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An Introductory Note to Our Valued Producers

Athene recognizes and appreciates the many contributions that you make to our success and the growth of the company. Our individual producers and sales organizations are a key part of our past accomplishments and future aspirations. You should be proud of the profession you’ve chosen. You are in a great position to make a significant positive impact on the financial stability and well-being of individuals, their families and businesses.

We want to do everything we can to help you achieve and sustain success in the course of selling our products and servicing customers. A big part of being an insurance professional is doing things the right way — in other words, conducting your business in a fair, honest and ethical manner. Athene is committed to helping you do just that by assisting you in understanding legal and regulatory requirements.

In an era of increased regulatory scrutiny of producers and companies, it is critical that you are aware of the rules and regulations that affect your business. After all, your compliance with all of the requirements of the states in which you do business is a key component of a successful insurance career. To that end, Athene makes you an ongoing commitment — to establish clear guidelines for the conduct of your business with us. Please read and understand this Guide, as well as all field bulletins and notices published by Athene and keep this Guide in a convenient location for your reference.

If you have any questions, now or in the course of your business relationship with us, please do not hesitate to contact either of the undersigned.

Thank you for all you do for Athene.

Chris Grady
Executive Vice President, Retail
Athene USA & its Insurance Companies

Megan Claypool
SVP, Chief Compliance Officer
Athene USA & its Insurance Companies
Overview and Purpose

The Doing Business with Athene Producer Guide was created to assist you in understanding important guidelines and procedures related to sales practices, market conduct and compliance issues, and to help you develop a best practices approach to your business activities. In order to fairly and effectively conduct business with customers, Athene producers must have a thorough knowledge and understanding of Athene’s positions and guidelines, as well as the applicable laws and regulations of the states in which you solicit business.

Every insurance company is presented with the same fundamental challenges of successfully growing its business – achieving customer satisfaction and loyalty, and developing and maintaining effective distribution systems for its products while complying with the regulatory regimes of all states in which it operates. Athene has made a commitment to its customers to offer annuity products that provide value and versatility over a long period of time. To further these goals, Athene wants to equip its producers with a basic foundation for good market conduct by providing information in the areas of insurance regulation, and our Company positions and requirements.

You have a highly worthy profession. Athene recognizes the business of selling and servicing annuity products is both very challenging and very rewarding. Long-term success in the business is achievable only through dedication to your clients, respect for your industry, and a fundamental understanding of annuity products and what constitutes acceptable market conduct in the eyes of regulators and the companies you represent.

Athene wants you to recognize that our mutual success is only sustainable if we focus on doing the right things for the customer. That emphasis on treating prospective and existing customers with due care goes a long way in solidifying your reputation as well as Athene’s. The guidelines and positions described in this Guide reflect the goals and values of Athene.

These guidelines are intended to help you become familiar with Athene’s compliance rules and standards, and set forth the standards that you have committed to follow under the terms of your Contract with Athene.

Note: Throughout this Guide, you will see that we have used the terms “producer,” “insurance producer,” and “insurance professional” somewhat interchangeably for the sake of convenience and readability. We also refer to Athene alternatively as “Athene USA” and “the Company.”
Advertising

The insurance industry is heavily regulated, primarily by the states. The marketing, advertising and sale of annuity products have become the subject of heightened regulatory scrutiny in recent years. Most, if not all, of your communications in the regular course of selling annuity products are included in the regulatory definition of advertising. When improper or unapproved advertising is used, it may result in damage to your reputation as well as Athene’s. It can also become a negative reflection on our industry and may result in complaints to the company and/or insurance departments. When advertising violations are seen as part of a trend across multiple producers and/or companies, marketing restrictions and intensified regulation often result.

Athene’s Advertising Guidelines (Guidelines), available on the Company’s producer website, are derived to a large extent from the National Association of Insurance Commissioners (NAIC) Advertisements of Life Insurance and Annuities Model Regulation (Model), as well as the Company’s own best practices approach for the review of advertising that is based on interaction with customers, regulators and producers over many years.

**Note:** All of our insurance producers and sales organizations must read and are required to follow the Athene Advertising Guidelines. These guidelines contain valuable information and instructions on how to submit your advertising material for review. If you have questions regarding the appropriateness of certain language or require assistance for formulating acceptable language, please contact the Athene Advertising Review Team at adreview@athene.com.

Though the Model has been adopted as the law in a majority of states, many states have their own unique regulations pertaining to advertising. Insurance advertising is closely regulated with frequent changes, clarifications and bulletins issued by state departments of insurance. While Athene may provide updates based on changes in the law or new bulletins, it is your responsibility as a licensed insurance producer to know the applicable advertising rules in the state(s) in which you do business.

Keep these key points in mind when developing advertising and marketing material:

1. **Broad Definition of Advertising**
   For the purpose of the Guidelines, advertising is defined as any material designed to create public interest in Athene (or any affiliated company), its products, or any material designed to induce the public to purchase, increase, modify, surrender, borrow on, reinstate or retain a policy of an Athene company. The definition of advertising under both the Model and state laws includes materials that are designed to create public interest in any insurance product (even if not specifically identified by company). This means that some of the materials that you create are advertising as defined by state law even though they may not fall within the specific scope of the Guidelines. You are responsible for making sure those pieces are compliant with state insurance regulations.

2. **All Advertising Material that References Athene, Describes an Athene Product, or Leads to the Sale of an Athene Product Must Be Submitted to the Advertising Review Team for Approval.**
   If you make reference to features of an Athene annuity product, Athene must approve this advertising before its use, even if you don’t explicitly state the product name or our company name.
3. Accuracy and Truthfulness
   No advertising material used by Athene producers may contain information that is untrue, misleading or deceptive, nor may any advertisement omit material information where such omission would tend to misrepresent the product or concept advertised. Note that this is based on the overall impression created by the piece and disclosure may not be sufficient to overcome a tendency to mislead.

4. Identity of Producer, Purpose of Contact
   For any “first-point-of-contact” material such as lead cards, prospecting letters and seminar invitations, the identity of the producer as a “licensed insurance agent,” “licensed insurance producer,” or “licensed insurance professional” must be clearly and conspicuously disclosed, and the stated purpose of the contact needs to include a reference to annuities. Use of the term “advisor” is not appropriate for an insurance producer without a securities registration. It’s also important to note that some states actually require specific language describing producer identity, and several require identification by insurance license number (e.g., California and Arkansas). There are also several states that require a reference to “insurance sales presentation” (e.g. Illinois and Texas) when inviting a prospect to a seminar or other similar setting. The bottom line is that when receiving a lead generating piece, it must be clear to the recipient that the meeting is with an insurance producer and that the meeting is part of the insurance sales process.

5. Identity of Athene or Products
   For advertisements that refer to Athene or its specific products or product features, the Model requires that the issuing company’s full name and home office location are prominently displayed, and the full product name, product type and form number are referenced.

6. Disclosures
   Athene’s Advertising Review Team maintains general rules and examples, prohibitions, and state-specific rules and requirements available to you on our producer website, to assist you in constructing compliant advertising and marketing material. Whenever products or product features are discussed, any limitations or conditions must be disclosed as appropriate.

Suitability
The Company places a high importance on meeting the needs of its customers through suitable annuity sales. Meeting these expectations begins with your recommendation of a suitable product. All recommendations for the purchase or exchange of an annuity product should be suitable for the consumer based on information known by you at the time the recommendation is made. Prior to making a recommendation, you should make a reasonable effort to obtain relevant information from the consumer regarding his or her insurance needs and financial objectives. In addition to the information below, Athene provides additional materials found on the Company’s producer website. Please see Suitability Guidelines for Agents (52264) and Finding the Perfect Match (20543) for more details.

Role of the Producer
To satisfy the requirements of the 2010 NAIC Model Regulation, you must:

Determine the client’s financial situation and goals
1. Obtain information on the client’s personal situation, such as age, employment and tax status.
2. Gather information on current finances including income, net worth and expenses.
3. Discuss financial goals and future needs.
4. Discuss investment and insurance orientation and risk tolerance.

5. Understand the source of funds (CD, another insurance product, investments, etc.) for purchasing the new annuity.

6. If a consumer refuses to provide information requested on the Athene Suitability Confirmation Worksheet, discuss with them why Athene is requesting this information. It is important for Athene to get complete and accurate information to make sure we are reviewing each application and ensuring appropriate documentation exists to support the recommended sale. This information could include, but is not limited to: personal situation, financial information/status, financial objectives, source of funds, etc. If a consumer still refuses to provide the requested information, Athene will be unable to accept the application.

Review the types of insurance products available

1. Carefully choose the appropriate product(s) and the appropriate dollar amount(s) to place in any product(s) selected.

2. Explain why these products meet the client’s objectives.

3. Make sure all recommendations correspond with suitability standards and the client clearly understands the product’s features and benefits and any charges associated with the product.

Keep documentation

Athene producers should know applicable state requirements concerning record keeping. Even if a state does not have specific requirements, producers are expected to maintain customer files, which at the very least include:

1. Suitability information provided by the customer and the basis for the producer’s recommendation.

2. A copy of the application, signed point-of-sale disclosures, replacement form (if applicable), policy delivery receipt, all marketing materials and any notes, correspondence or complaints.

3. Keep all references to product and product features presented, materials provided and disclosures signed.

4. Be prepared to explain how the product purchase was handled and why the particular product or products were selected.

5. In the case of a replacement, be able to demonstrate that the new annuity purchase was in the client’s best interest, and applicable surrender charges, fees and loss of benefits were taken into consideration.

6. Retain documentation in permanent client files in an organized, easily retrievable manner. Be prepared to provide copies of these documents to the Company in a timely manner if requested. If you are interested in retaining your client documents electronically, you should check the requirements of your state.

7. The Company may request client files in reviewing complaint cases, if reviewing a producer’s block of business, or in the normal course of business.

Athene expects you to take this obligation very seriously. Failure to comply with these values and behaviors, or any applicable laws and regulations, may result in termination of the relationship between you and the Company.
Role of the Company
Athene will maintain and enforce policies and procedures to reasonably ensure compliance with the 2010 Model Suitability Regulation, including a system for monitoring sales and marketing practices of its appointed producers.

We are continually reviewing our suitability program and looking for ways to enhance our current policies to assist you in gathering the appropriate documentation to support the sale. In addition, it is important to you and Athene that customers understand the various features, benefits and detriments of the products they purchased.

Sales to Seniors
While producers owe all their customers the same obligations and duties, the age and stage in life of the customer can influence how information presented to a client is perceived. For example, both state and federal regulators have noted that seminars aimed at retirees or those age 65 and older present unique challenges. For producers, sales to seniors pose unique risks and utmost care must be taken to comply with all applicable regulations and Company policies. While the spirit of many of the Guidelines and requirements pertain to the solicitation of any customer, producers should be particularly vigilant in providing fair and balanced sales information to seniors.

Note: Some states have enacted laws and regulations specifically for the protection of seniors. It is your responsibility to be familiar with all the laws and regulations of the states in which you do business and fulfill the requirements set forth under this Guide.

Education and Training
Athene recognizes the importance of each producer’s commitment to education and training as a key ingredient in achieving and sustaining your success as an insurance professional. In recent years, some states have enacted additional requirements for producers beyond the basic continuing education requirements, including mandatory training on certain categories of insurance, as well as specific training on market conduct subjects, such as suitability. As new requirements evolve, Athene will continue to notify its producers of their specific duties for the completion of such training. However, please understand that it is your obligation to be aware of and follow all state specific training requirements that apply to you and the licenses you hold.

Athene also strongly encourages its insurance producers to seek professional education and training opportunities offered through traditional financial services educational institutions. The completion of the robust curriculum and attainment of professional designations offered through such institutions can enhance your professionalism and enable you to add real value to your customers.

Professional Designations
We fully support your continuing education efforts as this commitment benefits your clients, the companies with whom you do business and the industry. However, in recent years, the number of designations that are used by individuals and groups engaged in the sale of annuity products has increased substantially. It can be very difficult for both companies and consumers to determine the level of education, training or expertise that a given designation appears to represent. If companies were to allow any designation to be used without review, the result would likely be a general dilution of those designations which truly represent a commitment to education and professional growth.
To help guide you in your decision-making process when pursuing professional designations, Athene maintains a list of approved and prohibited designations (available on Athene Connect under Rules & Guidelines > Legal & Compliance > Advertising Guidelines > Professional Designations). This list is periodically updated, and you should not assume that a designation will be either permitted or prohibited forever. You should check this list periodically to make sure any designation you use continues to be permitted. **Unless a designation is on the approved list, it cannot be used in conjunction with the marketing and sale of Athene products.**

Finally, you should also be aware that some states have provided specific prohibitions against the use of certain designations. If you do business in any state that has provided a list of prohibited designations, you must comply irrespective of whether Athene or any other carrier allows the designation to be used.

### Producer Licensing

State insurance departments strictly control licensing, appointment and solicitation requirements. Although most states have similar licensing and appointment rules, there can be important variations and you must be familiar with the requirements of each state in which you intend to conduct business.

You are authorized to solicit only those insurance products that have been approved for sale by the applicable state insurance authority, and for which you are properly licensed and authorized to sell. State laws and requirements change frequently, and you have a professional obligation to ensure that you stay current with state rules and regulations concerning such subjects as training, continuing education, suitability requirements, replacements and various sales practices. If you are licensed in multiple states, keeping track of this information can be a considerable challenge. Although Athene spends significant time and effort keeping its producers informed, it is ultimately your responsibility to understand your obligations under your insurance license(s).

**Note:** After becoming appointed with Athene, you must self-report to our Legal and Compliance department any new and/or updated adverse actions against you within five days of their occurrence. This includes any lawsuits in which you are named as a Defendant, as well as any regulatory actions against you. In addition, you agree to notify the Company of any change in licensing status (suspension, revocation, termination) immediately after notification from the state. Notifications to the Legal and Compliance department can be faxed to its attention at (877) 522-5025. Regardless of whether or not the action involves the sale of an Athene product, you should contact your E&O carrier immediately to report a claim.

### Licensing and Appointment

A number of states authorize solicitation prior to the final approval of appointment, but they do so under strictly enforced rules regarding the timing of the producer’s appointment and/or the submission of the first application to the Company. In addition to the requirements for appointment, there may be additional requirements that apply prior to solicitation, including completing Athene’s product training. **Under no circumstances are you authorized to solicit applications on behalf of Athene in any state that does not allow solicitation prior to appointment until you have obtained an official date of appointment from the state.**
Every producer appointed to represent Athene agrees that, on an ongoing basis:

- A proper license and appointment according to regulatory and Company requirements is obtained and maintained to solicit and submit customer applications for the type of product(s) requested in the customer application.
- Applicable state continuing education requirements are completed in a timely manner.
- Licenses are renewed as required. We may require you to send a copy of the renewed license to the Company.
- Notification is immediately sent to the Company if there is any litigation or regulatory action taken against you including, but not limited to, a change in licensing status (i.e., license is terminated, suspended or revoked).
- Any private administrative staff or outside vendors shall either limit their activities to clerical and administrative functions or have applicable required license(s) and Company appointment(s) as well. The producer is responsible for insuring such persons also comply with these guidelines.
- Any commission or other compensation may not be split or shared with an unlicensed person or entity.
- The Company does not permit rebating. A producer may not give the customer anything of value to induce the sale of a Company product.
- Under no circumstance may an Athene producer act as a “surrogate” for a non-licensed or non-appointed producer. That means: If an Athene producer signs the application as the producer of record, he or she must have been the producer who met with the customer or solicited the application. No exceptions.
- You must not list your personal or business address as the address of record on any Athene application other than one owned by yourself or a close family member. In addition, Athene will not accept a change of a customer’s address to the personal or business address of the producer, and we monitor customer address changes for this activity.

**Note:** Commissions, including renewals and trails, will not be paid on business written in the following states unless there is an active license in that state: Alabama, Florida, Georgia, Mississippi, South Carolina, Virginia, or West Virginia. This condition applies to all parties in the hierarchy, including assignees. Failure to obtain a license within six months of the date compensation is otherwise payable will result in forfeiture of the compensation. If the initial licensing requirement is met, the restriction does not apply to future compensation resulting from the initial sale. This restriction was imposed by the regulatory authorities for the above listed states.

**General Solicitation Guidelines**

Athene is committed to a needs-based selling approach to enhance the effectiveness of its producers in fulfilling the needs and objectives of our customers. Here are some basic reminders on the appropriate solicitation of Athene customers:

- Do not solicit an annuity contract in a state in which the Company has not yet released the product for sale (see below for a discussion of non-resident sales issues).
- Provide competent and customer-focused sales and service, treating each customer as you would want to be treated, with high standards of honesty and fairness.
- Seek the required suitability information from the customer to assist in making appropriate and lawful recommendations.
- Use only Company approved advertisements, sales literature and illustration materials.
- Fairly, clearly and fully explain the annuity contract being recommended.
For Marketing Organizations, Banks and Broker Dealers

As a general agent, marketing organization, bank or broker dealer, you may recommend producers to the Company for appointment to sell covered products. No recommendation for appointment or application or contract will be effective until approved by the Company. Subject to our acceptance, you may designate producers on whose production you are to receive compensation from the Company. You agree that you are responsible for the acts and omissions of your employees.

We require you to agree to supervise your producers and employees to ensure that they adhere to the standards of conduct set forth in this document. You must agree to train your producers and employees to ensure that they become fully informed as to the provisions and benefits of the products they are authorized to sell, that they represent those products adequately and fairly to prospective customers, that they comply with applicable law, and that they follow the Company’s rules and procedures with respect to the Company’s business.

Complaints

Athene wants to continue to be an industry leader in innovative, high-quality products placed through professional, well-trained producers and offer excellent customer service after the sale. However, in spite of our collective efforts to do so, policy owners are not always satisfied with their experience as an Athene customer. Complaints are a part of doing business, and in a highly regulated environment such as the insurance industry, they can occur for a number of different reasons.

Definition of a Complaint
A complaint is defined by Athene as a written communication primarily expressing a grievance.

Sources of a Complaint
• Athene annuity contract owner;
• Beneficiary of an Athene annuity contract;
• Family member of an Athene customer;
• Regulatory body on behalf of an Athene customer; and/or
• Attorney or other authorized individual on behalf of an Athene customer.

Complaint Procedure and Process
If a producer or any organization appointed by or representing Athene receives a complaint directly, it should immediately be forwarded to the Compliance Department’s Consumer Resolution Team (CRT). It is essential that you understand that it is inappropriate, unacceptable and against Company policy for anyone, including the producer, to initiate any discussion of settlement of a complaint without first consulting with and obtaining the permission of Athene’s Compliance Department. CRT handles the process of responding to all complaints, regardless of where or from whom they originated. You may forward any complaint received to the CRT via email at: consumerresolutionteam@athene.com.

In the event a complaint is received, Athene promptly notifies the writing producer. In most instances, Athene will require a written response from the producer to the complaint, along with all sales materials utilized in the sales process, within five business days (or less depending upon state timing requirements) of the request. Failure to respond to a request for a producer statement on a complaint is considered a serious matter and may result in a Company review of the producer’s appointment status. This is the primary opportunity for a producer to tell his or her side of the story and explain any and all details that may be relevant to the CRT’s review and resolution of the complaint. Regardless of whether or not a complaint or action involves the sale of an Athene product, you should contact your E&O carrier immediately to report a claim.
Neither the producer nor his or her hierarchy should contact the complainant or policy owner during the complaint process unless authorized by the CRT.

Because the facts and circumstances of each complaint are unique, a case-by-case analysis is necessary to determine the appropriate action. The CRT will assess the information provided by both the customer and the producer, and then determine an appropriate course of action, if any.

Confidentiality of Customer Information

Protecting the privacy of our customers’ information is not only the law, but a critical aspect of providing good customer service and earning the trust of our customers. With society’s increasing dependence upon data, the focus on privacy of customer data is an area that continues to develop and grow.

We are required to follow both federal and state privacy laws. In 1999, Congress passed the Gramm-Leach-Bliley Act (GLBA) which provides guidelines as to how to protect consumers when gathering and using Non-Public Personal Information in selling and servicing financial service products, including annuities. As of September 2017, forty-eight states, the District of Columbia, Guam, Puerto Rico and the Virgin Islands have enacted legislation requiring private or governmental entities to notify individuals of security breaches of information involving Non-Public Personal Information. This area of state law continues to change given high-profile security breaches in major companies. You are responsible for monitoring the laws of your state to determine your obligations with respect to the information you gather.

Non-Public Personal Information generally refers to information collected which is not available to the general public. Information could include, but is not limited to:

- Contract values
- Contract numbers
- Social Security Number
- Type of policy purchased
- Financial or medical information
- Beneficiary information
- Passwords, Personal Identification Numbers, personal identifiers
- Individual Taxpayer Identification Number

Customers have the right to expect that their non-public personal information will be protected from unauthorized use. Athene is committed to protecting the confidentiality and integrity of your client’s personal, non-public information. Likewise, you have the following fundamental obligations to your clients and customers:

- Producers are obligated to protect non-public personal information of Athene’s customers in accordance with federal and state laws, Athene’s Privacy Policy and Guidelines, available on our producer website, and with the terms of their appointment with Athene.
- Producers are required to protect customers’ information and implement controls to ensure the confidentiality and security of customer information is not compromised.
- Documents, desktop and laptop computers, tablets, and additional resources used to store non-public personal information must be kept secure at all times.
- Producers should consult a legal advisor to determine if the producer has additional obligations with respect to his or her business and relationships outside of his or her relationship with Athene.
- Any breach or suspected breach of Athene customers’ personal information must be reported to Athene immediately.
Conflicts of Interest

It is vitally important for producers to realize that various agreements or transactions they might want to engage in with customers may be inappropriate or even unlawful. Although it is fundamental that you act in the best interest of the customer and not your own when selling annuity products, some producers fail to recognize how important it is to avoid both apparent and potential conflicts of interest. With respect to transactions involving Athene customers, producers should keep in mind the following points:

- You must not be or become the owner of a contract other than one based on your life, that of a close family member, or a business associate in whom you have a demonstrable insurable interest.
- You must not be or become the designated beneficiary of a contract other than one purchased and/or owned by you or a close family member.
- You must not be named a conservator of an Athene client other than a close family member.
- You must not be or become a collateral assignee of a contract owned by anyone other than a close family member.
- You must not be or become the trustee of a trust that owns or benefits from a contract other than one insuring you or a close family member.
- You must not be or become the holder of a Power of Attorney over the property of a customer.
- Athene strongly discourages producers from either being named as a witness to a trust or notarizing a trust document to help avoid even the appearance of a conflict of interest.

Finally, please recognize that even transactions involving close or immediate family members must be carefully considered. For example, if a producer sells a contract to a parent and advises the parent to designate the producer as the sole beneficiary of the contract, to the exclusion of his or her siblings, the result could be family disharmony and/or legal action on the part of the siblings. So even where a sale appears suitable, the appropriateness of an owner/beneficiary arrangement may be questioned. Likewise, if a producer becomes the trustee of a trust that is the owner of an annuity, changing family dynamics could increase the likelihood of allegations of breach of fiduciary duty or even self-dealing.

Other conflict of interest issues can arise within the context of a producer-client relationship. While strong customer relationships and persistent business are generally encouraged, the following transactions between Athene producers and Athene customers are prohibited:

- Lending money to or borrowing money from a customer.
- Commingling your funds with those of a customer.
- Making any unauthorized transactions, including the submission of applications contrary to the wishes of the customer.

Engaging in any such activities will result in possible termination of your Athene appointment, and it may be a violation of state law, which would subject you to any applicable statutory fines or penalties and possibly result in revocation or suspension of your insurance license.
Customer Signatures and Correspondence

The clear acknowledgement via signature that the customer understands certain information or undertakes certain obligations when purchasing an Athene annuity product is a necessary part of doing business. The application, issue and delivery processes include requirements around the execution of certain documents and forms. Although Athene maintains on its producer website information on what forms are required in conjunction with a given case, there are times in which a required form is missed the first time around.

Producers are not permitted under any circumstance to sign a customer’s name on the customer’s behalf; even at their direction (this includes initials). Signing a customer’s name on any form will subject the producer to disciplinary action by the Company, up to and including termination. Forgery is a criminal offense and carries severe consequences, not only from Athene, but from regulatory authorities as well.

Neither producers nor their staff is permitted under any circumstance to call, write, or electronically mail the Home Office and falsely represent that they are the contract owner. Such action will subject the producer to disciplinary action by the Company, up to and including termination.

Investment Advice/Source of Funds

Athene understands that there are producers appointed with our company that are licensed to sell securities and/or provide investment advice to customers, but some are not. If you do not have the appropriate registration, you are prohibited from providing investment advice to existing or prospective Athene customers — both by Athene and by law. Regardless of your licensing or registration, please be aware that Athene prohibits the assessment of a fee related to the servicing of any Athene insurance products. No fee may be charged for any of the services for which you receive a commission.

Whether a producer is providing investment advice that requires registration depends on the facts and circumstances of the situation, but if you are not licensed to discuss securities or provide investment advice, then the following activities are not permitted:

- Recommending the liquidation of a security;
- Recommending a specific allocation amongst asset classes;
- Discussing the characteristics, advantages and disadvantages of a particular security;
- Discussing details of alternative index strategies and how they work; and
- Advising a customer as to whether securities are relatively more or less suitable than a fixed insurance product.

You are responsible for being aware of, and abiding by, all the laws of the state(s) in which you conduct business, regardless of whether those laws derive from insurance regulation, securities regulation, unfair trade practice statutes or other regulatory authority.

Here’s a tip: Regardless of the jurisdiction, if you are not securities licensed and become aware that the source of funds for the premium on an insurance product that you sell will come from a security, including variable insurance products, then you must make it abundantly clear to the client that the liquidation of that security is based on the independent evaluation and decision of the customer and/or the customer’s licensed securities representative, and not on any recommendation by you to do so.
Mortgage Related Purchases of Annuities

Athene will not accept any applications that involve the funding of an annuity through a mortgage related transaction on a principal residence. This rule applies to all annuity products offered by any Athene company. This includes using home equity through the use of mortgages, reverse mortgages, or home equity loans to purchase an annuity; replacing existing mortgages with the assumption that future withdrawals from the annuity will cover mortgage payments, or any refinancing of mortgages with the intention of using the proceeds to purchase an annuity.

New Business

Taking Applications

In order to ensure your cases are submitted in good order, review the following critical points which apply to all Athene product applications:

• Ensure the information provided by the applicant is complete and correctly recorded.
• Explain what constitutes a replacement before asking the applicant if a replacement is involved. If replacement is involved, follow the applicable procedures and disclosure requirements before proceeding with the application.
• Provide the Annuity Buyer's Guide with or before taking the application.
• Ask the applicant to carefully review the application before signing.
• Make sure to record the actual date and location where the application is signed.
• Never alter or amend any documents obtained unless the applicant initials any changes written on the application. Do not use correction fluid or tape to cover previously recorded information.
• Never ask or permit an applicant to sign a blank or incomplete application or form.
• Always record the name and producer code of the producer who takes the application and witnesses the signatures of the customer(s).
• Promptly submit all applicable documents in full to the Company. Note: Remember that the submission of some documents and information is time-sensitive and you need to be aware of state-specific rules and requirements in that regard.
• Complete any additional state-specific point-of-sale forms that may be required.

Handling Customer Funds

Initial premium funds collected from a customer at the time of application on behalf of the Company are received in trust and must be submitted to the Company immediately. Athene does not allow premiums to be deposited into or paid from producers’ accounts under any circumstances. In addition, producers are not permitted to purchase cashier’s checks on behalf of a customer.

Contract Issue

As a producer, you are a valuable customer for us and we want you to have all of the information necessary to complete any requirements and forms for the business that you submit. When cases are not submitted in good order, the number of outstanding issue requirements increase, the chance of errors in processing is greater, and unnecessary delays may arise that can lead to a disappointing customer experience with Athene for both you and the applicant.
Here’s a tip: If you have a case that you anticipate, whether due to size, suitability aspects, or ownership and beneficiary arrangement, may trigger some additional questions by the New Business or Suitability Review teams, it’s always a good idea to provide Athene with as much additional information as possible in a cover letter, submitted with the application.

Delivery Requirements
Athene focuses on a pro-active approach in gathering all requirements necessary before the end of the policy delivery period. By applying this approach, Athene is able to mitigate non-compliance in states that require a signed delivery receipt be in our files. Contract delivery is an important part of customer service not only from a compliance perspective, but also to solidify the bond of customer to producer. It provides the producer with the opportunity to reinforce the reasons for the purchase and hopefully prevent any subsequent external replacement of the contract.

Producers are expected to promptly deliver contracts to the policy owners and subsequently return to the Company, within the delivery period, either:

- The properly signed Delivery Receipt, any Amendment of Application, and any other items requested by the Company that require the contract owner’s signature at delivery; or
- A written statement signed by the proposed contract owner stating that he or she did not accept the contract and desires a refund of premium. The statement may be on the face page of the contract that is returned to the Company.

Remember: A signed delivery receipt is the best documentation for Athene and you that the contract has been successfully delivered. It adds clarity to the commencement date of the “free-look” period and it completes a key outstanding requirement in the case file.

Free-Look Period Cancellation
Requests for free-look returns with a refund of any premiums paid will be promptly handled according to regulatory requirements, Company policy and applicable policy form language. To cancel a contract during the free-look period, the policy owner must do the following (as stated on the cover page of the contract):

1. Sign and date a written request to cancel the contract within a specified amount of time following delivery; and
2. Submit the written request to the home office or the producer. If the producer receives the written request, that producer must immediately forward the request to the home office.

Non-Resident Sales/Cross-Border Sales
Athene wants to make sure that all of its producers understand the rules and regulations that pertain to non-resident sales of annuities. A “non-resident sale” (sometimes referred to as a “cross-border sale”) occurs whenever a customer buys an annuity contract outside his or her state of residence.

State insurance departments closely examine transactions in which residents of their states are being sold insurance products outside their jurisdiction. The repercussions for producers and insurance companies can be severe, and may include the issuance of fines or penalties, remediation, or suspension of producer licenses.
If the solicitation for the sale of an insurance product takes place in a state that is not the state of residence of the applicant/owner, you must comply with the following Athene guidelines and requirements:

- Provide accurate and complete disclosure to Athene of the actual location of solicitation, application and delivery. Please note that Athene requires the solicitation, signing of the application, the premium collection and contract delivery all to occur in the same non-resident state.
- Complete the Non-Resident Information Sheet.
- Describe the connection between the applicant/owner and the non-resident state in which the sale occurs.
- Provide evidence that the applicant/owner was in the non-resident state for reasons other than merely to purchase a product at the time of application.

State insurance departments will not tolerate any producer who deliberately bends the rules in the course of selling products to citizens outside their state of residence, and nor will Athene. If a sale is appropriately in a state other than the applicant’s residence state, the producer must maintain the appropriate non-resident license(s) and only sell products approved in the non-resident states while conducting business in those states. In addition, producers must be familiar and comply with all rules and regulations in each state for which a non-resident license is held.

Note: It is important that you understand that some states prohibit cross-border sales to residents of their states in general. Also, even in cases in which the Non-resident Information Sheet is completed and an explanation for the non-resident sale is provided, Athene reserves the right to decline applications based on the information provided or other information known to the Company. It is our interpretation that the following states do not permit sales of insurance products to their residents outside their state of residence: Arkansas, Massachusetts, Minnesota, Mississippi, Utah, Washington, and Wisconsin.

New York:
Please be aware that Athene Annuity and Life Company is not authorized to do business in New York and will not accept an application from a New York resident customer where the annuity contract is being sold by a resident appointed New York agent, regardless of where the application is signed.

USA PATRIOT Act and Anti-Money Laundering

The USA PATRIOT Act establishes certain requirements and controls for the financial services industry in order to prevent financial institutions from being used for money laundering and the financing of criminal and terrorist activities. Since 2003, the application of the USA PATRIOT Act to banks and other large financial institutions has been extended to insurance companies. Athene takes this responsibility very seriously and has adopted an Anti-Money Laundering (AML) Program in order to fulfill its obligations under the USA PATRIOT Act, as developed by the U.S. Department of Treasury.

Producers play an important role in our AML Program. Regulations require that Athene and our distribution force collaborate in preventing money laundering by detecting and reporting
suspicious transactions. All marketing organizations and producers must also comply with the
Company’s anti-money laundering procedures which include:
• The collection of customer information to detect and report suspicious transactions;
• The verification of the identity of the customer (including the owner, insured, annuitant,
beneficiaries and beneficial owners);
• The communication of suspicious activity to Athene;
• The training of producers; and
• Cooperation with testing of the AML Program.

Should you detect or observe a situation or transaction that may be related to money laundering
or any other financial crime, you are required to notify Athene’s Compliance Department via the
Request for Compliance Review form (RFCR). A confidential investigation will be conducted by the
Compliance Department.

Customer Identification
All Athene producers are required to meet “Know Your Customer” requirements as part of each
application for an annuity contract. This means that you must validate the identity of each applicant
by collecting sufficient personal information to help identify the applicant, as well as describing
basic financial information and establishing the primary reason for purchasing the product. The
financial information and reason for purchase help validate that the purchase is being made for a
legitimate purpose and also help support the suitability of the sale. It is important to realize that
Athene reserves the right to decline an application if it cannot obtain sufficient information to
establish the identity of any applicant.

AML Red Flags
It is vital as a producer to be mindful of the activities and actions of your clients. The following
activities should raise your suspicions of potential AML issues:

• The customer insists on making premium payments in cash when he or she has been informed
that cash is not an acceptable form of payment.
• The customer is reluctant to provide personal identification information.
• The customer attempts to make payments (e.g., checks, wires, and electronic funds transfer)
involving:
  • Payments from an account not at a United States bank
  • Payment amounts in excess of the expected premium amount; and/or
  • Use of unacceptable forms of payment (see below).
• The customer shows little or no concern about the future performance of the product and is
greatly concerned with the cancellation and/or surrender terms (e.g., fines or penalties).
• The customer requests a change of ownership of their contract to a person or entity of an Office
of Foreign Assets Control (OFAC) Sanctioned or prohibited country.
• The customer attempts to pay premiums via a third party person or entity not associated with
the contract owner.

Forms of Payment
Athene has created rules around the type of payment that it will accept in conjunction with the initial
premium and for subsequent premium payments. The following forms of payment are acceptable
to Athene:
• Cashier’s checks from a bank in the United States from the remitter’s account when the remitter
on the cashier’s check is the owner/annuitant;
• Third party checks that originate from an insurance company, U.S. financial institution, or pension plan and are endorsed over to the appropriate Athene USA company;
• Personal checks must be from a bank in the United States with the name and address of the Applicant/Owner imprinted on the front of the check (except as specified above);
• Rollover checks and transfer checks (including those connected to a 1035 exchange) received from a U.S. insurance company or U.S. financial institution; or
• Wire transfers (except as specified above) where the originator is the policy owner and the transfer is drawn from a from an account from a bank in the United States.

The following forms of payment are not acceptable to Athene:
• Cash (Currency) in any amount
• Checks made payable to “Cash”
• Cashier’s checks from foreign banks
• Cashier’s checks involving a remitter who is not the owner or entity associated with contract owner.
• Money orders
• Traveler’s checks
• Checks or wire transfers originating from a foreign bank
• Producer or agency check or wire transfer where the producer is the originator (except when the producer is the owner/annuitant)
• Personal checks or cashier’s checks not made payable to an Athene company
• Checks drawn on the account of someone (an unrelated party) other than the applicant/owner
• Starter or temporary checks without the preprinted name of the applicant/owner

Applications and payments will not be accepted from individuals who are non-residents in the U.S. or who do not have a valid Social Security Number or Tax Identification Number.

Producer AML Training
Federal regulations that became effective in 2006 require that insurance producers receive anti-money laundering training. Athene will not accept business from a producer who fails to comply with this mandate. Athene recommends and provides access to the course designed by LIMRA International, although the Company will accept proof of completion of an alternate course that a producer has completed through another carrier relationship or broker-dealer. The LIMRA course is offered to Athene producers at no cost to them.

Replacements
States have enacted regulations to require the producer to provide the customer with the information they need to make an informed decision about whether or not the replacement is in their best interest. It is vitally important that you have a clear understanding of the requirements for a replacement transaction in each state for which you are licensed to sell annuity products. Your compliance with and completion of all requirements when you make a replacement recommendation is critical in assisting Athene demonstrate appropriate documentation to regulators in the course of Market Conduct Examinations. Athene’s Replacement Guidelines are available here and on the producer website.
The National Association of Insurance Commissioner’s (NAIC) defines a replacement as:
A transaction in which a new policy or contract is to be purchased, and it is known or should be known to the proposing producer that by reason of the transaction, an existing policy or contract has been or is to be:

1. Lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer or otherwise terminated;
2. Converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of non-forfeiture benefits or other policy values;
3. Amended so as to affect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;
4. Reissued with any reduction in cash value; or
5. Used in a financed purchase.

The appropriateness of a replacement transaction is dependent upon the individual facts and circumstances of the situation. As a general rule, Athene will not approve the issuance of a new contract that is replacing another, unless the new contract better meets the current needs and objectives than the existing replaced contract.

The Company does not encourage or condone the systematic replacement of existing life insurance policies and/or annuity contracts. Marketing strategies should not be based on promoting replacements. However, we do recognize that, in some instances, a replacement may in fact be in a customer’s best interest and can better assist the client in meeting his or her insurance needs and financial objectives. Stated in this way, replacement evaluations are really an aspect of the overall suitability of your product recommendation to a customer.

Regulation of and Requirements for Replacement Transactions
Almost all states have adopted either the NAIC Model Regulation on Replacement of Life Insurance and Annuities or other regulations with similar requirements. Some states have very strict procedural requirements for producers and insurers (e.g., New York’s Regulation 60) and other states have issued notices or bulletins to further explain their position.

Partial Surrenders
It is critical that you understand that the broad definition under the Model Replacement regulation applies not just to full surrenders of life insurance policies or annuity contracts, but also extends to new contracts purchased with funds (e.g., withdrawals or partial surrenders) from existing policies or contracts. This includes required minimum distributions, taken by a customer from a qualified account, used to fund a non-qualified annuity.

In addition, any transaction in which values are used from an existing contract within four months prior to, or 13 months after, the purchase of a new contract with the same insurer, is presumptively treated as a replacement.

Your own documentation within your client file is crucial. You should be in a position to demonstrate that (1) you conducted a thorough review of your client’s needs/objectives, (2) you made a fair and careful comparison of the existing policy/contract with the proposed policy/contract, and (3) you can readily articulate the primary reason for the replacement recommendation and why it is suitable for the customer and in the customer’s best interest.
Note: Under no circumstances should you ever deliberately disguise a replacement transaction or, in any way, circumvent Athene's Replacement Guidelines or the laws of any state. For example, if you are aware that a customer is considering a replacement transaction, do not engage in any practice in which an annuity contract is surrendered, the proceeds are placed in a temporary account (CD, money market, etc.), and then all or part of those proceeds are used to buy another contract, without properly identifying the transaction as a replacement. If Athene learns that this has occurred, your appointment will be subject to termination.

Sales Practices

Athene has considerable confidence in its producers to treat Athene customers fairly and with the intention of doing the best job for each customer, based on his or her individual needs and circumstances. We also recognize that any profession involving sales, and particularly insurance sales, is highly challenging and generally requires conviction, persistence, receptiveness and enthusiasm in order to navigate the challenges associated with an insurance career.

There are times, however, in which some of these same characteristics can pose some risk for the producer from a regulatory and/or compliance perspective. In some situations, conviction and enthusiasm may lead to excessively aggressive sales tactics. In others, receptiveness to new ideas may lead a producer to get involved in a marketing concept or sales practice touted by a promoter who may not have the producer’s or their clients’ best interests in mind. It is important to be aware of some of these pitfalls when you are interacting with your prospects and clients.

Misrepresentation
The most prevalent allegation made by consumers in complaints is misrepresentation of one or more provisions of the annuity contract. Such allegations are typically made with respect to interest rates, strategy earnings, contract length, surrender and withdrawal charge schedules and death benefits, but are not limited to these topics.

Producers must provide consumers with a comprehensive description of the product during the sale. Only use materials that have been approved by Athene as outlined in the Advertising Guidelines. When discussing any term or provision of an annuity product with a consumer, use the Company’s sales materials and disclosure documents in order to provide a complete and accurate explanation of the product. Upon delivery, review the terms and provisions of the contract and specifically discuss the “free-look” opportunity. By taking these steps, you may prevent future allegations of misrepresentation.

Abusive or Coercive Sales Methods
Producers should always market insurance products in a setting where customers are given meaningful choices. As such, producers must not engage in any sales tactics that involve illegal, abusive, or coercive sales methods.

Responsiveness to questions about the product and clear communication about both its benefits and limitations are important parts of the producer’s job. There is nothing wrong with appropriately motivating a prospective customer to take action to solve his or her insurance needs. After all, there is a long and impressive history in our company and throughout the industry that clearly demonstrates how annuities have helped protect and sustain the financial well-being of many individuals and families. That said, abusive or coercive sales methods are unnecessary and will not be tolerated by Athene.
Use of Scare Tactics
One type of abusive or coercive sales method is to use fear inappropriately to scare the prospect into buying a product he or she otherwise would not. Athene understands that in the marketing of annuity products, motivating a prospective customer to take action is a critical element in the sales process. During the sales process a producer will often utilize a combination of experience-based knowledge, creative expression via promotional and marketing material and perhaps information supplied by a third party. However, the line between motivating a purchase and scaring a prospect needs to be respected. Regulators often consider such inappropriate or misleading statements and information to constitute the use of scare tactics. It is also important to realize that depending on your target market, tactics may be perceived differently by regulators, particularly in the case of senior citizens. Particular care must be taken when talking with seniors. Athene will not tolerate the use of scare tactics in the sales process.

Examples of statements that would likely be considered scare tactics by regulators include the following:

- “You know you’ll never see a dime of Social Security – it’s going bankrupt.”
- “FDIC is underfunded – your CDs are not safe.”
- “It’s not a matter of if you will run out of money; it’s just a question of when it will happen.”
- “Just look at the pension funds that have gone bankrupt. Your pension is probably worthless.”
- “Your assets will be seized when you go into a nursing home.”
- “Probate is devastating. You must avoid it at all costs.”
- “You’re going to lose 70 percent of your 401(k) and IRA money to taxes.”

Competition
Athene is committed to fair and respectful competition. Producers may not disparage or defame an insurer, its products or another producer in the course of selling or attempting to sell Athene products. This includes misrepresenting or inappropriately commenting on an insurer’s financial strength. Any comparisons with other insurers’ products must be complete, balanced, and in compliance with the accuracy and truthfulness requirements described in the Athene Advertising Guidelines.

Ghostwritten Materials
Athene prohibits the use of misleading marketing materials to improperly legitimize one’s credentials or background in the course of marketing and selling Athene’s products. One example of a prohibited marketing practice is the use of ghostwritten books, articles or other materials. A book or article is considered “ghostwritten” if a producer represents himself or herself to be the author, but has not actually substantively contributed to the writing of the material. The use of any media that misrepresents the true authorship of said media is prohibited.

A similar type of potentially misleading marketing involves suggesting an expertise in the field by purchasing airtime on local affiliates of major television/cable networks and then indicating on marketing materials promotional language such as “Seen on…” with the logos and the suggestion the appearance was a guest appearance on a national program. This type of promotion is increasingly drawing the attention of regulators and is very high risk. Producers should be very cautious when utilizing these mediums and take care to ensure that it is clear that the airtime has been purchased.
Pretext Selling
A concern identified by many regulators is the failure of insurance producers to clearly identify themselves as such and to deliberately camouflage the ultimate reason for contacting a prospective customer. Broadly speaking, pretext selling can be described as a sales/marketing practice by an insurance producer through which:

- The true purpose of a financial education class, seminar, workshop, meeting or appointment is disguised through the use of subject matter other than the potential sale of insurance products, particularly in marketing materials such as lead cards and seminar invitations; and/or,
- The true identity of the producer as a person engaged in the sale of annuities is not disclosed, and some alternative description is used that could mislead a consumer into believing that a producer is an “advisor,” “consultant,” “planner,” “senior specialist,” or some similar term unrelated to sales.

Types of subject matter often involved in pretext selling include:
- Living trusts
- Tax preparation
- How to avoid probate
- How to reduce taxes on Social Security benefits
- How to maximize Social Security benefits
- Medicaid planning
- Roth conversions

Rebating
Rebating is illegal or at least limited in most states, and prohibited by Athene even if the state allows it. A rebate involves the return of value of any kind to the customer in connection with the purchase of insurance. Nothing outside the contract may be introduced into the application process as an inducement to purchase an annuity contract. Transactions that may be considered a rebate include, but are not limited to:
- Any gift designed to induce a purchase. Note that state laws vary dramatically with respect to gifting and rebating. You are responsible for knowing the law in the states where you do business.
- Return of commissions earned
- “Free insurance”
- Payment by the producer or agency of any premium
- Refund of premium due to persistency of policy

Veterans Administration Benefit Programs
Athene will not accept business written in conjunction with marketing programs that promote qualifications for Veterans Administration (VA) benefits. The use of any marketing materials which promote VA benefits in conjunction with the sale of Athene products is prohibited.

Affiliation with Government Agencies
No producer may represent himself or herself, either explicitly or implicitly, as representing, connected with, or endorsed by an governmental program or agency. The use of any business model or marketing materials which suggests such is prohibited.
Charging Fees Not Acceptable

Athene wants to communicate an important reminder to all producers about the inappropriateness of charging fees related to the post-sale servicing of Athene products.

Such fees are unacceptable to Athene and may violate the Unfair Trade Practices statutes and related Insurance department bulletins of a number of states. A majority of the states have adopted a version of the Unfair Trade Practices statute.

These statutes contain the same, if not similar, language as follows:

An insurance producer is not permitted to charge a fee, in addition to earning a commission, for services that are customarily associated with the solicitation, negotiation or servicing of policies.

Those statutes also remind producers that “Unfair financial planning practices” includes an insurance producer:

Holding himself or herself out, directly or indirectly, to the public as a financial planner, investment adviser, consultant, financial counselor, or any other specialist engaged in the business of giving financial planning or advice relating to investments, insurance, real estate, tax matters, or trust and estate matters, if the insurance producer is, in fact, engaged only in the sale of policies.

While fee-for-service businesses may be appropriate in some areas of the financial services industry, the charging of fees is closely regulated and often requires special licensing, credentials and disclosure.

For instance, a Registered Investment Advisor is one example of a person/firm that may charge advisory fees. But even for those duly authorized to charge fees for assets under management, those fees generally would not include the value of fixed insurance products where a commission was paid on the sale. Such advisory fees would likely be viewed by regulatory authorities as fees related to post-sale service activities and unacceptable in many jurisdictions. And, to the extent a commission has already been earned on the sale of the fixed product, charging a fee for ongoing “management” of a fixed product would be unacceptable to Athene.

Athene views a client service request as a professional responsibility and an opportunity to enhance your relationship with your client. All producers should be aware that state regulators would likely take strong action – either as a direct code or unfair trade practices violation – against any producer who charges a post-sale service fee for activity such as, for example, assisting a beneficiary complete a claim form. Such state enforcement action can include fines, suspension of a license, or both. Please utilize Home Office support in order to assist your clients with their service needs. Together, we can provide a distinctive customer service experience for your clients while also putting people before policies.

Tax Advice

Producers are frequently involved in conversations with customers in which questions about taxation arise. There is a broad range of contexts in which such issues are discussed. Some pose more risk than others in terms of the likelihood that the producer might be accountable for providing “tax advice” without the required qualifications, background and experience to do so. An example of this exposure can be found by examining your professional liability (E&O) policy. A typical insurance producer’s professional liability policy excludes tax advice from coverage, but generally will honor claims brought against a producer for statements about taxation that are “incidental” to the sale of a covered product.

Athene recognizes that the discussions you have with your clients frequently include information about the basic characteristics of annuities, of which taxation plays a significant role. As an insurance professional, you should be aware of the basic tax aspects of the products you sell and be prepared
to answer the customer’s questions in that regard. Note that it is the tax aspects of the products that should be the focus, rather than providing advice to a specific customer regarding their personal tax situation.

You also have an obligation to develop a fundamental understanding of some of the basic “tax traps” associated with annuity products. For example, certain ownership and beneficiary arrangements may have unanticipated tax consequences. Another example is that a deferred annuity owned by a “non-natural person” (e.g., a corporation) will not enjoy tax deferral on the growth of the contract’s accumulated value. General knowledge of the rules within IRC Section 1035 on allowable tax-free exchanges is another common area of discussion. An insurance professional should know these tax fundamentals and be prepared to discuss them. But that same insurance professional should make it clear to the client that he or she is providing information about incidental tax matters, not dispensing tax advice unless retaining the necessary qualifications to do so.

Unauthorized Practice of Law

As an insurance professional, one of your chief goals is to help your clients achieve their financial goals and objectives. Depending upon your licenses and designations, this may extend beyond insurance product and planning recommendations to broader financial planning or advice. Even when a producer is insurance-licensed only, the producer may often find him or herself in the position of responding to various questions from a prospect or client about a wide range of financial matters. It is important to recognize that there is considerable risk associated with exceeding your expertise.

Legal matters, legal documents and legal advice should be left to licensed attorneys. Tax and accounting advice should be left to tax attorneys and accountants.

At Athene, we encourage our producers to build relationships and work with other professionals. Developing relationships with lawyers, CPAs, trust officers and other financial services professionals is not only appropriate, but encouraged by Athene in order to enhance the producer’s professional growth. Frequently, customers look to their producers for information and/or advice regarding various financial, tax or estate planning matters. One of the key challenges posed to any insurance professional is how to provide general information within one’s base of knowledge and experience, without “crossing the line” and providing professional advice or services for which the producer does not have the required professional license or the requisite training. This is particularly problematic regarding legal matters that are naturally intertwined with the purchase of insurance products, as well as the planning context in which that occurs.

The unauthorized practice of law generally occurs when a person who is not an attorney gives legal advice or drafts legal documents that impact a person’s rights. For example, this could arise in a situation where you may be discussing a person’s need for insurance as part of an estate plan. To avoid the claim of unauthorized practice of law, you should keep your conversation general in nature, and ALWAYS state that you are not a lawyer and any such advice can only be given by a licensed attorney.
Attention California and New York Producers:

On the following pages, please find a set of producer compliance guidelines specifically addressing your state requirements.

As an Athene appointed producer, it is expected that you adhere to these state specific requirements as well as the general Market Conduct and Compliance Guidelines and positions outlined in the prior pages of this Guide.

Key Requirements for California Producers

Settlement with the California Attorney General
In 2007, American Investors Life Insurance Company, Inc. (“AIL”) entered into a settlement with the California Attorney General and California Department of Insurance. As part of the settlement, Athene (AIL’s successor by merger and acquisition) agreed to send you these Guidelines and Procedures to help remind you of the requirements of California Law as part of that settlement. The following sections set forth the key provisions of the Stipulated Judgment as they may relate to the conduct of California producers.

No Unauthorized Practice of Law
Insurance producers shall not engage in any conduct that violates Sections 6125 or 6126 of the California Business and Professions Code, or constitutes the unauthorized practice of law.

No Running and Capping
Insurance producers shall not act as a runner or capper, as those terms are defined in Section 6151 of the California Business and Professions Code, or engage in any conduct that violates Section 6152 of the Business and Professions Code.

No Acting as an Investment Adviser Without Appropriate Licensure
Insurance producers shall not engage in any conduct that constitutes a violation of Section 25230 of the California Corporations Code, including acting as an “investment adviser” as that term is defined by Section 25009 of the California Corporations Code, without obtaining a license required by Section 25230 of the California Corporations Code.

Advertising Requirements for Consumers Aged 65 and Older
Insurance producers shall not direct to consumers aged 65 years of age or older advertisements or other devices designed to produce leads based on a response from a potential insured without clearly and conspicuously disclosing in the advertisements or other devices designed to produce leads that recipients may be contacted by an insurance producer, if in fact that is the case. The “advertisements or other devices” covered under this provision include solicitations or advertisements promoting “Estate Planning Documents” or events where Estate Planning Documents will be marketed. “Estate Planning Document” means: (a) any will (including any codicil or any pour over will); living will; trust (including any revocable or irrevocable living trust, which may also be known as an inter vivos trust, testamentary trust, abstract or certificate of trust); revocation or modification of any trust; trust amendment; power of attorney (whether durable or not, whether for health care, asset management or other purpose); transfer of title documents connected with the funding or administration of any trust, the avoidance of probate, or any probate proceeding; or conservatorship; (b) any written instruction, summary or explanation concerning any document identified in part (a) of this definition; (c) any amendment to or revision of any document identified in part (a) of this definition; and (d) any document needed to carry out the funding or administration of any trust, probate avoidance mechanism or probate proceeding. However, the term “Estate Planning Document” excludes any annuity or other insurance product, as well as any documents
relating to the terms, use, conditions, exclusions, transfer, ownership, administration, beneficiary designations or funding of an annuity or insurance contract, provided that such documents are not used to offer or sell documents identified in subparagraphs (a) or (c) above.

**Home Solicitation Contracts**
Insurance producers shall not offer or enter into a home solicitation contract, which shall include any contract for group or prepaid legal services, without fully complying with California Civil Code sections 1689.5 through 1689.7.

**No Fiduciary Abuse**
Insurance producers shall not engage in fiduciary abuse as defined in California Welfare and Institutions Code section 15610.30.

**No Untrue or Misleading Statements**
Insurance producers shall not make or disseminate untrue or misleading statements, or cause untrue or misleading statements to be made or disseminated, with the intent to induce a consumer to purchase either: (i) any annuity or other insurance product, or (ii) any other good or service sold or offered to a person also offered, marketed or solicited to purchase annuities or other insurance products.

**Seminar Disclosures**
Insurance producers shall not use the terms "seminar," "class," "informational meeting," or substantially equivalent terms to characterize the purpose of a public gathering or an event where insurance products will be marketed or offered for sale unless the advertisement adds the words "and insurance sales presentation" immediately following those terms in the same type size and font as those terms.

**Home Meeting Disclosures**
Before meeting with a consumer 65 years old or older at the person’s home, for the purpose of marketing or selling annuities or other insurance, producers must first comply with all provisions of Section 789.10 of the California Insurance Code, including but not limited to, giving all notices required under subdivision (b) of Section 789.10.

**Surrender Charge Disclosures**
Under the Stipulated judgment, AIL must include in all disclosures and information provided to consumers, pursuant to Section 10127.13 of the California Insurance Code, references to all page numbers that refer to, describe, or disclose any surrender charge that may be assessed upon the full or partial surrender of the annuity, regardless of the circumstances of the surrender.

**Compliance with the Insurance Code**
Insurance producers shall not engage in any conduct that violates Sections 780, 781, 785(a), 787, 789.10, 790.02, 790.03 or any other provision of the California Insurance Code.
Key Requirements for Athene Annuity & Life Assurance Company of New York (AANY)

Regulation 60 Procedures For Selling Annuities On A Replacement Basis In The State of New York

Introduction
Replacement sales in New York are subject to requirements of Regulation 60. The regulation is designed to protect customers who are considering the replacement of their life insurance policies or annuity contracts. Regulation 60 requires insurers and their appointed producers to provide prescribed comparative information to customers when a life insurance policy or annuity contract is being replaced. To comply with NYSDFS Regulation 60, these procedures are intended to inform and train producers with respect to the requirements. The Company calls for a one-step procedural process. The requirements are described below, and producers must comply fully with these procedures.

Special Forms
Special forms must be used for replacement transactions in New York. These forms are listed below and can be found on the Company’s producer website

Forms Used For Regulation 60 Process – Submitted with Application and New Business forms
- Definition of Replacement (Appendix 11) (20697)
- Authorization to Obtain Disclosure Information (20698)
- Important Notice Regarding Replacement (Appendix 10C) (20696)

Forms Used for Regulation 60 - Disclosure Statement
- Appendix 10B (20695) to be used for annuity to annuity replacement and Appendix 10A (20694) to be used for all life insurance to annuity replacements. Athene will send you the appropriate Disclosure Statement. You do not need to submit with the initial submission.
- All questions must be answered. Blank answers are not accepted, must use ‘N/A’ (not appropriate) to fill in blank answer lines.
- List every available reason(s) for recommendation of new contracts, why existing contracts/policies do not meet customer’s objectives and list advantages available to continue existing contract/policy.

Regulation 60 Procedure
1. Complete Definition of Replacement Form
Prior to completing or taking a New York Application, the Definition of Replacement (Appendix 11) form (20697) must be completed and signed by both the customer and producer for all sales in the State of New York.

If any of the questions on the Definition of Replacement form are answered “yes,” the proposed sale is a replacement and additional forms are required to be submitted with an application.

If all questions on the Definition of Replacement are answered “no”, the sale is not a replacement. In this situation, the sale can be completed at this time by both the customer and producer completing and signing the application, and submitting the original application and Definition of Replacement form to Athene Annuity NY. Provide a copy of the Definition of Replacement to the customer. No further action is required under Regulation 60.
2. Authorization to Release Obtain Disclosure Information
Producer completes and obtains customer signature on the Authorization to Obtain Disclosure Information. The Application, Definition of Replacement, Authorization to Obtain Information and Important Notice MUST be dated the same. Obtain list of all existing life insurance policies or annuity contracts and the policy/contract numbers proposed to be replaced.

3. Forms Submittal
Producer submits Definition of Replacement (Appendix 11) form (20697), the Authorization to Obtain Disclosure Information form (20698), Important Notice Regarding Replacement (Appendix 11) form (20696) and policy application forms to Athene (for new contracts). The customer and producer must sign and date the definition of replacement form and the authorization to obtain disclosure information form.

The customer must receive a copy of each signed form for his or her records.

Within 10 days of receipt of the completed and signed forms described above, Athene will request from the existing carrier the information needed to complete the applicable Disclosure Statement form. Under Regulation 60, the existing carrier whose Annuity/Life Insurance contract is potentially being replaced has 20 days from receipt of the request from Athene to provide the information to complete the Disclosure Statement. Athene must wait for that period of time to receive the information.

4. Athene New Business Contacts Agent
Once the necessary information to complete the appropriate Disclosure Statement is received from the existing insurer, Athene will review to determine if replacement meets the customer’s objective. If appropriate, the new business unit will input the disclosure information for the existing Annuity/Life contract as well as the required information for the proposed contract onto the Disclosure Statement. Athene will provide the agent with the updated Disclosure Statement.

- Disclosure Statement (Appendix 10A) (20694) or (Appendix 10B) (20695) (Note: All questions must be answered, no blanks, must use ‘N/A’ (not appropriate) to fill in blank answer.)

5. Completion of Disclosure Statement
(Note: All questions must be answered, no blanks, must use ‘N/A’ (not appropriate) to fill in blank answers.)

The agent completes the Disclosure Statement by thoroughly reviewing it for accuracy and by completing and signing the “Agent’s Statement” section of the disclosure document. Questions 1-3 on Appendix 10A (20694) and Questions 1-4 on Appendix 10B (20695) are to be answered, to include every available reason(s) for recommendations of new contracts, why existing contracts cannot meet customer’s needs and list all advantages to continue existing contract or policy (e.g. no surrender charge).

The customer will receive a copy of the completed Disclosure form for his or her review with the issued annuity contract.

6. Final Submission By Agent
Agent submits the following completed and signed forms to Athene:
- Disclosure Statement (Appendix 10A) (20694) or (Appendix 10B) (20695)
Agent requirements are now complete. The annuity contract cannot be issued until the completed Disclosure Statement is returned by the Producer to Athene.

It is imperative that the annuity contract be delivered promptly to the customer so he/she may review the Disclosure Statement. If the customer determines that the replacement was not in his/her best interest, he/she may elect to free look the annuity and have the premium refunded to the existing carrier. Failure to deliver the annuity contract in a timely fashion could impair the existing company's ability to reinstate a surrendered policy. This could result in tax consequences for the customer, a customer complaint about the delivery of the contract and interfere with the processing of the free look.

New York Agents Regulation 194 Commission Disclosure

On Saturday, January 1, 2011, New York State Regulation 194 regarding commission disclosure became effective in order to create “Producer Compensation Transparency.”

The following must be disclosed to the Purchaser either orally or in writing at or prior to the time of application for the annuity contract or insurance policy. If the disclosure is first given orally, it must be supplemented with a prominent written notice before or at the time the annuity contract or insurance policy is issued. It is not sufficient to give only a verbal disclosure.

- A description of the role of the producer in the Sale.
- That all producers receive commission.
- That commission rates vary depending on the product and the producers’ commission scale.
- And that the Purchaser may obtain detailed information about the expected producer commission by making a written request to the producer.

If the Purchaser makes a request for a detailed commission disclosure, the producer must provide a prominent written disclosure. Records of these requests must be retained by the producer for three years.

To learn more about this New York regulation go to:

New York Non-Resident Sales

Athene Annuity & Life Assurance Company of New York will not accept an application from a non-New York resident where the annuity contract is being sold by a resident appointed agent in any state except New York.