnesota Life is a licensed insurer in 49 states and its replacement procedures are generally based on the NAIC Model Regulation of the Replacement of Life Insurance and Annuities. Securian Life is licensed in all 50 states, including New York. If a Securian Life product is sold in New York, New York's Regulation 60 governs replacement procedures. If a Securian Life product is sold in any state other than New York, the replacement procedures for the state of sale govern. Replacement procedures do vary by state and may change from time to time. The information in this section is provided for reference only and is not intended to be a comprehensive summary of any particular state's replacement requirements.

### A. Non-New York Replacements

Minnesota Life's replacement policies and procedures are based upon the NAIC Model Regulation of the Replacement of Life Insurance and Annuities. State laws and regulations regarding replacements vary. If you have questions about a particular state's replacement requirements, contact the state's insurance department. The following is provided as a guide only. You are responsible for compliance with all state replacement laws and regulations.

#### i. Definition

A "replacement" is any transaction in which a new life insurance policy or annuity contract is purchased and it is known or should be known to the proposing producer that an existing life insurance policy or annuity contract has been previously or is to be:

- Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated.
- Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values.
- Amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid.
- Reissued with any reduction in cash value.
- Borrowed against in order to purchase a new life insurance policy or annuity.
- Used in a financed purchase.

Any IRS 1035 exchange of an insurance policy or annuity contract constitutes a "replacement." Most states also define "replacement" to include internal replacements of policies issued by the same insurer. With the exception of a policy or contract change or exercise of a conversion privilege, under the terms of the existing insurance policy or annuity contract, replacement laws and regulations apply to any transfer or exchange from any policy to another.



## ii. Duties of Producers

All producers must complete the application for a life insurance policy or annuity contract in its entirety. That includes the section regarding replacement of existing life insurance or annuities requiring both the producer and applicant to sign a statement as to whether replacement of an existing life insurance policy or annuity contract is involved.

With respect to replacements involving the Companies' products, the producer shall:

- Where required, provide the applicant with a Notice Regarding Replacement, or any other form required by state, the Companies, or regulation, to be signed by both the applicant and the producer and left with the applicant. Producers should send a copy of the completed replacement forms to the Companies along with the application. Forms for each state are available from the Companies.
- Obtain a list of all existing life insurance policies and/or annuity contracts to be replaced and which properly identifies by name the insurer, the insured and the contract number.
- Leave with the applicant the original or a copy of any and all sales proposals used for presentation to the applicant.

## iii. Penalties

It is considered an unfair trade practice to replace an existing policy or contract in favor of a new policy or contract that results in the insured or owner unknowingly acquiring a less valuable or different life insurance policy or annuity contract.

## B. New York Replacements

Securian Life is a New York-authorized Insurer. Minnesota Life is not authorized in New York and its products may not be sold or replaced in New York. Replacements occurring in New York must be completed in accordance with New York Insurance Regulation 60 and the procedures that Securian Life has established. You are responsible for compliance with New York's state replacement laws and regulations. Many of the procedures in New York Regulation 60 are similar to those required in other states; however, some significant differences are noted below:

- A list of sales materials, including the illustration, must be submitted to the insurance company whose policy is being replaced. The producer will need to provide Securian Life with the illustration and identify the advertising materials used so that Securian Life can forward the required information to the insurance carrier whose product is being replaced, if requested.
- The following forms will need to be completed and/or signed by the client: Definition of Replacement, Notification and Authorization to Disclose Policy Information, Replacement Disclosure Statement, Replacement Acknowledgement, and Important Notice: Replacement of Life Insurance or Annuity Contract.

All of the required replacement forms and procedures for life insurance sales are provided on the Application Instructions and Owner Identity Verification form required for all applications submitted to Securian Life. Additional information regarding Securian Life's replacement procedures are available in Regulation 60 training, which can be found on the Securian Life Center website or is available upon request.

## C. Internal Replacement Compensation Policy – Proprietary Life

### What is our Internal Replacement compensation policy?

Minnesota Life has a long-standing policy of not paying compensation on existing cash values and premium that has already been compensated. It is important from a regulatory perspective that our compensation practices ensure that there is never the appearance that an internal replacement is compensation driven and deemed to be churning. Therefore, compensation will not be paid if new coverage is purchased for the same overall purpose within six months of the surrender or lapse of an existing policy.

### What situations will be reviewed for an internal replacement compensation adjustment?

- Cash Value life coverage to Cash Value life coverage
- Term life policy to Term life policy
- Cash Value life policy to Term life policy

### What compensation is paid on internal replacement coverage?

Generally, the first year compensation on the new policy will be paid at a rate equal to the renewal rate on that policy. No compensation is paid on Internal 1035 exchanges. If the policy is a Universal Life product, the highest historical target premium will be reduced by the amount of the replacement premium. If the policy is Term product or a Whole Life, no compensation will be paid on any premium equal to the replacement premium.

### What are some exceptions to the replacement policy?

- If a term policy is in the final year of its term and is replaced by a new policy, full compensation will be paid on the new policy.
- If a term policy, that is at least three years old, is replaced by a new term policy with a resulting face amount that is the greater of \$250,000 higher or 20 percent higher, full compensation will be paid on the new policy.
- A change in ownership will NOT automatically result in the payment of new compensation. We may allow an exception to the rule if, in addition to the ownership change, the overall purpose of the insurance has changed. If you have a situation that you think may qualify for an exception because you believe the overall purpose of the insurance has changed, please contact **Scott Helgeson** at 651-665-4214 or [scott.helgeson@securian.com](mailto:scott.helgeson@securian.com).

**If I did not write the coverage being replaced, will I receive compensation on the new coverage?**

In general, we do not pay compensation on the new policy because Securian has previously paid first year commissions on the policy being replaced. If you have a situation you want reviewed for a possible exception, contact **Scott Helgeson** at 651-665-4214 or [scott.helgeson@securian.com](mailto:scott.helgeson@securian.com).

## 5. Complaints

**Appropriate handling of complaints is a very important task – from the beginning to the ultimate resolution. How the situation is handled can often impact the seriousness of the outcome. In addition, proper handling may prevent future regulatory issues.**

### **A. Definition**

A “complaint” is any written or verbal communication alleging financial impropriety; or alleging a grievance concerning the sale, servicing or administration of products issued or services provided by the Companies and/or sold by producers appointed by the Companies or any affiliate or subsidiary of the Companies.

### **B. Procedures**

All complaints, regardless of their source, shall be reported immediately to the Company – Attention: Corporate Compliance, 651-665-3055. Corporate Compliance will log and route all complaints upon receipt. Corporate Compliance will review the initial documentation to determine the appropriate area for investigation and response. The Companies will respond to complaints in a timely manner. A producer must respond promptly and completely to any request for information from the Companies concerning a complaint including a request for a written summary of the facts related to a complaint. Failure to provide this information upon request in a timely manner, or withholding or omitting relevant information to the matter, may result in disciplinary action up to and including termination. Under no circumstances should a producer offer cash or any other valuable consideration to settle a complaint.

## 6. Compliance with other Laws and Regulations

### A. Anti-money Laundering Policies

The Companies are committed to prohibiting and preventing money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Our anti-money laundering programs provide information and guidance concerning the prevention of money laundering, which is an enforcement priority of the federal government, the U.S. Department of the Treasury, the Securities and Exchange Commission and the Office of the Comptroller of the Currency. In accordance with the USA Patriot Act, all producers appointed to sell the Companies' products must complete anti-money laundering training on an annual basis. Please refer to the Companies' Anti-money Laundering Program available at [securian.com/policies](http://securian.com/policies).

The Companies have also developed policies and procedures that are designed to comply with the "know your customer" rules under the USA Patriot Act. The Companies will require you to gather sufficient information to verify the owner of the life insurance or annuity contract, the customer's purpose for purchasing the insurance and the types of transactions the customer will execute. The Companies will review this information for red flags indicating suspicious activity and will report any such activity to the appropriate regulatory agencies.

As an element of our Anti-money Laundering Policy, the Company runs customer names against the U.S. Department of the Treasury's Office of Foreign Assets Control's (OFAC) Specially Designated Nationals list. This list includes targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. Our Company will not facilitate a transfer of money, regardless of amount, to an individual or entity that appears on the OFAC lists and will not engage in transactions with respect to an existing account which has been discovered to relate in any way to such individual or entity.

Further, the Company performs enhanced due diligence reviews of all customers who are resident aliens from a Sanctioned Country. The list of Sanctioned Countries changes periodically, however the most up-to-date list can be found at the U.S. Department of the Treasury website at <http://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>. This enhanced review is performed regardless of whether the customer's name appears on the Specially Designated Nationals list. While our Anti-money Laundering Policy allows us to conduct business with resident aliens, these clients must be reviewed in conjunction with the Sanctioned Country programs administered by the U.S. Department of the Treasury. Our Company has taken the position that we will review the risk presented by resident aliens on a case-by-case basis. Please keep in mind that depending on the current sanctions, or if additional concerns are identified during our review, we may not be able to accept the business.

## **B. Marijuana-Related Businesses**

The Companies prohibit the establishment of any new contracts on behalf of, or for the benefit of, a marijuana-related business. This prohibition includes any contract that is paid for with assets directly derived from a marijuana-related business. To the extent permitted by law, the Companies reserve the right to cancel any contract that it determines is connected to a marijuana-related business, even if such business is authorized under state regulation.

## **C. Anti-STOLI Policies**

“STOLI” is an acronym for stranger originated life insurance. STOLI transactions use complex schemes to enable the procurement of life insurance by investors. This is accomplished by enticing seniors to buy insurance for the benefit of, or on behalf of, investors. While these schemes take on many forms, generally they may include these three elements: (i) a senior insured; (ii) premiums paid through premium financing; and (iii) the use of a life expectancy evaluation performed by a third-party organization. Many states have laws prohibiting STOLI transactions.

The Companies regard these transactions as a type of fraud. The Companies do not condone STOLI and will not knowingly accept STOLI business from any source. We will seek to identify STOLI and will use our best efforts to keep it out of the business we do. The Companies reserve the right to terminate producers that participate in or, on the basis of available information, appear to participate in STOLI transactions.

The Companies recognize that strong field underwriting is the first line of defense with regard to combating STOLI. The Companies expect their producers to be vigilant regarding business that may have STOLI elements and discuss any concerns with the Advanced Strategies Design Group and the Insurance Carriers’ Underwriting Departments.

The Companies ask you to report any suspected STOLI transactions involving the Companies’ products to Advanced Marketing and the Underwriting Department.

## **D. Privacy**

Producers should be familiar with the Companies’ privacy policies. Customer information should only be collected, used and disclosed in accordance with consumer privacy notices and disclosure authorizations of the Companies. Producers should implement customer information protection safeguards that are appropriate to their own circumstances. Producers should also comply with applicable privacy and data security laws. This includes, but is not limited to, the Gramm-Leach-Bliley Act, Reg S-P, HIPAA-HITECH, the Massachusetts Data Security Regulation, and the Nevada Personal Information Security Law.

## **E. Notification of Data Breach**

Producers must comply with applicable data breach notification laws. You must promptly notify Companies if you become aware of any unauthorized disclosure, acquisition or use of personal information on individuals who have applied for and/or obtained a product underwritten by Companies.

You shall cooperate with Companies in investigating and responding to incidents involving unauthorized disclosure, acquisition or use of personal information. Producers should notify Companies by sending an email to [privacy@securian.com](mailto:privacy@securian.com) or by calling 651-665-4614.

## **F. Solicitation Rules and Regulations**

Producers must comply with CAN-SPAM, the federal law that regulates unsolicited commercial emails. If you use email to solicit customers, the email message must:

- Clearly and conspicuously indicate that it is an advertisement or solicitation unless the recipient has given prior affirmative consent to receive such messages.
- Provide clear and conspicuous notice of the process for opting out of receiving future messages.
- Include a return email address or other internet-based means for the recipient to use to opt out. The sender has 10 days in which to process any opt-out requests and no further messages can be sent unless the recipient provides affirmative consent to receive commercial email from the sender at some subsequent date.
- Provide the physical postal address of the sender.

In addition, the message cannot contain header information, subject headings or content that is materially false or misleading.

It is considered a best practice to use an email marketing service provider, such as ExactTarget, when conducting email marketing.

Producers must comply with state and federal Do-Not-Call laws. Prior to making a telephone call, you will need to ensure you do not call a number listed on the national or state do-not-call lists. You will need to purchase access to the national registry for yourself or your firm. If you are calling within a state that has a state registry, you may need to purchase access to that state's list as well.

## **G. Intellectual Property**

From time to time, you will have access to, or the Companies may make available to you, our intellectual property (including, but not limited to, trademarks, sales material, and sales concepts unique to the Companies' products) that you may use in the promotion of the Companies and their products. You may not modify such intellectual property or otherwise convert it to a use different than for what it was intended when given to you by the Companies without our written permission.

## **H. ERISA**

If you sell insurance policies or annuity contracts to qualified retirement plans subject to the Employee Retirement Income Security Act of 1974 (ERISA), you are responsible for determining whether ERISA Section 408(b)(2) applies to you and to the extent necessary, providing the applicable disclosures.

## I. Required Reporting

Every producer shall inform Central Licensing (centrallicensing@securian.com) if any of the following occur. You are required to report this information even if it is not tied directly to the sale or servicing of the Companies' products:

- You are contacted by any government agency or regulatory body with any inquiries (including simple questions regarding advertisements or letterhead).
- You are the subject of any investigation or inquiry by any governmental agency or self regulatory body or are required to testify before any such agency or body.
- You are a defendant or respondent in any litigation, proceeding or arbitration alleging violation of any rule or regulation of any governmental agency or self-regulatory body.
- You are the subject of any censure, injunction, suspension, fine, cease and desist order, or other disciplinary action by any governmental agency or self-regulatory body.
- You have any registration, license, permit, certification or membership denied, suspended, revoked or restricted by any governmental agency or self-regulatory body or are barred from becoming associated with a broker or dealer or life insurance company or from engaging in any other securities activities by any governmental agency or self-regulatory body.
- You are the subject of any contempt proceeding or any civil judgment.
- You are the subject of any verbal or written complaint by a client or any claim for damages filed by a client.
- You are the subject of any bankruptcy, agreement to compromise a debt with creditors, or any unsatisfied judgments or liens.
- You are the subject of any arrest, summons, arraignment, indictment or conviction, or plead guilty or no contest to any criminal offense other than a minor traffic violation (such as a parking or speeding ticket).

## J. Investigations

At any time we may initiate an investigation concerning the sale, servicing or administration of products issued by the Companies. In such case, a producer shall assist the Company with its investigations by providing prompt and complete responses to requests for information. Such requests may include, but are not limited to, requests for written statements, requests for production of business correspondence and/or requests for production of records maintained in the ordinary course of business. Failure to provide requested information upon request in a timely manner, or withholding or omitting relevant information to the matter, may result in disciplinary action up to and including termination.



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**Securian Financial Group, Inc.**  
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