



PRINCIPLES OF ETHICAL MARKET CONDUCT

- 1** To conduct business according to high standards of honesty and fairness and to render that service to its customers which, in the same circumstances, it would apply to or demand for itself.
- 2** To provide competent and customer-focused sales and service.
- 3** To engage in active and fair competition.
- 4** To provide advertising and sales materials that are clear as to purpose and honest and fair as to content.
- 5** To provide for fair and expeditious handling of customer complaints and disputes.
- 6** To maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

CODE OF LIFE INSURANCE ETHICAL MARKET CONDUCT

PRINCIPLE 1: *Insurers will conduct business according to high standards of honesty and fairness and will render that service to its customers which, in the same circumstances, they would apply to or demand for themselves.* To conduct its business according to high standards of honesty and fairness, an insurer will implement policies and procedures designed to provide reasonable assurance that:

- A. Insofar as individual SML products or those marketed on an individual basis are concerned, its distributors make reasonable efforts to determine the insurable needs or financial objectives of its customers based upon relevant information obtained from the customer and enter into transactions which assist the customer in meeting his or her insurable needs or financial objectives.
- B. It maintains compliance with all applicable laws and regulations.
- C. In cooperation with consumers, regulators and others, it affirmatively seeks to improve the practices for sales and marketing of life and annuity products.
- D. The Principles of Ethical Market Conduct are reflected in company policies and practices.

PRINCIPLE 2: *Insurers will provide competent and customer-focused sales and service.* To provide for competent sales and service of life and annuity products, an insurer will develop policies and procedures designed to provide reasonable assurance that:

- A. Its distributors are of good character and business repute, and have appropriate qualifications and experience.
- B. Its distributors are duly licensed or otherwise qualified under state law.
- C. Its distributors and employees involved in the sales process are adequately trained, as appropriate to the insurer's distribution system, to focus on customers' needs and objectives.
- D. Its distributors have adequate knowledge of the insurer's products and their operation.
- E. Its distributors and employees involved in the sales process are trained, as appropriate to its distribution system, in the need to comply with applicable insurance laws and regulations and the concepts in the Principles and Code of Ethical Market Conduct.
- F. Its distributors and employees involved in the sales process participate, as appropriate to the insurer's distribution system, in continuing education.

PRINCIPLE 3: *Insurers will engage in active and fair competition.* Insurers are committed to competition as the most effective and efficient means of providing products and services to customers. Competition is also the most efficient regulator of activities. To maintain and enhance competition in the marketplace for life and annuity products, an insurer will develop policies and procedures designed to provide reasonable assurance that:

- A. It maintains compliance with applicable laws and regulations fostering fair competition.
- B. Its distributors do not replace existing life insurance policies and annuity contracts without first communicating to the customer, in a manner consistent with Principle 4, information that he or she needs in order to ascertain whether such replacement of existing policies or contracts may or may not be in his or her best interest.
- C. Its distributors and employees involved in the sales process refrain from disparaging competitor insurers.

PRINCIPLE 4: *Insurers will provide advertising and sales materials that are clear as to purpose and honest and fair as to content.* To provide sales and advertising materials which are clear as to purpose and honest and fair as to content, an insurer will develop policies and procedures designed to provide reasonable assurance that:

- A. Presentation of any material designed to lead to sales or solicitation of life and annuity products is done in a manner consistent with the best interests of the customer. All such sales or solicitation communications should be based upon the principles of fair dealing and good faith, and will have a sound basis in fact.
- B. Materials presented as part of a sale are comprehensible in light of the complexity of the product being sold.
- C. It maintains compliance with all applicable laws and regulations related to advertising, unfair trade practices, sales illustrations and other similar provisions.
- D. Illustrations of premiums and considerations, costs, values and benefits are accurate and fair, and contain appropriate disclosure of amounts which are not guaranteed and those which are guaranteed in the policy or contract.

PRINCIPLE 5: *An insurer will provide a means for fair and expeditious handling of customer complaints and disputes.* To resolve any complaints and disputes that may arise concerning market conduct, an insurer will develop policies and procedures designed to provide reasonable assurance that:

- A. Complaints are identified, evaluated and handled in compliance with applicable state law and regulations related to consumer complaint handling.
- B. Good faith efforts are made to resolve complaints and disputes without resorting to civil litigation.

PRINCIPLE 6: *Insurers will maintain a system of supervision that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.* An insurer will develop or assign responsibilities designed to provide reasonable assurance, as appropriate to the insurer's distribution system, that:

- A. Its Senior Management establishes and enforces policies and procedures reasonably designed to comply with the Principles and Code of Ethical Market Conduct.
- B. There is an adequate system of supervision of the market activities of its distributors and employees involved in the sales process in order to monitor their compliance with these Principles and Code and applicable laws and regulations.
- C. Compliance training sessions are conducted for employees involved in the sales process and instruction on the company's compliance requirements is made available to all distributors.
- D. Policies and procedures provide for auditing and monitoring of information related to sales practices of its distributors and employees involved in the sales process.

