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Introduction

Regulatory compliance has always existed in the insurance and investment business. The added emphasis in recent years on sales practices and consumer education puts a spotlight on compliance. Compliance continues to evolve into more expansive concepts of market conduct and “best practices” as products and consumers continue to become more sophisticated.

In short, ethics and ethical selling are integral themes for doing business today. The key ingredient of ethical selling is to “know your customer.” Knowing your customer is your first step in developing a life-long mutually beneficial relationship with your client.

To practice ethical selling, you must first make a commitment for your practice that considers, on both business and personal levels, how you and your staff will treat clients and prospects. While your business is unique, a common ethical thread of any financial services practice should be to treat your clients’ financial circumstances the same way you would expect your financial circumstances to be treated.

Mutual Trust Life Insurance Company, a Pan-American Group Life Insurance Group Stock Company (“Mutual Trust”) is dedicated to ethical market conduct in the marketing and servicing of our products. You are expected to act in the best interests of your clients and to represent Mutual Trust with honesty and integrity. Similarly, all members of the Home Office staff are responsible for complying with a Code of Conduct and taking part in annual training sessions which reinforce the company’s commitment to doing business in an ethical manner.

Mutual Trust’s “Guide to Business Practices” is devoted to an exploration of “best business practices” to improve your business and client relationships. Mutual Trust has a proud tradition of serving the insurable needs and financial objectives of policy owners through the effort and skill of a network of professional insurance agents and dedicated Home Office employees.

MUTUAL TRUST'S POLICIES AND PROCEDURES

The "Guide to Business Practices" references many Agent requirements stemming from the company's numerous policies and procedures. These policies stand as Mutual Trust's commitment to a stated protocol of behavior and thus, Mutual Trust requires that its agents conduct themselves, at all times, in a manner that is consistent with this protocol. In fact, Mutual Trust may deem any agent conduct in contradiction to its corporate policies and procedures to be a violation of this required protocol exposing the agent to potential immediate disciplinary action, including but not limited to, termination.

Mutual Trust cannot support any independent agent who violates the company's policies and procedures against any resulting claim made by any regulator, customer, or any other person or entity. It is the responsibility of all independent agents to read, maintain an understanding of, and note any future changes to, the requirements that they must adhere to so as to comply with Mutual Trust's policies and procedures. Thus, all independent agents are required to know, understand, and comply with all provisions of their Agent Contracts, previously issued and subsequently issued Field/Compliance Bulletins, laws and regulations of the states in which they do business, the agent responsibilities outlined within this "Guide to Business Practices," and any and all Mutual Trust endorsed documents, handbooks, notifications, etc. that communicate agent responsibilities.

If an agent should have questions about his or her responsibilities as specified under any of these or any other items, they should contact the Home Office and speak to the Compliance Officer, John Seneczko, for further assistance and guidance.

AGENT WEBSITE

Mutual Trust has dedicated the resources necessary to create an entire website for the sole use and benefit of its independent agency force. It is at this website that agents can find a wide array of information that will help them remain successful and make their lives just a little bit easier while serving as a Mutual Trust representative. For example, agents can find information relating to the processing status of their clients' applications, policy information that will assist the agent in better serving his or her customers, educational opportunities, sales contest information, and much, much more.

The Agency Website is also a very important tool to remain compliant with Mutual Trust's Policies and Procedures along with the laws and regulations of the states in which you do business. Mutual Trust views the Agency Website as a resourceful tool to easily communicate these requirements to its agency force. Since it is your responsibility to comply with all applicable laws, regulations, and Mutual Trust's corporate policies, you need to routinely check the Agent Website so as to stay informed of all the latest developments affecting these areas of compliance. In addition, all new Mutual Trust agents need to review and become familiar with all the requirements that affect them, up front, prior to selling Mutual Trust products to customers. Failure to stay informed of these laws, regulations, and corporate policies could put you at risk of inadvertently violating a legal, regulatory, or corporate requirement triggering possible disciplinary action, including termination.

Upon accessing the Agent Website, you simply need to go to the "Bulletins" portion of the Agent Website. You simply click on "Sales Development" near the top of the page and then click on "Bulletins." Once you have clicked on "Bulletins," click on "Compliance Bulletins" and review those requirements that potentially affect you. In addition, you need to check the "Corporate Governance" Section of the Agent Website to learn about various other expectations that you must consistently comply with while serving as a Mutual Trust Agent.

If you should have any questions about a Compliance Bulletin issued on the Agency Website, you may contact the Compliance Director, John Seneczko, at the Home Office. If you should have any questions regarding general access to the Agency Website or any other topic addressed on this site, feel free to contact a Marketing Representative at (800) 323-7320.

Mutual Trust's Principles of Ethical Market Conduct

The Principles of Ethical Market Conduct state that in all matters affecting the sale of individually-sold life and annuity products, the employees and insurance producers of Mutual Trust agree:

- 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.

Mutual Trust is committed to helping assure that policies being sold meet customers' insurable needs and/or financial objectives.

Mutual Trust's continuing success is enhanced by the collective ability of employees and insurance agents of companies from across our industry to build the highest level of public trust and confidence.

We expect all Mutual Trust employees and insurance producers to adhere to the Principles of Ethical Market Conduct.

General Guidelines for Appointment

General Agents are contracted directly with Mutual Trust. Agents are contracted through current General Agents. *Once contracted with the Company, both General Agents and Agents are required to comply with MTL's Rules, Processes, and Procedures.*

General Agents and Agents are required to complete the appropriate forms for contracting. Besides the basic contract documentation, each General Agent and Agent is required to provide a copy of his or her current license (individual and/or corporate) and proof of Errors & Omissions insurance.

A background investigation is performed on each individual who considers contracting with Mutual Trust. The elements of a confidential background report include: Employment History; Financial History; State Court Criminal History; Federal Court Criminal History; and an Insurance License Verification. In addition, a Vector One report is obtained to determine whether any debit balances are owed to other insurance companies.

Mutual Trust reserves the right to accept or reject any appointment.

When appointing an Agent, a General Agent should be aware that:

- Production and persistency have a direct impact on General Agent;
- Debit balances are the responsibility of General Agent;
- The Company reserves the right to deny Agent contract; and
- An Agent's contract terminates automatically at termination of General Agent's contract.

Sell Where Licensed

You are required to maintain an insurance license in each state in which you advertise and market your insurance business. In other words, you must be licensed where your prospects reside and you may solicit business only in accordance with the licensing laws of the state of solicitation. This is important to remember, especially when you are participating in regional marketing programs or marketing your services through websites.

As producers expand their geographic marketing efforts (using technological advancements or doing joint case work, for example) it is important to remember that state insurance departments only allow licensed insurance agents to market insurance products in their states. If commissions are shared between insurance producers, each individual must be appropriately licensed.

Continuing Education

While continuing education is required to keep insurance licenses and industry designations current, continuing education is also encouraged to maintain and build your skills and knowledge on current industry trends and techniques. Continuing education can assist you in securing industry knowledge of various insurance products along with knowledge of the laws and regulations affecting the sale of them. Thus, an agent's active participation in continuing education programs can help prevent the agent from violating legal or regulatory mandated sales requirements, which in turn, would serve as a violation of Mutual Trust's Policies and Procedures.

Continuing education is about acquiring and applying knowledge. Sources of continuing education can be found in all manner of places, including professional designation coursework and classes at a community college.

Furthermore, Mutual Trust offers a variety of training courses via its Agent Website. Mutual Trust strongly recommends agents to take advantage of the courses offered and requires all agents to comply with state-mandated training requirements applicable to them. You can learn more about the courses it offers from the Agent Website. All agents are strongly encouraged to enroll.

Errors and Omissions Insurance

Company guidelines **require all Mutual Trust insurance agents** to show proof of coverage for Errors & Omissions. The minimum annual limit of liability is \$1,000,000.

Mutual Trust sponsors a group Errors and Omissions program. This program runs from May 1st to May 1st. *All participants must complete a new enrollment form each year.*

Professional liability insurance is an essential requirement for all financial services practitioners. Lawsuits are very expensive to defend – in terms of both attorneys' fees and lost business. Depending on the policy and the product involved, professional liability insurance may pay legal expenses from the first dollar incurred.

An important aspect of Errors and Omissions insurance is that you must be continually covered (with no lapses in coverage). Should you decide to purchase coverage through the Mutual Trust sponsored group plan, do not terminate your existing coverage until you are notified that your coverage is effective under the Mutual Trust group plan.

Direct any questions regarding the program to Mutual Trust at (630) 684-5580 and ask to speak to Imelda Cornejo in the Contract and Licensing Department.

Sales Process

Mutual Trust is committed to fair and active competition as the most effective and efficient means of providing insurance products and services to consumers. General Agents and Agents representing Mutual Trust are required to adhere to fair competition standards in all selling situations. *Mutual Trust requires the focus to be on the positive aspects of products and services; do not engage in activities such as company "bashing" or inappropriate replacements.*

To foster active and fair competition, we require that you:

- Comply with applicable state and federal laws fostering fair competition;
- Require producers to provide customers with the information they need to determine whether the replacement of an existing policy or policies is appropriate; and,
- Discourage producers and employees from disparaging competitor insurers.

Mutual Trust recognizes that you establish a unique relationship with Mutual Trust clients since you actually meet with them personally to discuss their financial needs. In recognition of this special relationship you have with Mutual Trust clients, Mutual Trust depends on and in fact, requires its agents to at all times, act honestly and ethically when meeting with a Mutual Trust client. Whether you are meeting with a Mutual Trust client or prospective client, Mutual Trust requires that all agents act professionally, courteously, and at all times, in the best interests of the client or prospective client. All agent recommendations should be based on the client's needs and financial or other personal objectives. As part of the sales process, agents will be held to the duty of making sure all references relating to:

- 1) The type of Mutual Trust Product sold;
- 2) How the Mutual Trust product fulfills a bigger financial objective;
- 3) How a Mutual Trust product is paid for and funded;
- 4) Policy Terms;
- 5) Product Operations;
- 6) Comparisons to other financial vehicles;
- 7) How the Living and Death Benefits of any Mutual Trust product can and are to be utilized; and
- 8) Any and all repercussions to any recommendation made by the agent

are truthful and in terms and language that the client can reasonably be expected to understand. Furthermore, Mutual Trust agents shall be strictly prohibited from providing clients with tax or legal advice along with making any recommendation during the sales process which is not in the client's best interests. Agents are also required to make sure that a client fully understands any sales concept or financial issue discussed with a client and that the client provides his or her informed consent to any recommendation made by the agent before the agent executes the sale of a Mutual Trust product to the client. Finally, Mutual Trust agents are required to comply with all laws and regulations affecting the sales process in the states in which they do business.

Any violation of these Sales Process Requirements will subject the agent to immediate disciplinary action, including termination.

Advertising Review

Advertising plays an influential role in our daily lives. Advertisements that describe the numerous benefits associated with life insurance and annuity ownership face a high degree of scrutiny from consumers and insurance regulators alike.

Whether you communicate with your clients and prospects in person, through websites, letters, phone calls or e-mails, *any company-specific or generic advertisement or sales literature used to sell a Mutual Trust product must be reviewed and approved by Mutual Trust prior to use.* Send all advertisements and sales literature to John P. Seneczko, Compliance Director, in the Home Office. ***When in doubt, have us check it out.***

Mutual Trust's Advertising Guidelines

Advertising can provide you with a cost-effective way to reach prospects and communicate with your existing clients. Honest and fair advertising serves to promote a positive public image of insurers and producers alike.

Who do these guidelines apply to?

Any person appointed with Mutual Trust.

What is an advertisement?

An advertisement is any material that is designed to create a public interest in life insurance or annuities or in an insurer, or in an insurance producer; or to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a policy including:

1. Printed and published material, audiovisual material and descriptive literature used in direct mail, newsletters, newspapers, magazines, videos, radio and television scripts, billboards and display ads, and the Internet (including Facebook and Twitter entries); and
2. Descriptive literature and sales aids of all kinds, authored by Mutual Trust, insurance producers or third parties, including circulars, leaflets, booklets, depictions, web pages, illustrations and form letters;
3. Prepared sales talks, presentations and similar material used by insurance producers; and
4. Material used for the recruitment, training and education of producers which is designed to induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a policy.

What can be in an advertisement?

The wording used in an advertisement must be truthful and not misleading in fact or by implication. The form and content of an ad must be sufficiently complete and clear as to avoid deception. When reviewing your own or third party ads, try to envision the impression that the advertisement may create on a reasonably intelligent person who is not familiar with insurance terminology.

What cannot be in an advertisement?

The words you use in an advertisement cannot give a purchaser or prospective purchaser of life insurance or annuities the impression that (s)he will receive a benefit that is not actually available. The NAIC advertising rules provide a list of *words that cannot be used* when describing life insurance and annuities. They include:

Investment, investment plan, founder's plan, charter plan, deposit, expansion plan, profit, profits, profit sharing, interest plan, savings, savings plan, or other similar terms.

You should not use words or phrases whose meaning would be clear only if a consumer is very familiar with insurance terminology.

Insurance agents cannot use terms such as “financial planner,” “investment advisor,” “financial consultant” or “financial counseling” in such a way as to imply that (s)he is engaged in an advisory business in which compensation is unrelated to sales unless that actually is the case.

Disclosure Requirements.

If non-guaranteed policy elements are illustrated, they must be explained with a disclosure. For example: “This illustration is based on nonguaranteed dividends. Actual results will vary.” Also, guaranteed elements must be illustrated with equal prominence. Assumed non-guaranteed rates may not exceed current rates. If the benefit of tax-favored dividends or cash values is mentioned, the tax-treatment of dividends or cash values must be fully explained.

Any surrender charges and penalties for withdrawal must be disclosed.

The type of policy advertised, whether life insurance or annuity, must be prominently stated. Also, a product name like “Covenant” cannot be used unless accompanied by the words “life insurance.”

The policy form number must also be disclosed if a specific policy is mentioned. For example, the Covenant disclosure for most states will read: “Policy Form

606.” Some states also require an Advertising Form Number in the lower left part of the front of the advertisement.

When describing a product offered by an insurer, the full legal name of the insurer (along with the address) must be disclosed: “Mutual Trust Life Insurance Company, 1200 Jorie Boulevard, Oak Brook, Illinois 60523-2269.”

These are just some of the requirements that comprise our advertising guidelines. There are many others. As a result, you must send all advertising to Mutual Trust’s Compliance Director for approval prior to disseminating it to members of the general public.

Before use, mail, e-mail or fax all proposed life, annuity and generic advertising materials to:

John Seneczko, Compliance Director, Mutual Trust Life Insurance Company, 1200 Jorie Boulevard, Oak Brook, Illinois 60523-2269, Fax: (630) 684-5332, e-mail: seneczkoj@mutualtrust.com.

Questions or comments?

Please direct any questions or comments about advertising regulations to John Seneczko, Compliance Director, at 630-684-5481.

Customer Identification Program

Mutual Trust adopted a Customer Identification Program, effective October 1, 2003. In recognition that Mutual Trust’s independent agency force stands in a unique position to view the applicant and note any unusual or suspicious behavior, it has adopted a Customer Identification Program requiring agents to take reasonable steps to attempt to verify the applicant’s identity. By being able to verify the applicant’s identity, Mutual Trust greatly reduces its risk of doing business with clients involved in money laundering or other illegal activities.

Thus, Mutual Trust agents must secure and record the social security number of all United States citizens. If the applicant is not a United States citizen, the agent is required to obtain and record, in the following order of preference, i) the applicant’s social security number, ii) alien identification number, or iii) passport number along with the country of issuance. The information secured must be included on the insurance application when it is submitted.

In addition, to the above mentioned information, the agent is responsible for observing an acceptable identification card. An acceptable identification card is an unexpired document containing a photo of the applicant. The agent will first attempt to review a government issued identification card such as a driver’s license, state identification card, or passport, if possible. If, for some justifiable

reason the applicant does not have any of this information, the agent will review alternative forms of identification such as a school or company identification card. The agent must provide identifying information, as requested by Mutual Trust, with the policy application that is submitted.

All applicant information obtained by the agent is secured in the spirit of attempting to verify the identity of the applicant. If the agent cannot verify the applicant's identity, the insurance application should not be taken. If the applicant's documentation, behavior, or representations cause the agent to become suspicious of the applicant's identity or intentions, the agent must report his or her suspicions to Mutual Trust immediately.

Suitability

Insurance regulations continue to evolve in much the same way that securities regulations have evolved. The "know your customer" rule of securities regulation indicates that an investment's suitability for a particular investor must be determined before a transaction can take place. Similarly, insurance regulators have emphasized the importance of insurance companies and their agents making sure that only products that are suitable to the needs of their customers are sold to them. As a result, Mutual Trust has adopted a corporate Suitability Policy and all agents are required to comply with Mutual Trust's suitability requirements.

Mutual Trust has taken special steps to assure that all agents only sell products that are suitable to the needs of their customers. As a part of the steps taken, Mutual Trust has included special suitability related inquiries for agents to answer on the Agents Report that accompanies every application. In addition, all agents are required to sign an affirmation that the product sold is suitable for the customer. Thus, Mutual Trust has taken steps that force every agent to take suitability into consideration before selling a Mutual Trust product. **Agents must only sell a Mutual Trust product if it is suitable, and attest, in writing, that he or she has sold a suitable product.** As a result, Mutual Trust's suitability processes will not allow an agent to sell a product without commenting about the product's suitability. If the application is processed and a policy/contract issued, a follow-up survey will be sent to the customer to confirm that the policy/contract suits the customer's needs. If Mutual Trust discovers that an agent misrepresented the suitability of a product, he or she is subject to disciplinary action, including termination.

Finally, remember that one of the most important steps you will take toward establishing successful relationships with your prospects and clients is the assessment of their financial needs and objectives. Completing a thorough fact-finder on your prospects and clients is the primary way to determine their insurable needs or financial objectives. *Assessing your clients' insurable needs or financial objectives can help confirm the suitability of an insurance sale.*

Illustrations

Mutual Trust requires that a new application be submitted with a complete and accurate illustration, signed by both the applicant and the agent. If an accurate illustration cannot be submitted with the application, the Illustration Certification form No. 3500-07 must be submitted with the application and a Revised Illustration submitted following policy delivery.

An illustration is an important tool in most life insurance sales. An illustration provides a prospect with a tangible representation of the intangible properties of life insurance. How well this important tool is understood can play a crucial role in turning your prospect into a customer.

A life insurance illustration has these primary consumer-oriented goals:

- Provide a narrative of how the policy works;
- Clearly state that non-guaranteed values are subject to change;
- Show what happens to values if non-guaranteed values are decreased;
- Define what premium must be paid to guarantee the death benefit; and
- Avoid unreasonable expectations.

A policy owner can have unreasonable expectations when policy values illustrated are too good to be true. *Life insurance must not be represented to consumers as anything other than life insurance.*

The expected results of providing a customer with a well-designed and informative illustration include:

- Better educated consumers;
- Enhanced client appreciation of the benefits of life insurance;
- Clients prepared for changes and ongoing policy management;
- Improved persistency for producers and companies;
- Reduced complaints;
- Stronger client relationships; and
- Increased sales.

Mutual Trust currently distributes illustration software to its agents.

You can contact Mutual Trust's Marketing Department with any questions you may have about the illustration software. Your responsibilities relating to policy illustrations are summarized in a Compliance Bulletin that can be found on the Agent Website. If you should still have specific questions concerning your policy illustration responsibilities, you can contact the Home Office and speak to Mutual Trust's Compliance Director, John Seneczko, at (630)684-5481.

Underwriting

Underwriting is the process that determines whether the Company will issue a policy and, if issued, the terms and conditions that will apply to the issued policy. The better the quality of information that an agent makes available to an underwriter, the better an underwriter is able to carry out the responsibilities of his or her job.

The agent provides key information, essential to proper underwriting, in the Application and the Agent's Report that accompanies every application. You are required to accurately answer the questions asked in the Application and Agent's Report. Included as a part of the questions asked are questions relating to the personal finances of the applicant. This information can be very important in the underwriter's evaluation of the application and it directly relates to the suitability of the product as it relates to the applicant's needs at the time of application. In addition, this information can assist the underwriter in determining whether the applicant will be able to pay for the insurance.

If the insurance is for *personal* needs or financial objectives and the face amount applied for *exceeds* \$1,000,000, then a completed Personal Financial Questionnaire (form No. 4510) must be sent in with the application. If the insurance is for *business* needs or financial objectives, you are required to complete the section on Business Finances on the Agent's Report. If the face amount *exceeds* \$1,000,000, then a completed Business Financial Questionnaire (form No. 4513) must be sent in with the application.

There may be situations that arise which cause the underwriter to request that the agent provide additional information before the underwriter can continue to consider accepting the application. All agents are expected to comply with the underwriter's request and assist the underwriter, if needed, to provide the information necessary to expedite the handling and evaluation of the application. Agents' patience, cooperation, and understanding over the need for this information is appreciated.

When you take an application for insurance, strive to be the best field underwriter you can be. You and the underwriting team will be in a better position to assess medical and financial risks as the quality of information you collect improves.

Applications (and other forms) are available in hard copy from the Home Office, or in electronic form on the Agent website. If you have any underwriting questions, please feel free to contact Joel Jones, Mutual Trust's Underwriting Manager, at (630) 684-5373.

Replacements

Mutual Trust is committed to *engage in active and fair competition*.

To help achieve this goal, the Company requires agents to only recommend replacements that are appropriate and in the best interests of the customer.

Appropriate vs. Inappropriate Replacements

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; preferred or improved underwriting; enhanced cash values; lower mortality charges; new policy features; and lower loan interest rates. Whenever you encounter a possible replacement situation, consider all the factors. Look at both sides of the equation. Learn the intricacies of the existing contracts and then make your professional recommendation to the policyholder.

Inappropriate replacements are those replacements that are not considered in the best interest of the 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 age; the contestable period may no longer apply; policy features may be better under the old policy; the costs associated with issuing the old contract have been paid. Sometimes existing Whole Life policies with years of dividends and every expectation of continuing dividends, make those policies an irreplaceable asset. Other factors that make replacement unattractive, or inappropriate, are declining health of the policyholder, passage of time (age), the need for diversification of assets, or some emotional (non-monetary) attachment to a policy. Also, the incontestable and suicide clause start anew in a new contract, and all fees and charges coincident with a new policy start again. These are good reasons not to replace policies. Often, policyholders are better served maintaining their existing contract and buying more life insurance from you.

It is always in your client's best interest for you to conduct a thorough review of his or her existing policy or policies. Often, the benefits a client is currently receiving from his or her existing policy, in conjunction with the ever-increasing regulatory scrutiny applied to replacement transactions, continue to make replacements less and less attractive.

Definition of a Replacement

"Replacement" situations, in conjunction with the sale of a life insurance or annuity policy, include those situations where existing policies 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 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.

Compliance with State Replacement Regulations

All appointed Mutual Trust agents must comply with the replacement regulations of the states in which they do business along with Mutual Trust's Replacement Policies and Procedures or expose themselves to potential disciplinary action, including termination. Included within these requirements, Mutual Trust agents must only use Replacement Notices approved by a State's Insurance Department and approved by Mutual Trust. Mutual Trust will issue Compliance Bulletins on the Agent Website outlining a particular state's replacement requirements as they change. Otherwise, all agents shall read and adhere to Mutual Trust's Replacement Requirements and Policy as outlined within Agent Website Compliance Bulletins and this *Guide to Business Practices*. Any questions about Mutual Trust's Replacement Policy or Replacement Requirements as they apply to a particular state can be directed to Mutual Trust's Compliance Director, John Seneczko, at (630) 684-5481.

Record Retention

All appointed Mutual Trust agents must maintain a file for each Mutual Trust policy they sell. The file shall contain all work papers and written documentation used when selling a Mutual Trust policy to a customer. All appointed Mutual Trust agents are required to comply with all aspects of the laws and regulations pertaining to record retention requirements that affect their sales practices including, but not limited to, the length of time that they must keep their files. Any questions about your record retention responsibilities can be directed to Mutual Trust's Compliance Director, John Seneczko, at (630) 684-5481.

Comprehensive Service

You are responsible for providing quality and comprehensive service to current policy owners and prospective policy owners.

Policy Delivery Receipts

A policy delivery receipt is the accepted method for demonstrating that a policy was delivered to a policy owner. A signed and dated policy delivery receipt helps reaffirm your client's acceptance of the policy as a solution to his or her financial needs and objectives. When you deliver a policy, always have your policy owner sign and date a policy delivery receipt, save a copy for your file, then send a copy to the Home Office.

Customer Assurance Program (CAP)

The Customer Assurance Program (CAP) is a tool to help us monitor the success of our efforts to sell our products ethically.

The Customer Assurance Program provides new Mutual Trust life insurance policy owners with a satisfaction survey. Surveys are mailed to new Mutual Trust life insurance policy owners. In addition, the Company surveys new annuity purchasers with a questionnaire similar to CAP. The surveys provide new Mutual Trust policy owners with an opportunity to comment on their purchase or request additional information.

Each CAP survey returned to the Company is individually reviewed. After reviewing policy owner responses to survey questions and accompanying comments, the Company determines if the survey responses in any way reflect customer dissatisfaction, confusion, or frustration. If so, the Company will determine if the customer's responses can be explained. If not, the Company investigates the facts surrounding the agent's sale of the particular Mutual Trust product to that customer.

As a part of its review, the Company may examine the suitability of the particular product sold when compared to the customer's needs, the appropriateness of any replacement, the customer's comprehension of what he or she purchased, the selling agent's behavior, and the timeliness of the delivery of the policy. In addition, the Company reserves the right to investigate any other aspect of the sale that has caused customer concern or inquiry. If the Company should determine that agent misconduct was the cause for a customer's dissatisfaction, confusion, or frustration, the agent could be subject to disciplinary action taken by the Company.

It should also be noted that customers often praise the efforts of their agents when they respond to the surveys sent to them. When the Company receives surveys such as these from their customers, it routinely sends a letter of congratulations to the selling agent.

Client Files

The best way to maintain and grow your practice is to keep accurate records and document your client files. Your client relationships are the lifeblood of your business and accurate records help you maintain previous solutions and identify future opportunities.

Strive to keep your client files organized and free of clutter. A properly documented client file should include fact finders, interview summary letters, case notes and (signed) illustrations presented, telephone/ e-mail logs, delivery receipts and letters, and written annual review invitations.

Clients do not always remember what they agreed to or saw in a sales interview or presentation. In fact, your client may have a different recollection than yours of what was presented during an interview. Signed or initialed case notes, illustrations and disclosures can help to recover lost memories. Detailed, factual notes can help confirm for a client the appropriateness of your advice.

Claims

Life insurance was created for its unique benefit of paying a claim at the time of death. It is important to immediately notify the Home Office when you receive information that your Mutual Trust insured has died. *It is especially helpful if you can provide the exact date and cause of the insured's death.*

The Claims Department can be reached at (630) 684-5440.

In addition, Mutual Trust prides itself on fair and expedient claims handling. As a result, it is possible that MTL may require your assistance in addressing any issues that may arise during the handling of a claim or the claims investigation. Your cooperation in assisting the Claims Department is appreciated.

Customer Complaints

Confusion over a policy provision or a sales presentation is a typical starting point for many complaints. When a policy owner develops a concern over his or her policy or advice you have given him or her, address those concerns as quickly, courteously and effectively as possible. Complaints can turn up from simple questions to complicated grievances. Otherwise, when not satisfactorily addressed, client concerns may grow into formal complaints. As a result, you must give all customer concerns immediate attention before they turn into complaints. These complaints may come directly from the customer or a State Insurance Department.

If you receive a formal complaint directly from a policy owner or an Insurance Department, immediately send or fax a copy of the complaint along with your

proposed written response and supporting documentation to John Seneczko, Compliance Director, at the Home Office (Fax #: 630-684-5332 or email seneczkoj@mutualtrust.com). We will then review our records and conduct an investigation into the matter.

If a customer or his or her representative verbally expresses a complaint to you and you cannot satisfy the customer with your handling of it, summarize, in writing, the nature of the customer's dispute along with your involvement. Then, fax or email the summary to the Compliance Director for his handling. Copies of all relevant documentation should also be included. If you do not hear from the Compliance Director within 24 hours of faxing the summary, you should contact him to make sure that he received your summary.

If we receive a formal complaint from an Insurance Department or a policy owner, we may be contacting you to secure your input if necessary. You may be required to provide us with your immediate written response and any documentation that you feel supports your position. Be prepared to contact your Errors & Omissions insurance carrier.

Policy and Procedures for Handling Complaints

Mutual Trust has adopted a formal Complaint Policy. The overriding objective is to provide the complainant with a prompt, courteous, and full response to the complaint. If remedial action is proposed, such action should be fully described in terms that are most likely to be understood by the complainant. If we conclude that no remedial action is appropriate, our reasoning for reaching that result and the facts supporting that reasoning should be fully and clearly explained to the complainant.

Pursuant to Mutual Trust's Compliance Policy, all complaints shall be evaluated fairly and objectively before determining the appropriate course of action that needs to be taken.

Privacy

Mutual Trust is firm in its commitment to protect customer privacy. As a result, it has adopted a formal Privacy Policy which all employees and agents must comply with at all times.

The concern about privacy

Privacy is an important issue. We are all concerned about protecting the details of our personal lives from access by strangers. This concern is heightened when the information involves our financial situation, the results of medical tests or other personal matters that may exist. Mutual Trust has always understood the

sanctity of personal information and the importance of maintaining its confidentiality.

Keeping your information confidential

We seek to keep all personal information given to any of our companies in the strictest confidence. We do not sell or rent information to third parties. We limit access to customer information by employees and other representatives to those individuals who have a business reason for knowing it. We maintain physical, electronic and procedural safeguards to protect this information.

Agent Responsibility for Maintaining Customer Information Confidential

Mutual Trust Insurance Agents must also take the necessary steps to protect the confidentiality of Mutual Trust customer information. You must make sure that you have put the necessary safeguards into their every day business practices so as to assure that confidential customer information is protected. In fact, your failure to protect the confidentiality of customer information will be deemed a breach of Mutual Trust's Policies and Procedures exposing you to disciplinary action.

If you should have any questions regarding our privacy practices, please feel free to contact Mutual Trust's Compliance Director, John Seneczko, at (630) 684-5481.

Fraud Prevention

Mutual Trust recognizes that an insurance company must take a proactive, as well as a reactive, stance against fraud in today's business environment. Mutual Trust has an Anti-Fraud program which seeks to serve the following purposes:

- To communicate to the Company's management, employees, General Agents, writing agents, registered representatives, and other interested parties the policies and procedures in place that will help to deter application, underwriting and claims fraud as well as Home Office or external frauds, violations of laws and regulations or other improprieties.
- To identify the persons within the Company organization responsible for fraud prevention, detection and investigation.
- To detail the management procedures in place for preventing, detecting, investigating, monitoring and responding to potential fraudulent situations.
- To comply with the regulatory laws impacting the life insurance industry including The Fair Credit Reporting Act, Health Insurance Portability and Accountability Act, Gramm-Leach-Bliley Privacy Act, and USA PATRIOT Act,

- To adopt certain best practices outlined in the Sarbanes-Oxley Act of 2002.

For a complete copy of the Anti-Fraud Handbook, please visit the Mutual Trust website, or contact Jon Seneczko, Anti-Fraud Coordinator, at (630) 684-5481 or seneczkoj@mutualtrust.com.

Agent Fraud Prevention Responsibilities

All agents and employees are Mutual Trust partners in the prevention and detection of insurance fraud. General Agents and Agents must maintain procedures that would reasonably deter such wrongful acts. Agents and employees should be familiar with the types of improprieties that might occur within his/her area of responsibility and be alert for any indication of irregularities. Examples of fraud may include:

- Failure to comply with all federal, state and local laws and regulations, including insurance laws and regulations.
- Having any improper or illegal financial dealings, or failure to exercise fiduciary responsibility to Mutual Trust, any policy owners of MTL, or any other person.
- Deliberate omission or falsification of applicant history or information whether done by the applicant or agent administering the application process.
- Forgery or unauthorized alteration of Mutual Trust applications used in making underwriting decisions.
- Fraudulent alteration, addition or removal of policy owner or insured information on the Mutual Trust management information systems.
- Offering or providing anything of material value to any Mutual Trust employee in exchange for special consideration in the application or underwriting process.
- False or fraudulent representations, including false advertising regarding MTL Insurance Company products.
- Any fraud or impropriety involving agent commissions.
- The withholding or fraudulent conversion of premiums paid by applicants or insureds.
- The improper conversion of claims payments.
- Any similar or related irregularity, including “churning.”

All irregularities detected or suspected by General Agents, their Agents and employees must be reported to Mutual Trust at 800-323-7320. Contact John Seneczko, Compliance Director, Ext. 5481. Any investigative activity required will be conducted without regard to the suspected wrongdoer's relationship with Mutual Trust.

Producer Ethics Statement

All Mutual Trust General Agents and Agents are required to commit themselves by signing and returning a Producer Ethics Statement.

Mutual Trust Producer Principles of Ethical Market Conduct

- I will conduct business according to high standards of honesty and fairness. I will represent Mutual Trust and myself with the highest integrity.
- I will provide competent and client-focused sales and service to my customers which, in the same circumstances, I would apply to or demand for myself. I will accurately present all information necessary to enable my clients to make informed decisions. I will comply with all laws and regulations governing my business and professional activities.
- I will take reasonable efforts to determine the insurance needs or financial objectives of my clients based upon relevant information obtained from them, and enter into transactions which assist the customers in meeting their insurable needs or financial objectives.
- I will respond promptly to client feedback and will always place their interests above my own. I will provide fair and expeditious handling of all client complaints and disputes and make every effort to resolve them through Mutual Trust's complaint handling process.
- I will respect and protect the confidentiality of information regarding my clients' personal and business information. I will exercise the highest integrity in cooperating with others who serve the needs of my clients.
- I will present sales and training materials, product illustrations and advertisements in a manner which is clear as to purpose, honest and fair as to content, and consistent with the needs of the customer. All my sales presentations will be based upon the principles of fair dealing and good faith, and will have a sound basis in fact. All such materials will be approved by Mutual Trust prior to use.
- I will engage in active and fair competition in the marketplace and will refrain from disparaging competitor insurers, their representatives or methods of marketing. I will not seek to replace a customer's existing policy unless it is

clearly in the customer's best interests to do so. I will not replace existing life insurance and annuity policies without first communicating all information needed for the customer to determine if replacement of his or her existing policies is appropriate.

- I will allow my professional conduct to be supervised and reviewed by Mutual Trust for compliance with Mutual Trust's Policies, Procedures, and these Principles of Ethical Market Conduct.

- I will promptly advise Mutual Trust of any financial relationship or other situation that a disinterested person would reasonably believe could restrict my ability to act in accordance with the foregoing Principles of Ethical Market Conduct.

Reporting Violations of Guidelines

While representing Mutual Trust, it is your responsibility to report any violations of ethical market practices and Company policies and procedures as described in the Guide to Business Practices. Report any violations to John Seneczko Compliance Director, (630) 684-5481.

Disciplinary Actions – Consequences of Non-Compliance

All General Agents and Agents are responsible for compliance with applicable insurance laws and regulations. In addition, all General Agents, their Agents and employees are required to follow the rules, policies and procedures of Mutual Trust including the Principles of Ethical Market Conduct. It is the responsibility of all General Agents and Agents to contact the Company's Compliance Director if they are unsure how to comply with any law, regulation, rule, company policy or procedure. It is also the responsibility of all General Agents and Agents to familiarize themselves and comply with all laws, regulations, rules, and company policies and procedures that may affect their activities as a General Agent or Agent. In fact, the failure of a General Agent or Agent to be aware of a requirement that affects his or her agent activities as mandated by law, regulation, rule, or company policy or procedure shall not serve as a defense to his or her violation of such a requirement. Violations of requirements mandated by law, regulation, rule, or company policy or procedure may result in disciplinary action, up to and including suspension or contract termination.

Resources

<i>Home Office</i>	General Number General Agents and Agents Compliance FAX	800-323-7320 800-592-4685 630-684-5332
<i>Compliance Director</i>	John Seneczko	630-684-5481
<i>Anti-Fraud Coordinator</i>	John Seneczko	630-684-5481
<i>Contract and Licensing</i>	Imelda Cornejo	630-684-5580
<i>Marketing Services</i>	Cheryl Delby	630-684-5311
<i>Underwriting & Claims</i>	Joel Jones	630-684-5373