

# GENERAL UNDERWRITING INSTRUCTIONS

## FOR FIRST UNITED AMERICAN LIFE INSURANCE COMPANY PRODUCTS



### GENERAL INSTRUCTIONS

***The proper submission of new business is a key factor in our ability to provide the best possible service to you and our policyholders. These instructions apply to both Life and Health insurance products. Some products require special rules. Carefully review your product portfolio for possible exceptions.***

■ **NEW BUSINESS SUBMISSION . . .** A proper new business submission includes the following:

1. Application (show Writing Agent's number on the application for proper commission credit).
2. Record of New Business, (Turn-in Report, Form FUAL 1080).
3. Remit the entire premium (gross) by sending the applicant's check with the application and commission will be credited to your account.
4. All required forms must be signed by a currently appointed Agent with First United American Life including his/her issued writing numbers as assigned to them. Licensing paperwork must be submitted to the Home Office prior to taking an application.
5. Photocopied applications are not acceptable.

■ **MODES & METHODS OF PAYMENT**

1. We do not draft or make policies effective on the 29th, 30th, or 31st of any month.
2. If the draft date falls on a weekend or holiday, the premium will be drafted on the next business day.

3. Drafts are combined, and one draft is submitted for the same line of business for the same draft date for the same bank account.
4. It is important the insured know when his or her account will be drafted each month so that adequate funds are available to avoid overdraft charges. Policies with a specific requested draft date may be drafted either before or after the first due date. This depends on the requested draft date as compared to the policy effective date. Generally, a draft date requested within 17 days of the policy effective date will be drafted after the due date (the date the payment must be received by First UA). If the requested draft date is 18 or more days after the policy effective date, the premium will be drafted before the first due date. Remember:
  - a. 17 days or less, Draft After
  - b. 18 days or more, Draft Before
5. Direct bill payment mode is available. Life policies require a \$20 minimum for a monthly direct bill.
6. Cashier's checks and money orders will be accepted, for new business, only if an Annual premium is collected.
7. Do not accept cash under any circumstances.

■ **PASSFORMS . . .** PASS (Policy Application Scanning System) enables forms to be scanned so that the required information filled in manually on these forms can be read by machine for automated electronic transfer of data to our system.

1. Enter the Plan Code – Locate the plan code on the rate card & print in the shaded area labeled “Plan Code.” Align the plan code to the left. *In some cases the plan code will be pre-printed on the application.*
2. Use Blue or Black ink pen – Do not use pencil.
3. Print in ALL CAPS.
4. When filling in the fields, print one character per box and stay inside the lines. Align text to the left.
5. It is not necessary to enter periods (.) after abbreviations in the data fields.
6. When there are choices to be made with circles, or bubbles, fill in the area inside the bubble. See the Application Verification Information section in the example above. Do not mark the bubbles with a ✓ or a X.
7. Align numeric dollar amounts to the right; never enter a comma in an amount field.
8. Special symbols, such as # to represent apartment number, are acceptable.

**ALTERATIONS OR MARKOUTS . . .** Changes to the application should be avoided. If a mistake of any kind is made in completing the application a new application should be completed.

**DATING OF APPLICATIONS . . .** Applications must be dated the day the application is completed, not the day it is sent to the Home Office or the date the insurance is to become effective.

**LEGIBILITY . . .** Complete each application legibly. Take special care to properly spell the applicant’s name, to correctly record the telephone number and to list the full and complete address for premium billings.

**PROMPT SUBMISSION OF APPLICATIONS . . .** Our studies show that one of the most frequent reasons for cancellation is the length of time it takes from the date of application to the date the policy is delivered. First United American Life has a very fast policy issue turnaround, but it is also important for you to promptly submit your applications to the Home Office and promptly deliver the policies.

**Applications should be submitted no less frequently than at the end of each week.** Any applications which are more than 30 days old on the date received by the Company are subject to rejection.

**SIGNATURES . . .** The proposed insured must sign the application. Signatures by power of attorney, trustee or spouse are not acceptable.

■ **BALANCE OF HIGHER MODE ON DELIVERY . . .** If you collect additional premium upon delivery of the policy, be sure to use Form FUAL 1308 to remit the additional premiums. **NOTE:** Be sure to send these collections *separately* from your new business to avoid any possible confusion and assure maximum speed in handling your new business.

The mode change will be made on our records and, if requested, we will send the policyowner a postcard acknowledging the additional collection and showing the next premium due date.

■ **HIPAA COMPLIANT AUTHORIZATION . . .** Form N3979 HIPAA Compliant Authorization is required with all sales. Have the proposed insured sign the 2-part form, give the applicant the copy. Submit the original to the Home Office with the application.

■ **RENEWAL PREMIUMS . . .** Premium notices will be mailed to your policyowners in advance of each due date. Your policyowners should return their notices with renewal premium payments directly to the Company in the envelope provided. *You are not authorized to collect renewal premiums.*

Therefore, the billing address cannot be your office address. Take special care to see that the billing address is completely and correctly listed on each application.

■ **COMMISSION ACCOUNTING PERIOD . . .** The commissions close-out date is the 24th of each month (or if the 24th falls on a weekend or holiday, the last working day prior to the 24th). Any charges or credits after this date will appear on the next month’s statement. Commission statements are mailed no later than the 7th of each month. Commission Loan Advances are paid at least once a week.

■ **FOREIGN APPLICANTS . . .** Coverage is not issued to foreign nationals unless the applicant verifies in writing (separate note attached to the application) that such applicant is a permanent resident of the United States.

■ **ADVANCE DATING . . .** Requests for special dating not more than 90 days following the date of application will be honored.

■ **UNDERWRITING . . .** First United American Life expects to receive complete and accurate information on the application. It is the Agent’s responsibility to ask all of the questions and to record the applicant’s response correctly. All applications must be negotiated in person by the Writing Agent. Under no circumstances should applications be taken through the mail or over the telephone.

■ **POLICY RECORDS . . .** Following the issue of each policy, you will receive a 3 x 5 “Agent’s new business” card. Also, your commission statement each month will list those policies which are past due and those claims which have been paid for your policyowners.

■ **CONVERSION/REWRITE OF COVERAGE . . .** Conversion of existing or recently lapsed Medicare Supplement policies is available by completing a new application with submission of the required premium. Contact the Home Office for further instructions.

■ **DEBIT ACCOUNT BALANCE . . .** You are expected to promptly settle any debit account balance reflected on your commission statement. It is suggested that you maintain a cash reserve so that any refunds will not allow a debit account balance to develop.

# MEDICARE SUPPLEMENT INSTRUCTIONS

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■ **ELIGIBILITY . . .** Question number 2 deals with Medicaid. To be eligible for our plans, the applicant must not be covered by Medicaid in any form.

■ **ADVANCE DATING . . .** Advanced Dating is allowed for first time Applicants age 64-1/2 with a policy effective date commensurate with the Medicare effective date. Generally, postdating 90 days is acceptable.

■ **IS THE APPLICANT COVERED BY MEDICARE? . . .** To be eligible for our plans, the applicant must be covered by both Parts A and B of Medicare.

■ **MEDICARE GUIDE . . .** You must provide all applicants a copy of "Guide to Health Insurance for People with Medicare".

■ **MEDICARE I.D. NUMBER . . .** On Medicare Supplement business, the most vital information of all is the applicant's Medicare I.D. number. Be sure to obtain the exact number from your applicant and carefully record it on the application. This will enable us to provide policyholders the best possible claim service. This number should be exactly copied from the insured's Medicare I.D. card and should include a letter either as a suffix or prefix. The insured's Social Security number by itself is incorrect.

■ **OUTLINE OF COVERAGE . . .** You must provide all applicants an Outline of Coverage (DS Form).

■ **REPLACEMENTS . . .** When replacing existing coverage, completed Replacement Form (*NYREPMSSM/NY-MS2MS*) and Comparison Form (*NYU-1366*) are mandatory. Carefully review the forms with the applicant and submit the completed copies with the application.

■ **REPLACEMENT/PRE-EXISTING CONDITION LIMITATIONS . . .** Loss due to injury or sickness for which medical advice was given or treatment was recommended by or received from a physician within 6 months prior to the policy effective date is not covered unless the loss is incurred more than 60 days after the policy effective date. This exclusion will be waived when replacing another accident and health insurance policy, Medicare Supplement policy, HMO contract or employer-provided health benefit arrangement and the previous coverage was continuous to a date not more than 63 days prior to the effective date of this policy. There are penalties for failure to report replacements.

■ **DUPLICATION OF COVERAGE . . .** A person may have only one Medicare Supplement policy in force. Coverage is not to be overlapped since no waiting periods are imposed on replacements.

## LIFE INSTRUCTIONS

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Effective December 31, 2006, Life policies are temporarily unavailable.

# ANNUITY INSTRUCTIONS

**FLEXIBLE PREMIUM ANNUITY . . .** is a tax-deferred investment which provides customers a secure way to reach long-range financial goals.

**RESERVE FUND ANNUITY . . .** is designed to assist policyholders with accumulation funds needed to meet their calendar year deductible or co-payments amount. Funds may be deposited in lump sum or through automatic (bank draft) deposits. Policyholders may authorize First United American Life to automatically draft deductible or co-payment amounts from the annuity. Each policyholder has to have their own separate annuity to automatically draft deductible or co-payments.

■ **SUBMITTING NEW BUSINESS . . .** Follow these steps for proper annuity submission:

1. Complete the application.
2. Explain to applicant that the bonus interest rate applies only to the first contract year. Renewal rates at first contract anniversary and subsequent anniversaries will not include a bonus rate.
3. A Certificate of Receipt (*NYFPDA02-CR2*) must be completed and returned with the application and the gross premium check. *Netting commissions is not allowed on annuity sales.*
4. A "Definition of Replacement" form must be signed by the applicant and the agent and returned with the application.

■ **ISSUE AGE . . .** the Flexible Premium Annuity may be issued to ages 0-85.

The Reserve Fund Annuity may be issued from ages 65 to 85.

■ **MINIMUM/MAXIMUM INITIAL PAYMENT . . .** The Flexible Premium Annuity minimum initial payment is \$2,000. The maximum initial amount is \$200,000, unless authorized by a First United American Life Home Office official. Additional plan deposits of no less than \$50 can be made at any time. Maximum premium deposit over life of contract is \$1,000,000 with approval.

The Reserve Fund Annuity minimum initial deposit is \$50. The maximum allowable deposit is \$70,000 over the life of the Reserve Fund Annuity.

■ **INTEREST RATE . . .** the Flexible Premium Annuity's interest rate is the current rate in effect at the time the deposit is received and will be guaranteed until the next contract anniversary date. A separate renewal rate for each deposit will be declared on the contract anniversary. Rate is guaranteed never to fall below 3%.

The Reserve Fund Annuity interest rate is guaranteed to never be less than 3%. Interest accumulates daily, but is compounded on an annual yield.

■ **OWNERSHIP . . .** The owner has full control of the contract during the lifetime of the annuitant. In most cases, the owner will be the annuitant or spouse of the annuitant. Joint ownership is allowed.

■ **WITHDRAWALS . . .** A free withdrawal in the first contract year can be an amount or amounts up to the interest credited. After the first contract year, the annuity offers the flexibility of a free withdrawal up to 10% of the cash value per year (minimum \$100). On amounts withdrawn during the first contract year, withdrawal charges may not exceed interest credited. Withdrawal charges begin declining in contract years four through six and are eliminated at the end of six years.

■ **BENEFICIARY . . .** the beneficiary is the person named to receive the proceeds (cash value of the contract) at death of the annuitant or owner before the maturity date. In most cases this is the spouse of the annuitant.

■ **MATURITY DATE . . .** the expected maturity date is the date the plan will annuitize and monthly payments begin. This date may be changed by the owner at any time before the maturity date by giving the company 60 days written notice.

■ **REPLACEMENT . . .** Replacements can no longer be accepted on life insurance and annuity business. Agents must provide each applicant with a state-required "Definition of Replacement" form. Even though the sale doesn't involve a replacement, this form must be signed by the applicant and the agent and returned with the application to the Home Office.

■ **TYPE OF FUNDS AVAILABLE . . .** Although the application lists qualified and non-qualified funds — **ONLY non-qualified funds will be accepted in the Home Office.**