



## Replacement Policy

Below is First Security Benefit Life Insurance and Annuity Company of New York (FSBL)'s position on the acceptability of replacements.

The term "replacement" has a unique meaning in the insurance industry and is described more fully below. FSBL wants you to understand how a replacement can impact you, your clients and FSBL.

A "replacement" occurs when a new life insurance policy or annuity contract is purchased and, in connection with the sale, an existing policy or contract is:

- Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
- Changed or modified into paid-up insurance; continued as extended term insurance or under another form of nonforfeiture benefit; or otherwise reduced in value by the use of nonforfeiture benefits, dividend accumulations, dividend cash values or other cash values;
- Changed or modified so as to effect a reduction either in the amount of the existing life insurance or annuity benefit or in the period of time the existing life insurance or annuity benefit will continue in force;
- Reissued with any reduction in amount such that any cash values are released, including all transactions wherein an amount of dividend accumulations or paid-up additions is to be released on one or more of the existing policies;
- Assigned as collateral for a loan or made subject to borrowing or withdrawal of any portion of the loan value, including all transactions wherein any amount of dividend accumulations or paid-up additions is to be borrowed or withdrawn on one or more existing policies; or
- Continued with a stoppage of premium payments or reduction in the amount of premium paid.

There are circumstances in which replacing an existing life insurance policy or annuity contract can benefit a contract owner. As a general rule, however, replacement is not in a contract owner's best interest. FSBL does not encourage replacements, but we understand that your client's circumstances may change and that another product may better meet their current needs. Accordingly, you and your client should conduct a careful comparison of the costs and benefits of the existing policy or contract and the proposed policy or contract in order to determine whether a replacement is in your client's best interest.

A replacement may be appropriate if:

1. A careful comparison of the costs and benefits of the existing policy or contract and the proposed policy or contract determines the replacement adds clear value to the client in exchange for any new or increased costs/fees or contingent deferred sales charge (CDSC) exposure.
2. The replacement product's design or options (death benefit, subaccounts, fee structure, etc.) will better meet the customer's current or future investment and insurance objectives.
3. The replacement product has lower costs/fees than the existing product while still meeting the customer's investment and insurance objectives.

A replacement may not be appropriate for your customer if:

1. The replacement product offers no clear added benefit in exchange for any new or increased costs/fees or CDSC exposure.
2. The replacement causes a loss or reduction in value or benefits that is not offset by other increased value or benefits.

**If you have questions about this Replacement Policy, please contact the Service Center at 800.888.2461.**

### **FINANCIAL PROFESSIONAL USE ONLY**

**The information provided herein is not intended to be and should not be construed as legal advice.**