



1. Replacement Form Completion Information

Your state has adopted the NAIC 2000 model for replacement regulation. The answer to the question, “Do you have existing life insurance or annuities?”, which is located on the application, is required with every new business application even if the applicant does not intend to replace a life insurance policy or annuity contract. One additional replacement form may be required, depending upon responses to questions on these forms.

Step One: Please answer the question, “**Do you have existing life insurance or annuities?**” (The question is located on the signature page for Annuity applications, and in the Insurance Information section for Life Insurance applications.)

- If the answer to this question is “No,” then no additional forms or actions are needed
- If the answer to this question is “Yes,” then please proceed to Step Two

Step Two: Complete, sign and date the enclosed “**Important Notice: Replacement of Life Insurance or Annuities**” (form APO-4860-1). Annuities Only: If the proposed life insurance or annuity contract is to replace existing life insurance or annuities, proceed to Step Three.

Step Three (Annuities only): Complete Transfer of Assets paperwork and submit, together with the Application and Important Notice, to Nationwide.

2. Nationwide Replacement Policy

We believe that replacement of an existing insurance or annuity policy must be appropriate for the customer and meet his or her needs or financial objectives. From a customer’s perspective, an appropriate replacement is also one that is justified from either an economic or personal standpoint. The provision features and benefits of both the current and proposed product should be considered in relation to the client’s needs, circumstances and goals. Some examples of the types of provisions that should be considered are: premium rate differences, differences in suicide and incontestability provisions for individual life insurance and pre-existing conditions, waiting periods, elimination periods, and probationary periods for health insurance policies. In addition, factors such as the age and health of the customer must be considered. Distributors are expected to provide all material information that the customer needs in order to ascertain whether replacement of an existing policy or contract is appropriate.

All replacements must be in compliance with applicable regulations and company rules. Many states require accurate written comparisons of existing and proposed contracts to be provided to the customer when proposing a replacement. Distributors are expected to know and comply with these requirements.