

Acknowledgment

By representing National Western Life Insurance Company (“NWL[®]”), the agent (the term “agent” also includes producers, brokers, representatives, and consultants) agrees to comply with the requirements listed below and acknowledges his/her understanding of the specific points made in these Rules and Regulations. The agent also understands that these Rules and Regulations are incorporated into his/her contract or agreement with NWL and that failure to comply with the terms herein is a breach of such contract or agreement with NWL.

Code of Ethics

Many government agencies, in conjunction with the courts, impose a duty on insurers and agents to conduct their business according to a variety of laws and regulations. NWL takes this duty very seriously and is firmly committed to making certain that we, as a company, and the agents who distribute our products, comply with these requirements. Many of these laws and regulations deal with “market conduct,” that is, the ways that insurance companies and their agents deal with current and prospective customers.

How to do business with NWL:

- Conduct business according to high standards of honesty and fairness.
- Provide competent and customer-focused sales and service.
- Engage in active and fair competition.
- Provide advertising and sales materials that are clear as to purpose and honest and fair as to content.
- Provide for fair and expeditious handling of customer complaints and disputes.
- Maintain a system of supervision and review of honesty and fairness.

NWL[®] supports each of these principles and is committed to conducting its business in accordance with them. NWL[®] also expects its licensed agents to observe these principles in their business.

Authorized Acts

An agent of National Western Life Insurance Company (“the Company”) is authorized to:

- Solicit, receive, and forward applications for insurance.
- Collect the first premium with an application and forward it to the Company.
- Perform other duties in connection with the applications as required by the Company.
- Receive commissions or commission overrides on business written in a state(s) where the agent holds a valid license or where commission overrides are otherwise allowed by law.
- Respond promptly to any requests for information from the Company.

Unauthorized Acts

An agent of the Company is NOT authorized to:

- Accept risks, alter contracts, or make contracts.
- Extend the time period for any premium payment.
- Act for the Company in connection with any contract or policy unless (1) the act is specifically set forth in the agent’s contract, or (2) the agent is given written authorization by a Company officer to perform the act.
- Solicit or participate in the solicitation of an application if not appointed with the Company, except in a state that permits the first application to be submitted with appointment papers.
- Collect premiums, other than the initial premium, except when given written authorization by a Company officer.
- Instruct an applicant or insured to make a check, draft, or money order payable to anyone other than National Western Life Insurance Company.
- Endorse a check or money order made payable to National Western Life Insurance Company.
- Sell a policy that is not approved by the state insurance department in the state where the policy was sold.
- Open a bank account in the name of the Company.
- Execute any document, including, but not limited to, assignments for the Company, the applicant, annuitant, insured, policyowner, beneficiary, or any assignee.
- Witness any signature relating to the Company’s business that was not affixed in the agent’s presence.
- Publish anything concerning the Company unless prior written permission has been obtained from an attorney in the law department of the Company.
- Pay a client’s premium with the agent’s funds or the agent’s own check.

- Disseminate advertising material relating to the Company or any of its products unless given written authorization by an attorney in the law department of the Company.
- Fail to fully and accurately represent the terms of any policy or contract or other document.
- Engage in rebating, twisting, or churning. An agent who engages in rebating or twisting will be dismissed immediately. "Rebating" is giving, or promising to give, something of value, such as part of a commission, to a prospect to induce the purchase of a policy. "Twisting" is attempting to induce a person to drop an existing policy and buy another policy, when such effort is characterized by misrepresentation.
- Disclose to a third party, other than authorized Company personnel, any non-public personal information concerning an applicant, insured, beneficiary, or claimant.
- Alter an application.
- Bring suit in the name of the Company.
- Make or execute any contracts or agreements with third parties that abrogate, dilute, or diminish the rights of the Company in its contract(s) with the agent.
- Sign an application as the writing agent unless you are in fact the agent that solicited the policy directly from the policyholder.

Licensed Territories

National Western Life Insurance Company is licensed in:

- All states except New York
- The District of Columbia
- Puerto Rico
- U.S. Virgin Islands
- Commonwealth of the Northern Mariana Islands
- Guam
- Republic of Haiti
- American Samoa

Agents may not solicit applications in jurisdictions in which NWL is not licensed.

Solicitation

Once an agent has obtained the appropriate state license and has been properly appointed by NWL®, the agent will be ready to present NWL® product information and agrees to the below responsibilities:

- Before commencing a life insurance sales presentation or taking an application, the agent must first inform the prospective purchaser that the agent is acting as an insurance agent, producer, representative appointed by, and give the prospective purchaser the full name of, National Western Life Insurance Company.
- Agents are required to leave copies of the appropriate brochure and the disclosure.
- When making a sales presentation, the agent must always conduct himself/herself in an ethical manner. The agent must not violate the Unfair Trade Practices Act or similarly named act of the state in which they are licensed.
- The agent must have E&O coverage in place pursuant to NWL's guidelines prior to the solicitation of any NWL products.
- The agent must comply with the requirements of the Department of Labor "Fiduciary Rule" (29 CFR 2510, 29 CFR 2550) in all transactions to which such rule applies.
- The agent cannot make any misrepresentations or misleading, false, or deceptive statements.
- The agent cannot use words or phrases that exaggerate any benefits or limitations, exceptions, or reductions of benefits.
- The agent cannot describe any policy provision or benefit without fairly and accurately describing the limitations, exceptions, or reductions of benefits.
- The agent cannot use words or phrases that would cause applicants to believe that they might make a profit from being hospitalized.
- The agent cannot use any insurance words, phrases, or other terminology that the applicant might not clearly understand.
- The agent cannot make any unfair or incomplete comparison of other insurers, their policies, benefits, agents, services, or method of marketing, or compare unlike policies.
- The agent cannot make an impression to prospective insureds that any division or agency of the state or federal government endorses or accredits the insurance product.
- The agent cannot represent that the insurance product is an introductory, initial, or special offer or that the applicants will receive substantial advantages given only to a specified group of individuals, unless this is fact.
- The agent is prohibited from making any statement or implication to the effect that only a specific number of policies will be sold or that it will be sold for a limited time, unless this is fact.
- When the agent establishes contact with a person because of acquiring that person's name from a lead-generating device, the agent will disclose that fact in the initial contact with the person.
- The agent cannot use the existence of any state's Guaranty Association for inducing the purchase of insurance.

- The agent cannot knowingly lead applicants to believe they will receive something other than life insurance or annuities. The agent must always identify the product as “life insurance” or an “annuity.”
- The agent cannot identify himself/herself as an estate planner, financial planner, investment advisor, or financial consultant unless the agent is so designated by the appropriate licensing agency/organization.
- The agent cannot use senior-specific certifications or professional designations in contravention of state law or department of insurance prohibition.
- The agent cannot present policy cash values showing guaranteed and nonguaranteed elements unless these cash values are shown with equal prominence and are contained within the same policy presentation.
- The agent cannot compare life insurance policies or cash values to savings, savings accounts, stocks, bonds, or any other financial instrument or investment so that it may mislead a person as to the true nature of life insurance, surrender values, or other policy benefits.
- The agent cannot use terms such as “deposit,” “deposit premium,” “investment,” or similar misleading or confusing terms when referring to amounts that are in fact premiums for life insurance coverage.
- The agent cannot use life insurance indexes that are misleading in comparing life insurance policies.
- NWL® expects the agent, throughout the sales process, to focus on the customer’s insurable needs and financial objectives. NWL® also expects the agent to ensure that the product being sold is appropriate for that customer.
- The agent cannot knowingly misrepresent to claimants and insureds relevant facts or policy provisions relating to coverage at issue.
- The agent is prohibited from “bashing,” or the making of unfair or incomplete comparisons regarding other insurers and products.
- The agent is prohibited from making misleading, derogatory, false, or maliciously critical statements about the financial condition of another insurance company, which includes repeating market rumors or questioning a competitor’s solvency.

Earned Commission Payments

- Commissions and commission overrides are payable to an agent only if the agent is properly licensed in the state in which the application is written at the time the application is written.
- The Company reserves the right to defer payment of the commission payable on certain cases, pending the receipt of a Policy Delivery Receipt and the expiration of the “Right to Cancel” period in the policy or perhaps pending receipt of renewal premium.
- The Company will defer payment of the commission payable on cases where the agent is writing a policy on the agent’s life or the life of a family member of the agent until the Company is satisfied that any right to cancel period for such policy has expired and no request to cancel the policy has been made.

Advertising Approval Procedures & Guidelines

All advertising use of National Western Life’s name, products, or opportunities must be approved by NWL® in advance (even if using one of NWL®’s “pre-approved” ad ideas). Advertising means any communication that is intended to or likely to generate interest in the sale of any NWL® product or service, for either a public or agent audience. Advertising is a communication in any form, including anything printed or faxed, any electronic presentation, web site information, and all audio or video messages. All advertising must meet both state advertising regulations and NWL® advertising policies.

Advertising compliance is most important for avoiding terminable offenses and regulatory violations, as well as for maintaining good working relationships with carriers, producers, and regulators.

Below you will find general advertising guidelines for what is required on most advertisements.

All ads must contain the following information in the disclosure at the bottom of the advertisement:

- the product name
- the policy number
- “Issued by National Western Life Insurance Company”
- “Certain limitations and exclusions apply.”
- “See policy for details.”
- “Product not available in all states.”
- Florida requires each solicitation of coverage of a Florida resident be from and contain the name of the Florida licensed agent.

If the advertisement is an agent recruitment/training ad and/or shows a commission amount, the disclosure at the bottom of the ad must contain the following:

- “Producer commission levels are based on a General Agent (Level 3) Contract.”
- **“For Agent Use Only – This document has not been approved under the advertising laws of your state for dissemination to individual purchasers.”**

If the advertisement shows an interest rate or first year return, the disclosure at the bottom of the ad must contain the following:

- "Interest rates effective (date) and subject to change."
- Also, the guaranteed interest rates must be equally prominent in the body of the ad.

All ads must be clear as to purpose and be fair and honest as to content.

Please refer to the [NWL® Advertising Procedures](#) (DM-1303) for additional information.

Agency Bulletins and Company Updates

- Information on changes to Company policy, procedures, product information, and other items will be communicated by agency bulletins or electronic newsletters.
- Agency bulletins should be immediately reviewed and kept available for reference due to the significant nature of the information they contain.

Compliance Bulletins

- The Company will distribute to agents bulletins regarding changes in laws and regulations applicable to the sale of life insurance and annuities.
- It is essential that all agents pay close attention to the contents of these bulletins in order to ensure their compliance therewith and keep them on file for reference. Questions regarding the contents of compliance bulletins may be directed to the Marketing Department.

Replacement

- Agents must not replace life insurance policies and annuity contracts without first communicating to the customer the information needed to determine whether such replacement is appropriate.
- Agents must comply with all applicable state requirements regarding replacement of life insurance and annuities. Questions regarding these requirements may be directed to the Life or Annuity New Business Department.
- Agents are strictly prohibited from "twisting." Twisting means misrepresenting a policy or misstating the facts or giving an incomplete comparison of policies to induce the insured to give up a policy in one company for taking insurance with another company.
- Churning is the practice of inducing an insured or annuitant to purchase a new life insurance or annuity policy using values of an existing life insurance or annuity policy, including cash values, or dividend values done for the sole purpose of earning new first year commissions or other compensation that results in no benefit to the customer. NWL® strictly prohibits churning.

STOLI

STOLI (Stranger Owned/Originated Life Insurance), IOLI (Investor Owned/Originated Life Insurance), premium financing and insurance applied for with the intent of selling or transferring the policy to a life settlement company, viatical company, investor, or other third party, will not be accepted and should not be submitted.

Claims Practice

In order for NWL® to comply with the requirements of the **Unfair Claims Settlement Practices Act**, which all states have adopted in some form, agents are required to follow certain procedures so that we can process claims in an efficient, timely, and compliant manner.

Agents must adhere to the following procedures:

1. All claim questions, materials, and information given to an agent by the policyholder must be reported and/or submitted to the Policy Benefits Department promptly upon receipt of the information. NWL® records all notifications of claims to ensure that it complies with state regulatory requirements, which state generally that the Company must acknowledge a claim within 15 days of notification.
2. Agents must not commit NWL® to the payment of a claim by promising that a claimant will receive a certain benefit amount or coverage. Agents must refer the claimant to our office concerning these matters.
3. Agents cannot attempt to settle any claim instead of referring the claimant to our office.
4. Agents cannot advise the policyholder to submit false claims to the Company.
5. Agents cannot alter a claim form or other forms submitted with a claim.
6. It is the policyholder's (and/or the beneficiary's) responsibility to collect and submit all information requested by the Policy Benefits Department. This includes taking the Attending Physician's Statement form to the policyholder's physician, obtaining requested information, etc.
7. Claims questions should be directed to the Policy Benefits Department.
8. Agents must inform NWL® offices, with reasonable promptness, of pertinent communications with respect to claims arising under NWL®'s policies.

Complaint Handling Procedure

A complaint is defined as any oral or written communication representing dissatisfaction regarding any area of the insurance field.

Most states require that an agent's statement relating to each complaint be provided and that the insurers respond within a certain period, which may vary from 7 to 15 days. Therefore, when any NWL® department requests an agent's statement, it must be signed, dated, and returned promptly within the time requested. Failure to do so could result in the agent's termination for cause.

Anti-Money Laundering Compliance

All agents are required to follow National Western's policy and procedures with respect to compliance with all applicable U.S. anti-money laundering laws.

Privacy Compliance, Confidentiality, and Protection of Information

All agents are required to safeguard the privacy of NWL® policyholders. State-specific privacy notices are available on the NWL® website, and agents are required to be familiar with the notices applicable to their state(s) as well as any applicable procedures at all times.

Agents are required to protect our confidential and/or proprietary information, including consumer information, to the same extent and in at least the same manner as you protect your own confidential or proprietary information, but in no case to a lesser extent than reasonable care under the circumstances requires. Agents must not disclose, publish, release, transfer, or otherwise make available such confidential and/or proprietary information in any form to, or for the use or benefit of, any person or entity without our written consent.

Agents, and any agents under you, must not use or disclose any nonpublic personal information, including consumer information, obtained as a result of the relationship with us, except to carry out the purposes for which such information was disclosed. Such nonpublic personal information must be held in confidence to the same extent and in at least the same manner as you protect your own nonpublic personal information, but in no case in a lesser manner than a reasonable degree of care under the circumstances. Furthermore, you represent and warrant that you maintain policies and procedures designed to ensure the confidentiality and security of nonpublic personal information and that you and agents under you will abide by the provisions of the Gramm-Leach-Bliley Act and other applicable privacy laws and regulations.

All accounts, policyholder files, and records (including any names, addresses, and ages of policyholders or records of policy expiration or renewal date), application forms, rate books, software, and all other records in your possession pertaining to our business are trade secrets wholly owned by the Company and shall be returned to the Company upon demand.

Suitability

All applicants for annuities must complete the Annuity Suitability Questionnaire. In addition, agents are required to complete Annuity Product Specific Training (PST). Please consult compliance bulletins for details.

Continuing Education

All agents must complete continuing education course(s) applicable to the state of solicitation. This training, when applicable, must be completed prior to the issuance of any NWL product. Failure to complete continuing education course(s) applicable to the state of solicitation may result in loss of the agent's state license and therefore termination of the agent's appointment with NWL®.

Errors & Omissions (E&O) Coverage

All agents are required to maintain E&O coverage of at least 1 million dollars in order to maintain a good standing contract with NWL. NWL reserves the right to audit agents to ensure that coverage is active and complies with NWL's guidelines. You represent and warrant that you, as well as agents under you, will, at all times while under contract with us, maintain such errors and omissions coverage underwritten by an insurer satisfactory to the Company. Said errors and omissions coverage must extend coverage to all insurance and annuity transactions to both you and your agents, and must include coverage for claims for negligence, failure to supervise, suitability, misrepresentation, as well as all other claims provided by said policy of coverage. Additionally, you and your agents shall provide proof of such coverage to us upon request.

Electronic Communications

Agents consent to receive certain electronic communications, specifically those related to legal and/or company requirements.