

# Field Bulletin



SECURITY MUTUAL LIFE  
INSURANCE COMPANY OF NEW YORK  
BINGHAMTON • NEW YORK  
607-723-3551 • www.smlny.com

December 15, 2009

(Replaces Rules & Practices Bulletin No. 94-17)

## Replacement of Life Insurance or Annuities – Florida

The state of Florida has in force Rule 69O-151 regarding the replacement of life insurance or annuities. (A copy of this regulation will be provided upon request.) “Replacement” is defined on the reverse side of this bulletin. The following procedures must be followed to conform with this regulation:

Each agent shall submit to the insurer with or as part of each application for life insurance or annuities:

- (1) A statement signed by the applicant as to whether or not such insurance or annuity will replace existing life insurance or annuities (see Application); and
- (2) A signed statement as to whether or not the agent knows replacement is or may be involved in the transactions (see Application)

Where replacement is or may be involved, the agent shall:

- (1) Present to the applicant, not later than at the time of taking the application, a “Notice to Applicant Regarding Replacement of Life Insurance or Annuities” (Form No. 0002789FL). This must be completed and signed by the applicant and the agent. The original must be left with the applicant;
- (2) Leave with the applicant the original or a copy of all Sales Proposals used for presentation to the applicant; and
- (3) Submit to the Home Office with the application, a completed copy of the “Notice to Applicant Regarding Replacement of Life Insurance or Annuities” (Form No. 0002879FL, and a copy of all Sales Proposals used for presentation to the applicant.

When requested on the Notice to Applicant, the Home Office will send to the applicant a completed Comparative Information Form within 5 working days of the date the application and Notice to Applicant are received in the Home Office.

Please see Field Bulletin 0012471XX for additional requirements applicable to internal replacements, and Field Bulletin 0012465XX regarding annuity replacements involving senior consumers (owner or annuitant age 65 or older).

The referenced form may be printed from Librarian.

A handwritten signature in black ink that reads "Thomas Robbins".

Thomas Robbins, CLU, FLMI, RHU  
Second Vice President  
Customer Relations & Conservation

Attachments: Notice to Applicant Regarding Replacement of Life Insurance or Annuities – Form No. 0002789FL)

Distribution: GAs, CAs, BK/AGs (FL Licencees), D

## Section 69O-151.002 Definition of Replacement

“Replacement” means any transaction in which new life insurance [or annuity] is to be purchased, and it is known or should be known to the proposing agent or to the proposing insurer that by reason of such transaction existing life insurance [or annuity] has been or is to be:

- (1) Lapsed, forfeited, surrendered, or otherwise terminated;
- (2) Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;
- (3) 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;
- (4) Reissued with any reduction in cash value; or
- (5) Pledged as collateral or subjected to borrowing, whether in a single loan or under a schedule of borrowing over a period of time, for amounts in the aggregate exceeding twenty-five (25%) of the loan value set forth in the policy.

NOTE: “Life insurance” is defined to include annuities (Section 69O-151.003(7)).



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**NOTICE TO APPLICANT REGARDING  
REPLACEMENT OF LIFE INSURANCE OR ANNUITIES – FLORIDA**

A decision to buy a new policy and discontinue or change an existing policy may be a wise choice or a mistake.

Get all the facts. Make sure you fully understand both the proposed policy and your existing policy or policies. New policies may contain clauses which limit or exclude coverage of certain events in the initial period of the contract, such as the suicide and incontestable clauses which may have already been satisfied in your existing policy or policies.

Your best source for facts on the proposed policy is the proposed company and its agent. The best source on your existing policy is the existing company and its agent.

Hear from both before you make your decision. This way you can be sure your decision is in your best interest.

If you indicate that you intend to replace or change an existing policy, Florida regulations require notification of the company that issued the policy.

FLORIDA REGULATIONS GIVE YOU THE RIGHT TO RECEIVE A WRITTEN COMPARATIVE INFORMATION FORM WHICH SUMMARIZES YOUR POLICY VALUES. INDICATE WHETHER OR NOT YOU WISH A COMPARATIVE INFORMATION FORM FROM THE PROPOSED COMPANY AND YOUR EXISTING INSURER OR INSURERS BY PLACING YOUR **INITIALS** IN THE APPROPRIATE BOX BELOW.

☐ Yes

☐ No

DO NOT TAKE ACTION TO TERMINATE YOUR EXISTING POLICY UNTIL YOUR NEW POLICY HAS BEEN ISSUED AND YOU HAVE EXAMINED IT AND FOUND IT ACCEPTABLE.

I have read this notice and received a copy of it.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent's Name (Printed or Typed)

\_\_\_\_\_  
Agent's Address (Printed or Typed)

\_\_\_\_\_  
Agent's Company (Printed or Typed)

Information on Policies which may be replaced:

COMPANY NAME

POLICY NUMBER

NAME OF INSURED

_____	_____	_____
_____	_____	_____
_____	_____	_____