

Code of Ethics and Standards of Practice of the Insurance Marketing Advisory Council

Effective July 2010

Where the word IMOs is used in this Code and Preamble, it shall be deemed to include IMOs, NMOs, FMO and General Agencies. While the Code of Ethics establishes obligations that may be different than those mandated by law, in any instance where the Code of Ethics and the law conflict, the obligations of the law must take precedence.

Preamble

IMOs should recognize that the interests of the insurance marketing industry and its representatives require the highest and most ethical distribution insurance products. They require the creation of reasonable business practices, the marketing of sound financial products, and the ethical distribution of insurance products. Such interests impose obligations beyond those of ordinary commerce. They impose grave social responsibility and a patriotic duty to which IMOs should dedicate themselves, and for which they should be diligent in preparing themselves. IMOs, therefore, are zealous to maintain and improve the standards of their calling and share with their fellow IMOs a common responsibility for its integrity and honor. In recognition and appreciation of their obligations to clients, agents, representatives, the public, the carriers, the media, and each other, IMOs continuously strive to become and remain informed on issues affecting the insurance industry and, as knowledgeable professionals, they willingly share the fruit of their experience and study with others. They identify and take steps, through enforcement of this Code of Ethics and by assisting appropriate regulatory bodies, to eliminate practices which may damage the public or which might discredit or bring dishonor to the insurance marketing profession. IMOs must have direct personal knowledge of conduct that may violate the Code of Ethics.

Realizing that cooperation with other marketing professionals promotes the best interests of those who utilize their services. The acronym IMO connote competency, fairness, and high integrity resulting from adherence to a lofty ideal of moral conduct in business relations. In the interpretation of this obligation, IMOs can take no safer guide than that which has been handed down through the centuries, embodied in the Golden Rule:

"Whatsoever ye would that others should do to you, do ye even so to them."

Accepting this standard as their own, IMOs pledge to observe its spirit in all of their activities whether conducted personally, through associates or others, or via technological means, and to conduct their business in accordance with the tenets set forth below.

Article 1

When representing a carrier or agent, advisor or broker, IMOs pledge themselves to protect and promote the interests of their representatives and their ultimate client, the consumer. This obligation to the client is primary, but it does not relieve IMOs of their obligation to treat all parties honestly.

The duties imposed by the Code of Ethics encompass all related activities. The duties the Code of Ethics imposes are applicable whether IMOs are acting as agents or in legally recognized non-agency capacities except that any duty imposed exclusively on agents by law or regulation shall not be imposed by this Code of Ethics on IMOs acting in non-agency capacities.

1. All Dealings

1.1 Engage in honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

1.2 Maintain effective procedures to prevent confidential information being misused and make it clear that the use of confidential information for personal and corporate gain will not be tolerated.

1.3 Advance the legitimate interests of the IMO community, having regard to our values and standards.

1.4 Comply with all applicable laws, rules and regulations in every state in which we operate.

1.5 Comply with anti-money laundering and counter-terrorist financing practice, law and legislation in all countries and territories in which we operate.

1.6 Forbid corruption and the paying or receipt of bribes.

2. Dealings with Customers

2.1 Treat customers fairly, openly and honestly.

2.2 Provide high standards of service.

2.3 Operate effective complaints processes to deal with situations where these standards are challenged.

2.4 Aim to provide and promote a range of products and services that meet customer needs and are readily understandable.

2.5 Maintain the confidentiality of customer information, save where the law requires or permits disclosure, or the customer has given prior written consent.

3. Dealings with Employees

3.1 Maintain a working environment that provides appropriate remuneration.

3.2 Maintain a working environment that provides training and opportunities for personal development.

3.3 Be intolerant of discrimination, harassment or victimization. Recognize diversity in recruitment and dealings with employees. Create a favorable employee relations environment in which the involvement of all employees is encouraged.

3.4 Support employees who become aware of and are willing to report business malpractice and have in place procedures to enable people who have a substantial reason to believe that malpractice is occurring, has occurred or is likely to occur within the business to raise issues internally without fear or recrimination.

3.5 Provide a clean, healthy and safe work environment, stressing the obligation on all employees to take every reasonable precaution to avoid injury to colleagues and members of the public.

3.6 Prohibit the illegal use of drugs on our premises and encourage any member of the staff with an alcohol or drug dependency to seek help.

3.7 Prohibit the use of forced or child labor.

4. Dealings with Insurers

4.1 Maintain the highest possible standards of integrity in business relationships with insurers.

4.2 Encourage the use of those insurers who operate with values and standards equivalent to ours.

4.3 Work together with insurers to improve all aspects of performance.

5. Dealings with communities

5.1 Contribute to the social and economic well being of those communities where we are an employer.

5.2 Encourage employees to participate in projects and initiatives to strengthen those communities.

5.3 Work to minimize adverse environmental impact of our business operations and to achieve group environmental policy targets.

5.4 Ensure that we conduct our activities, so far as possible, in a manner sensitive to the cultural and social traditions of communities with which we come into contact.

6. Dealing with Competitors

6.1 Conduct business in accordance with our Code of Conduct and compete vigorously but honestly.

6.2 Avoid disclosing proprietary or confidential information in any contact with competitors.

7. Dealing with governments and regulators

7.1 Maintain a constructive and open relationship with governments and regulators to foster mutual trust, respect and understanding.

9. Compliance with this Code of Conduct

9.1 Businesses will explain to employees our values, the standards required under this Code and any associated responsibilities.

9.2 Businesses must be able to demonstrate that procedures are in place to ensure compliance with all requirements under this Code and periodic audit will be undertaken by internal audit.

9.3 Failure to comply with this Code may lead to the termination of NAFA membership and, where breaches of the law take place, may lead to criminal proceedings against the individual or individuals concerned

Explanatory Notes

The Code of Ethics was adopted in 2010 by membership vote at the 2010 Annual Convention.

The reader should be aware of the following by-laws and policies which have been approved by the Board of Directors of the National Association of Fixed Annuities.

Approved 1.28.03

Revised 3.01.03

Bylaws of the National Association for Fixed Annuities

A Nonprofit Corporation

Article I - Purposes

1. Name. The National Association for Fixed Annuities is a nonprofit, nonstock corporation incorporated in the State of Virginia.

2. Purposes. The purposes of the Association are to:
 - a) Provide a forum for the exchange of information among all persons having an interest in traditional fixed annuities and indexed products;

 - b) Promote the flow of accurate and reliable information regarding the design and use of fixed annuity products, and to help develop and maintain clear standards distinguishing registered and non-registered products;

 - c) Promote a favorable environment for the healthy, long term growth of the market for traditional fixed, and indexed annuities and insurance products, in a competitive and consumer-oriented environment;

 - d) Provide opportunities for education, advancement, and improvement of all aspects of the fixed annuities industry through meetings, seminars, communications, publications, and other programs and activities;

 - e) Articulate and communicate the needs and interests of the traditional fixed annuities and indexed insurance industry to its membership and other interested audiences, in such manner and frequency as determined by its Board of Directors, from time to time;

 - f) Cooperate on behalf of the traditional fixed annuities and indexed insurance industry with suppliers, distributors, dealers, insurers, and customers directly and through their associations in matters involving the business and governmental affairs of the industry;

 - g) Promote adherence to high standards of market conduct; and

h) Conduct any other lawful activities related or unrelated to traditional fixed annuities and indexed insurance products.

3. Restrictions. All policies and activities of the Association shall be consistent with:

- a) applicable federal, state, and local antitrust, trade regulation, or other legal requirements; and
- b) applicable tax exemption requirements, including the requirements that the Association not be organized for profit and that no part of its net earnings inure to the benefit of any private individual.

Article II - Offices

- 1. Location. The principal office of the Corporation is located in the state of Virginia.
- 2. Other Offices. The corporation may also have offices located outside of the state of Virginia, in such number and locations as determined by the Board of Directors from time to time.

Article III - Members

- 1. Membership Qualifications. Membership in the Association is available to persons or firms involved in, or associated with, the traditional fixed annuities and indexed insurance or annuity business. Membership is not transferable.
- 2. Regular Membership. Regular voting membership in the Association is limited to persons or firms engaged in, or having interest in the traditional fixed annuities and indexed insurance business, and who pay regular dues. Regular members may serve as directors and hold office.
- 3. Non-Voting Membership. The following membership classes have no vote nor are they eligible to serve as directors or hold office in the Association:
 - a) Associate Membership. Associate membership is available to individuals who are licensed to

sell traditional fixed annuities and indexed products to consumers and whose primary income is obtained through the use of such licensing. Dues and other terms of associate membership are specified by the Board of Directors.

- b. **Affiliate Membership.** Affiliate membership is available to individuals including educators and government officials having a special interest in the traditional fixed annuities and indexed insurance industry. Dues and other terms of affiliate membership are specified by the Board of Directors.
 - c. **Life and Honorary Membership.** Life and honorary membership is conferred upon individuals or firms according to terms specified by the Board of Directors. No dues are paid by the life or honorary members.
4. **Applications for Membership.** All applicants for membership must complete and sign the application form provided by the Association and submit the application to the principal office of the Association.
 5. **Admission of Members.** Admission to membership is by majority vote of the Board of Directors based upon a determination that an applicant has met the Association's criteria for membership.
 6. **Resignation.** Any member may resign by filing a written resignation with the Board of Directors; however, resignation does not relieve a member from liability for dues accrued and unpaid as of the date of resignation.
 7. **Expulsion.** Any member may be expelled for adequate reason by a two-thirds vote of the Board of Directors. Failure to pay dues or to meet the criteria for membership is presumed to be adequate reason for expulsion and does not require advance notice to the member and deliberation by the Board. Any member proposed for expulsion for any other reason shall be given advance written notice, at least two weeks prior to the Board meeting at which the expulsion will be considered, including the reason for the proposed expulsion, and the opportunity to contest the proposed expulsion in writing or in person before the Board of Directors. Final written notice of the Board's decision will be provided within two weeks following the meeting.

Article IV - Dues

1. **Dues.** Dues are as established by the Board of Directors.
2. **Delinquency.** Any member of the Association who is delinquent in dues for a period of ninety (90) days shall be notified of the delinquency and suspended from membership. If dues are not paid

within the succeeding thirty (30) days, the delinquent member forfeits all rights and privileges of membership and shall be expelled.

3. Refunds. No dues will be refunded.

Article V - Board of Directors

1. Directors. The governing body of the Association is the Board of Directors, which has authority and is responsible for the supervision, control, and direction of the Association. The Board of Directors may establish policies, procedures, and programs of the Association consistent with these Bylaws.
2. The Board of Directors shall consist of not less than six and not more than fourteen (14) persons elected by and from the regular membership. The exact number of directors will be determined by the Board of Directors from time to time.
3. Election and Term of Office. At each annual meeting of the Association an election shall be held to choose new members of the Board of Directors. Directors shall serve staggered terms of three years or such other terms as determined by the Board of Directors to fit special circumstances.
4. Vacancies. If a vacancy occurs on the Board for any reason, the Board shall appoint a successor to fill the position for the unexpired portion of the term.
5. Meetings. The Board of Directors shall meet at least annually at whatever time and place it selects. The presence of a majority of directors constitutes a quorum. Where a quorum is present, a majority of directors is necessary to make a decision, except where some other number is required by law or by these Bylaws. Proxy voting is not permitted. Mail voting is permitted.
6. Removal. A director may be removed by a two-thirds vote of the regular membership. A director may be removed only at a meeting called for the purpose of removing him. The meeting notice shall state that the purpose or one of the purposes of the meeting is removal of the director.
7. Compensation. Directors do not receive compensation for their services on the Board.

Article VI - Officers

1. Officers. The officers of the Association are a Chairman, a Vice Chairman, a Treasurer, a Secretary,

and an Executive Director.

2. **Qualifications.** Officers, except for the Executive Director, must be regular members of the Association who are currently serving as directors. No person may hold more than one office at the same time. Officers may serve consecutive terms.
3. **Election and Term of Office.** Officers, except for the Executive Director, are elected by written ballot of the Board of Directors each year before the annual meeting of the Association's regular membership. Officers, except for the Executive Director, serve from the conclusion of the Annual Meeting following their induction until the conclusion of the next Annual Meeting. The Executive Director shall be appointed and may be terminated by the Executive Committee in its discretion.
4. **Duties.** The officers perform those duties that are usual to their positions and that are assigned to them by the Board of Directors. In addition, the Chairman of the Association acts as Chairman of the Board of Directors; the Vice Chairman acts in place of the Chairman when the Chairman is not available; the Treasurer is the financial officer of the Association; the Secretary keeps a record of all the official proceedings of the Association and its Board of Directors, including all reports of committees; and the Executive Director is the Association's chief staff administrative officer.
5. **Succession of Office.** In the event of the absence, disability, resignation, or death of the Chairman, the Vice Chairman, the Treasurer, or the Secretary, in that order, shall act as Chairman of the Association.
6. **Vacancies.** If a vacancy occurs among the officers, other than the Chairman or the Executive Director, for any reason, the Board shall appoint a current director to fill the position for the unexpired portion of the term.
7. **Removal.** An officer may be removed by a two-thirds vote of the Board of Directors.
8. **Compensation.** Officers shall not receive compensation for their services on the Board.

Article VII - Meetings of the Membership

1. **Annual Membership Meeting.** The Association shall hold an annual meeting of the regular membership at such place and on such date as the Board of Directors determines.
2. **Special Meetings.** Special meetings of the Association's regular membership may be called by the Board of Directors at any time.

3. Notice. The Board of Directors shall give members written notice of the date time and place of each annual and special member's meeting. Such notice shall be given either personally or by mail, no less than ten nor more than 60 days before the date of the meeting except that notice of a members' meeting to act on an amendment of the articles of incorporation, a plan of merger, a proposed sale of assets pursuant to section 13.1-900 of the Code of Virginia, or the dissolution of the corporation shall be given not less than twenty-five nor more than sixty days before the meeting.
4. Voting. A quorum for the transaction of any item of business at any meeting shall consist of twenty (20) percent of the regular membership, present in person or present by proxy, unless otherwise provided by the Certificate of Incorporation or these Bylaws. A majority of regular members where a quorum is present is necessary to make a decision except where some other number is required by law or by these Bylaws. If a quorum is not present, a majority of those members present who are entitled to vote may adjourn the meeting from time to time without notice.
5. Date of Record. For the purpose of determining the members entitled to notice of or to vote at any meeting of members or any adjournment thereof, the Board of Directors may fix, in advance, a date as the record date for any such determination of members. Such record date shall not be more than sixty days before the date of such meeting. If no record date is fixed, the record date for the determination of members entitled to vote at a meeting of members shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held.

Article VIII - Committees

1. Committees. The Executive Committee shall consist of the Chairman, Vice Chairman, Treasurer, and Secretary of the Association. It may act in the place of the Board of Directors when authority is designated by the Board or in emergency matters, where Executive Committee action is temporary and subject to subsequent approval by the Board at its next meeting. The Chairman shall appoint such other committees as are necessary. The Executive Director shall be an ex-officio member of all committees.

Article IX - Property and Finances

1. Operating Funds. All operating funds of the corporation shall be deposited or invested in the name of the corporation as directed by the Board of Directors. All corporation funds received by any member, director, officer, employee, or agent of the corporation in connection with any activity of the corporation shall be held in trust for, and immediately delivered to, the corporation through its

Treasurer or his designee.

2. Execution of Contracts. The Board of Directors may authorize any officer(s) or agent(s) of the corporation to enter into any contract or execute or deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.
3. Signing of Financial Instruments. All checks, drafts, or orders for payment of money, notes, or other evidence of indebtedness issued in the name of the corporation, shall be signed by such officer(s) or agent(s) of the corporation and in such manner as the Board of Directors may designate from time to time.
4. Auditors. Auditors shall be appointed or terminated by the Executive Committee.

Article X - General Provisions

1. Fiscal Year. The fiscal year of the corporation shall be the calendar year unless otherwise fixed by the Board of Directors.
2. General Counsel. A General Counsel may be appointed or terminated by the Executive Committee.
3. Amendment. Amendments to these Bylaws may be made without prior notice at an annual membership meeting of the Association where a quorum is present, by a two-thirds vote. Emergency amendments may be made at any time by a two-thirds vote of the Board of Directors, but emergency amendments are temporary and subject to subsequent approval by a two-thirds vote at the next meeting of the Association's regular membership.

Anti-trust Policy and Caution

As participants in a trade association activity, each person attending this function must be mindful of the constraints imposed by federal and state anti-trust laws. The people at NAFA's meetings represent companies that are in direct competition with one another. NAFA's purpose is to provide a forum for the free exchange of ideas on the designated topics of our meetings. It is not the purpose of these meetings to reach any agreement that could have anti-competitive effects. Individuals must keep in mind that a violation of the anti-trust laws may subject them to substantial fines—or worse. You can avoid problems by following simple guidelines:

- Stick to the published agenda—informal rump sessions should not be held.
- Be cautious about discussions involving pricing, premiums, benefits to be offered or terminated, and who should or should not be covered. The Justice Department views people's positions with concern and suspicion. Never take a poll of the people's positions or make a collective agreement on these issues.
- Always retain your right to make an independent judgment on behalf of your company.

NAFA is dedicated to the purpose of assisting all of its members to achieve their competitive potential.

