

## TRANSFER RULES FOR ADVISORS AND AGAS

The following are the Transfer Rules effective January 1, 2022, for Advisor and Associate General Agency ("AGA") transfers from one Managing General Agency or National Account ("Current MGA" or "Current National Account") to another Managing General Agency or National Account ("New MGA" or "New National Account") contracted with The Equitable Life Insurance Company of Canada.

Effective January 1, 2022, Equitable® will require the New MGA or New National Account to purchase the Advisor or AGA block of business from the Current MGA or Current National Account. Upon receipt of the Advisor or AGA application for contract from the New MGA or New National Account, Equitable will prepare and send a Transfer Agreement to each MGA or National Account to be signed separately by each MGA or National Account. When we receive the Transfer Agreements signed by each MGA or National Account or when Equitable initiates the transfer, Equitable will send a confirmation of the effective date of the transfer to each MGA or National Account.

- The block of business value estimate will be based upon five times the eligible Life Premium Service Fees and 0.0025 times Assets Under Management on Segregated Funds.
- Policy applications submitted under the Current MGA or Current National Account, which are pending receipt of additional information on the date the valuation is calculated, will not be included in the valuation. It is the responsibility of the MGA or National Account to agree on a purchase price for pending applications or to defer the transfer until pending applications are settled.
- The block of business value estimate based on the above valuation criteria will be provided to the Current MGA or Current National Account and the New MGA or New National Account within 5 business days of receipt of the Advisor or AGA application for contract from the New MGA or New National Account.
- The transfer will be effective on the date Equitable receives the signed Transfer Agreements or the date Equitable initiates the transfer, provided all transfer requirements have been satisfied. It is the responsibility of the MGAs or National Accounts to complete payment of the purchase price agreed to between the MGAs or National Accounts.
- All Advisors who are retiring from or leaving the insurance business should surrender their license to the applicable insurance council. Confirm with your E&O insurance provider that you will have ongoing "trail" coverage.

### Transfer Requirements

- Advisors or AGAs will be allowed to transfer from their Current MGA or Current National Account to a New MGA or New National Account **once** within a 12-month period.
- Equitable will not approve a transfer if there is any outstanding debt with the Current MGA or Current National Account or the transferring party, regardless of whether the debt is with Equitable or another carrier.
- All transfers are subject to the approval of Equitable.
- An administrative fee of \$200 will be charged to the New MGA or New National Account for the transfer.

## Compensation

- Policy applications submitted under the Current MGA or Current National Account and settled prior to the effective date of the transfer will be credited under the Current MGA or Current National Account. First Year Commissions and Overrides will be credited to the Current MGA or Current National Account based on the Current MGA's or Current National Account's Agreement with Equitable.
- Policy applications submitted under the Current MGA or Current National Account and settled on and after the effective date of the transfer will be credited under the New MGA or New National Account. First Year Commissions and Overrides will be credited to the New MGA or New National Account based on the New MGA's or New National Account's Agreement with Equitable.
- Policy applications submitted under the New MGA or New National Account after the effective date receipt of the transfer, will be credited under the New MGA or New National Account. First Year Commissions and Overrides will be credited to the New MGA or New National Account based on the New MGA's or New National Account's Agreement with Equitable. **Applications must clearly state the New MGA or New National Account.**
- On and after the effective date of the transfer, the New MGA or New National Account will be responsible and liable for all chargebacks and debts associated with the block of business. For certainty, this includes chargebacks on policies that were sold under the Current MGA or Current National Account.
- Policy applications submitted under the Current MGA or Current National Account, which are pending receipt of additional information that do not settle prior to the effective date of the transfer, will be transferred to the New MGA or New National Account after the effective date of the transfer.

## Block of Business Transfer Initiated by Equitable

If the Current MGA or Current National Account has not returned its signed Transfer Agreement to Equitable within 30 days following the date Equitable sends the Transfer Agreement to the Current MGA or Current National Account, and no valid reason is provided by the Current MGA or Current National Account to delay or cancel the transfer, Equitable will proceed with the block of business transfer to the New MGA or New National Account. On the effective date of transfer selected by Equitable, Equitable will debit the New MGA's or New National Account's Equitable account with the block of business value calculated at five times the eligible Life Premium Service Fees and 0.0025 times Assets Under Management on Segregated Funds and credit the Current MGA's or Current National Account's Equitable account with that value.

**PLEASE NOTE:** All valuations provided by Equitable are provided only as a guideline, and to illustrate an estimate of the projected service fees that could be earned on the block of business using the above valuation criteria. It is the responsibility of the selling and purchasing parties to determine and agree upon the actual purchase price to be paid for the block of business, and to verify and validate the block of business and its suitability. If additional service commission ("ASC") applies to the Current MGA or Current National Account block of business, it is the responsibility of the MGAs or National Accounts to determine if there is any value in it and the responsibility of the New MGA or New National Account to determine if it is eligible for ASC. If the New MGA or New National Account is not eligible for ASC, it will not receive the ASC.

Equitable reserves the right to amend these Transfer Rules.

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