

# INNOVATIVE UNDERWRITERS

1700 Market Street, Suite 3232, Philadelphia, PA 19103

215-875-8650 800-4-INSURANCE Fax 215-875-3594

www.innovativeunderwriters.com

## MetLife (LTC)

LICENSING

### Agent Licensing for All Agents

Please Complete, Sign and Return the following:

- |   |   |             |
|---|---|-------------|
| 1 | Producer Profile  | 1 Copy      |
| 2 | Current E&O Certificate (minimum of \$1,000,000 required) | 1 Copy      |
| 3 | Copy of State License Personal/Corporate                  | 1 Copy Each |

Are you a Guardian Agent?  Yes or  No

If yes, who is your Guardian General Agent? \_\_\_\_\_

Are you an Innovative Agent?  Yes or  No

Email address \_\_\_\_\_

TO: MetLife  
 Corporate Licensing and Registration - LTC  
 500 Schoolhouse Rd. Johnstown, PA 15904  
 Fax 908-552-2444  
 Please direct phone call inquires to 888-776-3882, prompt 3



Long-Term Care

Rev 14

**LTC Appointment Form** \*Only to be submitted with LTC business or for pre-appointment states\*

Broker Name (Last, First, MI):	SSN:	Date Of Birth:
Agency Name:	EIN:	
Home Address:	Broker Phone/Email:	
Business Address:	Business Phone/Email:	
MGA Licensing Contact:	MGA Telephone:	EMAIL Address of MGA Licensing Contact:
Rosemarie Crisomia	800-446-7872	rcrisomia@innovativeunderwriters.com

As defined by the NAIC regulations, certain states allow the payment or the assignment of commissions or other compensation to an unlicensed entity who is not involved in the sale, solicitation, or negotiation of an insurance product. If the entity above will be known to the applicant, then a license and all state requirements are **always** required. If the entity above will not be known to the applicant, then a license and all state requirements are **only** required if the state has **not** adopted the NAIC model act.

The undersign certifies that the entities checked are known to the applicant. MGA  AGA  GA1  GA2  Payee

**INSURANCE LICENSING/APPOINTMENTS:**

STATES: Please circle each state you are requesting appointment in. Please ensure you attach the appropriate state license and certification for each state.

AL AK AR AZ CA CO CT DE DC FL GA HI ID IL IN IA KS KY LA ME MD MA MI MN MS MO MT NE NV NH NJ NM NY NC ND OH OK OR PA RI SC SD TN TX UT VT VA WA WV WI WY

FLORIDA NON-RESIDENT MUST LIST COUNTIES \_\_\_\_\_

**Indicate Who Commissions are payable to and where the statements should be mailed. Commission payments will be Direct Deposited. Please fill out the Direct Deposit form.**

\* Please note – if no information is listed – we will default to using the broker as the payee and for mailing \*

Name:	SSN or EIN:
Principal Officer Name (if applicable):	Principal Officer SSN : (if applicable)
Address:	City/State/Zip Code:

**Indicate Where Policies and Correspondence are mailed:**

\* Please note – if no information is listed – we will default to using the MGA mailing address \*

Name:	Innovative Underwriters	
Address:	1700 Market St, Suite 3232	City/State/Zip Code: Phila Pa 19103

Background Checks are required for appointment requests in the following states, and at MetLife's discretion: AL, AR, CA(only at initial appointment), DC, DE, FL, GA, KS, KY, MI, MN, MS, NM, NC, ND, NY, OH, OK, PA, SC, TN, UT, WA, WV, WI, and WY. Please keep in mind that background checks lengthen the appointment process.

**Appointment Status:** Producer numbers, comp levels and appointment effective dates, as well as requests for missing or updated paperwork, will be emailed to the licensing contact listed above.

I hereby certify that I have read and understand the items on this form and that my answers are true and complete to the best of my knowledge. I have been advised that MetLife (hereafter referred to as "The Company") may conduct investigations in connection with my request to represent The Company in the solicitation of certain insurance products. I hereby consent to The Company requesting and obtaining all information as discussed in this paragraph and for all such reports to be requested by and provided to The Company. I understand that a routine inquiry may be made as to a requirement for state appointment. If applicable, The Company may obtain reports from a consumer reporting agency, an investigation report or inquiries from the State Insurance Department. Any information that The Company obtains about me will be treated as confidential. FAIR CREDIT REPORTING ACT - as part of its regular procedures, The Company may obtain an investigative consumer report. It may deal with character, reputation, personal trails, and lifestyle. It may involve personal interviews with friends, neighbors and associates. I understand I have the right to make, within a reasonable amount of time, a written request for details on the name and address of the agency making the report. I further understand that depending on the state law, subjects of an investigative consumer report may have the right to: 1) request that they be interviewed in connection with the making of the report; and 2) receive a copy of the report, upon request. My signature below constitutes my agreement and authorization to the above. I understand that if any of the material information I provided is found to be incorrect or incomplete, it may be grounds for my immediate termination at the discretion of The Company.

Broker's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

MGA's Signature: Maurice A. Rachford Mitchell Date: \_\_\_\_\_

**For MGA, AGA, GA1 or GA2 Use Only:**

List the following hierarchy information along with the compensation level that is applicable. (e.g. G1, etc.):  
 \* Please note if a compensation level is not indicated, the comp level will default to the **basic broker level**. \*

MGA: <b>INNOVATIVE UNDERWRITERS</b>	Comp Level	Writing Code	Principal Officer (PO) Name and SSN:
AGA:	Comp Level	Writing Code	Principal Officer (PO) Name and SSN:
GA1:	Comp Level	Writing Code	Principal Officer (PO) Name and SSN:
GA2:	Comp Level	Writing Code	Principal Officer (PO) Name and SSN:
Broker:	Comp Level <u>50/17/1</u>	Writing Code	

**For DI - LTC Use ONLY:**  
 Please list your DI Representative : \_\_\_\_\_

**For MetLife Use Only: Brokerage Unit - Cost Center - 22338**

Due Diligence:  Approved  Pending  Declined \_\_\_\_\_

Status:  Appointment Processed  Insufficient Information  Declined: \_\_\_\_\_  
 (Eff Date: \_\_\_\_\_)  Paced: \_\_\_\_\_

If Insufficient information, check off reasons:

- Still active with another distribution channel (MLFS, NEF, etc).
- No Broker Appt form submitted
- Incomplete Appointment Form
- Need license copy. List states: \_\_\_\_\_
- Expired/ terminated licensed submitted
- Continuing education credits missing. List states: \_\_\_\_\_
- Other: \_\_\_\_\_



# **HOW WE DO BUSINESS**

## **A Guide for Producers Not Registered with a MetLife Affiliated Broker/Dealer**

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**HOW WE DO BUSINESS**  
**A Guide for Producers Not Registered**  
**with a MetLife Affiliated Broker/Dealer**

**ACKNOWLEDGEMENT FORM**

I have received and read *How We Do Business: A Guide for Producers Not Registered with a MetLife Affiliated Broker/Dealer* © 1/2005. I fully understand the rules and requirements described and agree to abide by these rules and requirements.

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Producer's Name (print)

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Producer's Signature

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Date

---

Managing Director's Signature

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Date

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## Introduction

### Purpose

Keeping our clients' trust is crucial. Ethical behavior protects our hard-earned long-term relationships with clients, the MetLife Enterprise's reputation for high standards of market conduct, and the integrity each of us strives to maintain. Whether we are in the field or the Home Office, we all share the responsibility for adhering to the highest standards of business practice.

This guide is designed to help producers not registered with a MetLife affiliated broker/dealer understand the MetLife Enterprise's position concerning ethical conduct expectations in today's marketplace. If you come across a situation not clearly addressed in this guide, consult your Manager or the MetLife Enterprise's Corporate Ethics and Compliance Department for guidance.

### How We Do Business

This guide contains the policies and procedures established by the MetLife Enterprise that are designed to ensure compliance with required rules and regulations. These rules apply to all products offered by the MetLife Enterprise and to all conduct associated with the MetLife Enterprise, your clients, and the public. The penalties for failure to comply with the rules and regulations may include MetLife Enterprise or regulatory sanctions such as censure, fine, suspension, civil or criminal liability, and/or termination of association with the MetLife Enterprise.

### Principles of Ethical Market Conduct

The MetLife Enterprise is a member of the American Council of Life Insurance's Insurance Marketplace Standards Association (IMSA). As a member, the MetLife Enterprise has adopted the six principles of ethical market conduct endorsed by IMSA. The principles are:

- To conduct business according to high standards of honesty and fairness and to render that service to its client which, in the same circumstances, it would apply to or demand for itself;
- To provide competent and client-focused sales and service;
- To engage in active and fair competition;
- To provide training, advertising, and sales materials that are clear as to purpose and honest and fair as to content;
- To provide for fair and expeditious handling of client complaints and disputes; and
- To maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

### Who Must Comply

The rules outlined in this guide apply to all producers not registered with a MetLife affiliated broker/dealer.

The term "**client**" is used interchangeably for client, customer, prospect, or any other member of the public who wishes to do business with the MetLife Enterprise.

The term "**producer**" is used interchangeably for producer, broker, or any other individual soliciting Enterprise products. It does not apply to registered representatives and/or full-time/career agents.

The term "**manager**" is used interchangeably for manager, General Agent, Managing General Agent, Managing Director, Managing Partner, Brokerage General Agent or Associate Partner.

## **Ethical Responsibilities to the MetLife Enterprise**

As a result of your affiliation with the MetLife Enterprise, you are authorized to perform certain functions that will be legally binding on the MetLife Enterprise. It is important for you to know the parameters of your association thoroughly and to know what you can and cannot do. When you are acting within the scope of your authority, the law considers that you and the MetLife Enterprise are one and the same. The following policies, rules, and regulations provide guidance in establishing and maintaining a mutually beneficial relationship with the MetLife Enterprise.

### **Compliance and Fraud Hotline and Website**

The MetLife Enterprise is committed to providing the highest quality products and services through the integrity and ethical practices of its employees and business partners. Acts of fraud and other unethical behaviors, whether originating outside or within the Company, can threaten our growth, profitability and leadership in the marketplace. Any producer, employee, client, shareholder or other interested party aware of or with reason to believe a violation of practices exists should notify the MetLife Enterprise immediately.

The MetLife Enterprise established the Compliance and Fraud Hotline to offer interested parties the opportunity to make an anonymous report about known or suspected fraud, inappropriate sales practices, financial accounting issues, internal accounting control issues, auditing concerns, or other potential violations of business practices, such as the unauthorized signing of a client's or another associate's name and misappropriation or mishandling of client funds. Hotline calls are confidential, but you may be asked to provide specific information regarding the allegation.

The MetLife Enterprise Compliance and Fraud Hotline is 1-800-462-6565.

In addition to the hotline, another easy and effective way to obtain more information and report such matters is by accessing the Corporate Conduct page residing on the MetLife Enterprise's public website ([www.metlife.com](http://www.metlife.com)). This resource can be found by clicking on the "About Us" tab located on the home page and accessing the section on "Corporate Governance." All correspondence, whether submitted in writing, by telephone, or by e-mail receives prompt attention and is treated confidentially. Interested parties can remain anonymous when communicating their concerns, if desired.

### **Licensing**

You must be properly licensed and appointed where applicable prior to soliciting business. You must not be compensated for a sale that occurred when you were not properly licensed, even if you fulfill the licensing requirement after the sale. While non-securities insurance commissions under certain conditions (collateral and absolute assignments) are assignable, it is in violation of both federal and state insurance laws for any commissions to be paid, assigned, split, or otherwise directed to individuals, firms, or other entities that are not properly licensed at the time of sale.

Failure by a producer to obtain all necessary licenses and appointments, where required, prior to solicitation can result in rescission of the sale and "charge-back" of earned commissions. Aside from potential MetLife Enterprise sanctions, state and federal regulators may impose disciplinary actions such as license suspensions and fines.

## **Ethical Responsibilities to the MetLife Enterprise (Continued)**

### **Insurance Licensing**

You must comply with a state's licensing requirements and secure a MetLife Enterprise appointment where required prior to soliciting the sale of any insurance products in that state or with residents of that state. You must be appropriately licensed to solicit and sell the product in the state where the application is signed and in the state where the proposed insured resides, if in a risk resident state.

### **State Insurance Continuing Education**

Continuing education for life and health licenses is governed by the individual states within which producers are licensed. It is the responsibility of the individual producer to satisfy his/her life insurance continuing education requirements. Information on continuing education courses for license renewal is available online by several industry organizations, state Departments of Insurance (DOI) and Life/Health continuing education vendors.

### **Sharing Commissions**

It is unlawful for a producer, including the Manager, to pay compensation of any kind to, or split commissions with, anyone who is not appropriately licensed and appointed by the MetLife Enterprise. All commission splits between producers must be indicated on the product application.

### **State Product Approval**

No product may be solicited, illustrated, or sold in a state prior to the product being approved for sale in that state.

### **Non-Licensed Support Staff**

Administrative or secretarial personnel who are not insurance licensed may not act upon client requests without specific instruction from the producer. An unlicensed administrative assistant may respond to a client's procedural questions.

An administrative assistant who does not have an insurance license and appointment with the MetLife Enterprise must never sign his/her own name or sign a producer's name to solicitations regarding insurance; or counsel or advise clients or otherwise act as an agent of the producer (or client). However, an unlicensed administrative assistant is permitted to sign his/her own name to strictly administrative servicing-type letters (e.g., "Enclosed are the beneficiary change forms that you requested").

### **Internal Communications**

In the financial services industry, communications with the public are highly regulated to ensure that consumers are presented with fair and balanced information with which to make informed financial decisions. For this reason, producers must not distribute internal memoranda, training literature, or material from outside sources unless it is clearly intended for public use and has been approved by the MetLife Enterprise for use with the public.

In many cases, these types of material will contain language limiting their use to producers for product knowledge and training purposes only. This material must not be given, shown, or read to clients. It must not be copied or retyped in any form and then given to clients.

## Ethical Responsibilities to the MetLife Enterprise (Continued)

### Prohibited Business Practices

#### Viatical or Life Settlements

The Company does not allow dealing with viatical (which includes senior and life settlements) companies on our policyholders. A viatical is the sale of life insurance by a policy owner, who typically is terminally ill or elderly, to a buyer who has no insurable interest in the life of the insured. The owner usually is seeking income for medical bills, while the buyer profits by receiving the full death benefit at the insured's demise. The Company has made the decision not to support viatical settlements because of issues such as conflict of interest, negative publicity and the fact that many states consider viatical settlements a securities product, making the transaction "selling away." In addition, several viatical settlement companies have come under increased scrutiny and criticism by industry groups, regulatory agencies, and consumer groups. Thus, it is inappropriate for a MetLife Enterprise producer to be in the viatical settlement business.

There are product alternatives like Accelerated Death Benefit riders that can be used to address clients' needs in many cases. If a client insists on dealing with a viatical company, the producer may refer the client to his or her state insurance department. Some insurance departments maintain "hotlines" or post information concerning viatical settlements on their websites. Producers may supply clients with any contractual information about the accelerated death benefit rider, if it is applicable.

A MetLife Enterprise producer should not on any MetLife Enterprise policies:

- Act as a viatical settlement company or as a producer for a viatical settlement company;
- Assist the client in completing an assignment of their Company contractual death benefits to a viatical settlement company (other than to provide those wishing to make such an assignment with any contractual information they may be entitled to receive or to refer them to the appropriate information resource within the Company);
- Identify prospects, insureds, or contractholders of the Company or its subsidiaries to any viatical settlement company for the purpose of having that prospect, insured, or contractholder enter into an agreement or arrangement with the viatical settlement company or anyone else; or
- Identify, find, or suggest to a viatical settlement company any individual (including the producer) or group interested in investing in a viatical settlement company or in any way provide funding for the risks assumed by a viatical settlement company.

#### Insider Trading

Federal securities laws and Company policies strictly prohibit producers from engaging in insider trading. Insider trading involves the use of "inside information" as a basis for buying, holding or selling a security; making recommendations to others on the basis of inside information; or communicating inside information to another person.

Generally, "inside information" is information that is "material" and "non-public." Information would be considered "material" if a reasonable investor would consider it to be important in making investment decisions; information would be considered "non-public" if it had not yet been publicly disclosed or was not yet in general circulation.

## Ethical Responsibilities to the MetLife Enterprise (Continued)

The following policies and procedures have been designed to detect and prevent the misuse of material, non-public information in furtherance of the objectives of the Insider Trading and Securities Fraud Enforcement Act of 1988. The potential liability for a violation of the insider trading rules could be up to a million dollars for an individual and a prison term of up to ten years so it is critical that all home office and field associates thoroughly familiarize themselves with what may be considered insider trading and how to avoid it.

A series of court cases based on SEC Rule 10b-5 have established that it is unlawful for any person to misuse, either directly or indirectly, any material, non-public information about a Company. Any person who is in possession of any information of this sort is prohibited from:

- Purchasing or selling securities of such companies for their own accounts, for accounts in which they have a beneficial interest or over which they have the power, directly or indirectly, to make investment decisions;
- Soliciting client's orders to purchase or sell the securities of such companies;
- Issuing research reports, recommendations, or comments which could be construed as recommendations concerning such companies; or
- Disclosing material, non-public information or any conclusions based thereon to any other person in or outside the MetLife Enterprise.

"Material, non-public information" is any information that has not been publicly disseminated and which a reasonable investor might consider important in making an investment decision. Examples of the types of information that are likely to be deemed "material" include, but are not limited to, the following:

- Dividend increases or decreases;
- Earnings estimates or material changes in previously released earnings estimates;
- Significant expansion or curtailment of operations;
- Significant increases or declines in revenues;
- Significant merger or acquisition proposals or agreements, including tender offers;
- Significant new products or discoveries;
- Extraordinary borrowing or liquidity problems;
- Major litigation, initiation, settlement or court decision;
- Extraordinary management developments; and
- Purchase and sale of substantial assets.

Violations or suspected violations of insider trading laws involving MetLife stock must be reported to MetLife's Corporate Secretary's office and Corporate Ethics and Compliance. Violations or suspected violations involving all other securities must be reported to Corporate Ethics and Compliance.

### **Commingling of Client Funds**

When producers collect client checks for initial premiums on MetLife Enterprise policies, the checks must always be payable to the insurance company and never the producer. Renewal premiums must be made payable to the insurer and sent directly to the MetLife Enterprise by the premium payers. Producers have no authority to receive renewal premiums on the MetLife Enterprise's behalf.

## **Ethical Responsibilities to the MetLife Enterprise (Continued)**

A producer must not deposit client funds into the producer's business or personal account or deposit his/her personal funds in a client's account. A client's check inadvertently made payable to the producer must not be negotiated, but must be returned immediately to the client, who should issue a new check to the appropriate payee. Additionally, producers cannot have the MetLife Enterprise's name on any personal or business accounts.

Under no circumstances may a producer submit a check written on his/her own account or otherwise advance monies on behalf of a client.

### **Twisting**

"Twisting" is inducing a client to cancel disadvantageously the contract of another insurer in order to sell a new contract. A producer must ensure that a replacement is always in the client's best interest.

### **Misrepresentation of Sales Compensation**

A producer must not lead a client to believe that the producer will not be receiving any sales compensation when that is not the fact.

### **Sharing a Policy or Account**

A producer may not share directly or indirectly, or have any beneficial interest in, the profits or losses of a client's account, policy, or transactions.

### **Third-Party Transactions**

A producer may not accept orders to make transactions in a client's account from a third party. Producers may accept requests for information only from the owner(s) of an account. If a third party places a request, producers are expected to confirm that the third party has appropriate authorization to act on behalf of the owner for the given situation (such as Power of Attorney), and that appropriate documentation is on file prior to accepting and facilitating any order or sharing any information with the third party.

### **Guarantees**

A producer must not:

- Guarantee a client against loss;
- Guarantee profits or offer to reimburse a client for losses experienced in any product; and/or
- Guarantee that a participating policy will pay a dividend.

### **Premium Offset**

A producer must never guarantee or promise that a policy premium payment will "vanish" at a given time or be paid by dividends or available cash values. Whenever describing "premium offset" of a traditional life policy, the producer must clearly disclose that these options are based upon dividend illustrations which are not guaranteed, and that additional premium payments may be required.

### **Lending and Borrowing**

A producer must not lend money or securities to a client or borrow money from a client. This rule applies even if the client is also considered a "personal friend" of the producer.

## **Ethical Responsibilities to the MetLife Enterprise (Continued)**

### **Rebates**

A producer must not give, directly or indirectly, to a client or any other person or firm anything of value outside of what is provided for in the policy. This includes any rebate or commission or any other compensation received by the producer.

### **Gifting**

Generally, you may not give to or receive from your clients any large, extravagant gifts or cash. This can include merchandise, gifts and prizes, travel expenses, vacations, meals, and/or lodging. There are limited situations in which the MetLife Enterprise permits gifting arrangements. Check with your Manager for a description of these situations.

### **Tax or Legal Advice**

A producer must not give tax or legal advice unless qualified to do so. This does not preclude your responsibility to point out potential tax or legal implications related to any transactions or recommendations regarding the products or services you offer (e.g., the liquidation of mutual funds held in a non-qualified account to purchase another financial product). You should always direct a client to his/her attorney, accountant, or tax consultant for information specific to his/her circumstances.

### **Holding Client Checks**

A producer may not under any circumstances be granted Power of Attorney or act as a personal custodian for money or property of a client, unless the client is a family member. A producer must immediately forward checks received from a client to the MetLife Enterprise. A producer must not hold or control any payments, funds, or property (such as insurance policies) for a client.

### **Changing Records**

It is the responsibility of a producer to maintain all necessary business records. A producer must not effect a change in a client's records without the client's authorization. Under no circumstances may the client's address of record be changed to that of the producer. All forms requesting changes must be completed prior to obtaining a client's signature.

### **Conflict of Interest**

In order to avoid potential conflicts of interest, you may not be the owner or beneficiary (except for family members) of a client's insurance policy, investment account, or annuity. In addition, the MetLife Enterprise does not allow the subsequent transfer of ownership to you from the client.

A producer is also prohibited from acting in a fiduciary role, such as being a trustee or assignee for a client or serving as an executor of a client's estate, attorney in-fact, or general partner, unless the client is a family member. This prohibition includes serving as a trustee for a qualified plan.

### **Fraudulent Activity**

As a producer, you are entrusted by your clients to act in their best interest. You are also required to comply with all laws and regulations, particularly as they relate to professional and business activities.

The MetLife Enterprise considers the following activities to be fraudulent; therefore, engaging in any of these activities may result in fines, suspensions, or termination of your contracts.

## Ethical Responsibilities to the MetLife Enterprise (Continued)

You must never sign any application for, or otherwise act on behalf of, any person not appropriately licensed for the product.

It is a violation of both federal and state insurance laws for any commissions to be paid, assigned, split, or otherwise directed to individuals, firms or other entities that are not properly licensed. You must not be compensated for a sale that occurred when you were not properly licensed, even if you complete the licensing requirement after the sale. Also, you must not compensate any individual who is not properly licensed, even if the individual becomes licensed after the sale.

A producer must not effect any transaction or induce the purchase or sale of any product by means of any manipulative, deceptive, or other fraudulent device or contrivance.

Other examples of fraudulent activities include, but are not limited to, the following:

- Forgery (this includes signing a client's name with or without his/her permission);
- Signing as a witness to a signature that the producer did not actually witness;
- The establishment of fictitious client accounts in order to execute prohibited transactions (do not use fictitious names on accounts);
- The execution of a transaction for a client without the client's express consent;
- Obtaining and keeping on file blank forms that have been signed by the client;
- Falsification of records;
- Placing your address as the mailing address (address of record) on a client's policy;
- Twisting;
- Commingling of funds;
- Money laundering;
- The authorized or unauthorized use or borrowing of client or MetLife Enterprise funds;
- Misappropriation of client funds;
- Nondisclosure or misstatement of material facts;
- Manipulations of client funds; and/or
- Any other type of deception.

The MetLife Enterprise has a hotline dedicated to the reporting of fraudulent activities. The MetLife Enterprise Compliance and Fraud Hotline is 1-800-462-6565.

## Reporting Requirements

### Client Complaints

The MetLife Enterprise defines a complaint as a communication that primarily expresses a grievance, allegation, or dissatisfaction with the quality of an insurance or investment product, service, or any action or representation by a MetLife Enterprise producer. Complaints can be either verbal or in writing. All written complaints and memoranda documenting verbal complaints must immediately be forwarded to your Manager and/or to Corporate Ethics and Compliance.

## Ethical Responsibilities to the MetLife Enterprise (Continued)

A producer must not, under any circumstances, attempt to resolve a complaint on his/her own or offer to make any payments to a client from the producer's personal funds to resolve a complaint without prior Corporate Ethics and Compliance approval.

### Notification

Every producer should inform his/her Manager and/or Corporate Ethics and Compliance if any of the following occur:

- Is contacted by any government agency or regulatory body with any inquiries (including simple questions regarding advertisements or letterhead);
- Is the subject of any investigation or inquiry by any government agency or self-regulatory body or is required to testify before any such agency or body;
- Is 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;
- Is the subject of any censure, injunction, suspension, fine, cease and desist order, or other disciplinary action by any governmental agency or self-regulatory body;
- Has any registration, license, permit, certification, or membership denied, suspended, revoked, or restricted by any governmental agency or self-regulatory body or is 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;
- Is the subject of any contempt proceeding or of any civil judgement;
- Is the subject of any verbal or written complaint by a client or any claim for damages filed by a client;
- Is the subject of any bankruptcy; or
- Is the subject of any arrest, summons, arraignment, indictment, or conviction, or pleads guilty or no contest to any criminal offense other than a minor traffic violation, such as a parking or speeding ticket.

## Ethical Responsibilities to the Client

In keeping with the MetLife Enterprise's high standards of behavior and its commitment to the development of long-term client relationships, certain rules of conduct must be followed.

### Field Underwriting

Every producer must know his/her clients and the terms and conditions of the Company's products and policy provisions in order to make appropriate product and service recommendations. Field underwriting is the process by which a producer gathers information from a potential client for the purpose of establishing the client's needs and qualifications for a particular product. Field underwriting is the responsibility of every producer and is a process, not an event. The field underwriting process includes gathering information about the client through a fact finding process, identifying the client's needs, preparing a recommendation, and completing an application.

All producers must make reasonable efforts to gather information from their clients to help determine what products, if any, should be recommended. Producers are required to have documentation in their client files that clearly shows the information gathered to determine which products to recommend to their clients based on the needs, objectives, and risk tolerance as indicated by their clients.

While the final decision on every application rests with the Underwriting Department of the home office, underwriting begins in the field and the Company cannot underwrite its risk successfully unless the preliminary steps are intelligently and honestly performed by producers. Insurance Departments look at the underwriting and rating practices of insurance companies with a twofold purpose of assuring solvency of the Company and the fair treatment of consumers. For this reason, laws dealing with unfair trade practice in this area stress the application of sound principles of risk assessment and selection and prohibit inequitable and discriminatory treatment.

### Suitability

A producer is required to make reasonable efforts to gather information from his/her clients to help determine what products, if any, should be recommended. This information gathering includes the completion of a fact-finder that contains information on the client used by the producer to determine why a particular product was recommended and is suitable to the client. The application itself does not serve as the fact-finding tool. A producer is required to have documentation in his/her client files that clearly shows the information gathered to determine which products to recommend to his/her clients based on the needs, objectives, and risk tolerance indicated by his/her clients. Although "suitability" is a term that originated in the securities industry, it is a requirement that must be followed in both securities and insurance sales. A producer must have reasonable grounds for believing the recommendation is suitable based on facts provided by the client as to his/her financial situation and needs.

Financial objectives must be discussed with the client, and the client should indicate the particular objectives he/she desires. This can be accomplished by carefully evaluating client information and needs. This information includes, but is not limited to:

- Financial need;
- Investment objectives;
- Risk tolerance;
- Investment history;

## Ethical Responsibilities to the Client (Continued)

- Liquidity needs;
- Tax bracket;
- Income level;
- Age;
- Net worth;
- Time horizon;
- Number of dependents;
- Special needs dependents;
- Ability to pay and/or source of funding for product purchases;
- Familiarity with the relative advantages and/or disadvantages of various products;
- Occupation and address of employer;
- Association or employment with any NASD member firm;
- Hobbies (such as mountain climbing or scuba diving);
- Driving history;
- Travel outside country; and
- Family history.

All relevant information must be documented in the client file. If a proposed sale is not suitable for the client, the producer should not pursue it. All new business applications are subject to suitability review and approval by a supervisor. You may be asked for additional information and documents if suitability is questioned.

### Product Knowledge

It is the producer's responsibility to know and understand any product recommended and to relay this information to the client. This includes making all relevant disclosures to a client including any required documents (e.g., state replacement forms, sales illustrations, account applications, required disclosure forms).

Producers should be familiar with the product specifics pertinent to each client, such as costs, fees, expense structures, restrictions, potential benefits and investment risks.

### Application Completion and Transmittal

A producer must ask the owner of the product, and if applicable, the insured, all of the questions on the product application. A client must never sign a blank application or other blank forms to be completed later by the producer. No alterations to answers on product applications are permitted unless initialed by the proposed insured. The use of correction fluid (e.g., White-Out®) is not permitted on any product application. The client must initial any cross-outs or changes. Additionally, it is the ethical responsibility of the producer to give the MetLife Enterprise any additional information affecting the underwriting of the case whether addressed on the application or not.

## **Ethical Responsibilities to the Client (Continued)**

By witnessing the proposed insured's signature, the producer is verifying that the application questions have been asked. It is very important for underwriting and claim purposes that producers soliciting business see the proposed insured(s), ask the application questions, and have the proposed insured(s) sign the application in their presence. Under no circumstances should the producer sign on behalf of the proposed insured. Such acts can carry extremely stiff penalties.

Applications are legally binding documents that serve legal, regulatory, and MetLife Enterprise needs. Applications not completed correctly, or submitted without required supplemental forms, are "not of good order" (NOGO). NOGO applications cannot be processed. A NOGO submission will delay approvals and commission payments.

A producer may not hold client funds, checks, requests, or applications. Applications with checks representing premiums must be submitted within one business day to the marketing firm for transmittal to the MetLife Enterprise.

The producer must be appropriately licensed, appointed and registered to sell the product in the state where the application is signed and in the state where the proposed insured resides, if in a risk resident state.

### **Form Completion**

A producer must never have a client sign a blank form to be completed later by the producer. All forms and applications must be completely filled out before a client signs and dates the forms.

### **Non-Medical Privilege**

All producers of the Company are granted the non-medical privilege on life policies. It is the producer's responsibility to use this privilege in a manner that protects the rights under the policy provisions of both the Company and the clients. The non-medical privilege may be revoked any time there is a question about its proper use. Producer underwriting pertaining to compliance and ethics deserves much attention. When any type of claim occurs, the insurance application becomes the basis for a claim dispute, denial or acceptance. A producer who compromises part of the underwriting process with false or misleading information, as it pertains to the prospective insured, is creating potential wealth for litigating attorneys.

The Company reserves the right to require an examination of a proposed insured. When the producer has reason to believe that the Company's interests will be protected by an examination, it should be arranged for immediately to avoid delay. Under these circumstances, the home office must be informed of the reason for the examination. Otherwise, use of the non-medical privilege is mandatory in the authorized age and amount brackets. Fees for unnecessary examinations will be charged to the producer's account. If there is any reason to believe the proposed insured may not be an acceptable risk, a non-medical inquiry must be submitted.

Since the producer is in effect taking the place of the medical examiner on non-medical business, he/she must personally see the proposed insured. If for any reason the proposed insured cannot be seen, it must be so noted on the application. Exceptions to this requirement include children to be covered by dependent coverage.

Non-medical limits are based on the age as of the date of the application. Requests for backdating or postdating are disregarded for underwriting purposes in determining requirements.

## Ethical Responsibilities to the Client (Continued)

### Fair Credit Reporting Act (FCRA)

**Pre-Notification.** The Company application forms contain a notice to the proposed insured. This pre-notification notice is given to the individual on whom an inspection report will be made. If there is a third party applicant-owner, the notice is to be given to the proposed insured and not to the applicant-owner.

The notice is given to the proposed insured in all instances, even when the amount of the application is within the limits that would routinely be considered without an inspection. Information from other sources may make it necessary to request an inspection.

**Medical Authorization.** The provisions of the Fair Credit Reporting Act and HIPAA make it necessary to have a signed medical authorization. Our medical authorization is extensive and is meant to include sources other than just physicians, hospital and clinics, such as other insurance companies, our reinsurers and the Medical Information Bureau.

### MIB Notice Form

In addition to the notice form described above, written notice must also be given to the applicant informing him that the Company may make a brief report to the Medical Information Bureau. The MIB Notice is printed on each application also.

### Solicitation and Cost Disclosure

Some states have recently passed solicitation regulations requiring a Buyer's Guide and a Policy Summary to be furnished to the life insurance applicant to prevent misrepresentations and make comparisons. Buyer's Guide booklets and the individually prepared Policy Summaries are provided by the Company when required. It is the responsibility of each producer to know when Solicitation and Cost Disclosures regulations are applicable.

### Policy Delivery

A producer must deliver life insurance policies and annuity contracts and obtain a policy receipt promptly upon the policy's arrival at the marketing firm. If unable to make delivery in a timely manner or obtain a receipt, a producer must inform the Company of the fact and secure the receipt as soon as possible. After issuance, the prompt delivery of a policy or contract to the client is required because it starts the time period of the "free look" for all contracts. Policies must be delivered within the policy delivery requirements to the owner, who is to sign a receipt form, which is then sent to the MetLife Enterprise. A copy is then retained in the marketing firm's files. Also, it is important to keep in mind that only the owner of the policy can sign the policy delivery receipt form. The policy receipt form must not be signed by the insured, spouse or any other family members.

If the policy cannot be delivered personally to the owner due to extenuating circumstances, a producer may send the policy to the owner via certified mail. The signed certified mail receipt will serve as confirmation of policy delivery. A copy of this receipt and a letter explaining the extenuating circumstances must be mailed to the New Business Department and a copy placed in the client's file. However, policies requiring additional money and/or the following post-issue requirements must be delivered personally:

## Ethical Responsibilities to the Client (Continued)

- Signed amendment;
- Signed sales illustration;
- Signed revised sales illustration;
- COD endorsement form;
- Signed Enterprise application for TeleUnderwritten policies;
- Health certificate;
- Exclusion rider;
- Enterprise Bank Draft Form and void check; or
- Absolute Assignment Form/Post Issue.

A producer has a clear fiduciary responsibility to the MetLife Enterprise to report any relevant changes in a client's circumstances between the time a policy was underwritten and its delivery. Also, a producer must not retain a client's policy or contract in his/her own client files unless the producer has received written authorization from the client acknowledging receipt and requesting that the producer keep the contract. In these circumstances, an attempt must be made to convince the client that he/she should retain the policy, and a signed policy receipt must still be obtained as evidence that the policy was received by the client. The producer must maintain proper documentation in his/her client file to show evidence of authorization.

### Free Look

It is important that clients fully understand the process of rescinding their insurance contract during the free look period. Proper procedures are explained in the policy. A producer must be thoroughly familiar with these procedures and must review them with the client.

### Quality Assurance Programs

The MetLife Enterprise has two types of quality assurance programs in place, a pre-issue Personal History Interview (PHI) and a post-issue written Customer Feedback Questionnaire. These programs promote client understanding and help protect the producer and the MetLife Enterprise from potential client misunderstandings.

The PHI telephone call is designed to confirm client's purchase expectations and understanding as well as identify and resolve any potential client concerns prior to the issue of the policy. The PHI telephone call helps the MetLife Enterprise ensure that clients receive a product that meets their financial needs at a cost appropriate to their risk profile. Each telephone call is recorded, with the permission of the client, as it occurs and can be retrieved if any questions arise. Any potential issues that arise during the interview are referred back to the manager for resolution. Those clients who receive a PHI call will not receive a written Customer Feedback Questionnaire.

The Customer Feedback Questionnaire is used to help determine the quality of sales made by producers and to confirm clients' understanding of the nature of their purchases. The MetLife Enterprise reviews and researches clients responses where there are questions regarding the sales and marketing activities of a producer. As part of this review, the manager may be asked to obtain a statement from the producer regarding the sale.

## Ethical Responsibilities to the Client (Continued)

### Loans, Surrenders, and Transfers

Policy loans, surrenders and transfers may be authorized by the client. Client requests must be forwarded within one business day by the producer to the MetLife Enterprise for processing.

### Replacement Sales

The MetLife Enterprise requires that all replacements be suitable and in the client's best interest. Essentially, whenever an existing life insurance or annuity contract is terminated or changed, or its values are used in connection with the purchase of another policy or contract, a replacement situation may exist. Producers must not pursue replacements as a marketing strategy. The MetLife Enterprise requires that all replacement sales have a strong, clearly documented basis for suitability. The MetLife Enterprise monitors both internal and external replacement activities and disallows all replacements that are not clearly in the best interest of the client. A client who surrenders an in-force policy to purchase a new one may incur significant deferred sales charges and an income tax liability. The producer must make sure that the client understands any potential charges and tax liabilities. All applicable state regulations and MetLife Enterprise policies that apply to the particular replacement sale must be strictly followed, including the completion of any applicable state replacement forms. The producer and Manager are also responsible for completing and signing the appropriate MetLife Enterprise replacement or disclosure forms for all replacement sales, regardless of any state forms that may also be required. See Appendix A for additional replacement guidelines.

### Handling of Funds

#### Checks

A producer must immediately forward checks received from a client to the MetLife Enterprise. A producer may not under any circumstances be granted Power of Attorney or act as a personal custodian for money or property of a client, unless the client is a family member. A producer must not hold or control any payments, funds, or property (such as insurance policies) for a client.

#### Cash

A producer is prohibited from accepting payment in cash (currency). All payments received from the client must be made by check or other acceptable monetary instrument. A producer must never exchange cash from a client for a money order or bank check for the payment of any product.

#### Monetary Instruments, Third-Party Payments, and Double-Endorsed Checks

Monetary instruments, including money orders, travelers checks, and bank checks written on the account of a U.S. bank (e.g., cashier's checks, teller's checks, official checks, treasurer's checks and bank drafts) are an acceptable form of payment for all fixed life and annuity products.

Checks written on the account of a U.S. bank (e.g., cashier's checks, teller's checks, official checks, treasurer's checks and bank drafts) are acceptable only in the limited circumstances described below in conditions (1), (2), and (3).

## Ethical Responsibilities to the Client (Continued)

Third-party checks are checks written on a checking account that is owned by someone other than the owner, annuitant, or insured of the MetLife Enterprise account or policy. Double-endorsed checks are checks made payable to a party other than the MetLife Enterprise (e.g., the client or cash) that have been endorsed by the client and subsequently made payable to the MetLife Enterprise. For life and annuity products, the MetLife Enterprise will accept a third-party check or a double-endorsed check in limited circumstances described below in conditions (1), (2), and (3).

For life and annuity products, the MetLife Enterprise will accept a third-party check or a double-endorsed check written on the account of a U.S. financial institution (including instruments titled "cashier's checks"), if the check:

- (1) Is made payable to the MetLife Enterprise or to a client who endorses the check over to the MetLife Enterprise;
- (2) Originates from a U.S. financial institution; and
- (3) Represents the transfer of assets from an existing account or policy, such as an IRA rollover; funds from an existing brokerage account; or another type of account transfer.

However, if the check is from an unknown or foreign financial institution or other entity, the MetLife Enterprise will not accept the payment, regardless of whether the check is made payable to the owner or to the MetLife Enterprise.

### Starter Checks

Starter checks are generally not an acceptable form of payment for any type of product. Since the name of the accountholder is not printed on a starter check, we are unable to ascertain the owner of the underlying bank account and therefore, cannot verify the source of funds.

In limited circumstances, however, the MetLife Enterprise will grant an exception to this policy. We recognize that it is very common for trusts to purchase life insurance. These trusts do not always purchase pre-printed checks, as they do not regularly write checks. Consequently, the MetLife Enterprise will accept starter checks as premium payment(s) for policies owned by a life insurance trust.

In addition, a starter check will also be acceptable if the producer can verify that the owner of the account/policy is the same person as the owner of the bank account on which the check is being written. This verification can be accomplished by:

- (1) Obtaining a letter from the bank detailing the accountholder, account number and all authorized signatories on the account;
- (2) Providing a copy of a bank statement from the bank account evidencing the accountholder's name and address; or
- (3) Calling the bank and verifying the information with a bank employee.

Please be sure to create a record evidencing the call, including the date of the call, name of the bank, name of the person with whom you spoke, and any other relevant information. If the bank is unwilling to confirm the owner of the account in writing or over the phone, the client will have to submit another form of payment.

## Ethical Responsibilities to the Client (Continued)

### Money Laundering Prevention

Money laundering is generally defined as taking funds collected from an illegal activity and engaging in transactions to conceal and disguise the true source of the funds to make money appear clean or legal. Money laundering may also involve the structuring of or breaking down of payments into smaller multiple transactions (using cash, cashier's checks, money orders, traveler's checks, and other cash equivalents), to evade the \$10,000 federal cash reporting requirement. Structuring itself is a crime, even if the funds have been derived from legal activity.

Producers are on the front line of the battle against money laundering. Producers must verify the identity of their clients by reviewing and recording information contained on a government issued photo ID (e.g., a U.S. driver's license or passport) on new business applications. Producers must not only verify a client's identity, but must identify the source of funds used to purchase or make payments for product and must record the source of funds on the new business application.

If you suspect that a client or other party conducting a transaction with the MetLife Enterprise may be involved in possible money laundering activity, you must report the proposed transaction or activity immediately to your Manager or Corporate Ethics and Compliance. All inquiries into suspicious activities must be documented and retained in the producer's client file. Producers are not to relay any information to a client if activities are being investigated. An individual who is "willfully blind," that is, ignores a suspicion of money laundering activity, is considered to have knowledge of the illegal activity and may be subject to civil or criminal penalties, as well as disciplinary actions, up to and including termination. See Appendix B for a list of activities that may be indicative of money laundering.

### **Client Privacy**

The recently adopted Gramm-Leach-Bliley Act and the Health Insurance Portability and Accountability Act (HIPAA) impose certain obligations on financial institutions related to the treatment of its clients' nonpublic personal information. Among these obligations is the financial institution's responsibility to notify clients of its policies and practices regarding the use, disclosure, and maintenance of such nonpublic personal information. The MetLife Enterprise has detailed privacy policies. As a producer, you are responsible for understanding and adhering to these privacy policies. To review our privacy policies, visit any of the MetLife Enterprise websites [www.MetLife.com](http://www.MetLife.com), [www.NEF.com](http://www.NEF.com), or [www.mygenamerica.com](http://www.mygenamerica.com).

The privacy policies adopted by the MetLife Enterprise require producers to protect the confidentiality and security of information collected about individual clients. It is MetLife Enterprise policy to comply with all applicable federal and state privacy laws and regulations. The MetLife Enterprise provides each producer with a detailed description of their respective privacy policies and procedures, as well as a list of frequently asked questions and answers to clarify the policy's applications. Each producer must review, understand, and comply with these privacy policies in connection with the sale of any and all insurance products to clients. Refer to your MetLife Enterprise contract as well as Appendix E & F for additional information on the privacy policies.

## **Ethical Responsibilities in Communications with the Public**

As a producer of the MetLife Enterprise, you must present yourself to the public at all times in a manner consistent with the MetLife Enterprise's high standards. Building trust with the client requires a full, fair, and honest explanation of the products and services that you offer.

### **Fair Competition**

As a producer of the MetLife Enterprise, you have a duty to engage only in active and fair competition. This means that you may not make disparaging remarks or otherwise "bash" a competitor. Fair competition should be based on such things as price, quality, and service. The MetLife Enterprise believes that you should actively and vigorously compete for business. In doing so, however, you may provide only factual and relevant data about a competitor.

Untruthful, deceptive, or misleading comments regarding our competitors or their products should never be used. Comparison of the MetLife Enterprise products with those of our competitors must be fair and balanced. This means that material facts, both positive and negative, regarding the products of the MetLife Enterprise and the competitor must be disclosed to allow the client to make an informed decision.

### **Furnishing Information**

A MetLife Enterprise client is entitled to information about his/her policy, contract, or account holdings upon request. You cannot charge a fee for any information you provide to the client regarding his/her policy, account holdings, or contract. We realize that the service you provide to your client is valuable; however, you cannot charge a fee to the client for servicing their policy, account holdings, or contracts.

Similarly, while the MetLife Enterprise offers some complimentary services for the benefit of the client, you may not represent such a service as having a dollar value that is being provided for free.

### **Sales Material and Advertising**

All sales material and advertising must be fair and balanced and must not contain any misleading or untrue statement or any statement that exaggerates the facts or makes an unwarranted statement or claim. All sales material and advertising that is used to solicit, sell, or service MetLife Enterprise products and services must be approved by the Sales Material Review Unit of Corporate Ethics and Compliance in writing prior to use with the public. Approved sales material, other than stationery items, must display the approval number and expiration date on it prior to distribution. Sales material refers to virtually all forms of communication delivered to a client or prospect in print or electronic media (e.g., the Internet, e-mail). Sales material refers to any material intending to raise an interest in a product or service, making a reference to a specific product (whether proposed or existing) or service, or making any type of recommendation to buy, sell, or hold a product or to take advantage of a product feature. This includes all client correspondence (via letter, e-mail, fax, etc.), newsletters, recruiting ads, training material, radio or TV spots, brochures, sales presentations, proposals, telephone scripts, telephone "hold" messages, third-party software, sales promotion materials, sales and supplemental illustrations, Internet websites or home pages, newspaper or magazine articles, business cards and letterhead. The only material that does not require pre-approval by the Sales Material Review Unit is the most basic type of servicing letter (e.g., a brief message such as "Attached are the forms you requested. Please sign and return to me." or "It was nice to meet with you the other day. Please let me know if you have any questions.").

## **Ethical Responsibilities in Communications with the Public (Continued)**

All communications with the public in print or electronic form (e.g., e-mail), whether sales material, advertising, or servicing communications, must be maintained locally and forwarded to your Manager, if applicable. You must always keep a copy of all correspondence to clients in each client's file.

Each state regulates the sale of insurance products. Some states have specific requirements relating to sales materials and advertising generated by producers and companies to sell these products. The Sales Material Review Unit will determine whether or not your sales material meets state requirements.

Failure to submit materials to the Sales Material Review Unit for review and approval prior to use with the public may result in disciplinary action.

### **Fair and Balanced Sales Presentations**

Presenting a fair and balanced sales presentation means that you clearly discuss the features, benefits, restrictions, and fees associated with any proposed financial product or use of a financial product in a qualified or non-qualified plan. You must not project the performance, the future cash value, or death benefit of any contract in advertising, sales literature, letters, or verbal or written presentations.

To avoid buyer's remorse or future complaints, and to ensure a long-term client relationship, you should always point out all relevant charges, including charges for surrender and early or partial withdrawal sales charges.

A fair and balanced sales presentation is, after all, one that gives the client all the facts necessary to make an informed financial decision.

### **Deceptive Statements**

You must never make false, misleading, or deceptive statements or exaggerated predictions with regard to any product, including, but not limited to, dividends, yields, and rates of return. You are ethically responsible for providing a full, fair, and accurate presentation of performance-related information and all required applicable disclosures. Please note that all public correspondence and sales presentations that discuss dividends, yields, or rates of return are considered solicitations and must be approved by the Sales Material Review Unit prior to use.

### **Seminars**

Seminars are considered a form of advertising and are subject to all applicable regulations, including state filing requirements. A producer will often seek to use third-party seminars, such as those created by industry associations. All third-party seminars must be submitted in their entirety to the Sales Material Review Unit, along with proof of state filing where necessary. All seminars must be approved by the Sales Material Review Unit prior to use with the public.

### **Public Appearances**

Live TV or radio shows are an advertisement for the services offered by the producers. When making public appearances and discussing MetLife Enterprise products, producers are responsible for being knowledgeable about the MetLife Enterprise's sales material rules.

## **Ethical Responsibilities in Communications with the Public (Continued)**

### **Life Insurance and Annuity Illustrations**

A producer is required to use only illustrations produced by the MetLife Enterprise for life insurance and annuity sales. Insurance and annuity illustrations are used to illustrate hypothetical annual rates of return. You should be careful not to present illustrated values as past or future rates of return.

Certain information is required on illustrations. The MetLife Enterprise product specific illustrations must be presented in their entirety, without amendment, in a timely manner.

In many cases an illustration is the foundation of a legal action, and sometimes it is the sole evidence in a legal action. Therefore, illustrations must contain accurate, verifiable information and all required disclosures. Outdated illustrations must never be used in sales situations.

A current illustration that accurately reflects the application for insurance and is signed by the applicant must be submitted with the application. In the event that a signed illustration has not been submitted with the application, you must produce a signed sales certification (to be submitted with the application) and then present a current illustration no later than the time of policy delivery. Any illustration presented at the time of policy delivery must be signed by the policy owner and submitted to the Home Office. Copies of signed illustrations and certifications must always be retained in the client's file.

### **Stationery, Business Cards, and Brochures**

Business cards, letterhead, and separate marketing identity names which reference the MetLife Enterprise are considered sales or advertising material and they must be approved by the MetLife Enterprise prior to use. Your manager and the Sales Material Review Unit will provide guidance in this area.

## **Electronic Communications**

### **Instant Messaging and Chat Rooms**

Producers are prohibited from participating in instant messaging or chat rooms with prospective clients.

### **Electronic Bulletin Boards**

Producers are generally prohibited from posting information on electronic bulletin boards where the intent of such participation or posting is to prospect for business. Certain types of advertising may be posted on electronic bulletin boards provided that the Sales Material Review Unit approves the advertisement and the electronic bulletin board used for posting the advertisement. Additional restrictions may apply.

### **Unsolicited E-mail and Fax Advertisements**

Producers are strictly prohibited from sending unsolicited e-mail or fax advertisements to prospective clients.

### **E-mail Solicitations and Fax Solicitations**

E-mail solicitations and fax solicitations are generally permitted to be made to the following types of individuals (subject to the e-mail solicitation guidelines outlined below):

- Persons with whom we have an existing business relationship. This includes persons such as current clients and persons who have requested that information or marketing material be sent to them via e-mail or fax; and
- Persons who have given their express consent to receive advertising materials via e-mail or fax.

## Ethical Responsibilities in Communications with the Public (Continued)

### Service Related E-mail

Service related e-mail to an existing client is permitted, but only if the message is considered a “transactional” or “relationship” e-mail message as defined by the federal “CAN-SPAM” Act, i.e., an e-mail, the primary purpose of which is:

- To facilitate, complete or confirm a transaction; or
- To provide information concerning a change in the terms of a product or service or change in the recipient’s status or account balance status; or
- To provide information about employment status or a related benefit plan in which the person participates; or
- To deliver product updates that the individual is entitled to under the terms of an existing contract or transaction.

If the primary purpose of the message is not one of those described above, the producer must follow the e-mail solicitation guidelines outlined below.

### E-mail Solicitation Guidelines

- E-mail solicitations can be sent to current clients, unless the person has expressly asked not to be sent such materials and/or the person’s e-mail address is listed in a federal, state, or Company Do Not Solicit listing. For information on the Company’s Do Not Solicit listing, contact Corporate Ethics and Compliance.
- False or misleading transmission information, headers, or subject lines are prohibited. The sender must be clearly identified, which means that the MetLife Enterprise or any other approved company identifier should be shown in the sender’s e-mail address and/or in the subject line. In addition, the “in re” or “subject line” must also appropriately identify the purpose or subject of the e-mail.
- The functioning e-mail address and physical (i.e., postal) address of the sender must be included in the message.
- All e-mail solicitations must contain information telling the individual how he/she can request that no future e-mail solicitations be sent to him/her at that address (an “opt-out”),\* either by sending such request to the sender’s e-mail address or through other electronic means (e.g., a list or menu from which the person can select specific types of messages he/she wishes to receive or not to receive in the future).

\* For example, the following language has been approved for inclusion in e-mail solicitation materials.  
“You may ask not to receive future e-mail advertisements from the MetLife Enterprise by sending an e-mail message back to me at the address above. Please indicate in your message back to me that you do not wish to receive future e-mail solicitations and be sure to include any additional e-mail addresses to which your request applies. Upon receipt of your request, we will record your request. This may take up to ten (10) business days.”

- If the producer receives an “opt-out” request advising that the individual does not want to receive any further e-mail solicitations from the MetLife Enterprise, that information must be recorded in the MetLife Enterprise’s Do Not Solicit System within ten (10) business days of receiving the request. The producer must inform the Manager or Corporate Ethics and Compliance of the request so that the Do Not Solicit System can be updated.
- Sales material must be specifically approved for distribution via e-mail. An approved flyer or letter cannot be used “as is” for an e-mail solicitation. The producer must resubmit the approved material, along with the e-mail he/she intends to send, to Corporate Ethics and Compliance to ensure that it complies with applicable laws and requirements.

## **Ethical Responsibilities in Communications with the Public (Continued)**

### **Telemarketing**

The MetLife Enterprise requires all persons making telemarketing calls for MetLife Enterprise products and services to follow specific guidelines based on applicable federal and state laws, as well as rules adopted by the Federal Communications Commission (FCC). These guidelines apply to the sale of all products offered by the MetLife Enterprise and any affiliates.

#### **Telemarketing Guidelines**

- Federal law dictates that telemarketers or producers may call residences only after 8:00 a.m. and before 9:00 p.m. in the time zone of the resident. However, many states have more restrictive rules and producers must also adhere to state guidelines, see Appendix C;
- The telemarketer or producer must provide the client with his/her name and the name of the Company represented, including a phone number and address of the caller or company;
- Telemarketers or producers soliciting insurance products must be licensed to sell the insurance products offered. Unlicensed individuals may only schedule appointments for producers;
- Any person or entity that engages in telemarketing must transmit caller identification information, which can be in the form of either the Calling Party Number or the Automatic Number Identification and, when available, the name of the telemarketer. This means that telemarketers or producers cannot make telephone solicitation calls from any phone that has a caller ID block on it. Caller ID block can generally be unlocked using \*82, although you may want to verify that process with your telecommunications provider;
- Any person or entity using a predictive dialer is prohibited from abandoning more than 3% of all telemarketing calls answered live by a person. A call is deemed "abandoned" if it is not connected to a live producer within 2 seconds of the called person's completed greeting. If no producer is available within 2 seconds, the called person must receive a prerecorded message that states the name and telephone number of the entity on whose behalf the call was made, and states that the call was for "telemarketing purposes." If the individual makes a call to that number during normal business hours, he/she must be permitted to make a request to be added to the MetLife Enterprise's Do Not Call list;
- If an individual advises that he/she does not want to receive any further telemarketing calls from the MetLife Enterprise or any affiliates, that information must be recorded in the MetLife Enterprise's Do Not Solicit System and the request honored. The producer must inform the Manager or Corporate Ethics and Compliance of the request so that the Do Not Solicit System can be updated

#### **New Jersey's Telephone Solicitation and Do Not Call Law**

New Jersey's Telephone Solicitation and Do Not Call law was enacted in January 2004. The law requires that covered telemarketers register before conducting business in New Jersey and re-register annually. This New Jersey law applies to all calls made to residential telephone numbers in New Jersey, regardless of where the caller is located. The law specifically requires that:

- Each telephone line used to make telephone solicitations under a registration be listed with the Division; and
- Telemarketers are required to maintain logs showing to whom calls were made and when.

If a producer makes telemarketing calls, or has calls made on his/her behalf, a "log" of the calls made must be maintained. The log must be retained for two years. This log must include:

- Each phone number called,
- The date of each telemarketing call; and
- Time of each call.

## **Ethical Responsibilities in Communications with the Public (Continued)**

The New Jersey law imposes stiff penalties against violators – up to \$10,000 for the first offense and up to \$20,000 for each subsequent offense.

### **Summary**

The policies outlined in this guide will serve you well as you build a successful relationship with the MetLife Enterprise. By incorporating them into your everyday business practices, you will help protect yourself, your clients, your firm, and the MetLife Enterprise. However, this guide is not a contract. In the event of any inconsistency between this guide and your contract with the MetLife Enterprise, the terms of the contract will govern.

## Appendix A: Replacement Guidelines

It is the MetLife Enterprise's position, as well as that of most of the state insurance departments, that the replacement of existing coverage is generally not in the client's best interest. The MetLife Enterprise prohibits the solicitation of inappropriate replacement sales.

The following replacement questions and answers identify a number of situations that are considered replacements and address the principal concerns about replacement activity.

### Replacement Questions and Answers

#### 1. What is "replacement"?

"Replacement" has different definitions under the laws and regulations of the various states. Broadly speaking, however, replacement can include any transaction in which a life insurance policy or an annuity contract is terminated, changed, or its values used in connection with the purchase of another policy or contract. Where one contract is cancelled and another purchased, a replacement is obvious. However, under applicable regulations and MetLife Enterprise rules, replacement forms must be completed whenever a new life insurance policy or annuity contract is to be funded, in whole or in part, using values (including dividends, loans, cash values, or surrender values) or by diverting premiums from another life insurance policy or annuity contract, or whenever there is a change in existing coverage coinciding with a new issue (reduction in face amount or canceling a rider), whether the policy is with the MetLife Enterprise or with another company. This requirement to complete replacement forms also applies when values from one policy or contract are transferred temporarily to another account (e.g., money market, savings, or checking), even though the ultimate destination is yet another policy or contract.

#### 2. Are the definitions of replacement different under state rules than under the MetLife Enterprise's rewritten business rules (RWB)?

Yes. The definition of a replacement under the laws of most states is different (generally much broader) for the purpose of disclosure and suitability (replacement forms, etc.) than for the purpose of commissions under RWB commission rules. For example:

- Under RWB rules, the insured must be the same on the old and the new policies if commission adjustments are to be made, whereas replacement forms may be required by the state even if the insureds are different;
- Under RWB rules, the transactions must occur during a "replacement window." For new life policies, the period is from 6 months before to 12 months after the Home Office Receipt Date of the new life policy. For annuities, it is from 3 months before to 3 months after the issue date of the new annuity. Under the state replacement definition, transactions are checked 13 months before and after the Home Office Receipt Date for both life and annuities. In addition, under RWB rules, certain types of transactions (e.g., certain ownership changes in which the insured remains the same) are exempted, whereas many states would consider such transactions to be replacements. This document is intended to address state replacement rules; it is not intended to address the MetLife Enterprise's replacement commission (RWB) rules.

## Appendix A: Replacement Guidelines (Continued)

### 3. What is the MetLife Enterprise's position with respect to replacement transactions?

The MetLife Enterprise believes that replacements must always be in the best interest of the client. It prohibits its producers from soliciting any replacement sale that is not in the best interest of the client. Where a replacement is appropriate, the transaction and its advantages and disadvantages must be explained to the client and this disclosure must be clearly documented in the client's file. All state and MetLife Enterprise regulations and requirements must be followed and all required notices provided.

### 4. What are the principal concerns with replacements?

Replacing an existing life insurance or annuity contract raises a host of concerns that the producer must consider and that the client needs to understand fully. These concerns include a number of potential disadvantages with a replacement transaction. Some of the frequently cited potential disadvantages of replacement transactions are listed below:

Premium increases and coverage issues. The premium for the new policy may be higher than the premium for the same coverage under the old policy because of the increasing age and/or declining health of the insured.

Long-term affordability. When replacement sales are based on the values of an existing policy, either as a "dump-in" to the new policy or through loans or diversion of premiums or dividends, the client may find that he/she cannot afford the new coverage (or the existing coverage if it remains in force) if those existing policy values become insufficient to cover premiums or cost of insurance charges associated with the policy or policies. This situation can result from a decrease in interest rates or dividend scales, poor market performance, or an increase in mortality charges.

New start-up costs and loss of return. The client incurs new start-up costs with a replacement policy, including commissions, which may deplete some or all of the values taken from an old policy and paid into a new one. Moreover, because start-up costs are incurred predominantly in the early policy years and because dividends tend to increase over time, cash values may accumulate faster in the policy's later years. The client may lose this increased rate of return when he/she replaces an existing policy.

Incontestability clause. A policy in force for two years or more is deemed "incontestable" with respect to statements made in the original application for insurance. Replacement of life insurance could result in the start of a new contestability period.

### 5. What do you mean by diverting premiums from another life insurance policy to fund a new policy?

A replacement situation occurs when a client decides to take a payment intended to be used for an existing policy and instead uses the payment on a new policy. The payment amount does not have to be the same as on the old policy. An example of this is the use of the "Special Premium Option" on a variable universal life policy. If a client fails to make a cash premium payment on a variable universal life policy and uses the existing cash value to cover the cost of insurance, and purchases a new policy, whether or not the premium amount is the same, the transaction is considered a replacement, and appropriate MetLife Enterprise and state replacement forms must be completed. Another example is the situation that exists when premium dollars are redirected to a new policy as a result of the termination of a rider, or when there is a face reduction of an existing policy or another reduction in terms or benefits.

## Appendix A: Replacement Guidelines (Continued)

### 6. What factors should a producer consider and review with a client to determine whether the transaction is in the client's best interest?

In general, the following considerations should be taken into account:

Replacement cost versus additional coverage. If the goal is increased coverage, compare the costs of a new policy for the full coverage with the costs of maintaining existing coverage and adding coverage within that policy or taking out a supplemental policy. Because of the increased age and perhaps declining health of the policyholder, a full replacement is frequently more expensive.

Underwriting concerns and contestability. Changes in health status may not only increase costs but also affect insurability.

Long-term performance. Does the replacement proposal provide substantial evidence to document the likelihood of significantly higher long-term values, or are the costs of issuing the new policy likely to adversely affect the long-term build-up of cash values? Compare current, guaranteed, and illustrative non-guaranteed results for the various possible options. Keep in mind that today's replacement may be disadvantageous tomorrow because of fluctuations in dividend scales, interest rates, or poor market performance. This should be of a particular concern when replacing a policy having guaranteed elements (traditional life) with a policy having no guaranteed elements (variable universal life).

Premium reductions. If existing cash values are being used to support reduced premiums, are these reductions sustainable? Could poor market performance, or increases in mortality charges, or future reductions in either interest rates or dividend scales lead to increased premium costs that would be beyond the client's expectation or ability to pay? Does the client understand these risks?

### 7. Would the MetLife Enterprise consider the transaction to be a replacement if any of the changes described above occurred on an existing policy, but the insured on the new policy was not the same insured as on the old policy but rather the current insured's spouse?

Yes. For disclosure purposes, neither state replacement rules nor the MetLife Enterprise's replacement rules limit the definition of replacement to transactions involving the same insured. (For RWB rules, the insured must be the same.) Instead, the disclosure rules define replacement as a change on an existing contract made in connection with purchase of a new contract. The contracts can be on different insureds or even different owners. For example, a husband may put an existing traditional life policy, for which he is both the owner and the insured, on premium offset to redirect premium dollars to a new policy that insures and is owned by his wife. Because the husband has diverted premium dollars from his policy in connection with the purchase of his wife's contract, the transaction is considered a replacement. On the other hand, if the husband withdraws dividends from his policy to repay a loan on his policy at about the same time his wife buys a policy, it would not be a replacement, because the withdrawal of values from the husband's contract was not in connection with, or related to, the purchase of the wife's contract. The replacement of one MetLife Enterprise policy or contract with another MetLife Enterprise policy or contract may be completed only pursuant to a MetLife Enterprise-sponsored internal exchange program, unless a retail exemption is granted.

Because of the breadth of the replacement rules, the MetLife Enterprise electronically monitors policy changes and new purchases within the same household and may ask you about a household transaction that is not accompanied by the required replacement documentation.

## Appendix A: Replacement Guidelines (Continued)

### Additional Items to Consider When Replacing Existing Coverage

Replacing existing coverage involves additional suitability concerns and raises a host of issues that the producer must review with the client. These issues include premium increases and coverage issues, long-term affordability issues, new start-up costs, loss of cash value accumulation, the possibility of a new incontestability clause, and potential loss of advantageous terms in older policies.

Each producer must be able to ensure that the replacement sale is suitable and is in the client's best interest. The following guidelines should be followed when determining the suitability and appropriateness of a replacement transaction:

- Can the existing policy or contract be altered in a way that meets the client's needs or goals?  
Often there are many opportunities to provide added value to the client, while minimizing cost, within the existing policy or contract. For example, in the case of mutual funds or annuities, if investment objectives change or expectations are not being realized, the family of funds generally provides the client with the opportunity to make needed changes without incurring additional product costs.
- Did you perform a comparison of the illustrations for the policy or contract to be replaced and the proposed policy or contract?  
Illustrations should be used whenever possible to help the client visualize how the proposed product works compared to his or her existing policy or contract. In a replacement situation, this allows for an easier comparison of the guaranteed and non-guaranteed benefits. A clear explanation of the non-guaranteed benefits and the underlying assumptions used to determine them are particularly important to making an informed decision.
- What are the fees and costs associated with the transaction?  
Will a surrender charge be incurred on the replaced policy or contract? Will any taxes be incurred? Can any taxes be deferred through a 1035 Exchange? What are the charges associated with the new policy or contract, such as sales, administrative, or surrender charges? All of this information should be part of the overall assessment process.
- Is there an exchange program in effect?  
When there is a program available to exchange one of the MetLife Enterprise's products for another, the client may be able to gain advantages that would not be available outside the exchange program. Therefore, the replacement of one MetLife Enterprise policy or contract with another MetLife Enterprise policy or contract may be completed only pursuant to a MetLife Enterprise-sponsored internal exchange program, unless a retail exemption is granted.
- Did you review all options with the client so that he/she can make an informed decision regarding whether or not the replacement transaction is in his/her best interest?
- Is the client aware of all the disadvantages and advantages of the transaction, including any decrease in benefits, new contestability period, or suicide clause?

## Appendix A: Replacement Guidelines (Continued)

- Did you complete the applicable state and MetLife Enterprise replacement requirements? Were the requirements reviewed by your Manager or a designated registered principal at your office? The MetLife Enterprise's replacement form must be approved by a local manager or supervisor in order to be processed by the MetLife Enterprise.

### Responsibilities of the Producer

Essentially, whenever an existing insurance policy or annuity contract is changed and a new insurance policy or annuity contract is purchased, the producer should look further to determine whether the transaction constitutes a replacement under state law or Company policy. The producer is responsible for compliance with the replacement regulations in the states in which he/she is licensed to do business.

Each producer who initiates an application for life insurance or annuity shall submit to the Company with or as part of each application:

- A statement signed by the applicant as to whether replacement of existing life insurance or annuity is involved in the transaction; and
- A signed statement as to whether the producer knows replacement is or may be involved in the transaction.

Where a replacement is involved, the producer shall:

- Present to the applicant, not later than at the time of taking the application, the Company and/or State Replacement Disclosure Form, if required. The Form(s) shall be signed by both the applicant and the producer and left with the applicant. The producer shall retain a copy of the Form(s).
- Obtain with or as part of each application a list of all existing life insurance and/or annuity policies to be replaced and properly identified by name of insurer, the insured and contract number, if known. If a contract number has not been assigned by the existing insurer, alternative identification, such as an application or receipt number, shall be listed whenever possible.
- Leave with the applicant the original or a copy of written or printed communications that were presented to the applicant.
- Submit to the Company a copy of the Company and/or State Replacement Disclosure Form, if required. The producer should retain a copy of the Form(s) for his/her files.

Each producer who uses written or printed communications in an effort to conserve business shall leave with the applicant the original or a copy of such materials used. All such communications require approval by the Company. Please see the Sales Material and Advertising section of this Guide for further information.

### Summary

The MetLife Enterprise's goal is to ensure that every proposed replacement is suitable and that:

- Proper disclosure has been given to both the client and the MetLife Enterprise;
- The client has a full understanding of the impact of the replacement;
- Documentation can be produced to verify that proper disclosure was made to the client; and
- State regulations and MetLife Enterprise requirements have been strictly followed.

By following the above guidelines, you can help ensure that the replacement is in the client's best interest.

## Appendix B: Money Laundering Prevention

The following list identifies suspicious activities or “red flags” that may be indicative of potential money laundering.

### Indicators at the Account Opening Stage

- Client exhibits an unusual concern regarding the marketing firm’s compliance with government reporting requirements, particularly with respect to his/her identity, type of business, and assets; or client is reluctant or refuses to reveal information concerning business activities, or furnishes suspect ID or business documents.
- Client wishes to engage in transactions that lack business sense, apparent investment strategy, or are inconsistent with the client’s stated business strategy or prior trading history.
- Client has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- Client appears to be acting on behalf of another person or entity, but declines or is reluctant to provide information in response to questions about that person or entity.
- Client has difficulty describing the nature of his/her business or lacks general knowledge of his/her industry.
- Client exhibits a total lack of concern regarding risks, commissions, or other transaction costs.
- Client is very concerned about the withdrawal features of a product but displays little or no interest in discussing the benefits and features of the product.

### Indicators Related to Account Activity

- Client makes deposits or premium payments with multiple money orders, traveler’s checks, or cashier checks purchased from the same or different financial institutions.
- Client engages in transactions involving cash in amounts less than \$10,000 or cash equivalents of other monetary instruments that appear to be structured to avoid government reporting requirements (e.g., monetary instruments are in an amount just below reporting or recording thresholds and/or are sequentially numbered).
- Client engages in multiple transfers of funds or wire transfers to and from countries that are considered bank secrecy or “tax havens.” The transfers have no apparent business purpose.
- A client makes a deposit and then immediately withdraws all but nominal amounts through policy loans, withdrawal provisions, surrenders, or check requests.
- Client’s account has unexplained or sudden extensive wire activity, when previously there had been little or no wire activity.
- Client makes a fund deposit followed by an immediate request that the money be withdrawn or transferred to a third party, or to another business firm without any apparent business purpose.
- Client makes a fund deposit, ostensibly for the purpose of purchasing a long-term investment, followed shortly thereafter by a request to liquidate the position and a transfer of the proceeds out of the account.
- Client purchases insurance or annuity policies by cash equivalent, but cancels during the free-look period; or the client cancels the product shortly after purchase (beyond the free-look period) without regard to surrender charges or early withdrawal penalties.
- Client engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- Client requests that a transaction be processed in such a manner so as to avoid the firm’s normal documentation requirements.

## Appendix C: Telephone Solicitation Time Restrictions

Federal law prohibits calling a residential telephone before 8 a.m. or after 9 p.m. (local time at the called party's location). The following states have more restrictive rules on when a telephone solicitation may be made. Producers must follow the more restrictive state rules when calling in these states.

**Alabama** No solicitation calls are allowed on Sundays or holidays. On the days that calls are allowed, none may be placed before 8 a.m. or after 8 p.m.

**Connecticut** prohibits calling a residential telephone before 9 a.m. or after 9 p.m.

**Kentucky** prohibits calling a residential telephone before 10 a.m. or after 9 p.m.

**Louisiana** prohibits calling a residential telephone before 8 a.m. or after 9 p.m., Monday through Saturday. No calls are allowed on Sundays, legal holidays and declared states of emergency.

**Massachusetts** prohibits calling a residential telephone before 8 a.m. or after 8 p.m.

**Michigan** prohibits calling a residential telephone before 8 a.m. or after 8 p.m.

**Mississippi** prohibits calling a residential telephone before 8 a.m. or after 8 p.m., Monday through Saturday. No calls are allowed on Sundays.

**Nevada** prohibits calling a residential telephone before 9 a.m. or after 8 p.m.,

**New Mexico** prohibits calling a residential telephone before 9 a.m. or after 9 p.m.

**Rhode Island** calls are only allowed between 9 a.m. to 6 p.m., Monday through Friday (except for state or federal holidays) and 10 a.m. to 5 p.m., Saturdays. No calls on Sundays or holidays.

**South Dakota** prohibits calling a residential telephone before 9 a.m. or after 9 p.m., Monday through Saturday. No calls are allowed on Sundays.

**Texas** prohibits calling a residential telephone before 9 a.m. or after 9 p.m., Monday through Saturday. Calls are allowed on Sundays between 12 p.m. and 9 p.m.

**Utah** prohibits all calls on Sunday or legal holidays.

**Wyoming** prohibits calling a residential telephone before 8 a.m. or after 8 p.m.

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers

### Q 1: Can you briefly describe the privacy policy of the MetLife Enterprise?

A: It is the privacy policy of the MetLife Enterprise to treat the information received, collected and maintained about their consumers and clients as confidential. Nonpublic personal information regarding MetLife Enterprise consumers and clients may not be disclosed to nonaffiliated third parties, other than:

- for permitted purposes (please see Q&A 3);
- with the individual's consent; or
- in connection with a joint marketing agreement between the MetLife Enterprise and another financial institution approved by the MetLife Enterprise.

Furthermore, it is the MetLife Enterprise's policy not to share personal health information with any third party, affiliated or not, for marketing purposes.

### Q 2: What is the difference between a "consumer" and a "client"?

A: A MetLife Enterprise consumer is any person who seeks to purchase or otherwise obtain a product or service offered by the MetLife Enterprise for personal, family or household purposes. The term consumer applies to an individual who provides nonpublic personal information in connection with obtaining or seeking to obtain financial services or products, regardless of whether an ongoing relationship is established. For example, an applicant for an insurance policy is a consumer, even if the application is subsequently declined.

A MetLife Enterprise client is a consumer who has a continuing relationship with the MetLife Enterprise, such as a policyholder or brokerage account holder.

Nonpublic personal information regarding both MetLife Enterprise clients and consumers must be treated confidentially under the MetLife Enterprise's privacy policy.

### Q 3: For what "permitted purposes" may client or consumer information be shared with nonaffiliated third parties?

A: Under the privacy laws, we are permitted to share client information for the following purposes:

- to help underwrite an application and administer the client's account and his/her MetLife Enterprise products and services;
- to help the MetLife Enterprise market its own products or to perform various other services for the MetLife Enterprise;
- to prevent fraud;
- in connection with a merger or a sale of a portion of the MetLife Enterprise's business;
- in response to requests from the client's legal producers or financial advisors; or
- as otherwise required by law.

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers (Continued)

### Q 4: What are my responsibilities as a producer of the MetLife Enterprise to implement this policy?

A: All MetLife Enterprise Producers must understand and comply with the privacy policy described above. In particular, MetLife Enterprise Producers must:

- provide the applicable MetLife privacy notice to clients as described in Q&A 9, and
- ensure that all referrals and other information sharing comply with the MetLife Enterprise policy as detailed in this Q&A.

### Q 5: What laws, if any, govern the MetLife Enterprise's privacy policy?

A: The privacy policy is governed by various laws and regulations, at both federal and state levels. Title V of the Gramm-Leach-Bliley Act, enacted by Congress in 1999, is perhaps the most important general privacy law and is described in more detail below.

Title V establishes consumer privacy standards for financial institutions, including insurers, banks and securities firms, and requires that such institutions treat information regarding consumers and clients confidentially and implement procedures to ensure the security and integrity of such information. Title V places limitations on the use of nonpublic personal information regarding consumers and clients. For example, it specifically prohibits the sharing of account numbers, access codes and similar information for marketing purposes. In addition, Title V requires that financial institutions disclose their privacy policies to their consumers and clients.

Implementation and enforcement of Title V was delegated to the financial institutions' "functional" regulators, such as the Federal Trade Commission, federal banking agencies, the Securities and Exchange Commission and state insurance regulators. The SEC has its own set of privacy regulations. The NAIC, the National Association of Insurance Commissioners, adopted a Model Regulation for the states to adopt; as of September 30, 2001, more than 35 states adopted the NAIC Model Regulation, or substantively similar rules. As a result, you can see that there are numerous rules we have to comply with. We will give you guidance as to any laws, including laws in a particular state, that you must know about.

### Q 6: What type of information is required to be treated confidentially?

A: Personal information that identifies or can be used to identify an individual who is a consumer or client of the MetLife Enterprise must generally be treated as confidential information.

Generally speaking, 6 categories of information are protected by the privacy laws:

1. Basic information – for example, name, address, phone number and age;
2. Identification number(s) – for example, social security numbers and account or investor ID numbers;
3. Financial information - for example, income, assets, debts and credit history;
4. Health information;
5. Other personal information – for example, driving record, hobbies and information about the client's lifestyle and hobbies; and
6. The MetLife Enterprise relationship – for example, coverage and claims information, and even the fact that the individual is our client (meaning that client lists are included in this category).

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers (Continued)

Thus, you should assume that if the MetLife Enterprise has any of these types of information, it is protected by the privacy laws, regardless of whether it was obtained during the course of establishing a brokerage account or applying for insurance or effecting any other financial transaction, or otherwise in connection with our dealings with this consumer or client.

**Q 7: Can “publicly available information,” such as names from a telephone book, be shared with unaffiliated third parties?**

**A:** Information obtained from public sources such as telephone books is not protected by the privacy laws and, therefore, it can be shared. Information is considered “publicly available” if the information is also available to the general public from one of three sources:

- government records;
- popular media; or
- disclosures required by law.

Information may also be shared if there is reasonable belief that it is publicly available. You can have “reasonable belief” that the information is publicly available in the following situations:

- You affirmatively confirm that it is publicly available; or
- The person who gave you the information represented to you that the information provided is available to the general public.

It should be noted, however, that certain information may be publicly available but may not be shared if obtained solely in connection with your role as a Producer of the MetLife Enterprise. For example, a list of MetLife Enterprise client names and their telephone numbers – or even a single name and/or telephone number – may not be shared even if publicly available, if the information was obtained by you in connection with the sale of a MetLife Enterprise product.

**Q 8: Are former clients covered by the MetLife Enterprise’s privacy policy?**

**A:** Former clients enjoy the same protections as current clients. Information about former clients is treated in the same manner as information about current clients under the MetLife Enterprise’s privacy policy.

**Q 9: When must privacy notices be furnished? Do I have to provide my own privacy notice?**

**A:** The MetLife Enterprise is required to provide privacy notices both upon the initial application for a product by a client and, if an ongoing relationship has been established, on an annual basis thereafter for as long as the relationship lasts. The MetLife Enterprise, not its Producers, is responsible for sending annual notices to its clients.

The MetLife Enterprise has amended its forms, applications and prospectuses for all proprietary products to include the initial privacy notice. However, it is your responsibility as a Producer to ensure that you are using the most recent version of all MetLife Enterprise applications and forms in connection with all new sales.

The above information applies only in your capacity as a MetLife Enterprise Producer. We recommend that you consult with other insurance companies you may represent about their privacy policies and your responsibility in representing those companies.

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers (Continued)

**Q 10: Can the MetLife Enterprise share nonpublic personal information about its consumers and clients with me?**

**A:** Yes, but only in your capacity as a MetLife Enterprise Producer. You can receive and use nonpublic personal information regarding consumers and clients of the MetLife Enterprise while working on behalf of the MetLife Enterprise, for example to sell or provide services with respect to products and services offered by the MetLife Enterprise, but not in any other capacity.

**Q 11: I often refer my clients to CPAs or other unaffiliated third party professionals. Can I continue to do that?**

**A:** Yes, you can refer your MetLife Enterprise client to a CPA or other unaffiliated third party professional. For example, you can say to your MetLife Enterprise client, "I know a CPA who may be of assistance to you. If you are interested, here is his/her name and telephone number. If you call him/her, you can mention that I had given you his/her name."

However, unless you have prior written consent from the client, you are NOT permitted under MetLife Enterprise privacy policy to:

- provide a listing of MetLife Enterprise clients to the CPA or other third party (or to their employees); or
- give any of them the name and address or telephone number of a specific MetLife Enterprise client, suggesting that the client be contacted directly regarding the purchase products or services offered by the CPA or other third party.

In addition, this approach is only appropriate for specific, one-time referrals. If you make it a practice to make such referrals, you probably will be required by law to provide your own initial and annual privacy notices to consumers and clients, and to give your MetLife Enterprise clients an opportunity to opt out of such disclosures. If you have any questions about this distinction, please contact Corporate Ethics and Compliance.

**Q 12: If I offer fixed insurance products or other non-securities products offered by unaffiliated companies, must I provide a privacy notice? If so, when?**

**A:** If you sell non-securities insurance products of unaffiliated insurers, you will usually be required to provide their initial privacy notices to applicants. We suggest that you contact the particular third party insurer directly to determine what its privacy policy is and what, if any, your obligations are with respect to those insurance products and those clients.

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers (Continued)

**Q 13: How will my other business activities be affected? What if I am a CPA or have my own registered investment adviser? Do I have additional or different privacy obligations as a result?**

**A:** You are permitted to use nonpublic personal information that you obtain or receive from an individual while representing the MetLife Enterprise only for the purpose for which the information was disclosed to you or as necessary to complete the MetLife Enterprise transaction or provide the MetLife Enterprise service requested. You may NOT use information provided by MetLife Enterprise clients for any business activities not related to MetLife Enterprise business.

If you are a CPA or have your own investment adviser or other business activities not related to the MetLife Enterprise, you are responsible for your own compliance with the privacy laws. We suggest that you contact your own attorney to discuss whether your non-MetLife Enterprise business activities are subject to any federal and/or state privacy regulations and what they require of you. For example, Regulation S-P applies to those investment advisers that are registered directly with the SEC. Also, various privacy regulations enacted by individual states or the Federal Trade Commission could apply to your activities. In addition, you may want to consult with member organizations, trade associations or state regulatory agencies.

**Q 14: I have received referral lists, providing the names, addresses and telephone numbers of individuals, from nonaffiliated third parties in the past. Can I continue to receive and use such lists?**

**A:** We can only give you general guidance as to your responsibilities as a receiver of consumer or client information from sources outside of the MetLife Enterprise. The answer depends in large part on the information provided on the list, on the source of that information and what you know or have reason to know about the information.

If you received the list from another company that you represent, you should assume that you cannot use that list for MetLife Enterprise purposes without the individuals' consent. Chances are high that the other company, and you, are subject to the same privacy laws as we have outlined in these Q&As.

Otherwise, if the list given to you is derived from publicly available information, it should not be problematic. The information is considered publicly available if you have a reasonable belief that the information provided is also available to the general public from government records or popular media, e.g., a telephone book. Generally, if the third party providing the list gives you assurances that the information was derived from publicly available information and your use of the list is not prohibited or limited by privacy laws, you may use the list unless you have reason to believe otherwise.

If the list appears to be a client list or contains information that is not usually available publicly, you should ask the person providing the list 1) whether he or she is permitted to provide such information to you, and 2) what limitations, if any, apply to your use of such information. If the list contains another company's account numbers or access codes, we recommend that you not use the list (unless you have written assurances from that company).

In addition, whenever you prospect individuals by telephone from a list that is not provided by the MetLife Enterprise, you must check to make sure that the individual is not on a federal, state, or Company list of individuals who have asked not to receive telemarketing calls. (These restrictions do not apply when you are telemarketing to a business.)

## Appendix D: Privacy Policies – Frequently Asked Questions and Answers (Continued)

**Q 15: Are there any other requirements under the MetLife Enterprise’s privacy policy that I should be aware of?**

**A:** Applicable laws require that we take steps to ensure the confidentiality and integrity of information regarding our consumers and clients, including the implementation of electronic, physical and procedural safeguards. As a MetLife Enterprise Producer, this means that materials containing nonpublic personal information regarding MetLife Enterprise consumers and clients, such as completed applications and fact finders, should:

- not be left where other people may have access to them;
- be kept in your files when you are not using the materials; and
- be kept in locked files when you are out of your office.

In addition, you are not permitted to share with or disclose to third parties access codes and passwords that permit you to use and obtain client information from MetLife Enterprise information systems.

## Appendix E: Health Insurance Portability and Accountability Act (HIPAA)

Your marketing practices are likely to be affected by a federal privacy regulation adopted under the Health Insurance Portability and Accountability Act (the "HIPAA Privacy Rule"). The HIPAA Privacy Rule gives individuals important controls over whether and how their protected health information is used and disclosed for marketing purposes. These rights, among others, are described in the HIPAA Privacy Notice being sent to certain clients.

### How will the Rule's restrictions affect me?

These restrictions apply to employees *and* business associates of a health care plan, including MetLife Enterprise Producers like you. With limited exceptions, the HIPAA Privacy Rule requires an individual's written authorization before use or disclosure of his/her protected health information can be made for marketing purposes. Without a signed authorization, you cannot generally use or disclose protected health information for purposes other than treatment, payment or health care operations.

What does this really mean with respect to your activities? You need to first understand how the HIPAA Privacy Rule defines marketing. Under the Rule, "marketing" is defined broadly as making "a communication about a product or service that encourages recipients of the communication to purchase or use the product or service." There are very limited exceptions to the definition of marketing, including an exception for communications made to describe a health-related product or service (or payment for such product or service) that is provided by, or included in a plan of benefits of, the covered entity making the communication. This includes, among other things,

- replacement of, or enhancements to, a health plan, and
- health related products or services available only to a health plan enrollee that add value to, but are not part of, a plan of benefits.

This exception to the marketing definition permits communications by a covered entity, such as the MetLife Enterprise's long term care line of business or group health insurance products, about its own products or services.

And then, you need to understand just what types of health information are protected. As explained in the Frequently Asked Questions about HIPAA Privacy, **protected health information** refers to individually identifiable information relating to:

- the past, current or future physical or mental health of an individual,
- the provision of health care to (e.g., medical treatment) an individual, or
- the payment for health care rendered to an individual received or created by or on behalf of a health provider, a health plan and employer or a health care clearinghouse. An individual's answers to health related questions on a long term care or medical expense insurance application are protected health information, as is the issuance of such a policy or the filing of a claim for benefits under such a policy. Protected health information includes information relating to an application for and issuance of the LTC GPO rider in connection with a life insurance policy. Even demographic information, such as names, addresses and telephone numbers, is deemed protected health information.

None of these types of information can be used or disclosed to market other products or services to individuals, regardless of whether the products or services are offered by us or by other insurers, unless you have received the individual's signed authorization permitting such use. The attached **Frequently Asked Questions about HIPAA Marketing Restrictions**, particularly **Questions 3 and 4**, provide more information regarding this issue and other examples.

## Appendix E: Health Insurance Portability and Accountability Act (HIPAA) (Continued)

### Is there anything else I should know?

You should also be aware that the HIPAA Privacy Rule prohibits the sale of protected health information to any third party for that other party's own purposes, unless a signed authorization has been obtained from each person whose protected health information is disclosed. In addition, although health information related to insurance products that are not considered to be health plans (such as life insurance disability income and life insurance) is not subject to HIPAA and the restrictions described here, the use and disclosure of such information is still subject to consumer privacy laws and our privacy policies. Remember, OUR PRIVACY POLICY STRICTLY PROHIBITS THE SALE OR DISCLOSURE OF ANY HEALTH RELATED INFORMATION RELATING TO OUR CLIENTS TO ANY OTHER PARTY TO PERMIT THAT PARTY TO MARKET ITS PRODUCTS AND SERVICES TO THOSE INDIVIDUALS.

### Are there any exceptions?

*Perhaps the most important exception provided by the HIPAA Privacy Rule* – at least for the sales producer -- is the one that provides that a communication does not require an authorization, even if it is marketing, if it is in the form of:

- a face-to-face communication made by a covered entity to an individual; or
- a promotional gift of nominal value provided by the covered entity.

Under this exception, the insurance agent who sells a health insurance policy to an individual in person can proceed to market a homeowner's policy or life insurance policy to the individual as well. See the Frequently Asked Questions below for more information and examples.

### Frequently Asked Questions About HIPAA Marketing Restrictions

**Q 1: Does the HIPAA Privacy Rule expand the ability of health care plans and others to use protected health information to market goods and services?**

**A:** No, the Privacy Rule places new, more restrictive limitations on the use or disclosure of protected health information for marketing purposes.

**Q 2: Can I use protected health information related to MetLife's long term care line of business, NEF's group health care products or other covered plans to market other products and services to individuals? Does it matter whether the other products are offered by the same company or other companies?**

## Appendix E: Health Insurance Portability and Accountability Act (HIPAA) (Continued)

- A:** Generally no, not unless you have written authorizations from each of the individuals to whom the information relates. The Privacy Rule expressly prohibits health plans and covered health care providers from selling protected health information to third parties for the third party's own marketing activities, without the individual's written authorization. Protected health information related to such a covered plan that you obtained, received or created while performing services on behalf of the plan may only be used or disclosed to perform or assist in the performance of certain operations undertaken on behalf of the plan. You cannot use protected health information for other purposes, such as to market unrelated products and services to the individual.

This means that, without an authorization from the individual permitting you to use his or her protected health information for marketing purposes, you cannot use information related to the MetLife Enterprise long term care products, group health products or the LTC GPO rider available on certain of our life insurance products to market other products to that individual. Similar rules will apply to other health plans that you may offer from unaffiliated insurers, such as Medicare supplement insurance.

- Q 3: Can I specifically direct letters to a group of clients who have purchased a health care product, such as MetLife's long term care insurance product, to offer them a new life insurance or annuity product?**

- A:** No, protected health information, such as the fact that a client has or has applied for a covered health plan from or through us or an affiliated company, may not be part of the selection criteria used to offer other products. For example, you would not be allowed to send letters or brochures designed to sell life insurance, disability income insurance or mutual funds that **targets** your MetLife Enterprise long term care insurance clients. The same rules apply to clients of other covered health plans, such as the MetLife Enterprise's group dental coverage, group health plans, or Medicare supplement insurance from other unaffiliated insurers, regardless of whether you are or are not the assigned producer. You may not specifically target these types of clients to offer any other insurance or financial products you may be selling without a signed authorization from the client. It's important to remember that demographic information related to a health plan, including names, addresses and telephone numbers, is also protected health information.

- Q 4: Does that mean that I can't market any other company products to someone if the person previously applied for or purchased LTC Insurance or another covered health insurance plan from or through the MetLife Enterprise?**

- A:** No, as long as you don't use protected health information. In most cases, you would still be able to sell other products to the individual just as you would have if the individual had not purchased the LTC or other health insurance product from you. For example, you may contact the individual by telephone or in writing subsequently as long as the contact is **not** based on the fact that the person has or is insured under a LTC or other health insurance policy or on other similarly protected health information from or through the MetLife Enterprise, or other criteria based on such protected health information. For example, you may contact individuals whose names appear on lists compiled from publicly available information or target clients who have also purchased life insurance, annuities or disability income products in a direct mail campaign, subject to our Do Not Solicit/Do Not Call rules. In addition, during a face-to-face meeting with a client who has purchased a long-term care policy or other covered plan, a discussion of the benefits of life insurance, disability income insurance or deferred annuities is permissible as described in Question 7 below.

## **Appendix E: Health Insurance Portability and Accountability Act (HIPAA) (Continued)**

**Q 5: If, as part of the fact finding process needed to prepare a needs analysis or financial plan, a prospective client tells me that he or she already has long term care insurance, Medicare supplement insurance or some other health care plan, can I use that information in the preparation of the analysis/plan?**

**A:** Yes, you may use such information provided by the prospective client for these purposes.

**Q 6: Are the HIPAA marketing rules applicable to e-mail and phone campaigns as well?**

**A:** Yes. With the exception of face-to-face communications (see the Question directly below), the HIPAA Privacy Rule does not distinguish between communications mediums in relation to marketing. Targeting your covered health care clients to market other products through either e-mail or telemarketing campaigns is not permissible unless you have a signed authorization from the individual.

**Q 7: Must I obtain a prior authorization before talking to a client who has just purchased a covered health insurance product from me in a face-to-face encounter about the insurance company's other lines of business?**

**A:** No, the HIPAA Privacy Rule allows health plans and their business associates to market both health and non-health insurance products to individuals in face-to-face meetings. In this instance, no prior authorization is necessary.

**Q 8: Can I offer upgrades and enhancements to existing long-term care and similar coverages without violating HIPAA marketing restrictions?**

**A:** Yes. You will continue to be able to offer upgrades to your clients on behalf of the covered health care plan.

**Q 9: If an insurer obtained medical records regarding an individual to determine eligibility for a covered health care plan, e.g., MetLife's individual long-term care insurance policy, can those records be sent to underwriters in another product line or to another insurer?**

**A:** No, generally not without a signed authorization from the individual. HIPAA generally permits the use and disclose of PHI only for the purpose of treatment, payment, or health care operations. With few exceptions (e.g., disclosure of information relating to suspected insurance fraud to regulatory or law enforcement agencies where required by law), any other type of use or disclosure of the information would require signed prior authorization from the individual. If the company obtained medical records for the purpose of underwriting a specific health care plan application or enrollment, those records cannot generally not be shared with anyone else within or outside the company for other purposes, unless the individual authorizes such sharing or disclosure. New authorization forms designed for use with our life, disability income and long term care applications and claim forms take this into consideration and permit underwriters and claims adjudicators to obtain information from other lines of business and from other insurers and health care plans – but only for underwriting and claims processing purposes. These new authorization forms have already been added to individual disability income and long term care insurance application packages and will be introduced for individual life insurance applications shortly, to ensure that we can continue to process new business efficiently. However, these new authorizations have nothing to do with marketing and will not permit you to use protected health information for marketing purposes.

## **Appendix E: Health Insurance Portability and Accountability Act (HIPAA) (Continued)**

**Q 10: Is it marketing for a covered health plan to send materials describing products or services that are benefits available to covered individuals under the health plan?**

**A:** No. The HIPAA Privacy Rule excludes from the definition of “marketing” communications made to describe a covered plan’s health related product or service (or payment for such product or service) that is provided by, or included in a plan of benefits of, the covered entity making the communication. Thus, it would not be marketing for a covered health plan to send insureds and policyholders a description of covered benefits, payment schedules, and claims procedures.

**Q 11: Is it marketing for a covered health plan to describe the entities participating in a health care provider network or other health plan network?**

**A:** No. The HIPAA Privacy Rule excludes from the definition of “marketing,” communications by a covered plan to describe the entities participating in a health care provider network or other health plan network. Thus, it would not be marketing for a covered health plan to mail insureds or policyholders a list of health care providers in the health plan network.

**Q 12: Is it marketing for an insurance plan or health plan to send enrollees notices about changes, replacements, or improvements to existing plans?**

**A:** No. The HIPAA Privacy Rule excludes from the definition of “marketing,” communications about replacements of, or enhancements to, a health plan. Therefore, notices about changes in deductibles, co-pays and types of coverage, such as prescription drugs, are not marketing. Likewise, a notice to a family warning that a student reaching the age of majority on a parental policy will lose coverage, then offering continuation coverage, would not be considered marketing. Nor are special health care policies such as guaranteed issue products and conversion policies considered marketing. Similarly, notices from a health plan about its long-term care benefits would not be considered marketing.

It would be considered marketing, however, for a health plan to send to insureds and policyholders promotional material about other lines of insurance, such as life insurance policies. Generally, such communications would require prior authorizations from the individual.

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**MetLife<sup>®</sup>**

**Metropolitan Life Insurance Company**

200 Park Avenue

New York, NY 10166

[www.metlife.com](http://www.metlife.com)

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