



ASSURANT
Preneed

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Legal & Compliance Bulletin

The following is an important announcement for all Assurant Preneed agents:

Replacements and Churning

"Replacements" or "churning" as it is sometimes called, include any transaction where a new policy or contract is purchased when the existing insurance or annuity has been or will be (a) lapsed, forfeited, surrendered or terminated or (b) reduced in value by use of policy values. Reductions in value can include, but are not limited to: conversion to reduced paid-up insurance; reissued with a reduction in cash value; borrowing greater than 25% of the loan value to purchase additional coverage; and using the policy values to pay future premiums on the existing policy. Replacements can be either "**internal**" (within the same insurance company) or "**external**" (between two different insurance companies).

Replacement of existing policies should only occur when it is in the best interest of the client with appropriate disclosure. You must disclose all of the advantages and disadvantages of the replacement with the client. The client must fully understand the financial consequences of this action and agree to it in writing.

"**Churning**" is replacement, often with the same insurer's policies, which does not objectively benefit the consumer, done for the purpose of generating commissions. Churning is a prohibited practice, and one that has gained the attention of many insurance departments in recent years. Assurant Preneed will not tolerate any policy churning.

Applications for life insurance will not be processed if the replacement requirements are not met. If the completed replacement forms are missing, or if the replacement questions on the application or enrollment form are unanswered or incomplete, the entire application package will be returned to the agent. Where the optional health questions on the form are unanswered, agents should take particular care to see that the nearby replacement questions are answered. Replacement forms may be downloaded from the Assurant Preneed website at www.assurantpreneed.com for your convenience.

If you have any questions regarding replacements and/or churning, please contact your Assurant Preneed Account Executive or your Customer Service Team at 1-800-PRE-NEED.

Thank you and we appreciate your business.

Products are underwritten and issued by Fortis Benefits Insurance Company and United Family Life Insurance Company.