



SAVE MONEY.
CUSTOMIZE COVERAGES.
SELL THE RIGHT AMOUNT.
HOW DO YOU LIKE THEM APPLES?



TO: ALL LEGAL & GENERAL AMERICA GENERAL AGENTS
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DATE: JUNE 6, 2011

TERM RIDERS LADDER COVERAGE FOR NEEDS THAT DECREASE OVER TIME.

If you've been around this business for awhile, you know that level term plans can often be "laddered" to address the different time horizons associated with different elements of the need for life insurance. College funding, retiring the mortgage and income replacement can be addressed in different "layers" of coverage – say, a 10 year plan for the college funding costs of teenagers, a 20 year plan to retire a mortgage, and a 30 year plan for income replacement. This strategy lowers the overall cost of initial coverage and helps the client buy the right initial total face amount.

Now, it's even easier. OPTerm is available as a rider (or riders) on OPTerm base policies:

- There is no policy fee on the riders
- Shorter guarantee level period riders – for more than one guaranteed level period - can be issued on a longer guarantee level period base (at the extreme, a 30 year base plan can have one 20-year, one 15-year and one 10- year term rider)
- For the riders, coverage and premiums cease after the level term period. No ART renewal.
- Riders are separately convertible while in force.
- Lower issue age maximums apply to the riders: age 50 for the 20 year rider, 55 for the 15 year, and 60 for the 10 year.
- There is no accelerated death benefit rider applicable to the term rider.
- Rider premiums are banded and use the same rate scale as OPTerm, based on the face amount of each individual rider segment. We just couldn't find a way to band by total initial face amount without compromising some other key features.
- Full commissions and bonus apply to the riders.
- Underwriting requirements will be driven by the total initial face amount which includes riders.

Check out our new [microsite](#) for everything you need to pick up new sales.

VitalTerm, iPipeline and Compulife have all informed us that their term quoting engines cannot accommodate term riders. Is this further evidence that we collectively have ceded too much power to these third party vendors? Are they stifling creativity, and commoditizing product design as well as prices? You can guess how I feel.

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ADMINISTRATIVE GUIDELINES FOR BANNER TERM RIDERS.



Rider Death Benefit

- 10 Year Term Rider: Renewable for 10 years only (not to age 95).
- 15 Year Term Rider: Renewable for 15 years only (not to age 95).
- 20 Year Term Rider: Renewable for 20 years only (not to age 95).

Term Rider Availability by Product

Base Term Plan	20 Year Term Rider	15 Year Term Rider	10 Year Term Rider
OPTerm 30	Yes	Yes	Yes
OPTerm 20	Not available	Yes	Yes
OPTerm 15	Not available	Not available	Yes
OPTerm 10	Not available	Not available	Not available

Specifications

- There is no restriction on the maximum death benefits of the term riders. Individually or in total their face amounts are permitted to be larger than the base policy death benefit.
- Term riders are only available for OPTerm plans at time of application.
- The underwriting requirements will be based on the aggregate death benefit (base policy plus sum of term riders).
- OPTerm 30 can have: one 20 year term rider, and/or one 15 year term rider and/or one 10 year term rider.
- OPTerm 20 can have: one 15 year term rider, and/or one 10 Year term rider
- OPTerm 15 can have: one 10 year term rider

Premium Bands

Identical to OPTerm plans. The minimum death benefit amount is \$100,000.

Band 1: \$100,000-\$249,999

Band 2: \$250,000-\$999,999

Band 3: \$1,000,000 and over

Premiums

The rates per thousand of coverage for the term rider are the same as the level OPTerm plans based on the face amount of each individual rider segment.

10 Year Term Rider rate per thousand = OPTerm 10

15 Year Term Rider rate per thousand = OPTerm 15

20 Year Term Rider rate per thousand = OPTerm 20

Modal Factors

Semi-annual: .51

Quarterly: .26

Monthly: .0875 (monthly electronic funds transfer only)

Underwriting Classes

Preferred Plus Non-tobacco

Preferred Non-tobacco

Standard Plus Non-tobacco

Standard Non-tobacco

Preferred Tobacco

Standard Tobacco

Issue Ages

10 Year Term Rider: Ages 20-60

15 Year Term Rider: Ages 20-55

20 Year Term Rider: Ages 20-50

Policy Fee

None for Term Riders, the base OPTerm plan policy fee is \$65.

Policy Form Number

The term rider, *Additional Insurance Rider*, is provided under form AIR (1-11) which contains a full description of the terms and benefits provided. State variations apply.

Name _____	Relationship to Insured/Owners _____
Address _____	
Street _____	City _____ State _____ Zip _____
Contact Phone # _____	Email address _____
SECTION F INSURANCE APPLIED FOR	
21. Amount of Insurance \$ <u>500,000</u>	22. Plan of Insurance <u>OPTerm 30</u>
23. Death Benefit Option (if available with Plan): <input type="checkbox"/> Level Death Benefit <input type="checkbox"/> Increasing Death Benefit	
24. Payment method: <input type="checkbox"/> Direct Bill <input type="checkbox"/> Electronic Funds Transfer (EFT)	
25. Frequency of premium payment: <input type="checkbox"/> Single <input type="checkbox"/> Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly (EFT only)	
26. Planned periodic premium for universal life product: (Provide details in Remarks section, Question 48.)	
a. <input type="checkbox"/> 1st Year Only \$ _____	2nd Year and Thereafter \$ _____
b. <input type="checkbox"/> Premium For All Years \$ _____	
27. Will the premiums for this policy be loaned or otherwise financed by an individual(s) or entity other than the Proposed Insured or immediate family members of the Proposed Insured? <input type="checkbox"/> Yes <input type="checkbox"/> No	
If Yes, please identify all parties involved and provide copies of all financing agreements or promissory notes and all related side agreements and schedules. (Provide details in Remarks section, Question 48.)	
28. a. Date to Save Age? <input type="checkbox"/> Yes <input type="checkbox"/> No b. Specific Policy Date? <input type="checkbox"/> Yes <input type="checkbox"/> No Date _____	
Additional Benefits (if available)	
29. <input type="checkbox"/> Waiver of Premium <input checked="" type="checkbox"/> Other (description and amount) <u>20 ytr = \$250,000; 15 ytr = \$250,000; 10 ytr = \$100,000</u>	
SECTION G OTHER INSURANCE	

Here's how to complete an app for a base plan with three riders:

Base plan should specify term period

Riders should specify term period and face amount

If multiple term riders are requested, the term rider name can be abbreviated. For example: 20 year term rider = 20 ytr.

Waiver of Premium

If the base plan has Waiver of Premium coverage, then each of the elected policy's term riders (AIR) will contractually also have Waiver of Premium coverage; in such case separate mention of Waiver on the riders does not have to be included in the Additional Benefits section.

Product Availability by State

Term riders are available for OPTerm plans in 41 states and the District of Columbia. See below state availability listing.

Alabama	Kentucky	North Carolina	West Virginia
Alaska	Louisiana	Ohio	Wisconsin
Arizona	Maine	Oklahoma	Wyoming
Arkansas	Maryland	Pennsylvania	NOT AVAILABLE
Colorado	Massachusetts	Rhode Island	California
District of Columbia	Michigan	South Carolina	Connecticut
Florida	Minnesota	South Dakota	Delaware
Georgia	Mississippi	Tennessee	Illinois
Hawaii	Missouri	Texas	Montana
Idaho	Nebraska	Utah	Nevada
Indiana	New Hampshire	Vermont	New York (William Penn)
Iowa	New Jersey	Virginia	North Dakota
Kansas	New Mexico	Washington	Oregon

The current product availability by state list is posted on the News page of our website (www.LGAmerica.com).

Illustrations and Online Quotes

Term riders can be illustrated and quoted through multiple platforms via the tools listed below:

- Illustration Manager desktop and network software Version 16.9 – available for download from our website, (www.LGAmerica.com)
- Illustration Manager can be run from online our website after logon by selecting the Illustrations tab. (www.LGAmerica.com)
- Winflex Web
- Term products are fully guaranteed and therefore do not require a signed illustration.
- Ebix, iPipeline and Compulife have all informed us that their term quoting engines cannot accommodate term riders.

Conversion

Term rider(s) may be converted to any permanent plan of insurance that is available for conversion. Conversion is available through the end of the level term coverage years of the rider.

Accelerated Death Benefit

Term rider(s) death benefits are excluded from the calculation of the maximum available accelerated death benefit where the Accelerated Death Benefit rider exists.

AppAssist Requests

AppAssist users can request term riders online through e-Links remarks section or through the remarks section of Request for Life Insurance Interview (LAA1297 3-11) paper form. The complete term rider name and death benefit should be provided in either remarks section.

iPipeline's iGO e-APP Drop Ticket (short form), and EbixExchange's LifeSpeed/eApp plan to have the capability to submit requests that include term riders in the near future.

Banner Compensation at the General Agency Level

Policy Year	10 Year Term	15 Year Term	20 Year Term
1	85%	95%	100%
2-10	0%	0%	2%
11+	0%	0%	0%

New Business Submission

Term riders will be available for all OPTerm applications received at the home office on or after June 6, 2011.

Pending New Business

To add a term rider to a pending OPTerm case, please send an email to your Banner New Business Team stating the policy number, rider duration(s) and death benefit to be added. Additional underwriting requirements may apply.

Recently Issued Business

Policies recently issued can be considered for reissue with a term rider(s) provided the free look period has not expired. Underwriting approval is required to add a term rider(s).

Please specify that a term rider(s) is being requested when submitting the reissue request.

- The most expedient way to have a policy reissued is to request it online from our website.
- The second most effective way to request a reissue is to email explicit details to Banner_Reissue@LGAmerica.com.
- Reissue requests can also be made by returning the original policy to Administrative Services with a written document outlining the changes to be made.

(Please note: All reissue requests must be made in writing; therefore, telephone requests will not be accepted.)

Promotional Materials

Our new [microsite](#) has everything you need to get started. Rider specs and other information can be found there. Promotional materials (including an email ad, press release, sales idea and web ads) can also be accessed from there.

Term rider Promotional Materials Already Have Compliance Approval

All JPEGs or PDFs posted to our microsite can be used without further compliance approval.

Advertising Guidelines

To maintain value in the brokerage agency contract, advertising to agents/brokers is limited to general agency contracts. Ads and websites must identify the person or entity, including an address (street, city and state) in the name that appears on the Banner or Penn contract. Marketing names (DBAs) are permitted, however the contracted person/entity must also be disclosed.

Marketing materials are intended for broker distribution only, not for consumers.

Marketing materials (in any media form) independently developed by your agency must be approved by our legal department for regulatory compliance prior to their use. The approval request form and updated Advertising Guidelines can be found in the advertising compliance section of the forms tab posted to our website.

Email Advertisement Instructions

Promotional materials can be accessed from our [microsite](#) or from the marketing forms page of our website in JPEG or PDF format.

The PDFs can be personalized and printed with Acrobat Reader version 5 or later. They can be personalized and saved with Acrobat Reader versions 8 or 9 so you can print them or attach them to an email of your own. No software is required to save a JPEG. To personalize a JPEG or add your agency's logo, you will need photo editing software.

To save a JPEG or PDF right click on the form number. If you plan to include a JPEG in the body of an email, insert it as you would a photo or link it from your server if you have saved it there. If you do not personalize these materials, please place your agency's name and address (and any other identifying information you prefer) as text in your email.

Disclosure

Term riders are underwritten and issued by Banner Life Insurance Company, Urbana, MD, a Legal & General America company. Policy form AIR (1-11).

For agent/broker use only. Not for public distribution.

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