



PARTIAL SURRENDERS NOW PERMITTED ON BANNER UL POLICIES.



TO: ALL LEGAL & GENERAL AMERICA GENERAL AGENTS
 FROM: FRANK GENCARELLI, SVP, DISTRIBUTION AND MARKETING
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Our universal life portfolio is one of the best on the market; in no small part due to the fact that all of our policies feature Guaranteed Surrender Values that endow the contract. SO HOW DO YOU MAKE A GREAT THING EVEN GREATER? ADD MORE LIQUIDITY!

Partial Surrenders are now available on Life Choice UL™, Life Step UL™ and Life Change UL™ policies!¹ Effective immediately, an endorsement will be issued with all universal life plans (where available) that allows the policy owner to effect a partial surrender of the Cash Surrender Value:

- The Specified Amount, Guaranteed Surrender Value and Coverage Guarantee Account are reduced proportionately. If premiums to guarantee the contract to a specific age have been paid on time to the date of the partial surrender, the guaranteed premium requirement is similarly reduced.
- The remaining Specified Amount must satisfy the minimum for the contract and §7702 constraints could apply depending on the individual circumstances.

EXAMPLE	CURRENT	CURRENT	AFTER \$2,000 PARTIAL SURRENDER
Specified Amount	\$500,000	\$10,000 available for partial surrender	Reduced by 20% \$2,000 Surrender ÷ \$10,000 CSV Now \$400,000
Cash Surrender Value (CSV)	\$10,000		\$8,000
Lifetime Guarantee Premium	\$5,000		Reduced by approximately 20% Now \$4,018
Coverage Guarantee Account			Reduced by 20%

LOANS VS SURRENDERS

- **POLICY LOANS:** dollar-for-dollar reduction in net death benefit and loan interest payable ... best for temporary situations and when a material reduction in the death benefit is not desirable. **Note: our plans make the Guaranteed Surrender Value available for loans (or the “natural” cash surrender value, if higher). Our primary competition only make the “natural” cash surrender value available.**
- **PARTIAL SURRENDERS:** proportional reduction in death benefit, no interest payable ... best when the amount of permanent coverage is reduced by a change in circumstance, e.g. the death of a beneficiary or a change in tax law.

And we haven't forgotten those that bought from us in the past. Soon, we will be issuing the endorsements in all jurisdictions where available to in-force Life Choice UL, Life Step UL and Life Change UL policy owners.

1) Did we borrow this idea from our chief competitor in the guaranteed premium with guaranteed cash value market? You betcha! When it comes to good ideas, larceny is shameless.

ADMINISTRATIVE GUIDELINES AND MARKETING MATERIALS FOR BANNER UL PARTIAL SURRENDERS.



Product Availability by State

Please see below state availability listing for the Partial Surrender Endorsement.

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

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

Description

- A partial surrender allows you to take a portion of the Cash Surrender Value of the policy.
- The amount available is the greater of the Base Surrender Value or the Guaranteed Surrender Value.
- The Account Value will be reduced by the dollar amount of the Partial Surrender.
- The Specified Amount and Coverage Guarantee Amount will be reduced by the ratio equal to the partial surrender amount divided by the Cash Surrender Value (excluding the reduction for any policy indebtedness).
- The Partial Surrender amount must not result in the specified amount being less than the policy's minimum death benefit.
- The death benefit following the Partial Surrender will be greater or equal to the minimum death benefit required under section 7702 of the Internal Revenue Code. If the Partial Surrender is made during the first seven policy years a new premium limitation will be calculated for purposes of determining the modified endowment status of the policy.

Policy Year Available

Partial surrenders are available after the fifth policy year.

Partial Surrender Charge

No partial surrender charges will apply.

Number of Partial Surrenders Available

Limited to six partial surrenders per year.

Illustration Software

A description of the partial surrender will be included within the narrative of UL illustrations created from Illustration Manager and WinFlex Web in states where the Partial Surrender Endorsement has been approved.

Banner: Version 16.9

Compensation

Commission rates will remain unchanged.

Policy Illustrations

All universal life applications submitted to Banner and William Penn must be accompanied by a signed illustration. The requirement applies to all states. This requirement helps us assure that the policy issued is identical to that which was presented at the point of sale.

New Business Submission

The Partial Surrender Endorsement will be included on all UL policies issued as of June 7, 2011 in states where the endorsement is approved.

Marketing Materials

The following are select marketing materials which are now available to help spread the word about the new Partial Surrender Endorsement to your brokers.

Email Ad Options JPEG and fillable PDF

LAA1748JPG / PDF: JPEG files can be inserted in the body of an email and sent to your brokers. The fillable PDFs can be printed or sent as an email attachment. Both formats can be personalized. Please see the Email Advertisement Instructions in this announcement and send one today. LAA 1749JPG, a small ad, 216 pixels x 450 pixels, suitable for agency websites has also been posted.

Product Specifications

These product specifications have been updated; the form numbers include 6/2011 revision date.

LAA1693: Life Choice UL

LAA1720: Life Change UL

LAA1694: Life Step UL

Press Release PDF

LAA1742PDF Use this press release (which addresses the new level term riders and the UL partial surrender availability) in a company newsletter or on your website. The press release is available in the marketing section of our website.

UL Marketing Materials Already Have Compliance Approval

All JPEGs or PDFs listed above 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 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

Universal life insurance policies are underwritten and issued by Banner Life Insurance Company, Urbana, MD, a Legal & General America company. Life Choice UL Policy form # ICC09 UL09, UL-09 and state variations. Life Step UL and Life Change UL policy form # ICC10UL10 and state variations. Partial Surrender Endorsement form ICC11PSEnd. Not available in all states. For agent/broker use only. Not for public distribution.

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