

Fidelity Life Association, A Legal Reserve Life Insurance Company

Administrative Office: P.O. Box 9269, Oak Brook, Illinois 60522-9269

(800) 369-3990

Replacement Disclosure

Completion of this disclosure form is required when replacement of an existing policy is anticipated.

Replacement Defined:

A transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing agent or insurer, that by reason of the transaction, an existing policy or contract has been or is to be: lapsed, forfeited, surrendered or partially surrendered, annuitized, assigned to the replacing insurer or otherwise reduced in value by the use of non-forfeiture benefits or other policy values; amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid; reissued with any reduction in cash value; or used in a "financed purchase." "Financed Purchase" means the purchase of a new policy or contract involving the actual or intended use of funds obtained by the withdrawal, surrender of or borrowing from an existing policy or contract to pay all or part of any premium or consideration due to the new policy or contract.

Fidelity Life Association's definition of *internal* and *external* replacements are as follows: An *internal* replacement is when an existing Fidelity Life Association policy or contract is converted or exchanged for a new Fidelity Life Association policy or contract. An *external* replacement is when a Fidelity Life Association policy or contract is replaced by another insurer; or a Fidelity Life Association policy or contract replaces a policy or contract of another insurer.

Replaced Policy #	Insurer	Date	Replaced Policy #	Insurer	Date
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Replacement of an existing policy without comparing the differences in policy provisions is not in the best interest of the applicant.

The following policy features should be compared before you replace an existing policy(ies):

- Annual premium
- Duration of guaranteed premium rates
- Guaranteed maximum premium rates
- Face amounts
- Guaranteed death benefit
- Guaranteed interest rate
- Conversion features
- Guaranteed cash values
- Loan provision and loan interest rates
- Withdrawal provision
- Expense charges
- Surrender charges
- Tax treatment
- Eligibility for exchange or rollover treatment under the Internal Revenue Code
- Underwriting classification
- Contestability provision
- Suicide limitation provision

Since each replacement transaction involves a different set of facts and issues, no listing of policy provisions will pertain to all situations. The policy provisions listed above are intended to assist in identification of pertinent factors. Any additional factors should be described in the following Producer's Statement section, and discussed with the Applicant.

PRODUCER'S STATEMENT

I have provided a comparison of policy features to the applicant and recommend replacement. The new policy is more suitable to the customer's needs for the following reasons:

X _____ X _____
Name of Agent (Please Print) Agent # Signature of Agent Date

APPLICANT'S STATEMENT

I hereby certify that I have reviewed the above information, and understand the implications of replacing my life insurance policy(ies) or annuity contract(s).

X _____ X _____
Name of Applicant (Please Print) Signature of Applicant Date

IMPORTANT: THIS FORM IS TO BE COMPLETED IN ADDITION TO ANY STATE REQUIRED REPLACEMENT DISCLOSURE FORMS

INSURANCE POLICY REPLACEMENT INFORMATION

Fidelity Life Association expects producers to only recommend replacements that are appropriate to customers and confirm that any transaction that involves either an internal (same insurer) or external (another insurer) replacement of an existing policy is appropriate. Fidelity Life Association requires all producers with whom it is contracted to comply fully with their individual state's replacement laws and complete all required replacement forms.

Under the National Association of Insurance Commissioners Life Insurance and Annuities Replacement Model Regulation enacted in a number of states, in connection with the sale of a life insurance or annuity policy, "replacement" includes policies that are:

1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
2. Converted to reduced paid-up insurance, continued as extended term life insurance or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
3. Amended so as to effect a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
4. Reissued with any reduction in cash value; or
5. Used in a financed purchase. Financed purchase means the purchase of a new policy involving the actual or intended use of funds obtained by the withdrawal or surrender of, or by borrowing from, values of an existing policy to pay all or part of any premium due on the new policy.

Replacement does not include:

1. Exercise of a contractual change or a conversion privilege with an existing insurer;
2. Proposed life insurance that is to replace life insurance under a binding or conditional receipt issued by the same insurer; or
3. Supplanting life insurance that is non-convertible term life insurance that will expire in five (5) years or less and cannot be renewed.

Appropriate replacements are those replacements that are considered in the best interest of the customer. Possible reasons for an appropriate replacement may include improved death benefit, lower charges for the customer or new policy features.

Inappropriate replacements are those replacements that are not considered in the best interest of a customer. A policy that has been in existence for a period of time may have certain advantages over a new policy. Possible advantages for keeping an existing policy may include lower premiums based on initial policy issue age or policy features that may be better under the old policy.

Submission to Fidelity Life Association by a producer of an application that is a proposed replacement will be deemed to constitute a certification by that producer that the proposed replacement is appropriate.

A producer must submit with an application that is a proposed replacement a copy of any preprinted or electronically presented insurer-approved sales materials used and copies of any individualized sales materials. Lack of submission of such materials with an application that is a proposed replacement will be deemed to constitute a certification by that producer that no such sales materials were used in connection with the application.

If you have any questions or need more information about replacements at Fidelity Life Association, please contact our Corporate Counsel by calling our toll-free telephone number at (877) 704-6279.

PRODUCER USE ONLY. PLEASE DO NOT SUBMIT THIS INSURANCE POLICY REPLACEMENT INFORMATION FORM TO FIDELITY LIFE ASSOCIATION.