REPORT OF EXAMINATION

OF THE

MARKET CONDUCT AFFAIRS

OF

BANKERS LIFE AND CASUALTY COMPANY

BY

VERMONT DEPARTMENT OF BANKING, INSURANCE, SECURITIES AND HEALTH CARE ADMINISTRATION

February 20, 2003

AFFIDAVIT OF MARKET CONDUCT EXAMINER

I, Charles Piasecki, being first duly sworn, do hereby affirm that the report of the Market Conduct Exam of Bankers Life and Casualty Company dated February 20, 2003 was produced following a personal examination by me of the subject areas involved and that the assertions of fact contained herein are true and correct to the best of my knowledge and belief.

Dated at Montpelier, Vermont this 20th day of February, 2003

Charles Piasecki

Charles Piasecki, CPCU, CIC
Market Conduct Chief
Vermont Department of Banking, Insurance,
Securities and Health Care Administration

Subscribed and sworn to before me this 20 day of February, 2003

Patrick M. Scott

Notary Public

My Commission expires: Notary Public State of Vermont Lamoille
My Commission Expires February 10, 2007

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SALUTATION

The Honorable John P. Crowley
Commissioner of Banking, Insurance, Securities and Health Care Administration
State of Vermont
89 Main St. Drawer 20
Montpelier, VT 05620-3101

Dear Commissioner Crowley,

Pursuant to your instructions and authorization, a market conduct exam has been made of the Market Conduct affairs of:

Bankers Life and Casualty Company

Hereinafter referred to as Bankers Life or the Company, at its home office located at 222 Merchandise Mart Plaza, Chicago, IL 60654-2001 and other locations. The report is being respectfully submitted.

Sincerely,

Charles Piasecki
Market Conduct Chief
Vermont Division of Insurance

FOREWORD

On February 21, 2001, the New Hampshire Insurance Commissioner invited the Division to participate in a tri-state market conduct exam of Bankers Life and Casualty. New Hampshire had started an exam in May of 2000. Because New Hampshire believed that the neighboring states of Vermont and Maine were experiencing similar marketing concerns, a multi-state exam was started. In December of 2001, the Vermont examiner withdrew from the exam because of ill health. New Hampshire and Maine continued their part of the exam as a bi-state exam. The Vermont Insurance Division decided to continue the exam as single state exam after they were able to hire a new examiner. Therefore, although this exam started as a multi-state report it ended as a single state report.

This Market Conduct Examination report is a report by exception. If there were no exceptions to note in a particular area, that section was not included in the report.

Findings may not be material to all areas that would serve to assist the Commissioner. Failure to identify or criticize specific practices does not constitute acceptance by the examiners. This report should not be construed to endorse or discredit any insurance company or insurance product. Statutory cites and regulation references are those effective as of the period under examination unless otherwise noted. Examination recommendations that do not reference specific insurance laws, regulations, or bulletins are presented to encourage improvement of the Company's practices and operations.

SCOPE OF EXAMINATION

The market conduct examination of Bankers Life and Casualty Company was conducted in accordance with the authority granted by the provisions of Title 8 V.S.A. §3564 and §3573. This examination was conducted in accordance with guidelines and procedures recommended by the National Association of Insurance Commissioners (NAIC), and the Vermont Department of Banking, Insurance, Securities and Health Care Administration.

The examination covered the time period from January 1, 1999 through February 28, 2001, with analysis of certain operations of the company being conducted through September of 2002. The purpose of conducting the examination is to determine whether the practices and procedures used by the Company are in compliance with the provisions of the Vermont statutes, regulations, and bulletins. The exam covered the company operations/management, claims, marketing and sales, and complaint handling.

COMPANY OVERVIEW

- Bankers Life is a wholly owned subsidiary of Bankers Life Insurance Company of Illinois, which, in turn, is a wholly owned subsidiary of Conseco, Inc., a publicly traded company.
- Bankers Life operations are conducted through "Branch Sales Offices" ("BSO") in all states except New York. The Company is also licensed in the District of Columbia, Puerto Rico and Canada. The 180 BSO's are supervised by Branch Sales Managers ("BSM"). There are over 4500 agents and 300 managers and unit managers who report to twelve Field Vice Presidents (FVP).
- The marketing, claims payment, underwriting and policyholder service departments are located at the Company's home office in Chicago, IL.
- The Company offers a broad range of individual insurance products targeting senior citizens, including Medicare supplemental, long-term care, life, annuities, and loss of time insurance.
- Bankers Life booked the following direct sales income during the examination period:

1999

	Life	Annuity	A & H	Total
US	$ 150,067,547.00	$455,336,351.00	$1,236,415,387.00	$ 1,841,819,285.00
VT	$ 704,582.00	$ 695,681.00	$ 5,551,336.00	$ 6,951,599.00

2000

	Life	Annuity	A & H	Total
US	$ 163,327,577.00	$398,064,665.00	$1,300,833,122.00	$ 1,862,225,364.00
VT	$ 714,545.00	$ 6,695,933.00	$ 6,194,180.00	$ 13,604,658.00

2001

	Life	Annuity	A & H	Total
US	$ 117,802,704.00	$481,208,773.00	$1,372,272,505.00	$ 1,971,283,982.00
VT	$ 754,483.00	$ 8,279,370.00	$ 6,897,117.00	$ 15,930,970.00

EXECUTIVE SUMMARY

The Vermont Division of Insurance conducted a market conduct examination of Bankers Life and Casualty as a result of information we received from the New Hampshire Insurance Department concerning marketing activities of Bankers Life and Casualty in the New England region.
The focus of the exam was on the Company's compliance with Vermont's unfair trade practice laws. The exam revealed that Bankers Life, in certain circumstances, was not in compliance with those laws. One major concern was in the area of suitability training and management in the sale of annuity products. , After questioning company personnel and reviewing company training material, it was clear that the Company's agents were not given specific training in suitability guidelines and the Company management was not overseeing the suitability of each sale. To the Company's credit, it has made significant improvements in both of these areas during the examination period. Nonetheless, the examiners review of these changes uncovered significant shortcomings. The details of these additional recommendations are discussed in the report.

In addition to agent training and management issues, a major compliance violation was found with respect to the Vermont replacement regulation for life and annuity products. After reviewing the new sales client files maintained by the Company, it became clear that neither the agents nor the Company was complying with the newly adopted replacement regulation that was effective 3/1/02.

Also, the examiners found printed materials used by the Company's agents that contained violations of the Vermont unfair trade statute. These materials either misrepresented the product or failed to fully disclose the limitations of the product. They included: an agent designed sales aid, a company prepared pre-approach letter, and three different company approved sales brochures.

Finally, the examination uncovered misrepresentations on 10% of the annuity applications reviewed. On these applications, the agents were filling in the special remarks sections with the sentence, "This annuity will cause no harm to the annuitant". This was especially troublesome because the statement, without further disclosure, could be interpreted by the applicant as a statement of fact. The positioning of this statement was directly above the applicant's signature and the agent's signature on the application. The potential for material misrepresentation resulting from the agent writing this statement in the remarks section of the application is significant.

In light of the number of violations uncovered and the needed improvements in the area of suitability, it is the opinion of the examiner that a follow-up target exam should be conducted in one year.

PERTINENT FACTS OF THE CURRENT EXAMINATION

I. Replacement regulation violations

The examiners reviewed 50 annuity policies that were sold in March and April of 2002. Although the original focus of the review was on suitability issues, the examiners noticed problems with those files in the sample that were replacement policies. Of the fifty sample policies, 6 were identified as replacement policies. None of the replacement policy files maintained by the Company had copies of the sales materials used by the agent. Regulation I-2001-03, Section 3(E), requires that the producer submit a copy of the sales material used to the insurer. Also, none of the files contained copies of the signed consumer notices described in Appendix A of regulation I-2001-03.

The examiners contacted all of the policyholders involved in these replacement situations and a team of investigators interviewed these clients at their homes. The investigators found that none of the policyholders had copies of the notice required by Regulation I-2001-03. The investigators found no indication from these interviews that the agents who sold these replacement policies were aware of any of the requirements in Regulations I-2001-03.

The examiners notified the Company of their findings and the company confirmed that it had not complied with this regulation. It issued a regulatory update to its Vermont agents, dated August 21, 2002. This notice explained that Vermont had adopted the NAIC's life and annuity replacement model regulation, effective March 1, 2002. A copy of this notice is attached as Appendix A.

The examiners recommend the Company explain, in writing, to the Vermont Insurance Division:

1. How it was able to completely overlook implementing the requirements of the Regulation I-2001-03;
2. That it has now complied with all sections of this regulation and describe what has been done to accomplish this task; and
3. What procedures it will put in place to ensure that it will be aware of and timely implement Vermont regulations in the future.

II. Unfair Trade Practice Violations

1. Sales aid comparing annuity to mutual funds.

While reviewing consumer complaint files, the examiners noticed that an agent of the Company had used a handout comparing Bankers Life annuities to mutual funds. The handout stated that the annuity guaranteed a rate of 3%, had zero risk, and that the annuity could never lose value. None of these representations were backed up by further explanation. The agent in question went on to sell the customer an equity indexed annuity that did not guarantee a 3% return on the investment, did have a risk from early withdrawal, and did have less value after the first year compared to the original investment. The sales aid used by the agent misrepresented the limitations of the annuity it was purportedly describing. Consequently, this sales aid is in violation of the prohibition on false or misleading advertising contained in 8 VSA section 4724(1).

Although finding only one file with this sales aid does not constitute a business practice, it is significant. The examiners discovered this sales aid when reviewing the complaint files maintained by the Vermont Insurance Division. When the examiners then sought to review a sample of sales materials used by Vermont agents, they learned the Company's agents were not required to keep copies of the sales material that they used. In addition, agents were not required to keep their files in the regional office. Further, the managers were not required to review sales presentations or sales materials. Consequently, the examiners were not able to conduct a comprehensive review of this topic. Nor is the Company able to review sales practices to ensure compliance with Vermont's laws. Because the use of misleading sales aids can cause great harm the public, it is critical to have effective methods to monitor this area.

A copy of the sales aid is attached as Appendix B.

The examiners recommend the Company:

1. Prohibit the use of this particular sales aid;
2. Implement a program to review all sales aids used by their agents.
3. Require that a copy of all sales material used with clients be kept in the client folder so that the material can be available for review by company management or future market conduct examiners; and
4. Require that these folders be kept at the regional office.

2. Pre-approach sales letter 98-A006

The pre-approach sales letter 98-A006 does not adequately explain the Bankers' Equity 1 product. A pre-approach letter is sent to Company prospects explaining a product's benefits. After receiving this letter, the consumer is contacted by a company agent who attempts to sell the consumer this product.
The letter states:

"And what happens if the index goes down? Can you lose Money? NO! In fact, you'll still enjoy growth on your original single premium, even in the event of a flat or declining market!"

After reading this statement, a reasonable person would expect growth on the entire original single premium. In reality, only 90% of the investment, less withdrawals, qualifies for the guaranteed growth. Although this limitation is significant to the performance of this annuity product, it is not mentioned in the letter. Further, in at least four complaints received by the Department, the consumers indicated that they believed that the 3% guarantee would apply to the entire premium they had paid. Consequently, this sales letter violates Vermont Law prohibiting the use of false or misleading advertising.

The examiners asked Bankers Life compliance personnel to demonstrate why this sales material should not be considered in violation. They answered that it was not the intent of the company to mislead the consumer in any way. They indicated that marketing letter 98-A006 would be withdrawn as of October 4, 2002.

A copy of this letter is attached as Appendix C.

The examiners recommend that the company explain, in writing, to the Vermont Insurance Division:

1. What procedures are in place to ensure its sales material is in compliance with Vermont law;
2. How the company failed to discover this advertising piece did not comply with Vermont law; and
3. What procedures the company has put in place to ensure that this situation will not happen again.

3. Annuity applications

The examiner reviewed a random sample of 50 annuity files from a population of 531 and found 5 files that contained the following statement in the special remarks section of the application:

"This annuity will cause no harm to the annuitant".

Directly below this statement is the applicant's signature, and below that is the agent's signature. The applicant signs to certify that the above information is correct to the best of his/her belief. Since the agent fills out this part of the application, the applicant could logically conclude that the agent is promising in writing that in fact under no circumstances will the annuity harm the applicant. It is the examiner's opinion that a broad statement such as this is indefensible. All annuities have some limitations that could potentially cause harm. For example,

all the annuities sold in these cases have withdrawal charges that could cause financial harm. This statement, which is written in the agent's handwriting, is misleading and could easily be interpreted by the applicant as a special warranty made by the agent.

The special remarks section of the application, according to the Bankers Life manual, is used to add pertinent information that the company should have. It is not clear why these particular words were used, but the statement by itself is inaccurate. This wording is misleading and in violation of the Vermont's unfair trade practices laws.

When the examiners discussed this situation with the company it indicated that it would instruct its Vermont agents to stop using this statement in the remarks section of the application.

A copy of this statement is attached as Appendix D.

The examiners recommend the company implement a review procedure to monitor the agent statements that are used on the applications and provide a written description of this procedure to the Vermont Insurance Division.

4. Sales brochure – Retirement Activity

The supporting data used in sales brochure, Retirement Annuity #10573(9/97), overstates the difference between the interest of the one-year CD and an annuity.

The brochure states on page 2:

> Single premium tax-deferred annuities are becoming even more popular because of: The simple historical fact that annuity interest rates normally exceed the popular one-year CD rates.

This statement references a supporting chart that compares historical CD rates to annuity rates. However, the CD rates used in the chart are for 3-month CD rates, not one-year rates. Using 3-month CD rates causes the comparison to unfairly favor the annuity and is misleading. Because the 3-month CD rates are typically lower than the 1-year CD rates, the 1-year rates should have been used. The company is in violation of 8 VSA section 4724(1) because the use of a comparison of 3-month CD rates to annuity rates to support a statement concerning one-year CD rates is misleading.

A copy of this brochure is attached as Appendix E.

The examiners recommend that the company change the misleading information.

5. Sales Brochure -The Key to Golden Retirement.

The chart on the back page of brochure #12680(10/96) – The Key to Golden Retirement, compares a tax-deferred annuity to a taxable account. The chart states "Advantage annuity $35,331" to describe a comparison of an annuity to a certificate of deposit. The chart fails to indicate that the $35,331 will be taxed when withdrawn from the annuity. In this type of a comparison, it is essential to show an after tax amount compared to an after tax amount. Therefore, the $35,331 should be reduced by the appropriate taxable amount. The $35,331 has little relevance to the customer if compared to an investment that is already taxed. The brochure states in printed text farther down the page that "you pay no taxes on your interest until you take it out", but this reference is not sufficient to overcome the misleading comparison in the chart. In addition, the examiners noted that in brochure #12219-2, the charts used describing the benefits of tax deferral did include a third category describing after tax withdrawal. Showing all three categories as the company did in this chart gives the customer a complete picture.

The chart, in brochure #12680(10/96), fails to adequately disclose the taxable aspect of the annuity. The $35,331 figure used is misleading and violates Vermont Law prohibiting misleading advertising.

A copy of this brochure is attached as Appendix F.

The examiners recommend that the company insert a third component to the chart contained in brochure #12680 that shows the after tax income and implements procedures to insure that similar misleading charts are not included in future sales materials.

6. Sales Brochure – Equity Indexed Annuity

Both the sales presentation materials for the Company's Equity Indexed Annuity and the illustrated handout on Equity Indexed Annuity, insert # 14405, contained a chart purporting to illustrate a hypothetical cash value accumulation of the Equity 1 annuity product. The growth is based on an index value at an 80% participation rate. When the examiners reviewed the historical participation rates used in Vermont, they did not find any year that averaged an 80% rate. The average annual participation rate never exceeded 75.83%. There was a consistent pattern of having an 80% rate in the months of April through October and then using a 70% rate for the other five months. The product has been in Vermont since 1999 and the company has not varied from this pattern. The rate used in the chart should be 75.83%, not 80%. Even though this is a hypothetical illustration, it must be based on some historical and/or realistic projections to give the consumer a true picture of the potential returns. Using a higher participation rate gives a misleading projection. Consequently, these two sales aids are in violation of 8VSA §4724(1).
A copy of this brochure is attached as Appendix G.

The examiners recommend that the company change the participation rate used in the sales material to reflect realistic projections of future participation rates.

7. Unsuitable Sales

In complaints nos. 20010171 and 20010080, which were received by the Department, the customers purchased indexed annuities that were not suitable to their needs. In both situations it was clear from the investigation of the complaint that the customer was only interested in a product that had a guaranteed return on their entire investment. However, the product that was sold did not have a guarantee on the entire investment and therefore was not suitable to the needs of the client.

Vermont law prohibits agents from selling a policy if he/she knew or should have known that the sale was unsuitable. The information in the complaint file indicated that the product sold was not suitable in light of the client's objectives. The company produced no information to indicate that a reasonable attempt was made to determine the objectives of the client.

The examiner acknowledges that the Company did act responsibly to the insured in each case. After the Company investigation, in complaint # 20010171, the insured was given a different annuity, which met the insured's needs. After the Company investigation, in complaint # 20010080, the insured was given a full refund of the investment plus the interest they would have earned if the product were not purchased.

Even though the Company did act responsibly in these cases, the original sale of the indexed annuity was not a suitable sale. Vermont statues are clear that an insurance company is responsible for the acts of its producers. Consequently, the company violated 8 VSA §4724(16). The examiners note, however, that the Company has implemented changes intended to prevent the sale of unsuitable policies. These changes are discussed in more detail in the following section. Beyond making the changes discussed below, the examiners have no further recommendations regarding suitability.

III COMPANY IMPROVEMENTS

In the summer of 2002, the company made significant improvements in the area of suitability. First, the company implemented a requirement that agents attend a specific class on suitability. Second, the company now requires the selling agent to fill out a suitability questionnaire. The sales manager must then approve the sale after determining the sale is suitable

Although both of the new requirements are positive improvements, the examiners discovered problems in both the suitability training and the suitability questionnaire.

1. Suitability Training

The suitability training that Company agents are now required to attend instructs the agents to determine whether a customer meets the following guidelines before selling a policy:

1. That the customer needs the insurance
2. That the proposed coverage fits that need.
3. That the customer can afford the insurance.
4. That in a replacement situation, the proposed new coverage is better for the prospect considering benefits gained and benefits lost.

The guidelines above are excellent, but the examiners noted problems relating to the means used to determine whether a prospective client met the guidelines. The training instructed the agents to use the company fact finder forms to determine the customer needs. After reviewing the Company fact finders forms, the examiners found that these forms were not designed to get a complete and accurate picture of the prospect's situation.

A copy of this fact finder form is attached as Appendix H.

The examiners recommend that the fact finder forms for annuities be designed to include questions that give a total picture of the prospect's situation. To do an adequate review of a client's needs, the agent must understand the person's total financial picture: all assets, liabilities, income and expenses. In addition, personal objectives, risk tolerance, customer's age, investment sophistication and tax issues should be reviewed.

Another major weakness in the Company's training concerns how agents are suppose to determine whether the prospect can afford the insurance. When the examiners asked the company what training and or guidelines it provided its agents in order to determine the liquidity needs of the prospect clients, it stated it did not have any standards or training. Without training or standards, agents will have a difficult time following the Company's guidelines. In addition, the Company will be unable to determine that these sales meet this suitability guideline of affordability.

The importance of affordability issues is heightened with Bankers Life because it targets the elderly population. Emergency liquid funds are an especially important factor for people on a fixed income since they may no longer have any income producing ability to rebuild their losses. Consequently, the losses incurred from the early withdrawal penalty could be dramatic.

The examiners recommend that the Company provide training in determining affordability and set standards for the agents to follow in this area.

Suitability training relating to the fourth guideline also concerned the examiners. The principle used is an excellent one: considering benefits gained versus benefits lost. However, this standard only applies when replacing life insurance or annuities. The training manual states that when replacing life insurance or annuities, the agent needs to consider this test of benefits gained versus benefits lost. It is clear from the accounts reviewed that Bankers Life agents are encouraging their prospects to replace many other investments (such as CDs or mutual funds) with annuities. Vermont laws prohibit the sale of unsuitable policies. Therefore, an agent must consider using the test of the benefits gained versus the benefits lost for all replacement situations.

The examiner recommends that the Company change its suitability training so that agents are instructed to use the replacement testing of benefits gained versus benefits lost in all situations where the policy they are selling is replacing another investment.

A second issue regarding the fourth guideline concerns the lack of agent training regarding the benefits offered from investments replaced. It is clear from the annuity accounts reviewed that a significant number of annuity sales come from replacing CD's, mutual funds, stocks and bonds. The examiner did not find any training material that helped agents understand the benefits of these other investments. Therefore, if the agents do not understand the investments they are replacing, they are not qualified to recommend that their clients replace these products.

The examiner recommends that the agents:

1. Tell their prospects to check with their current licensed agent or other financial adviser before they decide to change investments, or
2. Receive adequate training so that they are qualified to advise the prospect on the benefits lost when replacing their existing investment with an annuity.

2. Suitability Questionnaires

Bankers Life started using suitability questionnaire in Vermont in July of 2002. The examiner reviewed all of the questionnaires that had been completed. The questionnaires are a good start to help ensure that the suitability issues are addressed. The company now requires a manager to sign off on the suitability of a sale.

A copy of the current suitability questionnaire is attached as Appendix I

Although the examiners commend the Company for implementing this requirement, the examiners did find the following deficiencies in the current program:

1. Although the examiners were told that a policy would not be issued without the manager's signature concurring with the suitability decision, the examiners found that a manager did not sign seven out of the seventeen questionnaires we received for review. The examiners recommends that the Company take additional steps to insure compliance with its own internal procedure and make sure that no policy be issued without a manager's signature.
2. Although the forms did ask relevant questions, they did not follow the suitability training guidelines. The examiner recommends that the questionnaire ask the agent to answer the four questions that their training recommends.
    a. Is there a need?
    b. Does the policy meet the need?
    c. Can the customer afford the policy?
    d. If a replacement, are benefits gained better than benefits lost?

SUMMARY OF RECOMMENDATIONS

Recommendation 1.
Page 8- Replacement regulation violation
The examiners recommend the Company explain, in writing, to the Vermont Insurance Division:

1. That it has now complied with all sections of this regulation and describe what has been done to accomplish this task;
2. How it was able to completely overlook implementing the requirements of the Regulation I-2001-03; and
3. What procedures it will put in place to ensure that it will be aware of and timely implement Vermont regulations in the future.

Recommendation 2.
Page 9 – Use of Sales Aid – Bankers Life Annuities vs. Mutual Funds
The examiners recommend the Company:

1. Prohibit the use of this particular sales aid;
2. Implement a program to review all sales aids used by their agents.
3. Require that a copy of all sales material used with clients be kept in the client folder so that the material can be available for review by company management or future market conduct examiners; and
4. Require that these folders be kept at the regional office.

Recommendation 3.
Page 10- Use of pre-approach letter 98-A006.
The examiners recommend that the Company explain, in writing, to the Vermont Insurance Division:

1. What procedures are in place to ensure its sales material are in compliance with Vermont law;
2. How the company failed to discover this advertising piece did not comply with Vermont law; and
3. What procedures the company has put in place to ensure that this situation will not happen again.

Recommendation 4.
Page 11 – Agents using the phrase, "This annuity will cause no harm to the annuitant."
The examiners recommend the Company implement a review procedure to monitor the agent statements that are used on the applications and provide a written description of this procedure to the Vermont Insurance Division..

Recommendation 5.
Page 12 – Sales brochure # 10573(9/97)- Retirement Annuity
The examiners recommend that the Company change the misleading information.

Recommendation 6.
Page 13 – Sales brochure #12680(10/96) – Key to Golden Retirement
The examiners recommend that the Company insert a third component to the chart contained in brochure #12680 that shows the after tax income and implements procedures to insure that similar misleading charts are not included in future sales materials.

Recommendation 7.
Page 13 – Sales presentation on Equity Indexed Annuity & Insert # 14405
The examiners recommend that the Company change the participation rate used in the sales material to reflect realistic projections of future participation rates.

Recommendation 8.
Page 15 - Concerning needs analysis forms:
The examiners recommend that the fact finder forms for annuities be designed to include questions that give a total picture of the prospect's situation. To do an adequate review of a client's needs, the agent must understand the person's total financial picture: all assets, liabilities, income and expenses. In addition, personal objectives, risk tolerance, customer's age, investment sophistication and tax issues should be reviewed.

Recommendation 9.
Page 16 – Concerning affordability:
The examiners recommend that the Company provide training in determining affordability and set standards for the agents to follow in this area.

Recommendation 10.
Page 16 – Concerning suitability training:
The examiner recommends that the Company change the suitability training so that agents are instructed to use the replacement testing of benefits gained versus benefits lost in all situations where the policy they are selling is replacing another investment.

Recommendation 11.
Page 16 – Concerning agents' recommendations to sell existing investments:
The examiner recommends that the agents:

1. Tell their prospects to check with their current licensed agent or other financial adviser before they decide to change investments, or
2. Receive adequate training so that they are qualified to advise the prospect on the benefits lost when replacing their existing investment with an annuity.

Recommendation 12.
Page 17 – Concerning the suitability questionnaire review:
The examiners recommends that the Company take additional steps to insure compliance with its own internal procedure and make sure that no policy be issued without a manager's signature.

Recommendation 13.
Page 17– Concerning the suitability questionnaire design:
The examiner recommends that the questionnaire ask the agent to answer the four questions that their training recommends.

1. Is there a need?
2. Does the policy meet the need?
3. Can the customer afford the policy?
4. If a replacement, are benefits gained better than benefits lost?

APPENDIX A

REGULATORY UPDATE

TO: ALL AGENTS
ALL BRANCH SALES MANAGERS
ALL ADMINISTRATORS
- STATE OF VERMONT-

CC: M. KELLOUGH, DVP # 1060
R. BRADY, VP Agency
R HARMAN, VP New Business Dev
S. PERRY, SVP Sales

FROM: G. GRESIK, MANAGER
AGENCY RELATIONS/FIELD PROCEDURES

DATE: August 21, 2002

SUBJECT: REPLACEMENT OF LIFE INSURANCE OR ANNUITIES - VERMONT

VERMONT ADOPTION FOR MODEL REGULATION EFFECTIVE 3/1/2002

Vermont has adopted the NAIC's Life Insurance and Annuities Replacement Model Regulations effective 3/1/02.

The regulation is self-explanatory and a copy is attached. With the implementation of this regulation our current replacement procedures and forms L-6831 (VT) are obsolete. Any existing L-6831 (VT) forms should be destroyed.

A careful reading of the attached regulation is mandatory but here are the highlights as far as all Agents are concerned:

To accommodate specific language in the regulation regarding the "existence of life insurance", a supplemental form # LA -14959 (available on COINS) must be completed, signed and submitted with every life/ annuity contract.

A. If the question, "Does the proposed Insured have any existing Life and/or Annuity coverage?" is "no", there are no further replacement responsibilities.

B. If the applicant answers "yes" to the question referenced in A above, the following items apply:

1. The Agent must present and read aloud to the applicant a notice regarding replacement. The notice, Form L-14697, is shown as the last page of this distribution. The notice must be signed by both the applicant and the agent attesting that the notice has been read aloud or that the applicant did not want the notice to be read aloud. A copy of the notice must be left with the applicant.

2. The Agent must leave the original or copies of all sales materials used during the solicitation. If the solicitation material was electronically displayed, the printed form must be provided no later than at policy delivery.

3. The Agent must submit a copy of the replacement notice with the application to the insured as well as a statement identifying any preprinted or electronically presented company approved sales materials used and copies of any individualized sales materials (including any illustrations).

The new Form L-14697 accompanies this memo. Please begin using this form immediately. Forms are available using regular supply ordering procedures.

Please remove existing pages VI-1 (VT) through VI-3 (VT) in the Special Rules and Regulations Section of your Agent Information and Procedures Manual. Insert the new pages VI-12(VT) through VI-36(VT)

AGENT INFORMATION AND PROCEDURES MANUAL
-SPECIAL RULES AND REGULATIONS-
Please remove pages VI-1 (VT) through) VI-3(VT)
Insert new pages VI-12(VT) through VI-36(VT)

Greg Gunth

APPENDIX B

Bankers Life Annuity	Mutual Funds
More secure	Less Secure
Annuity can never lose value (zero risk)	Funds can lose value
Probate Free	Goes to Probate
No Fees	Some fees imposed
Tax Deferred	Taxable
Guarantee of 3%	No Guarantee
Can be protected against Nursing Homes by Annuitizing	Cannot be protected against against Nursing Homes
Can be converted into a lifetime monthly income Guaranteed for 20 years	Cannot be converted
(IRA - Annuity) When annuitant dies 5 years to withdraw funds	1 year to withdraw funds when it's a IRA

APPENDIX C

Letter 98-A006 Bankers Equity I

Dear:

How would you like to enjoy the financial gains of a rising stock market, without having to face the losses of a falling market?

Impossible? Not at all.

Bankers Life and Casualty Company now offers you an exciting annuity called Bankers Equity I. Instead of earning only a fixed annual interest rate, the performance of Bankers Equity I is tied to the S&P 500 Composite Stock Price Index. If the index goes up, so does the value of your annuity.

And what happens if the index goes down? Can you lose money? NO!
In fact, you'll still enjoy growth on your original single premium, even in the event of a flat or declining market!

So you get the best of both worlds - the growth of an equity-type product, AND the safety of an annuity.

Here's the best part. Since this is an annuity, all of its earnings are free of current income taxs* until you decide to withdraw funds!

I'll be calling you within the next few days to see how Bankers Equity I could fit into your future. I believe it's well worth a few minutes of your time.

Of course, there is no obligation whatsoever. Just an important opportunity that deserves a closer look.

If you would like to get more information right away, please call me at the number above.

Sincerely,

Agent

*Under current tax laws.

"S&P 500" is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by Bankers Life and Casualty Company. The Bankers Equity I annuity is not sponsored, endorsed, sold or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing this product.

98-A006

9 PAYMENT Amount Submitted With Application $ 250,000 -

Anticipated Annual Payments 1st Year $ _____ Renewal Years $ _____

Special Billing Information

☐ PPSP ☐ PRD

Case No. _____

Payment Frequency (Check One)

X	SINGLE PAYMENT
	ANNUAL
	SEMI-ANNUAL
	QUARTERLY
	MONTHLY

	*NINE PAYMENTS
	*TEN PAYMENTS

*Months To Be Excluded (Circle Exclusions)

J	F	M	A	M	J	J	A	S	O	N	D

10 Is the annuity now applied for intended to, or likely to, replace or change any existing insurance or annuities? ☐ Yes ☒ No If yes, complete and attach the required replacement form.

11 BENEFICIARY DESIGNATION
Name, Address and Relationship

Primary [redacted] Neice

Contingent _____

Unless otherwise provided, if more than one beneficiary is designated, payment shall be made to such beneficiaries in equal shares or to such beneficiaries that survive the insured, in equal shares.

12 SPECIAL REMARKS: This Annuity will cause no Harm to the Annuitant

13 I hereby apply for an annuity and, if applicable, authorize my Employer to withhold the amount above. I authorize Bankers Life and Casualty Company to accept premiums on my behalf. I represent that the above information is correct to the best of my knowledge and belief.

Dated at City Burlington *State* VT *Zip* 05401

this 26th *Day of* April 01

Signature of Annuitant X [redacted]

Signature of Owner *(If Other Than Annuitant)* X _____

14 To the best of my knowledge and belief, the policy herein applied for ☐ is, or ☒ is not, intended to or likely to, replace any existing insurance or annuities.

[redacted] (Signature of Agent) F7137 (Agent No.) 1013 (BSO No.) 4-26-01 (Date)

_____ (Signature of Agent) _____ (Agent No.) _____ (BSO No.) _____ (Date)

MAKE CHECKS PAYABLE ONLY TO BANKERS LIFE AND CASUALTY COMPANY

APPENDIX E

Taxation of Annuities

For many wise investors and retirees, certificates of deposits issued by banks or thrift institutions have been the ideal investment because they provide an income stream while maintaining the principal, and have a measure of security in FDIC insurance.

However, some of these wise investors are now moving their funds into tax-deferred annuities offered by large, financially secure life insurance companies.

Single premium annuities accumulate income on a tax-deferred basis while providing competitive interest rates, safety of principal, and account availability upon demand.

Annuity earnings accumulations are tax-deferred. Money withdrawn from the annuity is currently taxed on a LIFO (Last In-First Out) basis. This means that the first money taken out will be the interest portion and is taxed at ordinary income rates.

Further, while tax laws provide an incentive to save for retirement by allowing accumulations to be tax-deferred, ***they also impose a 10% tax penalty for withdrawals prior to age 59 1/2*** *unless the policyholder is deceased, disabled, or starts receiving the withdrawal payments as part of a substantially equal periodic distribution over the lives of the owner and/or beneficiary.*

Single premium tax-deferred annuities are becoming even more popular because of:

- The simple historical fact that annuity interest rates normally exceed the popular one year CD rates.[1]
- The financial safety record of life insurance companies.
- The ability to take some of the taxable interest and defer taxation on the rest of the earnings.
- The advantage of being probate free if going to a named beneficiary other than the estate at death (normally a 3 to 5% savings).
- The ability to convert assets (annuitize) into an income stream that the annuitant cannot outlive.

ANNUITY vs CD HISTORY[1]

YEAR	C.D.*	ANNUITY **	ANNUITY ADVANTAGE
1996	5.39%	6.15%	0.76%
1995	5.92%	6.00%	0.08%
1994	4.63%	5.92%	1.29%
1993	3.17%	5.75%	2.58%
1992	3.68%	6.50%	2.82%
1991	5.83%	8.03%	2.20%
1990	8.15%	8.50%	0.35%
1989	9.09%	8.63%	-0.46
1988	7.73%	8.50%	0.77%
1987	6.87%	8.13%	1.26%
1986	6.51%	9.00%	2.49%
1985	8.09%	10.50%	2.46%
1984	10.39%	11.43%	1.04%
1983	9.07%	10.88%	1.81%
1982	12.27%	13.34%	1.07%
Compounded Rate of Return:	7.12%	8.48%	1.37%

7.12% in a 15% tax bracket yields, after taxes, 6.05%

7.12% in a 28% tax bracket yields, after taxes, 5.12%

* *U.S. 3-month Certificate of Deposit, average annual yield, secondary market annual values. Source: Board of Governors, Federal Reserve System.*

** *Annuities, Initial Qualified Single Premium Deferred, annual compound rate of return for that period. Source: A.M. Best Co.*

Data researched from: Chase Investment Performance Digest, Chase Global Data & Research; and Board of Governors, Federal Reserve System.

Certificate of Deposit and Annuity Comparison

INCOME MANAGEMENT ATTRIBUTES	CERTIFICATE OF DEPOSIT	SINGLE PREMIUM DEFERRED ANNUITY
Ability to convert assets into a monthly income	YES *But only Interest Earnings.*	YES *Up to 10% of the cash value can be withdrawn each year without penalty.*[1]
Ability to redeem part before maturity without affecting interest on the balance left to mature	NO	YES *Up to 10% of the cash value can be withdrawn each year without penalty.*[1]
Ability to defer Income Tax on all or a portion of earnings	NO	YES *Consider the taxable equivalent yield of the tax-deferred annuity.* *Take, for example, the tax-deferred interest rate on a 5.50% annuity.* *Someone in the 28% tax bracket would have to earn 7.64% at a taxable interest rate to end up with 5.50% after taxes.* **Tax-deferred interest is a great advantage.**
Ability to convert to a guaranteed, lifetime income using principal and interest	NO *Depositor can only guess how many years to plan for.*	YES *By annuitizing for lifetime income.*
Ability to avoid expenses and delays of Probate	NO *Assets in a Inter-Vivos or Living Trust at date of death are not subject to probate administration.*	YES
Interest compounded without current income tax	NO	YES *Look at after-tax, taxable equivalent yields.* *For example:* *A CD having a taxable interest rate of 6% will, after taxes (in a 28% tax bracket), only earn 4.32%.* *This lower rate compares favorably to the rate on a tax-deferred annuity.* *Some examples are shown in the Annuity vs CD History Chart.*
[1]Early withdrawal penalties	YES *For the life of the instrument except during renewals of the CD.*	NO *Up to 10% of the cash value can be withdrawn each year without penalty.* YES *Withdrawals of more than 10% annually are subject to* ***decreasing*** *withdrawal penalties* ***during the first eight policy years.***
Current Interest Rate being Credited	_____ %	_____ %

Benefits

Age _____
Sex _____

Policy Form LA-04P

Cash Values*	Guaranteed Cash	Projected Cash Values
At End of		
1 Year	_____	_____
3 Years	_____	_____
5 Years	_____	_____
10 Years	_____	_____
20 Years	_____	_____
At Age _____		

Retirement Values

The values could provide a lifetime monthly income (10 years certain) at age _____ of	_____	_____ **

Death Benefits

☐ The death benefit before retirement is the cash value of the annuity.

☐ The death benefit after retirement income payments have started depends upon which income option was selected.

You may apply for this annuity for a premium of _____ ***

* *The Guaranteed Cash Value is based upon a guaranteed interest rate of 4%. The Guaranteed Monthly Income is based upon the Guaranteed Cash Value and a guaranteed income factor in the policy. The above contractually guaranteed interest rate may be replaced by a higher rate which may be declared from time to time.*

** *The Projected Cash Value and Projected Monthly Income amounts are based upon the current interest rate of _____%, and a current income factor, neither of which is guaranteed, nor are they estimates for future years.*

*** *State premium tax, if any, is subtracted from the single premium.*

10% of your cash value can be withdrawn each year without incurring a withdrawal charge. Any further Cash Value withdrawn is subject to a withdrawal charge if withdrawn in the first eight policy years. First year 8%, reducing by 1% each year. No withdrawal charge after the 8th policy year.

NOTE: As of date of printing, the Internal Revenue Code imposes a 10% penalty tax on withdrawals or surrender prior to age 59 1/2.

Neither Bankers Life and Casualty Company nor any of its agents or representatives are authorized to give legal, tax or accounting advice.

The information contained in this brochure summarizes the provisions of the annuity policy and our understanding of the current tax laws that relate to this annuity policy.

Please refer to the policy for the actual governing contractual provisions.

We suggest you consult your attorney, accountant or tax adviser on specific points of interest to you.

BANKERS LIFE AND CASUALTY COMPANY
A Conseco Company

222 Merchandise Mart Plaza

Chicago, Illinois 60654-2001

Single Premium Deferred Annuity Policy (Non-Qualified) Policy Form LA-04P

10573 (9/97)

BANKERS LIFE AND CASUALTY COMPANY
...your partner in life and health

Why consider an Annuity?

For most people, the retirement income from Social Security alone will not be sufficient to provide a comfortable retirement, one which allows them to maintain an independent lifestyle.

Even if their income is augmented by a company pension benefit, a comfortable retirement may not be possible.

An innovative way to preserve your present savings and accumulate additional funds for improved retirement security is through an annuity.

An annuity is a method of combining principal and interest to provide a guaranteed regular income and has several advantages over other conventional retirement strategies.

What's Special About Annuities?

- **A retirement income which cannot be outlived.** No other financial instrument (other than Life Insurance) can make the guarantee of a regular income... an income for life, depending on the plan selected.

  Annuity income is safe income, it arrives every month for the same amount, for as long as the annuitant lives.

- **Peace of mind** from knowing the income won't fluctuate. Annuity income is safe income, it arrives every month for the same amount, for as long as the annuitant lives.

- **A Larger Income,** often larger than income provided by other financial instruments, because it's based on a method of using both principal and interest... without the risk of outliving the money.

- **Freedom from money management worries.** There is never any worry about the principal being exhausted because *the income is guaranteed for life.*

  Substantial reserves are maintained to fulfill these guarantees and the investments behind these reserves are managed by experts, who in turn are guided by rigid standards set forth by governmental authorities.

- **Tax Advantages can augment growth of funds.** During the accumulation period, interest earnings are tax deferred, accelerating the growth of funds because of the special tax advantages which annuities enjoy under current Federal Tax laws.

- **The monthly income gets a tax break, too.** At retirement, under present Federal Tax Laws, a percentage of each monthly payment, from a Non-Qualified annuity, is considered a return of principal and is not taxable income.

  And, historical trends indicate that your taxation rates could be at a lower rate in later years.

- **The Advantage of Avoiding Probate.** If the annuitant dies before income begins, the proceeds may be payable to a properly designated beneficiary, thus avoiding the probate process.

- **The Satisfaction in knowing** that an annuity may also be used to provide a lifetime income to a needy dependent.

- **Your Choice of Single Premium or Flexible Premium Annuities**

  If funds have already been accumulated, a Single Premium Annuity can be used to assure that you can enjoy the funds without fear of outliving the income.

  If an on-going schedule of deposits are contemplated, ask your agent about Flexible Premium Annuities.

  With either type of annuity, if income is not needed immediately, the accumulated funds can continue to grow until they are needed.

  Growth is accelerated because of the special tax advantages applying to annuities under current Federal Tax Laws.

Single Premium Immediate Annuities

At retirement time, or at any other time, you can select a settlement option based on how you want your income payments structured.

Single Life

Provides income based on one life. Income normally begins one month from issue. You have the choice of two payment options.

Straight Life

Fixed income payments are made throughout the annuitant's lifetime.

This option provides the largest possible income.

It is most often used when there are no dependents to consider.

10 or 20 Year Certain and Life Thereafter

Fixed income payments are guaranteed for a 10 or 20 year certain-period to either the annuitant or the beneficiary.

If the annuitant is alive at the end of the certain-period, payments are guaranteed as long as the annuitant lives.

Joint and Survivor

Provides an income based on two lives, usually husband and wife. Income usually begins one month from issue.

You have the choice of three payment options.

Straight Life

Fixed income payments are made for as long as either of the two annuitants live.

Regardless of who dies first, the same income continues during the lifetime of the survivor.

Joint and Two-Thirds to Survivor

Fixed income payments are made for as long as either of the two annuitants live.

With the death of one of the annuitants, the amount of income payments would be reduced by one-third.

The survivor would continue to receive two-thirds of the regular income for life.

Types of Deferred Annuities

There are two types of deferred annuities.

Single Premium

Tax deferred interest is added until the date income begins.

Flexible Premium

Premiums are generally paid up to the date income begins. Tax deferred interest is added until the date income begins.

Deferred Annuity Payment Options

At retirement time, or at any other time, you can select a settlement option based on how you want your income payments structured.

Period Certain

Fixed monthly income payments are made for a period not to exceed 25 years.

Amount Certain

Fixed monthly income payments are made for an agreed upon amount, until proceeds and interests are used up.

Life Income with Guaranteed Period or Guaranteed Return of the Amount Placed Under the Settlement Option

Fixed monthly income payments are made throughout the life of the annuitant and continue to the beneficiary for the balance of 10 year certain period; or income payments made throughout the life of the annuitant and continue to a beneficiary until total payments equal amount paid for the annuity.

Based on Two Lives

Fixed monthly income payments are made throughout the lifetime of two persons. The surviving person receives:

1. Same monthly payment, *or*
2. 2/3 of monthly payment, *or*
3. 1/2 of monthly payment.

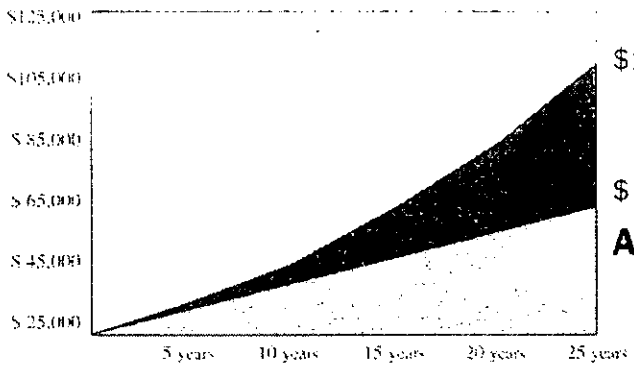
Withdrawals

Partial withdrawals can be made during the deferred period. The rules for handling withdrawals depends on the policy selected.

Most plans allow 10% of the cash value to be withdrawn each year without charge.

When withdrawal charges do apply, usually, the plan reduces them over a period of several years (8 to 12), until no further withdrawal charges are applicable.

Interested in How Large An Annuity's Tax-Deferred Advantage Can Be?



$107,297 in a Tax-Deferred Annuity

$ 71,966 in a Taxable Account

Advantage, annuity
$ 35,331

If an individual in a 28% tax bracket, has an initial purchase of $25,000, what would be the comparative growth in a tax-deferred annuity as opposed to a taxable account? Each account is projected to be earning 6% compounded annually, both accumulating for 25 years.

Graphing the growth of each type of account clearly illustrates that $25,000 grows a lot faster when you don't have to pay taxes on your interest each year.

And that's exactly how a deferred annuity works. It lets you accumulate more money (in this case $35,331 more) than in a taxable account, ***because you pay no taxes on your interest until you take it out.***

So, before you buy another CD, or any other taxable investment, take the time to learn about the benefits of a tax-deferred annuity. After all, the few minutes it will take could be worth $35,331!

Note: The interest rates shown above are for illustration purposes only. Actual yields may vary from time to time. Surrender charges may apply on early withdrawals.

BANKERS *LIFE AND CASUALTY COMPANY*

222 Merchandise Mart Plaza

Chicago, Illinois 60654-2001

Neither Bankers Life and Casualty Company nor any of its agents or representatives are authorized to give legal, tax or accounting advice.

The information contained in this brochure summarizes general information on annuities and our understanding of the current tax laws that relate to annuities. Please refer to specific policies for the actual governing contractual provisions.

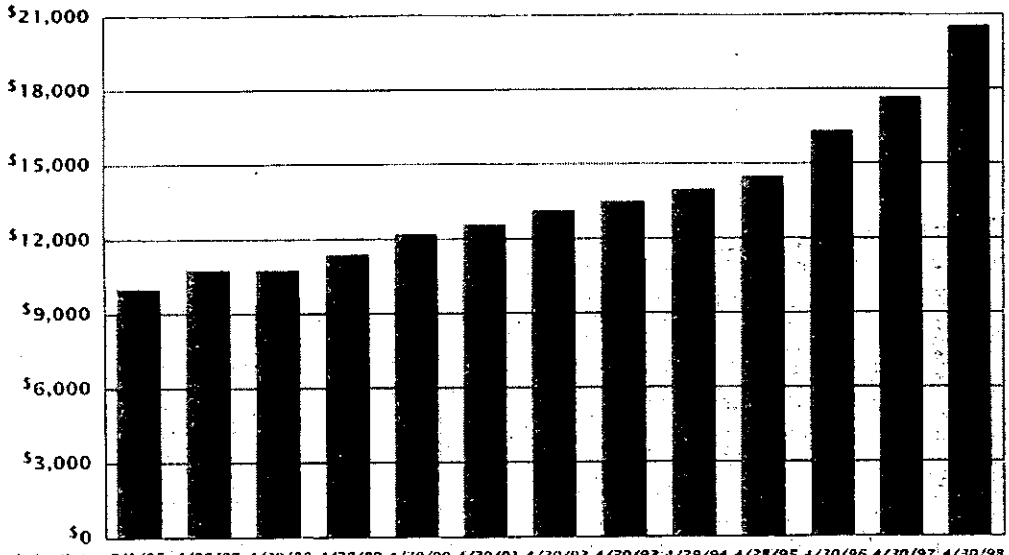
We suggest you consult your attorney, accountant or tax adviser on specific points of interest to you.

12680 (10/96)

Bankers Equity I Comparison Based on Historical S&P 500 Index Credits

HYPOTHETICAL CASH VALUE ACCUMULATION

Issue Date May 1, 1986
Single Premium $10,000



Index Date	5/1/86	4/30/87	4/29/88	4/28/89	4/30/90	4/30/91	4/30/92	4/30/93	4/29/94	4/28/95	4/30/96	4/30/97	4/30/98
Average Growth		9.41%	-3.70%*	7.22%	9.14%	3.80%	5.57%	3.27%	4.41%	4.53%	16.01%	10.28%	20.82%
Index Value at 60% Participation Rate**	10,000	10,752	10,752	11,373	12,205	12,576	13,137	13,481	13,956	14,461	16,313	17,656	20,596
Minimum Guaranteed Cash Value	9,000	9,270	9,548	9,834	10,129	10,433	10,746	11,068	11,400	11,742	12,095	12,458	12,831

Index Value

MGCV

* *This policy does not lose any cash value during a negative average growth year, due to the policy's guarantees.*

** *The participation rate is set by the company on each policy anniversary and is guaranteed for the following policy year.*

Policy Values

Cash Value

Equals the greater of the Index Value or the Minimum Guaranteed Cash Value

Cash Surrender Value

Equals the greater of the Index Value, less any withdrawal Charges, or the Minimum Guaranteed Cash Value

(please see following page for important information)

IMPORTANT INFORMATION

The values shown on the previous page are based on hypothetical assumptions and are not predictive of future values. The values assume that there are no surrenders, partial withdrawals, or annuitizations. The hypothetical participation rate may be different from the rate that would have been applicable if this indexed annuity had been available during the period illustrated. S&P 500 dividends are not used.

This indexed annuity is a tax-deferred single premium annuity policy and, under current tax law, any increase in the value of the contract will not be taxable until such time as you withdraw funds from it. Any taxable withdrawal prior to age 59 ½ is subject to an IRS 10% penalty tax under federal law. In addition, certain states charge a premium tax which may be deducted at issue or annuitization. Consult your legal and tax advisors for the application of this information to your individual circumstances.

Past performance of the S&P 500 is no guarantee of its future performance or of future values of this indexed annuity. Future performance may be greater or less than the examples shown. An indexed annuity is not a substitute for an S&P 500® indexed mutual fund or any other equity investment.

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THIS IS A HYPOTHETICAL CASH VALUE COMPARISON, NOT A CONTRACT.

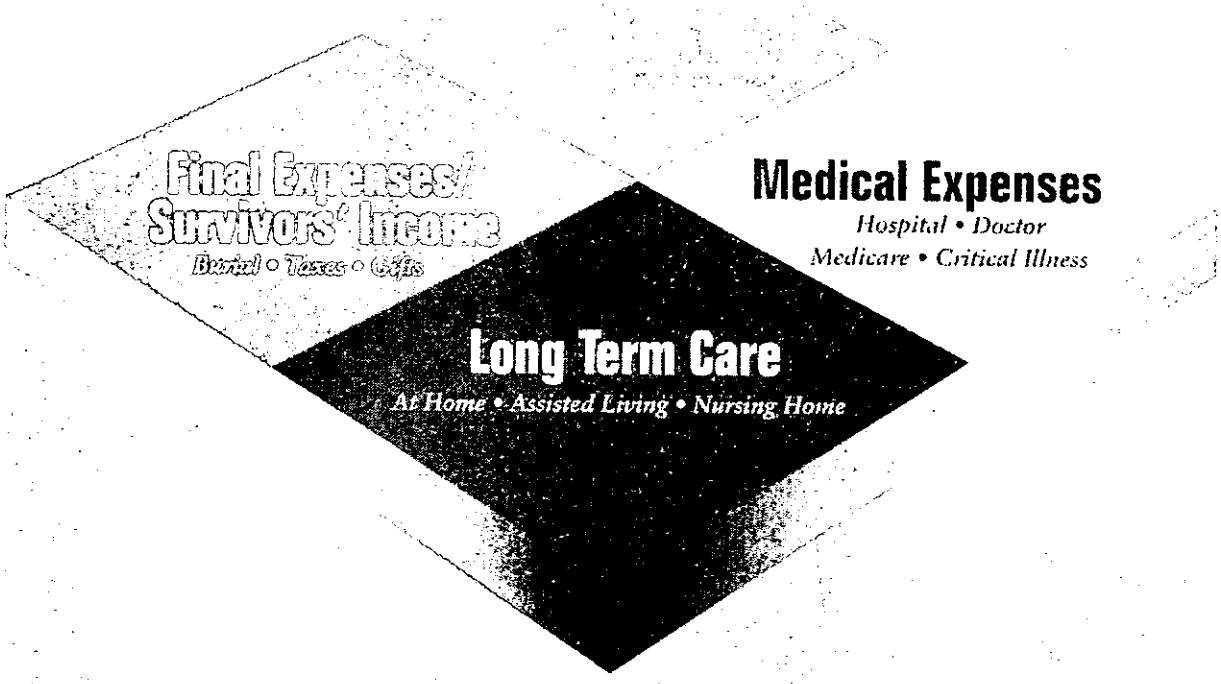
IMSA

INSURANCE MARKETPLACE STANDARDS ASSOCIATION

APPENDIX H

NEEDS ASSESSMENT

FINANCIAL REALITIES
Affecting Your Life and Retirement



BANKERS
LIFE AND CASUALTY COMPANY
We specialize in seniors

Name _____ Date of Birth _____

Spouse _____ Date of Birth _____

Address _____

Children	Age	City	Children	Age	City

Ages of Grandchildren _____

MEDICAL EXPENSES

1. Many people are concerned about their health and the high cost of health care. What are you doing to protect yourself? _____

What type of health insurance do you have now? _____

Company _____ **Plan** _____ **Premium** _____

*2. So that I can get to know you a little better, tell me about your health in the last three years. _____

*3. What medications are you taking currently? _____

4. What are your concerns about the gaps in Medicare? _____

5. If you could change anything about your present health coverage, what would it be? _____

** Response to this question should not be considered during open enrollment for a Medicare Supplement.*

LONG-TERM CARE

What type of insurance do you have to cover Long-Term Care? _____

Benefits _____ **Benefit Period** _____

Benefits Start _____ **Cost of Living Increase** _____

Company _____ **Premium** _____

6. Do you know anyone who has needed Long-Term Care, either at home or in a nursing facility? _____
   How did it affect them? _____

7. Most people have 3 concerns regarding LTC – remaining independent, having choices, protecting their assets. Tell me what your concerns are. _____

8. Many people are concerned about becoming an emotional or financial burden on their children. How do you feel about that? _____

FINAL EXPENSES/SURVIVORS' INCOME

Do you own any life insurance? _____

Face Amount	Mr. _____	Mrs. _____
Beneficiary	Mr. _____	Mrs. _____
Company	Mr. _____	Mrs. _____
Premium	Mr. _____	Mrs. _____

9. What are your plans for your life insurance? Why do you have it? _____

10. Do you have a will/trust? _____ When was it last reviewed? _____

11. Many people wonder if their death will create an estate tax problem for their heirs. Is that a concern of yours? _____

12. Do you have a special bank account, trust or investment fund that was set up for a specific purpose such as providing an income for your spouse, grandchildren's education or leaving money to charity? _____
If you had a way to grow the money in that account with guarantees, how would that make you feel?

RETIREMENT INCOME/SAVINGS

13. Many people are concerned that Social Security does not provide an adequate retirement income. How do you feel about Social Security? _____

14. When you retired (retire), did (will) you qualify for SS? (monthly amount) _____
A company pension? (monthly amount) _____ Monthly expenditures? _____

15. Are you able to save some money or do you need all of your income to live on? _____

Share with me how your savings are invesred:

Savings Account	_____	Annuities	_____	C D's	_____
Real Estate	_____	Stocks	_____	IRA's	_____
Mutual Funds	_____	Bonds	_____	401K	_____
Life Insurance Cash Value	_____	Money Markets	_____	Other	_____

16. Why did you choose those types of investments? _____

17. Are you satisfied with the return on your investments? _____

18. Why are you accumulating money? (Travel, Dream, Grandchildren, College, Retirement, Finacial Independence) _____
Are you still paying income tax? _____

19. At this point in your life, is it more important to find ways to increase your income or lower your taxes?

20. What are your greatest concerns regarding your savings and retirement income? _____

21. Who do you consult when making a financial decision? _____

Neighbor Referral List

Do you know any of the people on this list?

What can you tell me about them? (Record information on form 12600 or Project 15 Activity Manager)

Would you mind if I mention your name as a reference when I approach them?

Additional Information And Follow-Up Notes

The information I have provided in this Fact Finder provides an accurate picture of my current situation and beliefs. I understand that any recommendations made by the agent are based on these responses. I also acknowledge that I have been provided a copy of Bankers Life and Casualty Company's privacy statement (16204).

Date _____ Signature _____

I have participated in a presentation conducted by Bankers Life and Casualty Company. In the presentation, it was recommended that I purchase the following insurance products.

After considering the presentation and careful assessment of my insurance needs, I have decided not to apply for the insurance products recommended to me by Bankers Life and Casualty Company at this time.

Date _____ Signature _____

Bankers Life and Casualty Company
Suitability Questionnaire

Agent Name:_____ Form #:_____

Client's Name: _____

Address: _____

_____

Phone #: _____

Date of application: _____

Questions to Applicant:
Is this a replacement? ____ Yes ____ No

Replaced Company _____

Are there any surrender charges or penalties associated with this transaction?

____ Yes ____ No Amount: $_____

X_____ Date _____
Applicant's Signature

Questions to Agent:
Why is the issuance of the proposed insurance in the best interest of the client?

X_____ Agent # _____
Agent's Signature

Concurrence by Field Manager:

X_____ Date _____
Field Manager's Signature

14818

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