



How We Do Business

A Guide for Producers Appointed with
Pan-American Life's U.S. Business



Table of Contents	Page
<i>Introduction</i>	1
Purpose	1
Statement of Ethics	1
Definitions	2
<i>General Business Practices</i>	2
SilentWhistle Hotline and Website	2
Licensing and Appointments	3
Training and Qualifications	4
Producer of Record Changes	4
Internal Communications	5
Conflicts of Interest	5
Marketing, Member Access, and Associations	5
Insider Trading	6
Fraudulent Activity	6
Reporting Requirements	7
Supervision and Oversight Responsibilities	8
Agency Recordkeeping Requirements	9
<i>Communications with Clients</i>	11
Product Knowledge	11
Needs and Suitability Analysis	11
Special Considerations in Sales to Individuals	12
Sales Material and Advertising	15
News and Media Communications	17
Telephone Solicitations, Enrollments, and Applications	18
Electronic Communications	21
Fair Competition	23
Product Availability	23
Guarantees	23
High Pressure Tactics	23
<i>Sales and Servicing</i>	23
Form Completion	24
Policy Delivery	24
Free Look	24
Client Privacy	24
Client Relationship and Services	27
Gifts, Loans, and Rebates	29
<i>Summary</i>	30

<i>Appendices</i>	31
A: Conflicts of Interest Rules for Employees	31
B: Replacements	36
C: Privacy Policy - Frequently Asked Questions	40

Introduction

Purpose

Keeping our clients' trust is crucial. Ethical behavior protects our hard-earned long-term relationships with clients, Pan-American Life Insurance Group's reputation for high standards of market conduct and the integrity each of us strives to maintain. We all share the responsibility for adhering to the highest standards of business practice.

This guide is designed to help the Pan-American Life producers doing business with United States residents understand the Company's position concerning ethical conduct expectations in today's marketplace and ensure compliance with required rules and regulations. These rules apply to all products offered by Pan-American Life Insurance Company, Pan-American Assurance Company and their subsidiaries to United States residents, and to all conduct associated with these companies, your clients who reside in the United States, and the public. The penalties for failure to comply with the rules and regulations may include Pan-American Life or regulatory sanctions such as censure, fine, suspension, civil or criminal liability and/or termination of association with Pan-American Life. If you come across a situation not clearly addressed in this guide, consult your Manager and the Pan-American Life Compliance Department contact identified on the last page for guidance.

Statement of Ethics

In the sale of products and services, Pan-American Life has subscribed to the following principles in the conduct of business.

- The Company will conduct business according to high standards of honesty and fairness and render services to customers in a manner which it would demand for itself.
- The Company will provide competent and customer-focused sales and service.
- The Company will engage in competition with others in a fair manner.
- The Company will provide advertising and sales materials that are clearly understood, honest and fair in content and timely in release.
- The Company will provide fair and expeditious handling of customer complaints and disputes.
- The Company will maintain a system of supervision that can reasonably be expected to achieve compliance with these principles.

- The Company will assure that any violations of its standards will be dealt with appropriately and any person reporting any incidents of misconduct or violations of standards of behavior will be protected against retaliation.

Definitions

The rules outlined in this guide apply to all producers appointed with Pan-American Life's U.S. Business.

The term "**client**" is used interchangeably for employer, policyholder, plan sponsor, insured, certificateholder, or participant in a Pan-American Life product or a prospect or other member of the public who wishes to do business with Pan-American Life.

The term "**producer**" is used interchangeably for producer, sub-producer, broker, sub-broker or any other individual soliciting Pan-American Life products, including Pan-American Benefits Solutions, Inc. Sales executives, account executives and enrollment agents as applicable.

The term "**manager**" is used interchangeably for General Agent under a general agency agreement with Pan-American Life or, for Pan-American Life employees, the employee producer's immediate supervisor.

References to the "**Company**" and "**Pan-American Life**" in this guide are intended to refer to Pan-American Life Insurance Company, its subsidiary, Pan-American Benefits Solutions, Inc., Pan-American Assurance Company, and subsidiaries of Pan-American Assurance Company doing business with United States residents.

General Business Practices

The following policies, rules and regulations provide guidance in establishing and maintaining a mutually beneficial relationship with Pan-American Life.

SilentWhistle Hotline and Website

Pan-American Life is committed to providing the highest quality products and services through the integrity and ethical practices of its employees and business partners. Acts of fraud and other unethical behaviors, whether originating outside or within the Company, can threaten our growth, profitability and leadership in the marketplace. Any producer, employee, client or other interested party aware of or with reason to believe a violation of practices exists should notify Pan-American Life immediately.

Pan-American Life established the SilentWhistle Hotline to offer interested parties the opportunity to anonymously submit information regarding questionable, unethical or illegal activities within the organization. The Pan-American Life SilentWhistle Hotline can be accessed by calling 1-888-420-8814 or visiting <http://panamericanlife.silentwhistle.com>. Unless you select otherwise, it is our intent that your comments will remain completely confidential and

anonymous. We want you to know that your comments and valuable feedback have a direct result to the success of Pan-American Life.

Licensing and Appointments

Insurance Licensing, Registration, and Appointments. Producers must comply with a state's licensing requirements and secure a Pan-American Life appointment where required prior to soliciting the sale of any insurance products in that state or with residents of that state. In many states, individuals engaged in the marketing or sale of discount medical plans must also be registered to sell the specific discount medical plan being marketed. You must be appropriately licensed (for insurance) and/or registered (for discount medical plans) to solicit and sell the product in the state where the application is signed and in the state where the policy is issued. You cannot be compensated for a sale that occurred when you were not properly licensed, even if you fulfill the licensing requirement after the sale.

Failure by a producer to obtain all necessary licenses, registrations, and appointments where required, prior to solicitation will result in a "charge-back" of commissions. Aside from potential Pan-American Life sanctions, state and federal regulators may impose disciplinary actions such as license suspensions and fines.

The Violent Crime Control and Law Enforcement Act of 1994 prohibits a company from appointing any individual who has been convicted of any felony involving dishonesty or a breach of trust, without the specific written consent of the appropriate insurance regulatory officials. Pan-American Life reserves the discretion to refuse to appoint candidates who have been involved with the criminal justice system in any way. Individuals convicted of felonies described in this paragraph may be appointed only with the prior approval of the Compliance Department and with the specific written consent of the applicable insurance regulatory officials. In addition, all appointed producers are required to report to the Compliance Department their conviction of any felony to ensure continued compliance with federal law.

Sharing Commissions. It is unlawful for a producer, including the Manager, to pay compensation of any kind to, or split commissions with, anyone who is not appropriately licensed and appointed by Pan-American Life. All commission splits between producers must be indicated on the product application.

Non-Licensed Support Staff. Administrative or secretarial personnel who are not insurance licensed may not act upon client requests without specific instruction from the producer. An unlicensed administrative assistant may respond to a client's procedural questions. An administrative assistant who does not have an insurance license and appointment with Pan-American Life must never sign his/her own name or sign a producer's name to solicitations regarding insurance; counsel or advise clients or otherwise act as an agent of the producer (or client).

However, an unlicensed administrative assistant is permitted to sign his/her own name to strictly administrative servicing-type letters (e.g., “Enclosed are the beneficiary change forms that you requested”).

State Insurance Continuing Education. Continuing education for life and health licenses is governed by the individual states within which producers are licensed. It is the responsibility of the individual producer to satisfy his/her continuing education requirements. Information on continuing education courses for license renewal is available online by several industry organizations, state insurance departments and Life/Health continuing education vendors.

Training and Qualifications

Producers must not mislead any client about their training or qualifications, nor should producers refer to themselves as “experts.” In addition, many states specifically prohibit the use of senior-specific designations or certifications by producers. Titles used by Pan-American Life employees must have Home Office approval prior to use.

Producer of Record Changes

The owner of a Pan-American Life product has the right to choose whoever they wish to handle their service needs. How Pan-American Life will handle the change depends upon the product being sold. It is very important that the Pan-American Life department responsible for agent appointment and commission be notified of these changes. Please scan and email a copy of the new producer of record letter and include in the email who the original producer was. The new producer will need to be contracted with Pan-American Life.

PanaMed, PanaBridge, and Voluntary Insurance Products. The original agent will continue to receive commissions on the participants enrolled prior to the date of the change letter until the policy expiration/renewal date. A change in producer letter will entitle the new producer to receive commissions only on the new enrollees who were enrolled after the date of the change letter and upon renewal of the policy, provided the new producer is licensed and appointed with Pan-American Life where required. A group insurance product is considered “voluntary” if the participant’s employer pays less than 50 percent of the premiums.

Employer Paid Group Insurance Products. Where the employer pays 50 percent or more of the premiums on a group insurance product, a change in producer letter entitles the new producer to all commission going forward from the date we receive the change letter, provided the agent is appointed with Pan-American Life. This includes the original participants plus any new participants.

Individual Life Products. Commissions are transitioned according to the applicable vesting schedule.

Changes in producer of record on other products should be discussed with the Home Office.

Internal Communications

In the insurance and discount medical product industry, communications with the public are highly regulated to ensure that clients are presented with fair and balanced information with which to make informed decisions. For this reason, producers must not distribute internal memoranda, training literature or material from outside sources unless it is clearly intended for public use and has been approved by Pan-American Life for use with the public.

In many cases, these types of material will contain language limiting their use to producers for product knowledge and training purposes only. This material must not be given, shown, or read to clients. It must not be copied or retyped in any form and then given to clients.

Conflicts of Interest

In addition to the information provided under *Sales and Servicing: Client Relationship and Services* regarding producer/client relationships, employees of Pan-American Life must avoid outside interests that may conflict with those of the Company. Employees must read and abide by the guidelines set forth in Appendix A – Conflicts of Interest Rules for Employees.

Marketing, Member Access, and Associations

Payments that could be construed as an unlawful inducement, rebate, bribe, or kickback are *strictly prohibited* and could cause serious harm to the Company's reputation. Any agreement to make a payment for marketing services, member access, or any fees to an association made in exchange for marketing or access services (as opposed to general association dues or corporate sponsorships) must be approved by the Pan-American Life Compliance Department and, when required, (1) documented in an agreement prepared and approved by Pan-American Life's Legal Department and (2) disclosed to affected customers. In general, payments to associations in exchange for marketing and/or endorsement of insurance products should not be tied to the volume of sales due to insurance licensing laws.

Any marketing of products through an association must be approved by the Compliance Department. Individuals who are not currently members of an association must join the association (and pay any association dues) separately from the enrollment in a Pan-American Life product, and producers must fully disclose the breakdown of fees for association dues versus charges for a Pan-American Life product.

Producers working with government clients, such as a county health plan, should also be aware that local and federal laws generally prohibit or significantly restrict a person from giving things of value to public officials or employees. Items of

value include entertainment (tickets to sporting events, golf green fees, etc.), travel, lodging, transportation, meals, and other tokens of appreciation. Planned entertainment with public officials or employees should be discussed with Pan-American Life's Compliance Department in advance, to avoid a potentially embarrassing situation for the Company and for the public official or employee.

Insider Trading

In the course of providing services, producers may be exposed to confidential or nonpublic information about a company. Federal securities laws and Company policies strictly prohibit producers from engaging in insider trading. Insider trading involves the use of "inside information," as a basis for buying, holding or selling a security; making recommendations to others on the basis of inside information; or communicating inside information to another person. Generally, "inside information" is information that is "material" and "non-public." Information would be considered "material" if a reasonable investor would consider it to be important in making investment decisions; information would be considered "nonpublic" if it had not yet been publicly disclosed or was not yet in general circulation.

Violations or suspected violations of insider trading laws must be reported to Pan-American Life's Compliance Department.

Fraudulent Activity

A producer must not effect any transaction or induce the purchase or sale of any product by means of any manipulative, deceptive, or other fraudulent device or contrivance. Examples of prohibited activities include, but are not limited to, the following:

- Signing an application for, or otherwise acting on behalf of, any person not appropriately licensed for the product;
- Paying commissions to an unlicensed individual (even if the individual becomes licensed after the sale);
- Forgery (this includes signing a client's name with or without his/her permission);
- Signing as a witness to a signature that the producer did not actually witness;
- The establishment of fictitious client accounts;
- The execution of a transaction for a client without the client's express consent;
- Obtaining file blank forms that have been signed by the client;
- Falsification of records;
- Placing your address as the mailing address (address of record) on a client's policy;
- Twisting;
- Stating or implying that the premiums on a life insurance policy will "vanish" under a premium offset;
- Rebating;
- Commingling of funds;

- Money laundering;
- Misappropriation of client or Pan-American Life funds;
- Nondisclosure or misstatement of material facts; or
- Any other type of deception

Pan-American Life has a hotline dedicated to the reporting of fraudulent activities. Pan-American Life's SilentWhistle Hotline is 1-888-420-8814. In addition, producers involved in the sale of cash value products must complete training on money laundering prevention.

Reporting Requirements

Client Complaints. Pan-American Life defines a complaint as a communication that primarily expresses a grievance, allegation, or dissatisfaction with the quality of an insurance, discount medical, or investment product, service, or any action or representation by a Pan-American Life producer. Complaints can be either verbal or in writing. All written complaints and memoranda documenting verbal complaints must immediately be forwarded to the producer's manager and the appropriate Pan-American Life product administration area. A producer must not, under any circumstances, attempt to resolve a complaint on his/her own or offer to make any payments to a client from the producer's personal funds to resolve a complaint.

Regulatory and Legal Matters. Every producer should inform his/her Manager and the Pan-American Life Compliance Department if any of the following occur:

- Is contacted by any government agency or regulatory body with any inquiries (including simple questions regarding advertisements or letterhead);
- Is the subject of any investigation or inquiry by any government agency or self-regulatory body or is required to testify before any such agency or body;
- Is a defendant or respondent in any litigation, proceeding, or arbitration alleging violation of any rule or regulation of any governmental agency or self-regulatory body;
- Is the subject of any censure, injunction, suspension, fine, cease and desist order, or other disciplinary action by any governmental agency or self-regulatory body;
- Has any registration, license, permit, certification, or membership denied, suspended, revoked, or restricted by any governmental agency or self-regulatory body or is barred from becoming associated with a broker or dealer or life insurance company or from engaging in any other securities activities by any governmental agency or self-regulatory body;
- Is the subject of any contempt proceeding or of any civil judgment;
- Is the subject of any verbal or written complaint by a client or any claim for damages filed by a client;
- Is the subject of any bankruptcy; or
- Is the subject of any arrest, summons, arraignment, indictment, or conviction, or pleads guilty or no contest to any criminal offense other than a minor traffic violation, such as a parking or speeding ticket.

Supervision and Oversight Responsibilities – General Agency Contractholders

The Company depends upon the manager and agency to provide reasonable supervisory and compliance oversight for all the producers who write business through their agency or organization (sometimes referred to as “sub-brokers” or “sub-producers”). Producers and their activities must be monitored to ensure that client needs are being met and that appropriate products and services are offered and sold.

The Manager’s oversight responsibilities include, but are not limited to, the following:

1. Training producers on Company products, sales tools and sales practices;
2. Communicating Company policies and procedures to producers;
3. Educating producers and demonstrating “best practices” for the insurance and discount medical product sales process;
4. Reviewing and discussing, as needed, the individual producer's activities regarding safeguarding customer information, the use of advertising materials, the importance of fact finders, replacement frequency, recordkeeping (client files), etc.
5. Reviewing the *How We Do Business Guide* and communicating the information to producers, experienced as well as recent hires, particularly the new topics as they are added to the Guide.

Please keep in mind that while a general agency contractholder can delegate a function or a task, they cannot delegate the ultimate responsibility for producer supervision and compliance with the Company policies, procedures and state regulations.

New Producer Recruiting and Appointment. Anyone representing insurance or discount medical products, in any capacity, through the Company must be properly licensed and appointed, in the state(s) in which they are conducting business, prior to any sales activity, except where allowed by law. Sales activity includes, but is not limited to, discussing, soliciting, recommending, selling, reviewing, or replacing products. To receive overrides for a producer's activity, a general agency contractholder must also be licensed and appointed in the state(s) where the producer is conducting business, except where it is not required by law. If you have any questions regarding a producer’s licensing obligations, please contact the compliance associates listed on the last page of this guide.

The Company expects general agency contractholders to be selective when considering someone for appointment. It is important to give consideration to the prospective producer's prior year production levels, by product type; background; sales ability and experience; ethics; prior complaints; other company appointments; and other business activities they may be engaged in. Each newly appointed producer should review the *How We Do Business Guide* before

any solicitation and at least once annually thereafter. Your producers should have access to all the Company rules, regulations and informational material.

Communication with Producers. The Company will communicate important and relevant information to producers through the general agency contractholder and via the Company's producer web sites. The Company requires that all management level contractholders promptly distribute all company communications and information to the Company appointed producers under them. The information we communicate can include the Company products, forms, policies, procedures and rules.

Licensing and Continuing Education Requirements. Producers are encouraged to continuously enhance their knowledge and skills through professional training, ongoing education and obtaining industry designations as appropriate. Tracking qualified courses and state-specified requirements for license renewal credits is the responsibility of each producer and agency.

Agency Recordkeeping Requirements

Proper file documentation increases your level of professionalism, enhances your marketing efforts and helps protect your business and the Company down the road. The Company policy requires you to maintain certain records in your agency office. Information and files, with respect to clients and insurance or discount medical product transactions, must be kept and maintained in a secure and confidential manner. It should not be destroyed until permitted under applicable record retention laws (which typically require records to be maintained for at least six to seven years). Insurance files of various carriers should be kept separate. The following files should be maintained in your office and available for review by Pan-American Life on request.

Advertising File

Producer File

Client File

Insurance Complaint File

Advertising Files. All communications with the public in print or electronic form (e.g., email), whether sales material, advertising, or servicing communications, must be maintained locally in an Advertising file. This includes advertising for both insurance and discount medical products offered by or through the Company. Please note that advertisements must be pre-approved in writing by the Company (see Communications with Clients section below).

Producer Files. The Manager should keep the following in each producer's file:

- Signed Contracts (if any)
- Initial Application
- Background Check Information
- IRS Form W-9
- Commission Assignment Forms (if applicable)

- Current License(s) and Pan-American Life appointments in all states where the producer sells
- Legal Documents (garnishments, restraining orders, etc.)
- Certificates of Training (Meeting attendance, courses, etc.)
- Proof of Professional Designations (CLU, ChFC, etc.)
- Producer Financing Documents
- Deferred Compensation Agreements
- Annualized Commission Information
- Debts to Management level contractholder
- Proof of Errors and Omissions Coverage
- Any documentation between the Management level contractholder and producer
- Any information sent to/from the home office regarding the producer
- Any documentation of disciplinary action involving the producer.

Client File. The client file should contain all documents and correspondence pertaining to the solicitation and sale of any Company product. Each client, based on policy ownership, should have his or her own individual file. Only one file is needed for a client who owns multiple policies. Information contained in the file should include, but is not limited to, the following:

- Basic information used to make the first contact (phone numbers, address, etc.)
- A client profile or information forms
- Dates on which meetings were held and phone calls were made, with documentation of the conversations
- Summary and rationale for each purchase made by the client
- Copy of the application
- Copy of any proposals upon which the sale was based
- Policy Specification pages
- Copy of the signed Policy Delivery Receipt(s), if applicable
- Copy of any state or Company required forms, if applicable
- Copy of all correspondence with the client or their producer
- Copy of all e-mails, faxes and case notes
- Copy of individualized sales materials used with the client.

The client file should remain in the office while the client has active business on the agency's books. If a client becomes inactive, the file should be kept in the office for six years from the inactive date.

Due to confidentiality and compliance reasons, medical or claims information about a client should not be kept in a client file.

Complaint File. A complaint file shall be maintained in the general agency. The Management level contractholder, producers, or office staff of the agency should not try to resolve complaints on their own, but should contact the appropriate Pan-American Life administration department. If in doubt about whether an item

is a complaint, send it in. A “complaint” is any written statement by a client, another producer or a producer acting on behalf of them, who alleges a grievance involving policy performance or the activities of a producer of the Company.

For an oral complaint received by the agency, you should:

1. Obtain the name, address, phone number and information about the situation;
2. Explain to the caller that all complaints must be put in writing and sent to the attention of the appropriate Pan-American Life administration office;
3. Retain a copy of the information for your Complaint File and notify the Pan-American Life administration office of the potential complaint with the pertinent information.

The agency Complaint File should contain copies of:

1. All complaints, written or notes made from the phone call;
2. The related correspondence; and
3. The complaint resolution.

Communications with Clients

As a producer of Pan-American Life, you must present yourself to the public at all times in a manner consistent with Pan-American Life’s high standards. Building trust with the client requires a full, fair, and honest explanation of the products and services that you offer.

Product Knowledge

It is the producer’s responsibility to know and understand any product recommended and to relay this information to the client. This includes making all relevant disclosures to a client including any required documents or forms. Producers should be familiar with the product specifics pertinent to each client, such as general underwriting criteria, costs, fees, expense structures, limitations, restrictions, potential benefits and risks. *It is particularly important that producers selling limited medical benefit or health plans provide complete and balanced information to clients about the coverage differences between major medical and “mini” or “middle” medical plans, as this has been a source of potential client confusion for other limited medical insurance carriers.* Also, you must clearly explain, when selling a discount medical product, that the discount medical product is *not* an insurance product.

Needs and Suitability Analysis

Every producer must know his or her clients and the terms, conditions, and policy provisions of the products available to make appropriate product and service recommendations. Conducting a needs analysis is the process by which a producer gathers information from a potential client for the purpose of establishing the client’s needs and qualifications for a particular product. To better understand a client’s objectives, present situations and current and future needs, the producer should always engage in a discovery session to determine

the client's needs and wants, as well as any retirement, estate or business planning objectives. The producer must also establish clearly the financial sophistication of the customer to ensure that the customer can understand the proposed transaction. Only after analysis of the facts, wants and needs should the producer begin to make recommendations.

It is incumbent on the producer to make all reasonable attempts to assure that any contemplated transaction is appropriate to the client's specific financial circumstances, experience and expectations. The producer should maintain in a client file all documentation about the contemplated transaction. The following guidelines should be used to determine if a recommendation is suitable.

- No purchase that is beyond a client's ability to pay should be made.
- All recommendations must be specific to the individual client's needs and desires. Blanket recommendations to all clients are almost always unsuitable to some.
- Producers and representatives should never base a recommendation on the remuneration they would receive.
- Churning and unwarranted replacement are unethical behaviors and could lead to serious penalties. No effort should be made to induce a client to sell or surrender an existing product unless the proposed contract offers features and benefits the client wants and can afford, and unless all the consequences of such sale or surrender are explained to and understood by the client. Please refer to Appendix B – Replacements for more information.
- Producers should not recommend products with substantial surrender charges or penalties for early withdrawals if the client has expressed a desire or need for near-term liquidity.
- Under no circumstances should a client be encouraged to drop his or her existing health insurance coverage in exchange for a discount medical plan.

Special Considerations in Sales to Individuals

Sales to Seniors. Many states have special rules and laws to protect seniors in insurance transactions. In California, for example, producers must provide a specific written disclosure to anyone age 65 or older at least 24 hours before a meeting in their home regarding life insurance or annuities. When visiting a senior's home in California, the producer must, immediately after the greeting, (1) state the purpose of the contact is to talk about insurance or gather information for a follow up visit; (2) state the names and titles of all persons arriving at the senior's home and the name of the insurer represented; (3) provide the senior with a business card or other written identification stating the person's name, business address, telephone number and license number; and (4) if and when asked to leave by the senior, immediately end discussions and leave.

One of the most troubling and sensitive issues producers face in dealing with seniors involves clients who exhibit signs of diminished mental capacity. In these situations, a client may no longer be capable of making his/her own financial decisions. Another issue that producers must be aware of is the potential for

financial, mental, or physical abuse of a senior client by his/her family members or caregivers. Financial abuse is the misuse of money or belongings by a relative or a person in a position of trust.

Producers should be aware of the warning signs that may indicate that a senior has diminished mental capacity or is the victim of abuse. Possible indicators of the diminished mental capacity of a client include, but are not limited to:

- the inability to process simple concepts;
- memory loss;
- difficulty speaking or communicating;
- the inability to appreciate the consequences of decisions;
- decisions made by the client that are inconsistent with his or her current long-term goals or commitments;
- erratic behavior;
- concern or confusion about missing funds when reviews indicate there were no unauthorized money movements or no money movements at all;
- ignorance or lack of understanding of recently completed financial transactions;
- disorientation with surroundings or social setting; and
- unusual forgetfulness or uncharacteristically unkempt appearance.

There are certain actions producers can take to help minimize the potential negative effects of diminished capacity. When producers begin working with senior clients, they should: (1) check to see if the clients have executed a Durable Power of Attorney; (2) ask clients if they would like to designate a secondary or emergency contact in the event that the client cannot be reached, or if there are concerns about the client's well-being; and (3) ask senior clients if they would like to conduct meetings in the presence of others.

Potential indicators of elder abuse include:

- sudden, atypical or unexplained withdrawals;
- drastic shifts in investment styles;
- an inability to contact a client directly;
- signs of intimidation or reluctance to speak in the presence of a caregiver;
- power of attorney is given to someone that appears inappropriate;
- indications that the client does not have control over or access to his/her money;
- the client's mailing address has been changed to an unfamiliar and unexplained address;
- the client appears to be suddenly isolated from friends and family;
- sudden, unexplained, or unusual change in the client's transaction patterns;
- unexplained disbursements made in an client's account that are outside the norm; and
- sudden appearance of a new individual involved in the client's financial affairs.

If a producer suspects that a senior client is experiencing diminished capacity or is the victim of abuse, the producer should contact his/her manager or Pan-American Life's Compliance Department for further guidance.

Seminars. State regulators have increased scrutiny over producers and firms who offer seminars that seek to lure seniors with the promise of a free meal ("free-lunch seminar"). This regulatory scrutiny is part of a national strategy for protecting older investors. Although there is nothing inherently wrong with a free-lunch seminar, regulators have received investor complaints suggesting that free-lunch seminars are associated with hard sells to purchase highly risky and inappropriate financial products. Producers must ensure that they follow all Firm policies regarding seminars and gifts to clients and prospects.

Illustrations. Whenever an illustration is used in the process of proposing a Company product for purchase, the following rules must be followed in all circumstances.

- The representative or producer may only use Company-authorized and approved software to illustrate the Company's products.
- Sales illustrations and proposals must be shown in their entirety. No part of the illustration or proposal may be deleted, altered, or amended in any way. If multiple illustrations or proposals are used, each is subject to the above rule.
- All charges and terms must be explained to the prospective purchaser including the nature of any surrender penalty or charge, service or loan charge, withdrawal penalty or any other fee or charge.
- Both the applicant and the producer must sign the illustration or proposal in the indicated locations and the signed illustration or proposal must match exactly the product for which an application is submitted to the Company.
- Should the signed illustration/proposal not match the application or should the policy be issued other than as applied for, a Revised Illustration will be prepared and mailed with the policy. This illustration must be signed by the representative/producer before the policy can be placed in force.
- If an application is taken without using an illustration, a form certifying that no illustration was used must be signed by both the producer and the prospective insured and submitted with the application. When the policy is issued, a Revised Illustration matching the policy as issued will be prepared and mailed with the policy. Both the insured or policyowner and the producer must sign this Revised Illustration and return a signed copy to Pan-American Life. The Company reserves the right to withhold compensation until this requirement is met.

Insurable Interest. Pan-American Life does not want to be associated with certain types of insurance arrangements considered by the Company to be undesirable and detrimental to the basic tenets of the insurance industry. In general, any insurance purchase or funding arrangement that involves parties who are not related to, known by, or are financially connected to a prospective insured are considered suspect and require further analysis. This includes, but is

not limited to: Stranger-Owned Life Insurance (STOLI), Investor Owned Life Insurance (IOLI), certain types of Corporate Owned Life Insurance (COLI), many forms of Viatical Settlements, and any form of nonrecourse premium financing, where the intention of the insured at the time of sale is to assign or sell the policy to an investor, group of investors, life settlement company, or charity. Producers are further prohibited from any involvement in or collection of a referral fee for a senior life settlement.

Producers should consult with Pan-American Life's Compliance Department before becoming involved in any arrangement where an unknown third party is involved either as policy owner, beneficiary, or premium payor.

Military Sales. Congress enacted the Military Personnel Financial Services Protection Act to address concerns with respect to, among other things, insurance and annuity sales directed at members of the military and their dependents. In addition, the Department of Defense (DoD) has issued rules regarding "Personal Solicitation on DoD Installations" and the NAIC has a Military Sales Practice Model Regulation to address insurance and annuity sales and solicitation to members of the military and their dependents. Producers who solicit *members of the military, dependents of members of the military, and DoD personnel* must abide by these rules.

Sales Material and Advertising

Each state regulates the sale of insurance products. Many states, and the Federal Trade Commission, regulate the sale of discount medical products. Some regulators have specific requirements relating to sales materials and advertising generated by producers and companies to sell these products. The Pan-American Life Compliance Department will determine whether or not your sales material meets applicable requirements. Failure to submit materials to the Compliance Department for review and written approval prior to use with the public may result in disciplinary action.

When Approval Is Required. All sales material and advertising that is used to solicit, sell, or service Pan-American Life products and services must be approved by the Pan-American Life Compliance Department in writing prior to use. Sales material refers to virtually all forms of communication delivered to a client or prospect in print or electronic media (e.g., the Internet, email). Sales material refers to any material intending to raise an interest in a product or service, making a reference to a specific product (whether proposed or existing) or service, or making any type of recommendation to buy, sell, or hold a product or to take advantage of a product feature. This includes all client correspondence (via letter, email, fax, etc.), newsletters, recruiting ads, training material, radio or TV spots, brochures, sales presentations, seminars, proposals, telephone scripts, telephone "hold" messages, third-party software, sales promotion materials, sales and supplemental illustrations, Internet websites or home pages, newspaper or magazine articles, business cards and letterhead.

Materials that do not refer or relate to Pan-American Life's products or services and basic servicing letters (such as, "attached are the forms you requested" or "it was nice to meet you the other day") do not pre-approval.

Approved sales material, other than stationery items, must display the approval and expiration dates provided by the Compliance Department prior to distribution.

Content. To help prevent buyer's remorse or future complaints and to ensure a long-term client relationship, sales material should:

- Be accurate, complete and balanced;
- Not contain any misleading or untrue statement or any statement that exaggerates the facts or makes an unwarranted statement or claim.
- Point out all relevant charges, limitations or exclusions as well as the features and benefits of our products;
- Be clearly understandable by someone who is not knowledgeable in insurance terminology;
- Avoid references to potential or perceived legal or tax advantages, as laws may change over time;
- Accurately describe any charges, costs, co-payments, deductibles or other limitations for products or services;
- Not imply or state that premium payments are "deposits," "investments," "savings," or "contributions"
- Not use words such as "extra," "special" or "added" to describe a benefit in the policy;
- Not use words such as "low cost" or "budget" to describe premiums or use words such as "only" or "just" in connection with statements of premium amounts;
- Avoid describing product features or benefits as "unique" unless accurate;
- Refrain from minimizing, obscuring or presenting in a misleading or ambiguous fashion any information that is required to be disclosed, or any features or benefits of the product or service being offered;
- Avoid absolute words such as "all", "full", "complete", "comprehensive", "unlimited", "up to", "as high as", "the policy will help to replace your income" (when used to express loss of time benefits), "never", and "shall" or similar words and phrases, in a manner which exaggerates any benefits beyond the terms of the policy;
- Not use testimonials or endorsements that are untrue or symbols or terminology that would lead the individual to confuse the materials with any government-sponsored program;
- Avoid words such as "free", "no cost" and "no extra cost" unless actually true and then only if the one paying for the benefit is prominently identified or if copy indicates the charge is included in the premium;
- Not use "only", "just", "merely", "minimum", "necessary" or similar words or phrases to describe the applicability of any exceptions, reductions, limitations or exclusions such as: "This policy is subject to the following minimum exceptions and reductions";

- Not contain statements such as "no red tape" or "here is all you do to receive benefits"; and
- State the name of the insurer or provider of the products discussed.

California License Number Requirement. California requires producers to prominently affix their California insurance license number on all business cards, written price quotations for insurance products, and print advertisements distributed exclusively in California. In addition, the word "insurance" must appear in all business cards, written price quotations for insurance products, and print advertisements distributed in California (regardless of whether the document is also distributed in other states).

Foreign Language Advertisements. Where an advertisement is in a language other than the language of the filed, approved policy form (such as a Spanish language brochure for an English language policy or certificate), the advertisement must include the following disclosure:

This document has been translated from English for your convenience. In most states, all applications for coverage and all policies or contracts that may be issued are written in English only. You may request an English version of this document. The statements contained in this document do not necessarily, as a result of possible linguistic differences, reflect the contents of the policy written in English. If there is any discrepancy, the English version is the official document.

Proposals (Group Policies). Proposals must include the date presented and the following disclosures:

- Proposal valid for 60 (sixty) days.
- Proposal will not be extended beyond the effective date.
- Proposal is based on information provided and subject to underwriting and Home Office approval.

These are general guidelines only; all sales material must be approved by Pan-American Life's Compliance Department prior to use.

News and Media Communications

All communications by producers with members of the press/media about Pan-American Life – the company, its affiliates, and/or its business – must be reviewed, pre-approved and, in some instances, handled by Pan-American Life's Corporate Marketing Department. This is the only department authorized to speak directly with the media. If a producer is presented with a situation and is unsure how to proceed, or if a producer has received a media inquiry, he or she should contact the Corporate Marketing Department immediately.

Telephone Solicitations, Enrollments, and Applications

Any use of telephonic marketing, enrollment, or applications involving Pan-American Life products or services must be submitted to the Pan-American Life Compliance Department for approval and guidance. Before submitting a proposal, please be aware of the following requirements.

Pre-Recorded Telephone Calls. The use of outbound pre-recorded telephone calls to clients to solicit Pan-American Life products or services is prohibited. Inbound pre-recorded telephone call scripts must be reviewed and approved by the Compliance Department. In the submission, please include information regarding all other proposed communications with the proposed client to demonstrate that the client will be fully informed of the benefits and limitations of the product or service prior to the purchase.

Licensing and Appointment of Call Centers. Individuals soliciting or negotiating the sale of Pan-American Life products or services are subject to the licensing and appointment requirements set forth in the Business Practices section of the How We Do Business guide. In the group insurance context, state insurance licensing obligations are more limited for individuals who provide telephone enrollment services to a client. If the individual providing enrollment services

- does not receive commission or other compensation tied to the volume of enrollments; and
- does not engage in the solicitation or negotiation of insurance products (i.e., provides administrative enrollment services and does not discuss or offer other insurance products),

then the enroller of a group insurance product needs only to be licensed and appointed with Pan-American Life in the individual's state of employment and, if the client resides in one of the following states, in California, Florida, Georgia, Maryland, Puerto Rico, and/or Texas as well. Otherwise, the individual must be licensed and appointed with Pan-American Life in all states where the person's clients reside.

Do Not Call Rules. Federal and state laws strictly limit the use of outbound, unsolicited marketing calls to individuals. These rules include:

- Before making any unsolicited telemarketing calls, numbers that have been listed in the agency's Do Not Solicit System, the National Do Not Call Registry, or in the applicable state do not call lists must be removed;
- Telemarketing calls may only be placed between 10 a.m. and 8 p.m. in the time zone of the resident between Monday and Friday, excluding holidays (federal requirement is between 8:00 a.m. and 9:00 p.m., but some states have more restrictive rules);
- The caller and the company represented must be identified at the beginning of the call;
- The purpose of the call must be disclosed (e.g., to solicit the purchase of insurance or other related financial products or services);

- Clients may ask that they be placed on a do not call list, which must be maintained by the agency;
- Telemarketers or producers soliciting insurance products must be licensed to sell the insurance products offered. Unlicensed individuals may only schedule appointments for producers;
- Any person or entity that engages in telemarketing must transmit caller identification information, which can be in the form of either the Calling Party Number or the Automatic Number Identification and, when available, the name of the telemarketer. This means that telemarketers or producers cannot make telephone solicitation calls from any phone that has a caller ID block on it. Caller ID block can generally be unlocked using *82, although you may want to verify that process with your telecommunications provider;
- Any person or entity using a predictive dialer is prohibited from abandoning more than 3% of all telemarketing calls answered live by a person. A call is deemed “abandoned” if it is not connected to a live producer within 2 seconds of the called person’s completed greeting. If no producer is available within 2 seconds, the called person must receive a prerecorded message that states the name and telephone number of the entity on whose behalf the call was made, and states that the call was for “telemarketing purposes.” If the individual makes a call to that number during normal business hours, he/she must be permitted to make a request to be added to the agency’s Do Not Call list.

New Jersey’s Telephone Solicitation and Do Not Call law requires that covered telemarketers register before conducting business in New Jersey and re-register annually. This New Jersey law applies to all calls made to residential telephone numbers in New Jersey, regardless of where the caller is located. The law specifically requires that each telephone line used to make telephone solicitations under a registration be listed with the Division. Further, if a producer makes telemarketing calls, or has calls made on his/her behalf, a “log” of the calls made **must** be maintained and retained for two years. This log **must** include:

- Each phone number called;
- The date of each telemarketing call; and
- Time of each call.

The New Jersey law imposes stiff penalties against violators – up to \$10,000 for the first offense and up to \$20,000 for each subsequent offense.

Given the significant regulatory risks surrounding telemarketing, Pan-American Life discourages the use of outbound telemarketing services for the sale of insurance and discount medical products. Producers must submit a detailed proposal showing how their proposed telemarketing plan will comply with state and federal law for compliance approval before moving forward with any telemarketing activity involving a Pan-American Life product.

Review and Filing of Telephone Scripts. All telephone solicitations, pre-recorded messages, tele-enrollments, and tele-applications must follow a script approved by Pan-American Life's Compliance Department. Please refer to the advertising rules section of this guide for more information. Documenting the words used by the call center into a written script helps ensure that each client receives consistent, accurate, and complete information regarding Pan-American Life's products and services. In addition, scripts used in the sale of individual insurance products must be filed with certain state insurance departments prior to use. This filing requirement does not apply to discount medical products.

Client Understanding. Ensuring that the client understands what he or she is purchasing is paramount to the sale of insurance, regardless of whether the sale takes place via telephone or in person. When discussing an insurance product by telephone, producers should keep in mind that some clients may need additional written materials to review prior to purchase. Producers must comply with a client request for more written information and should not try to pressure an uncertain client to make a decision on a telephone call.

Delivery of Required Notices and Disclosures. The sale of a product by telephone does not obviate the need to ensure that all necessary notices and disclosures are provided to the client **before** the sale. Typically this information is provided in the marketing or enrollment materials prior to the telephone conversation and/or as part of the telephone script. Remember to include notices that appear on an application or enrollment form, such as the fraud disclosure, and other disclosures typically included in the paper process.

Anti-Money Laundering. Pan-American Life's anti-money laundering requirements, including the requirement to verify the identity of the client, apply to the sale of individual cash value life insurance products. Please discuss these requirements with Pan-American Life's Compliance Department when reviewing a potential telephone sales program involving these products.

Fraud Prevention and Identity Theft. When developing the script for teleapplication or tele-enrollment, you will need to build in appropriate questions to confirm the caller's identity. With group insurance products, this identification can be fairly straightforward, as we receive certain information from the employer regarding eligible employees. In the individual business context, be alert to the possibility that the caller may not be who he or she claims to be. This is a particular concern in the sale of life insurance via telephone. Your compliance contact can assist you with ways of reducing the risk of identity theft in the teleapplication process.

Signatures and Documentation. Pan-American Life requires producers to obtain a written application or enrollment for all sales of Pan-American Life products. When approved by the Pan-American Life Compliance Department, the application or enrollment form may be completed via telephone with a notation

under the signature line that the form was voice signed, with the date, time, and name of signatory. The image of the voice signed form should be stored with the recording, so that the Company has a complete enrollment or application file.

Recordkeeping and Notice of Recording. Telephone calls documenting an enrollment or application must be recorded. The recording should be retained for a minimum of seven (7) years or longer where required by state law. The recording must be indexed so that it can be retrieved by date, policy number, client name, or state of issuance. You must also notify the client at the beginning of the conversation that the call is being recorded or monitored.

When developing a document retention program for tape recordings, please keep in mind the privacy and security obligations set forth later in this guide. Recordings must be retained in a secure facility.

Compliance Approval Always Required. Any use of telephonic marketing, enrollment, or applications involving Pan-American Life products or services must be submitted to the Pan-American Life Compliance Department for approval and guidance.

Electronic Communications

Online Enrollment or Applications Services. Many of the considerations noted in the Telephone Solicitations, Enrollments, and Applications section apply to online enrollments and applications. Screen shots must be submitted for approval by the Pan-American Life Compliance Department. Please also keep in mind that, for the sale of individual insurance products, the screen shots may also need to be filed and approved by several state insurance departments prior to use.

Electronic Bulletin Boards, Instant Messaging and Chat Rooms. Producers are generally prohibited from posting information on electronic bulletin boards or similar online communication, where the intent of such participation or posting is to prospect for business. Certain types of advertising may be posted on electronic bulletin boards provided that the Pan-American Life Compliance Department approves the advertisement and the website used for posting the advertisement.

Email and Fax Solicitations. Producers are generally prohibited from sending unsolicited email or fax advertisements to prospective clients. Email solicitations and fax solicitations are generally permitted to be made to the following types of individuals, subject to applicable law:

- Persons with whom we have an existing business relationship. This includes persons such as current clients and persons who have requested that information or marketing material be sent to them via email or fax; and
- Persons who have given their express consent to receive advertising materials via email or fax.

Email solicitations cannot be sent to current clients who have expressly asked not to be sent such materials or if the person's email address is listed in a federal, state or the Company or agency's Do Not Solicit listing.

False or misleading transmission information, headers or subject lines are prohibited. The sender must be clearly identified, which means that the producer's agency or company must be shown in the sender's email address and/or in the subject line. In addition, the "in re" or "subject line" must also appropriately identify the purpose or subject of the email.

The functioning email address and physical (i.e., postal) address of the sender must be included in the message.

All email solicitations must contain information telling the individual how he/she can request that no future email solicitations be sent to him/her at that address (an "opt-out"), either by sending such request to the sender's email address or through other electronic means (e.g., a list or menu from which the person can select specific types of messages he/she wishes to receive or not to receive in the future). For example: "You may ask not to receive future email advertisements from the Company by sending an email message back to me at the address above. Please indicate in your message back to me that you do not wish to receive future email solicitations and be sure to include any additional email addresses to which your request applies. Upon receipt of your request, we will record your request. This may take up to ten (10) business days."

All requests to not receive such material must be honored. The producer and/or agency is responsible for updating its do not solicit system within ten (10) business days of receiving the request.

Sales material must be specifically approved for distribution via email or fax. An approved flyer or letter cannot be used "as is" for an email or fax solicitation. The producer must resubmit the approved material, along with the email or fax he/she intends to send and a description of the recipients, to the Pan-American Life Compliance Department to ensure that it complies with applicable laws and requirements.

Service Related Email. Service related email to an existing client is permitted, but only if the message is considered a "transactional" or "relationship" email message as defined by the federal "CAN-SPAM" Act, i.e., an email, the primary purpose of which is (1) to facilitate, complete or confirm a transaction; or (2) to provide information concerning a change in the terms of a product or service or change in the recipient's status or account balance status; or (3) to provide information about employment status or a related benefit plan in which the person participates; or (4) to deliver product updates that the individual is entitled to under the terms of an existing contract or transaction.

Fair Competition

As a producer with Pan-American Life, you have a duty to engage only in active and fair competition. This means that you may not make disparaging remarks or otherwise “bash” a competitor. Fair competition should be based on such things as price, quality and service. Pan-American Life believes that you should actively and vigorously compete for business. In doing so, however, you may provide only factual and relevant data about a competitor.

Untruthful, deceptive, or misleading comments regarding our competitors or their products should never be used. Comparison of Pan-American Life products with those of our competitors must be fair and balanced. This means that material facts, both positive and negative, regarding the products of Pan-American Life and the competitor must be disclosed to allow the client to make an informed decision. Also, you may only compare similar policies and benefits. It is unfair and unethical to compare one type of product or service to a completely different one.

Statements About Financial Strength. We recognize that our financial strength and stability is often of significant importance to the consuming public. However, you may not (1) state or imply that the size of the Company, as represented by its insurance in force or total assets or any other financial aspect, is representative of its level of financial strength or solvency; (2) publicize the risk-based capital ratio of Pan-American Life; or (3) reference any guaranty association to induce the purchase of a product or service.

Product Availability

No product may be solicited or sold in a state prior to the product being approved for sale in that state. In addition, a producer must not guarantee a client that a policy will be issued without home office approval.

Guarantees

Producers must not (1) guarantee a client against loss; (2) guarantee profits or offer to reimburse a client for losses experienced in any product; and/or (3) guarantee that a participating policy will pay a dividend.

High Pressure Tactics

No producer may employ any method of marketing having the effect of inducing the purchase of insurance through force, fright, threat or undue pressure to purchase. A producer must never imply that something may be wrong with a client's policy or contract when, in fact, a producer just wants a telephone number or other piece of information or intends to discuss other products for sale.

Sales and Servicing

The following guidelines are designed to ensure our producers provide competent and customer-focused sales and service with honesty and fairness.

Form Completion

A producer must ask the owner or insured of the product all of the questions on the product application or enrollment form, as applicable. A client must never sign a blank application, enrollment form or other blank forms to be completed later by the producer. No alterations to answers on product applications or enrollment forms are permitted unless initialed by the proposed insured. The use of correction fluid (e.g., White-Out®) is not permitted on any product application. The client must initial any cross-outs or changes. Additionally, it is the ethical responsibility of the producer to give Pan-American Life any additional information affecting the underwriting of the case whether addressed on the application or not. Under no circumstances should a producer suggest or imply that the client overlook or avoid responding to certain portions of the form or to supply false information in an application or enrollment form.

By witnessing the proposed policyholder or participant's signature, the producer is verifying that the application questions have been asked. Under no circumstances should the producer sign on behalf of the proposed policyholder or participant.

Applications are legally binding documents that serve legal, regulatory, and Pan-American Life's needs. Applications not completed correctly or submitted without required supplemental forms cannot be processed. Errors in the submission will delay approvals and commission payments.

Policy Delivery

Policies may be delivered by the Company or by the producer, depending on the product and arrangement with the producer's agency. If the agency is responsible for delivery, the producer must deliver the policy and certificates promptly upon the policy's arrival at the marketing firm. If included with the policy, a delivery receipt must also be signed by the policyholder and returned to the Company.

Free Look

Certain insurance and discount medical products include a free look period for clients. Proper procedures for policy or contract rescission are explained in the policy or brochure. A producer must be thoroughly familiar with these procedures and must review them with the client.

Client Privacy

Federal and state laws impose various limitations and restrictions on insurance companies and other financial institutions regarding the treatment and use of its clients' nonpublic personal information. The Gramm-Leach-Bliley Act (GLBA), perhaps principal among these laws, and the regulations implementing the consumer privacy provisions (Title V) of GLBA, including SEC Regulation S-P, require, among other things, that the financial institution advise its consumers

and customers of its privacy policies and practices regarding the use, disclosure and maintenance of such nonpublic personal information and take appropriate steps to safeguard and ensure the integrity of such information. Other laws that may impose restrictions on the treatment and use of nonpublic personal information include:

- the federal Health Insurance Portability and Accountability Act (HIPAA), and Health and Human Services rules implementing its privacy provisions;
- the federal Fair Credit Reporting Act (FCRA), as amended to restrict sharing of information between affiliates for marketing purposes; and
- various state laws, insurance laws and laws designed to prevent identity theft (e.g., limiting the use and disclosure of social security numbers, etc.).

The Company has a detailed privacy policy. Under the Company privacy policy (and pursuant to the terms of our selling agreements), producers are required to protect the confidentiality and security of information the producer collects, receives, has access to, or maintains about Pan-American Life clients (referred to as consumers and customers under several laws). If a third party requests information about a policy or seeks to change the policy, producers are expected to confirm with Pan-American Life's Home Office that the third party has appropriate authorization to act on behalf of the client for the given situation and that appropriate documentation is on file prior to accepting and facilitating any request or sharing any information with the third party.

Each producer must review, understand, and comply with Pan-American Life's privacy policy. It applies to the producer's activities in connection with the sale and servicing of any and all insurance products offered by or through Pan-American Life. Please refer to Appendix C and your appointment agreement for more information.

Security Breaches. A security breach is defined as the unauthorized access to and acquisition of *unencrypted* and *unredacted* data or records containing personal information where an illegal use of the information has occurred or is likely to occur, or creates a material risk of harm to a consumer. "Unencrypted and unredacted" refers to information that is not in a coded or truncated format to render it unreadable. Personal Information is defined as an individual's first name or first initial and last name in combination with the following types of "identifying information":

- Social security number;
- Driver's license number, state identification card number, passport number;
- Account number, credit or debit card number; or
- A required security code, access code or password permitting access to an individual's financial account.

In addition, the following items are considered personal information *if the use of such information would permit access to an individual's financial accounts or resources*:

- Email names or addresses;

- Electronic identification numbers;
- Internet account numbers or identification names;
- Passwords; or
- A mother's maiden name.

Many states require that companies doing business in the state notify residents whose unencrypted personal information was, or is reasonably believed to have been, acquired by an unauthorized person. In a few states these laws apply to the loss or theft of paper and non-electronic records. If a producer becomes aware of a "security breach" - for example, the loss of a file, the theft of documents or records, or the theft of a laptop containing personally identifiable customer information – the producer must report it immediately in the following manner:

- First, notify your manager;
- Contact the Pan-American Life Compliance Department to report the theft or loss of electronic files;
- In cases where theft is involved, such as a stolen laptop, file a police report; and
- If paper files with nonpublic personal information are missing – versus a stolen computer - report it to the Pan-American Life Privacy Office. The compliance contact listed on the last page of this guide can provide you with the contact information for Pan-American Life's Privacy Office.

Pan-American Life requires producers to report security breaches because they may cause damage to the Company, they may harm customers, and many states require customers to be notified of security breaches that expose them to identity theft and other risks.

First, it is very important that Pan-American Life's computer systems, applications and data bases, and the information they contain, be protected from attack or access by outside intruders. This helps ensure that the Company's operations continue without interruption and protect the data stored in its computers.

Second, security breaches can harm Pan-American Life's clients and others about whom the Company has data in its computer systems. Our customers trust Pan-American Life to protect the information we have about them. A security breach may put Pan-American Life clients at risk of identity theft or other misuse of that information. That is why Pan-American Life takes strong measures to ensure the privacy of individual data and protect it from unauthorized access.

Third, it's the law. An increasing number of states passed laws requiring companies to notify customers if a security breach occurs that may give others unauthorized access to customers' information.

Encryption. Producers must use only email which is encrypted when sending personal client information. All data storage devices containing personal client information must also be encrypted when such devices are moved from the agency/office. Data storage devices that may require encryption include, but are not limited to: laptops, servers, and desktop computers that are taken offsite from the agency/office as well as floppy disks, CDs, portable hard drives, USB flash drives, Blackberry devices, PDA devices, iPhones, and cell phones containing personal client information (each a “Moveable Storage Device”). Personal information* is defined as a natural person’s first name or first initial and last name in combination with any of the following data elements:

- Social security number;
- Driver’s license number or identification card number; or
- Account number or credit/debit card number in combination with any required security/access code or password that would permit access to the person’s financial account.

*The term does not include the last four digits of a social security number or information that is lawfully made available to the general public (e.g., obtained from government records).

Shredding. Documents containing confidential (i.e., personal or financial) information that has to be retained because of Pan-American Life record retention rules or any special legal retention requirements must be retained. But when such documents are no longer needed, producers must shred them (as opposed to depositing them into a recycling or trash bin) to minimize the possibility of identity theft and/or the unauthorized use of confidential information. Offices must either: (a) maintain an appropriate number of on-site shredders, or (b) arrange for periodic shredding by a local bonded document destruction company.

Failure to abide by these rules can have serious consequences. In the summer of 2010, a company was fined \$1 million by the Department of Health and Human Services for disposing of client information in a dumpster without using a shredding device! That company also faced serious reputational harm from associated negative news coverage.

Client Relationship and Services

Client Funds. Premium payments for our products must be made payable directly to Pan-American Life Insurance Company, and a producer must immediately forward checks received from a client to Pan-American Life. A producer must not hold or control any payments, funds, or property (such as insurance policies) for a client. No client funds may be deposited into the producer’s business or personal account, and a producer may not deposit his/her personal funds in a client’s account. A client’s check inadvertently made payable to the producer must not be negotiated, but must be returned immediately to the client, who should issue a new check to the appropriate payee. Under no

circumstances may a producer submit a check written on his/her own account or otherwise advance monies on behalf of a client.

Producers wishing to provide premium administration services must be approved by the Pan-American Life line of business vice-president and Compliance Department and are subject to further due diligence review, third party administration licensing, and audit requirements.

Bank Accounts. Producers cannot have Pan-American Life's name on any personal or business accounts.

Sharing a Policy or Account. A producer may not share directly or indirectly, or have any beneficial interest in, the profits or losses of a client's account, policy or transactions.

Conflict of Interest. In order to avoid potential conflicts of interest, a producer may not be the owner or beneficiary (except for family members) of a client's insurance policy or account. A producer is also prohibited from acting in a fiduciary role, such as being a trustee or assignee for a client or serving as an executor of a client's estate, attorney in-fact, or general partner, unless the client is a family member. This prohibition includes serving as a trustee for a qualified plan. Pan-American Life employees must also follow the Conflicts of Interest guidelines set forth in Appendix A and complete an annual Conflicts of Interest questionnaire.

Tax or Legal Advice. A producer must not give tax or legal advice. This does not preclude your responsibility to point out potential tax or legal implications related to any transactions or recommendations regarding the products or services you offer. Producers should always direct a client to his/her attorney, accountant, or tax consultant for information specific to his/her circumstances.

Account Service Requests. A Pan-American Life client is entitled to information about his/her policy or benefits upon request. Producers cannot charge a fee for any information provided to the client regarding his/her policy benefits or otherwise servicing an account.

Translations. Only authorized persons may translate information from one language to another. No producer should translate any document given to or received from a client or any other party in interest. Requests for translations should be referred to the appropriate Pan-American Life product administration department. Clients should be informed that (1) Pan-American Life only provides translated materials under limited circumstances, and (2) in the event of a conflict, the English language version is the official, controlling document.

Compensation. A producer must not lead a client to believe that the producer will not be receiving any sales compensation when that is not the fact. Similarly,

while Pan-American Life offers some complimentary services for the benefit of the client, producers may not represent such a service as having a dollar value that is being provided for free. Where required by applicable law, the producer must disclose to clients in writing the compensation (including commissions and anything else of value) that the producer receives for the sale or servicing of the Pan-American Life products.

Other Products or Services. A producer must clearly outline the issuers of each product or service for the client. Implying or suggesting that Pan-American Life guarantees products or services for products or plans not funded by Pan-American Life is strictly prohibited.

Gifts, Loans, and Rebates

Pan-American Life recognizes that gifts are a normal part of business relationships. However, the exchange of gifts and entertainment in connection with a business transaction should never imply an intention to seek or receive favorable treatment. Even if there is no deliberate intention to influence the outcome, the perception of bad intentions could still be damaging for the producer personally and for the Company.

Generally, a producer may not give to or receive from clients any large, extravagant gifts or cash. This can include merchandise, gifts and prizes, travel expenses, vacations, meals and/or lodging. Personal gifts for occasions such as birthdays, weddings, birth of a child, or the holidays are generally permissible as long as they are not lavish and could not be considered an unlawful inducement to purchase or renew a product. Promotional items with the Pan-American Life logo or name that are nominal in value are also generally acceptable. It is a best practice to limit gifts to less than \$50 to avoid any appearance of impropriety. Producers should never give clients cash or cash equivalents, such as gift cards, regardless of the occasion.

Producers must be careful not to give, directly or indirectly, to a client or any other person or firm anything of value outside of what is provided for in the product that could be considered an unlawful inducement to purchase or renew a product. This includes any rebate or commission or any other compensation received by the producer, such as

- Paying, crediting, allowing, or giving, or offering to pay, credit, allow, or give, directly or indirectly, an inducement to the purchase of insurance or other Pan-American Life product;
- Facilitating any discount, reduction, credit, or paying any portion of any premium, fee or cost of underwriting, policy fee, or claim cost;
- Facilitating any discount, reduction, credit, or paying any portion of a client's COBRA administration services;
- Bringing about any discount, reduction, credit, or paying any portion of the premium or any portion of the cost of premium financing;
- Making possible any lowered, credited, or discounted commission;

- Providing membership in any organization, society, association, guild, union, alliance or club at a discount, reduced rate, or at no cost;
- Making or offering to make a charitable or other tax-deductible contribution on behalf of the client;
- Offering or providing any service or incentive in conjunction with the sale of insurance or any other Pan-American Life product;
- Providing or offering stocks, bonds, securities, property, or any dividend or profit accruing or to accrue thereon;
- Providing or offering employment in exchange for the purchase of insurance or any other Pan-American Life product; or
- Providing, or offering to provide, any other payment, award, special favor, advantage, or incentive, tangible or intangible, direct or indirect, that encourages or is reasonably calculated to encourage a client to enter into a contract for insurance or any other Pan-American Life product.

In addition, a producer should never lend money or securities to a client or borrow money from a client. This rule applies even if the client is also considered a "personal friend" of the producer. Producers are also prohibited from borrowing money from Pan-American Life vendors or third party administrators.

Summary

The policies outlined in this guide will serve you well as you build a successful relationship with Pan-American Life. By incorporating them into your everyday business practices, you will help protect yourself, your clients, your firm, and Pan-American Life. However, this guide is not a contract. In the event of any inconsistency between this guide and your contract with Pan-American Life, the terms of the contract will govern. Nothing in this guide is intended to imply or create an employee-employer relationship between Pan-American Life and its independent producers.

Appendix A: Conflicts of Interest Rules for Producers Who Are Employees of Pan-American Life

All employees have a duty to exercise authority and responsibility for the benefit of the Company and to avoid outside interests that may conflict with those of the Company. As explained in the Corporate Code of Conduct, employees, officers, directors or the family members of employees, officers and directors shall not receive any improper personal benefit by virtue of the position of the employee, officer or director with Pan-American Life. Generally, any direct or indirect interest in, connection with, or benefit from outside activities, which might in any way adversely affect the Company, involves a possible conflicts of interest.

Anytime a potential conflict appears or an employee is afraid such conflict might develop, the employee should discuss the matter with his/her immediate supervisor and disclose the circumstances to their supervisor and the General Counsel. Any material transaction or relationship that reasonably could be expected to give rise to such a conflict should be reported immediately to the General Counsel.

Clear conflict of interest situations that should be avoided include:

- any ownership interest in any supplier, customer, or competitor (Nominal amounts of stock in publicly traded corporations will normally be permitted but must be disclosed to the supervisor and the General Counsel);
- any consulting or employment relationship with any customer, supplier, or competitor;
- any outside business activity that is competitive with any of the Company's businesses;
- outside activity of any type that is so substantial as to call into question your ability to devote appropriate time and attention to your job responsibilities with the Company;
- supervising, reviewing, or having any influence on the evaluation, pay, or benefits of any close relative or significant other;
- solicitation of business by or on behalf of a relative who is an agent of the Company, from any employee who you directly or indirectly supervise; and
- taking advantage of an opportunity which you learned of in the course of your employment with the Company.

Anything that presents a conflict for the employee would probably also present a conflict if it is related to a member of the employee's family, a close relative, or a significant other.

Outside Employment or Activities

Any job or affiliation with an outside company should leave you physically and mentally able to perform your regular duties and be compatible with your current job.

Compatible Outside Jobs

An outside job or affiliation is considered compatible with employment at Pan-American Life if the following criteria are met:

- The outside employer is not a competitor or supplier, such as an investment company, insurance company, bank, or broker.
- You are not providing services such as legal, accounting, consulting, training, or management to organizations that serve the insurance or financial services industry.
- The outside work will not impair your mental or physical ability to do an acceptable job in your current position.
- The outside work is not conducted during business hours and does not use the Company's resources or equipment.
- The outside employment will not embarrass the Company.

If you are considering temporary or part-time outside employment, notify your department head. He or she will help you to determine whether the job is compatible with your position at Pan-American Life.

Officers and Outside Interests

An officer may take a position as an outside director of a corporation, with the prior approval of the Legal Department, as long as that corporation's business does not conflict with the interests of the Company. An officer of Pan-American Life generally should not act as an officer, partner, consultant, agent, representative, or employee of any business organized for profit. Consult with the General Counsel before accepting any corporate directorship.

Business Gifts and Entertainment

Gifts are a normal part of business life. Buying a meal for a customer or receiving flowers from a vendor are acceptable business practices that foster goodwill and create lasting relationships. However, the exchange of gifts and entertainment in connection with a business transaction should never imply an intention to seek or receive favorable treatment. Even if there is no deliberate intention to influence the outcome, the perception of bad intentions could still be damaging for you personally and for the Company. The guidelines for giving and accepting gifts and entertainment help make sure that all business transactions are impartial and objective, without outside influence.

Acceptable Gifts

You may accept or receive a gift, meal, or entertainment, if all of the following are met:

- it is consistent with acceptable business practice and applicable law;
- the gift could not be perceived as a bribe, does not make the recipient feel obligated, and does not make it difficult for the recipient to make a fair decision; and,
- public disclosure of the gift or entertainment would not embarrass the Company.

The following gifts are considered unacceptable:

- Cash or its equivalent. For example, gift checks (such as American Express gift checks), cashier's checks, and traveler's checks or any other instrument that can be exchanged for cash are not acceptable. Our policy does permit *acceptance* (but not the giving) of gift cards of \$50 or less per person as gifts.
- Gifts that are solicited or encouraged by the employee.
- Gifts provided to a client or potential client in connection with the sale or renewal of insurance or any Pan-American Life product (see the Gifts, Loans, and Rebates section of the How We Do Business guide).
- Transportation expenses paid by anyone other than the Company, including current or proposed vendors or service providers, (e.g. Even if an employee is invited to be on a vendor "advisory board"), unless the employee is speaking at or participating in an industry seminar and the expenses are approved in advance by the senior vice-president responsible for the employee.
- Gifts and entertainment that are so extensive or frequent as to raise questions of propriety. Laws regarding gifts and entertainment of federal, state or local public officials are complex and vary widely from state to state and locality to locality. Before giving a gift to, or entertaining a federal, state or local government official, please contact the Legal Department.

Recording Gifts and Entertainment

When practical, entertainment given or received and gifts given that are expected to exceed \$100 should be pre-approved by the Compliance Department.

Employees do not have to report gifts and entertainment under the following situations:

- Entertainment given to Pan-American Life agents and their guests - unless the employee's area is required to report the information for regulatory purposes.
- Business related gifts and entertainment provided by fellow employees or by the Company or department.
- Commemorative items such as an inscribed paperweight, plaque or crystal bowl received to commemorate a special event or a product/Company promotion.
- Gifts between employees which are purchased with personal funds.
- Entertainment including meals received at industry meetings if the department already paid an admission or attendance charge for the meeting.

You should also check with your manager to learn about any other standards specific to your department's operations. Keep in mind that any gifts received by you, your immediate family, or any persons living in your household, in excess of \$100 from any person or company with which the Company does business must be disclosed in the annual Conflict of Interest Questionnaire.

Contract Negotiations

Vendors sometimes offer gifts or entertainment as an inducement during contract

negotiations. It is inappropriate for employees to accept any gifts or entertainment during contract negotiations, although meals provided by vendors, during traditional business hours, where business discussions or negotiations are the main purpose are acceptable, if the meal cost is reasonable. In addition, employees should not engage in personal business transactions with persons or companies with whom they also transact business for the Company, where such transactions result in the employee receiving a reduction in price, discount, rebate, fee, or other thing of value not normally available to the public in general.

Charitable Donations

Charitable donations should be separated from business dealings. If you ask a customer or vendor to support a charitable organization, for example, by buying raffle tickets or donating goods for a charity event, make it clear that their donation will not affect current or future business dealings.

Entertaining Public Officials

Laws regarding gifts and the entertainment of federal, state, or local public officials are complex and vary widely from state to state and locality to locality.

These various "gift" and entertainment laws generally prohibit or significantly restrict a person from giving things of value to public officials or employees. Items of value include entertainment (tickets to sporting events, golf green fees, etc.), travel, lodging, transportation, meals, and other tokens of appreciation.

For purposes of this policy, a government official or employee means any person at the international, federal, state or local level who is (1) an elected government official; (2) appointed by another government official; (3) an officer or employee of a government agency, authority, commission or board or any other entity that is created by statute or regulation; (4) compensated in any way through appropriated funds; or (5) an officer or employee of a corporation of which the government is at least a partial owner. It does not include outside consultants or independent contractors of a governmental entity.

To determine whether an employee is permitted to entertain a public official, Pan-American Life requires that all gifts be pre-cleared for approval. To obtain pre-clearance, please contact the Legal Department. You should provide the specific names and titles of the officials, as well as complete details of the proposed entertainment and anticipated expenses. For example, if an employee wishes to take a local official to dinner, the employee must receive pre-clearance of the meal.

Whether or not a gift is granted pre-clearance will depend on several factors, including the applicable gift law, the nature and value of the gift, the prior relationship with the public official, if any, and other circumstances surrounding the gift.

Annual Verification

The Company asks employees to verify their compliance with these procedures annually, through the Conflict of Interest Questionnaire.

Appendix B: Replacements (Individual Sales)

The following is intended to assure that the Company, its producers, and its employees follow sound and ethical business practices in the procuring and issuing of insurance policies, especially where the replacement of any existing life insurance or annuity benefits is involved. To assure adherence to the Company's ethical standards, the following issues must be considered in every case where replacement of existing coverage is involved.

The Company considers replacement a very serious issue. Inappropriate replacement of existing coverage, as well as churning and twisting, are prohibited. The Company reserves the right to return any application for life or annuity coverage which it deems to be unethical or inappropriate. Any producer who engages in these activities will be subject to immediate termination. In addition to sanctions by the Company, the producer may be subject to penalties imposed by the state in which the application was taken. These penalties include substantial fines, and/or suspension or revocation of the license to sell insurance.

DEFINITIONS

1. Replacement

If any of the following circumstances are present, replacement of existing policies may be involved. These issues apply to existing individual life and annuity policies.

- Will existing coverage be surrendered or has coverage been surrendered in the last six months?
- Will existing coverage be lapsed or has coverage been lapsed in the past six months?
- Will existing coverage be placed on paid-up status or has coverage been placed on paid-up status within the last six months?
- Will existing coverage be placed on the extended term insurance non-forfeiture option or has coverage been placed on extended term insurance non-forfeiture within the last six months?
- Will loans or withdrawals be taken from existing coverage to pay premiums for new coverage or have loans or withdrawals been taken from existing coverage to pay premiums for new coverage?
- Will premiums be decreased or stopped on existing coverage in such a way that the values of existing coverage will be diminished?
- Will the face amount of existing coverage be reduced as a result of the purchase of new coverage? Has the face amount of coverage been reduced as a result of the purchase of coverage within the last six months?

2. Churning

Churning involves replacing existing coverage with new coverage from the same company. Typically, values of existing coverage are borrowed or withdrawn to pay premiums for new coverage. In many cases the long-term viability of existing coverage is endangered by the removal of existing values. Churning is unethical and will be dealt with appropriately.

3. Twisting

Twisting is the practice of inducing the purchase of new coverage from the same or another company by misrepresenting the existing policy and its features and benefits, misstating the facts about either the existing or the new coverage, giving an incomplete or misleading comparison of the policies, or giving false or misleading information about either the company which issued the existing coverage or the company which may issue new coverage. Twisting is unethical behavior and is prohibited by the Company.

ISSUES SURROUNDING REPLACEMENT

In those circumstances where the producer knows, or has reason to know, that replacement of existing coverage is involved, the producer must consider all aspects of the contemplated purchase approach the situation with the presumption that replacement of existing coverage is not appropriate. The burden of proof rests with the producer to demonstrate clearly to the client, to themselves, and to the Company that replacement is appropriate.

1. Is replacement appropriate?

The producer is obligated to sell products that appropriately satisfy the client's needs. Replacement can be appropriate only if the client's needs change significantly, or if there are other recommended products that will satisfy those needs significantly better than the existing coverage. The producer should not assume that the existing coverage cannot be modified or changed in some way to satisfy the changed needs. All avenues concerning existing coverage should be explored before consideration is given to replacing existing coverage.

2. Why is replacement not beneficial to the client?

In many cases, replacing existing coverage may not be in the client's best interest. The issues that must be considered are outlined below.

- Issuing a new policy involves relatively high initial costs. Paying for such new acquisition costs will generally be more expensive for the client than continuing the existing coverage.
- In general, the incontestable and suicide periods begin again with the new policy. Consequently, it is possible that a claim under the terms of the new

policy might be denied where it might have been payable under the existing policy.

- The client's health may have declined so that the new policy will be more expensive or have limitations not present on the older policy.
- Even if the client's health status has not deteriorated, the client will be older which could cause higher premiums.
- The existing policy might have substantial charges for early termination that cannot be recovered in the new policy.
- The existing policy may have tax benefits that are not available on the new policy.
- The existing policy may have higher guaranteed values, lower loan charge rates, or other contractual provisions not available on the new policy.
- Tax laws applicable to exchanges of life insurance, endowment and annuity contracts may cause adverse tax consequences upon replacement especially in the case where the policy owner is not a citizen or resident of the United States.

3. What are the Company's disclosure requirements? (Individual Life or Annuity Sales)

Specific disclosure requirements apply to transactions involving the replacement of individual life or annuity products.

If any of the circumstances enumerated in the definition of replacement are present, replacement of existing coverage will be considered to be occurring. Consequently, the replacement questions on the applications must be answered "yes". This affirmative answer obliges the producer to secure all requirement replacement notifications, disclosures and forms required by the jurisdiction in which the application is taken. Failure to do so will delay the underwriting of the case, and no policy will be issued until all required forms are received.

Using this material and other data maintained at the home office, the Company will monitor all replacement activity of its producers. If a producer is found to be engaging in excessive or inappropriate replacement activity, or churning or twisting, he or she will be subject to company sanctions, including termination of his or her contract.

4. Do I need to worry about replacement rules if I only sell health and accident products?

While the forms noted above are not currently required by the Company in the sale of health and accident products, all producers are obligated to make appropriate recommendations to clients, given the clients' particular needs and circumstances. This includes transactions involving replacements.

With respect to health plans, clients should never be encouraged to replace their health insurance coverage with a discount medical product. Discount medical products are not insurance and are not intended as a replacement or substitute for health insurance.

Appendix C: Privacy Policy Frequently Asked Questions

Q1: What laws govern Pan-American Life's privacy policy?

A: The privacy policy is governed by various laws and regulations, at both federal and state levels. The Gramm-Leach-Bliley Act ("GLB") requires financial institutions, including insurance companies, to respect the privacy of their customers. While GLB does not bar companies from collecting or using personal information, the law does establish limits on the disclosure of this information and requires companies to safeguard it. The law also requires that financial institutions disclose their privacy policies to their clients.

The Health Insurance Portability and Accountability Act ("HIPAA") addresses issues concerning the privacy of an individual's protected health information ("PHI"). HIPAA privacy law applies to all health insurance products except for accident only and/or disability income insurance. However, HIPAA affects Pan-American's communications with health care providers when seeking information to administer accident, life and disability insurance coverage because all hospitals and other health care providers are required to comply with HIPAA.

Q2: What type of information is required to be treated confidentially?

A: Personal information that identifies or can be used to identify an individual who is a client of Pan-American Life must generally be treated as confidential information.

In general, 6 categories of information are protected by the privacy laws:

1. Basic information – for example, name, address, phone number and age;
2. Identification number(s) – for example, social security numbers and account or investor ID numbers;
3. Financial information – for example, income, assets, debts and credit history;
4. Health information;
5. Other personal information – for example, driving record, hobbies and information about the client's lifestyle and hobbies; and
6. Pan-American Life relationship – for example, coverage and claims information, and even the fact that the individual is our client (meaning that client lists are included in this category).

You should assume that if Pan-American Life has any of these types of information, it is protected by the privacy laws, regardless of whether it was obtained during the course of applying for insurance or otherwise in connection with our dealings with this client.

With limited exceptions, none of this information can be used or disclosed to market other products or services to individuals, regardless of whether the products or services are offered by us or by other insurers, unless you have received the individual's signed authorization permitting such use. One exception to this rule is that we may communicate with clients about Pan-

American Life products or services, such as changes to a health plan or related products or services.

Q3: What is Protected Health Information under HIPAA?

Protected health information refers to individually identifiable information relating to:

- the past, present or future physical or mental health of an individual;
- the provision of health care to (e.g., medical treatment) an individual; or
- the past, present or future payment for health care rendered to an individual received or created by or on behalf of a health provider, a health plan and employer or a health care clearinghouse.

PHI includes any information deemed to identify an individual. It also includes enrollment information.

Q4: Who is entitled to receive PHI?

If access to a person's PHI is requested by any party for reasons outside of the normal course of business, all such request for information must be referred to the Pan-American Life Legal Department. PHI can only be released under certain circumstances, either when required by law (i.e., in response to a subpoena), or if a signed authorization is received from the individual. Signed authorizations cannot be considered unless they contain all of the following information: description of the information requested, the name of the authorized entity, and the name to whom the information is to be provided. The form must have an expiration date, and must contain a statement in which the individual acknowledges that the information disclosed may no longer be considered to be "protected" if the information is provided to entities that do not have to comply with HIPPA.

No information shall be released to any third party without the insured's signed authorization. You may not release any information whatsoever to any relatives of an insured (including an insured's spouse) without proper signed authorization unless the relative is the parent of a minor child.

Q5: What is the "minimum necessary" rule?

A group health plan must make reasonable efforts to limit PHI use and disclosure to only the minimum use or disclosure necessary to accomplish the intended purpose of such use or disclosure. This requirement is met, in part, by limiting the number and classes of people who have access to PHI and by limiting the type and amount of information that is used or disclosed. This requirement does not apply to use and disclosure authorized by the individual, use and disclosure to the individual and use and disclosure required by law.

Q6: What if I receive a question from a plan sponsor?

Plan sponsors may obtain summary health information from the group health plan for purposes of obtaining premium bids, to modify, amend or terminate the plan or for eligibility and enrollment determinations. Summary health information

summarizes claims history, claims expenses or types of claims experienced by individuals for whom the plan sponsor has provided benefits and is stripped of individually identifiable information.

With respect to participant information, a group health plan may disclose only enrollment information (i.e., whether an employee has enrolled) to the plan sponsor. Pan-American Life producers may not disclose personal health information to a plan sponsor for the purpose of employment-related actions or decisions, or in connection with any other benefit or employee benefit plan of the sponsor. All such requests should be referred to the appropriate Pan-American Life administrative office for review.

Q7: Can “publicly available information,” such as names from a telephone book, be shared with unaffiliated third parties?

A: Information obtained from public sources such as telephone books is not protected by the privacy laws and, therefore, it can be shared. Information is considered “publicly available” if the information is also available to the general public from one of three sources: (1) government records; (2) popular media; or (3) disclosures required by law.

Information may also be shared if there is *reasonable belief* that it is publicly available. You can have “reasonable belief” that the information is publicly available in the following situations: (1) you affirmatively confirm that it is publicly available; or (2) the person who gave you the information represented to you that the information provided is available to the general public.

It should be noted, however, that certain information may be publicly available but may not be shared if obtained solely in connection with your role as a Producer of Pan-American Life. For example, a list of Pan-American Life client names and their telephone numbers – or even a single name and/or telephone number – may not be shared even if publicly available, if the information was obtained by you in connection with the sale of a Pan-American Life product.

Q8: Are former clients covered by Pan-American Life’s privacy policy?

A: Yes. Information about former clients is treated in the same manner as information about current clients under Pan-American Life’s privacy policy.

Q9: Can Pan-American Life share nonpublic personal information about its clients with me?

A: Yes, but only in your capacity as a Pan-American Life Producer. You can receive and use nonpublic personal information regarding clients of Pan-American Life while working on behalf of Pan-American Life, for example to sell or provide services with respect to products and services offered by Pan-American Life, but not in any other capacity.

Q10: I often refer my clients to CPAs or other unaffiliated third party professionals. Can I continue to do that?

A: Yes, you can refer your Pan-American Life client to a CPA or other unaffiliated third party professional. For example, you can say to your Pan-American Life client, "I know a CPA who may be of assistance to you. If you are interested, here is his/her name and telephone number. If you call him/her, you can mention that I had given you his/her name."

However, unless you have prior written consent from the client, you are NOT permitted to (1) provide a listing of Pan-American Life clients to the CPA or other unaffiliated third party (or to their employees); or (2) give any of them the name and address or telephone number of a specific Pan-American Life client, suggesting that the client be contacted directly regarding the purchase of products or services offered by the CPA or other unaffiliated third party.

This approach is only appropriate for specific, one-time referrals. If you make it a practice to make such referrals, you probably will be required by law to provide your own initial and annual privacy notices to clients, and to give your Pan-American Life clients an opportunity to opt-out of such disclosures. If you have any questions about this distinction, please contact the Pan-American Life Compliance Department.

Q11: What if I am a CPA or have other business activities? Do I have additional or different privacy obligations as a result?

A: You are permitted to use nonpublic personal information that you obtain or receive from an individual while representing Pan-American Life *only* for the purpose for which the information was disclosed to you or as necessary to complete Pan-American Life transaction or provide Pan-American Life service requested. You may NOT use information provided by Pan-American Life clients for any business activities not related to Pan-American Life business.

If you are a CPA or have your own investment adviser or other business activities not related to Pan-American Life, you are responsible for your own compliance with the privacy laws. We suggest that you contact your own attorney to discuss whether your non-Pan-American Life business activities are subject to any federal and/or state privacy regulations and what they require of you. For example, Regulation S-P applies to those investment advisers that are registered directly with the SEC. Also, various privacy regulations enacted by individual states or the Federal Trade Commission could apply to your activities. In addition, you may want to consult with member organizations, trade associations or state regulatory agencies.

Q12: What security precautions should I take to safeguard client information?

A: Applicable laws require that we take steps to ensure the confidentiality and

integrity of information regarding our clients, including the implementation of electronic, physical and procedural safeguards. As a Pan-American Life producer, this means that materials containing nonpublic personal information regarding Pan-American Life clients, such as completed applications and enrollment forms, should:

- not be left where other people may have access to them;
- be kept in your files when you are not using the materials; and
- be kept in locked files when you are out of your office.

With respect to electronic files, the emailing of confidential information should be sent in a secure environment. You are not permitted to share with or disclose to third parties access codes and passwords that permit you to use and obtain client information from Pan-American Life information systems.

Q13: Is there anything else I should know?

You should also be aware that HIPAA prohibits the sale of protected health information to any third party for that other party's own purposes, unless a signed authorization has been obtained from each person whose protected health information is disclosed. In addition, although health information related to insurance products that are not considered to be health plans (such as life insurance and medical accident) is not subject to HIPAA, the use and disclosure of such information is still subject to consumer privacy laws and our privacy policies. PAN-AMERICAN LIFE STRICTLY PROHIBITS THE SALE OR DISCLOSURE OF ANY HEALTH RELATED INFORMATION RELATING TO OUR CLIENTS TO ANY OTHER PARTY TO PERMIT THAT PARTY TO MARKET ITS PRODUCTS AND SERVICES TO THOSE INDIVIDUALS.



For questions about this guide, please email compliance@panamericanlife.com.

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