

A BANNER AND WILLIAM PENN GENERAL AGENCY COMMUNICATION

ADMINISTRATIVE GUIDELINES FOR BANNER AND WILLIAM PENN TERM RATE REDUCTIONS

TO: ALL BANNER AND WILLIAM PENN GENERAL AGENTS
FROM: HANK CUSHARD, VP MARKETING
DATE: OCTOBER 27, 2009

Effective October 26, 2009, Banner and William Penn made the following term portfolio revisions:

- **Lower** rates in all non-tobacco underwriting classes for OPTerm[®] 10, 15, 20 and 30-year level term plans in the following premium bands:
 - Band 3: \$250,000-\$999,999
 - Band 4: \$1 million - **now expanded** to include \$2 million
- **Lower** rates in all non-tobacco underwriting classes for Penn Term 10, 15, 20 and 30-year level term plans in the following premium bands:
 - Band 3: \$250,000-\$999,999
 - Band 4: \$1 million - **now expanded** to include \$2 million
- **Increase** the non-commissionable policy fees on all policies from \$60 to \$65

With the combination of these changes in our rates and fees, we can provide a more uniformly competitive overall term portfolio.

We invite you to compare these prices to the competitors. These rates make Banner / William Penn competitive in price and overall compensation.

We intend to stay competitive in all aspects of the term market including price, underwriting and compensation. To accomplish this in the long run, fiscally responsible pricing changes and structural actions are sometimes necessary to reflect significant changes in the market. Banner and William Penn continue to work to bring these costs down and deliver high value products and services to you and your customers.

Product Availability by State

Banner: OPTerm plans and the new rates are available in all states except Montana and New York. The current product availability by state list is posted on the News page of our website (www.LGAmerica.com).

William Penn: Penn Term plans and the new rates are available in New York only.

Software

The Illustration Manager software will be updated and available for download from our website (www.LGAmerica.com) reflecting our new portfolio revisions on Monday, October 26, 2009.

Banner: Version 15.5
William Penn: Version 7.1

Compensation

Commission rates will remain unchanged

Policy Illustrations

Term products are fully guaranteed and therefore do not require a signed illustration.

New Business Submission

Any application in house or received prior to November 16th, will receive the product that offers the lowest premium. Any application received on or after November 16th, will receive the new product.

Pending New Business

Any application in-house will receive the lowest premium available.

Recently Issued Business

Policies recently issued can be considered for reissue with the new rates, if they are more favorable, provided the free look period has not expired. Policies reissued for other reasons will receive the lowest premium available. Reissue requests for applications received on or after November 16, will be reissued with the new product.

- The most expedient way to have a policy reissued is to request it online from our website.
- The second most effective way to request a reissue is to email explicit details to either Banner_Reissue@LGAmerica.com or Penn_Reissue@LGAmerica.com.
- Reissue requests can also be made by returning the original policy to Administrative Services with a written document outlining the changes to be made.

(Please note: All reissue requests must be made in writing; therefore, telephone requests will not be accepted.)

Marketing Materials

| Marketing Materials | New Form | Obsolete Form |
|---|------------------------|------------------------|
| OPTerm[®] Ratecard / Penn Term Ratecard: Includes term plan specifications, rates and underwriting criteria. Envelope size. Will be available approximately 11/06/2009. Quantities are limited. | LAA 1529 LAA 1529WP | LAA 1501 LAA 1501WP |
| OPTerm[®] Rate PDF / Penn Term Rate PDF: A PDF version of the ratecard will be available for website access and printing on 10/27/2009. Only available on website. | LAA 1529 LAA 1529WP | LAA 1501 LAA 1501WP |
| OPTerm[®] Email Ad / Penn Term Email Ad: This jpeg file can be saved to your hard drive, inserted in the body of an email and sent to your agents/brokers. It will be available for website access on 10/27/2009. See instructions below. | LAA 1530 LAA 1530WP | LAA 1502 LAA 1502WP |

Request for Marketing Materials

Banner: Requests for marketing materials should be sent to Faith McFarlane for processing. Please complete a Supply Order Form (LAA 814) and clearly indicate the form numbers you are requesting. The form can be printed from our website and submitted to Banner via mail or faxed to (301.279.4816).

William Penn: Requests for marketing materials should be sent to Linda Herrmann for processing. Please complete a Supply Order Form (LAA 1086) and clearly indicate the form numbers you are requesting. The form can be printed from our website and submitted to William Penn via mail or faxed to (516.229.3030).

Obsolete Marketing Materials

Please destroy any obsolete marketing materials including:

Banner: LAA1501 and LAA1502

William Penn: LAA1501WP and LAA1502WP

Advertising Guidelines

Agencies with Banner BGA or BMGA-1 contracts and agencies with William Penn GA contracts are allowed to advertise Banner/William Penn products to agents/brokers. Any affiliation they have with a marketing group must be disclosed. Sub-agencies are also allowed to advertise to agents/brokers; general agency and marketing group affiliation, if any, must be disclosed.

You are required to identify your agency's name as it appears on your contract. DBAs are allowed as long as the contract name is also included.

Marketing materials are intended for broker distribution only, not to consumers.

Marketing materials (in any media form) independently developed by your agency must be approved by our legal department for regulatory compliance prior to their use. The approval request form and updated Advertising Guidelines can be found in the advertising compliance section of the forms tab posted to our website.

Email Advertisement Instructions

The email advertisement that will be posted on the marketing forms page of our website in jpeg format can be used without compliance approval. You will need to first save it to your PC by right clicking on the form number (LAA 1530/LAA 1530WP). Insert it as you would a photo into your email to brokers. Information about your agency should be inserted as text below the jpeg. Be sure to add your agency name, address, phone number and marketing group affiliation.