

Action Needed...

New Business Handling Process for non-PBR and/or 2017 CSO Compliant cases

Lincoln MoneyGuard® Cases

To comply with the new industry-wide Principle-Based Reserving (PBR) and 2017 Commissioners Standard Ordinary (CSO) Mortality Table regulations, all life insurance products sold, issued or placed on or after January 1, 2020 **must** be compliant with the new regulations. This includes business initiated in 2019.

For any non-PBR and/or 2017 CSO compliant case that has not been placed in-force with premium and placement-restrictive requirements on or before December 31, 2019, one of the following actions will occur:

- **Inactive cases will be closed.** This includes cases past the cancel date, and/or cases with no activity for over 90 days (requirements, communication, etc.).
- **Active cases must switch to a compliant product.** Consult state and firm product availability; additional requirements will be needed.
- **Active pending cases in which the state has not approved the new PBR/2017 CSO compliant product;** the case will be closed.

As a result of this industry regulation deadline and based on the status of your case(s) in the pipeline, a product switch to the PBR/2017 Compliant product may be necessary.

If a product switch is initiated, approved clients will still qualify for a Lincoln MoneyGuard solution, backed by a company with more than a century of financial strength and stability and proven claims paying expertise. All Lincoln MoneyGuard policyholders will have access to Lincoln Concierge Care Coordination – at no added cost – to ensure they have the right resources and team by their side every step of the way.

Review the following scenarios and product switch guidelines for additional details. **The scenarios outlined are based on the pending case status as of December 16, 2019.**

Scenario 1

Lincoln **SUGGESTS** a product switch to a PBR/2017 CSO Compliant Lincoln MoneyGuard® product for the following cases. Please note: Product availability in NY is pending formal launch and firm approval.

Cases Status	Why a product switch is suggested
1035 Exchange – PHI has not been conducted	<ul style="list-style-type: none"> • The Personal History Interview (PHI) has not yet been conducted • After the PHI is completed: <ul style="list-style-type: none"> – Lincoln's underwriters need time to render a decision, and – If approved, the 1035 exchange must be initiated • In 1035 exchange scenarios, losing carriers can take up to 6 months and typically average 30 days to process an outgoing exchange [1035 Exchange Carrier Information Guide] • After Lincoln receives the funds, the policy must be issued, delivered to the client and all placement-restrictive delivery requirements must be returned to Lincoln IN GOOD ORDER with time to place the policy in force by the December 31, 2019 deadline • Given all that must take place in this process, we are advising you to pursue our new PBR/2017 CSO compliant product at this time; subject to state/firm availability

Scenario 1 [continued]

1035 Exchange – Exchange has not been initiated	<ul style="list-style-type: none"> • In 1035 exchange scenarios, losing carriers can take up to 6 months and typically average 30 days to process an outgoing exchange [1035 Exchange Carrier Information Guide] • After Lincoln receives the funds, the policy must be issued, delivered to the client and all placement-restrictive delivery requirements must be returned to Lincoln IN GOOD ORDER with time to place the policy in force by the December 31, 2019 deadline • Given all that must take place in this process, we are advising you to pursue our new PBR/2017 CSO compliant product at this time; subject to state/firm availability
Cash Cases – PHI has not been conducted	<ul style="list-style-type: none"> • The PHI has not yet been scheduled and due to the high volume of business at this time, our Tele-App teams have very limited availability to conduct interviews • After the PHI is completed, Lincoln's underwriters need time to render a decision • If approved, the policy must be issued, delivered to the client, and all placement-restrictive delivery requirements and premium must be returned to Lincoln IN GOOD ORDER with time to place the policy in force by the December 31, 2019 deadline • Given all that must take place in this process, we are advising you to pursue our new PBR/2017 CSO compliant product at this time; subject to state/firm availability

Scenario 2

A product switch to a PBR/2017 CSO Compliant Lincoln *MoneyGuard*® product MAY be necessary for the following instance. Please note: Product availability in NY is pending formal launch and firm approval.

Cases Status	Why a product switch MAY be necessary
Cash Cases – PHI completed as of December 13, 2019	<ul style="list-style-type: none"> • It may still be possible to meet the December 31, 2019 placement deadline • Although the PHI has been completed, it is very close to the deadline and Lincoln's underwriters need time to render a decision • If approved, the policy must be issued, delivered to the client, and all placement-restrictive delivery requirements and premium must be returned to Lincoln IN GOOD ORDER with time to place the policy in force by the December 31, 2019 deadline • To maximize the likelihood of your case being placed by the deadline, please leverage these tips and best practices: <ul style="list-style-type: none"> – Overnight Check, EFT or Wire Transfer – EFT is available for initial premium payment – Reference Lincoln's Pending Website to track case status – Use eNIGO to electronically resolve outstanding form requirements, where available [FAQ] – eDelivery offers faster policy delivery, where available – Focus on ALL placement-restrictive delivery requirements. Please note: the only requirements that are not placement-restrictive and can be accepted post-placement are: <ul style="list-style-type: none"> Non-NY: Revised signed illustration NY: Revised signed illustration and Supplementary Contact Information

Scenario 3

Issued cases must be placed prior to year-end.

Cases Status	ALL CASES MUST BE PLACED BY YEAR-END
Issued Cases	<ul style="list-style-type: none">• Although your case is in an “issued” status, ALL cases MUST BE PLACED by December 31, 2019• Make it a <u>priority</u> to submit ALL outstanding placement-restrictive delivery requirements and premium as soon as possible before the deadline• To maximize the likelihood of your case being placed by the deadline, please leverage these tips and best practices:<ul style="list-style-type: none">– Overnight Check, EFT or Wire Transfer– EFT is available for initial premium payment– Reference Lincoln’s Pending Website to track case status– Use eNIGO to electronically resolve outstanding form requirements, where available [FAQ]– eDelivery offers faster policy delivery, where available• If the case is not placed in force by December 31, 2019, your only option will be to switch to a PBR/CSO compliant product

To initiate a product switch to a PBR/2017 CSO compliant product, please reference the following guidelines.

Lincoln MoneyGuard® Product Switch Process [Non-New York]

This process also includes any 1035 exchange that has already been initiated.

[Non-NY] Lincoln MoneyGuard® II (2019) case to PBR/2017 CSO compliant Lincoln MoneyGuard® III
The following requirements will be needed:

Prior to policy issue:

- A revised Projection of Values
- A signed Terminal Illness Disclosure
- Agent must provide the updated Outline of Coverage to the client
- 1035 exchanges: a signed amendment may be required to initiate the exchange

Signed on delivery is acceptable:

- Amendment for the Lincoln MoneyGuard® Part I, Product & Rider Sections

[Hawaii] Lincoln MoneyGuard® II (2019) case to PBR/2017 CSO compliant Lincoln MoneyGuard® III
The following requirements will be needed:

Prior to policy issue:

- A new signed Lincoln MoneyGuard® III Part I Application
- A revised Projection of Values
- A signed Terminal Illness Disclosure
- Agent must provide the updated Outline of Coverage to the client
- 1035 exchanges: a signed amendment may be required to initiate the exchange

[California] Lincoln *MoneyGuard*® II (2019) case to PBR/2017 CSO compliant Lincoln *MoneyGuard*® II (2020)

The following requirements will be needed:

Prior to policy issue:

- A revised Projection of Values
- 1035 exchanges: a signed amendment may be required to initiate the exchange

Signed on delivery is acceptable:

- Amendment for the Lincoln *MoneyGuard*® Part I, Product & Rider Sections

Executed Lincoln *MoneyGuard* 1035 Exchanges

For any non-PBR and/or 2017 CSO compliant Lincoln *MoneyGuard*® cases in which 1035 exchange funds have not been received by December 31, 2019, or if only partial funds have been received, options include:

1. Client can choose to switch to a PBR/2017 CSO compliant product, or
2. 1035 Exchange proceeds can be returned to the Current Insurer (subject to acceptance by the Current Insurer); or to the Owner(s) with potential tax implication

Lincoln *MoneyGuard* Product Switch – New York

This process also includes any 1035 exchange that has already been initiated.

Lincoln *MoneyGuard*® Reserve case to Lincoln *MoneyGuard*® II NY

The application packet for Lincoln *MoneyGuard*® II NY will be accepted beginning **upon launch in 2020**, subject to firm approval. The following requirements will be needed:

Prior to policy issue:

- A revised Projection of Values
- A signed Lincoln *MoneyGuard*® II NY application packet, including the Part I, LTC Supplement, Part II and Terminal Illness Disclosure
- As a reminder, any previously completed PHI and Underwriting decision is valid for 90 days

Executed Lincoln *MoneyGuard* 1035 Exchanges – New York Reg 60

For pending Lincoln *MoneyGuard*® New York Reg 60 cases in which funds have not been received, or if only partial funds have been received, options include:

1. Client can choose to switch to the New York PBR/2017 CSO compliant product, or
2. 1035 Exchange proceeds can be returned to the Current Insurer (subject to acceptance by the Current Insurer); or to the Owner(s) with potential tax implication

Visit www.LFG.com/YearEnd2019 for complete transition guidelines, including a list of Lincoln's PBR/2017 CSO compliant product portfolio.