



1455 West Lake Street
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COMMISSION ON INTERNAL REPLACEMENTS

A. Replacing an existing Sons of Norway annuity certificate (including partial withdrawal of value):

1. With a Sons of Norway annuity:

No commissions will be paid.

2. With a Sons of Norway life insurance certificate (all life insurance plans):

- a. If the annuity is still within its surrender period, annuity funds applied to a new life insurance certificate will receive full production credits and full first year commissions less the original commissions paid on the annuity funds being distributed.
- b. If the annuity is no longer within its surrender period, commissions paid on funds that are being distributed will NOT be reversed. The funds will receive first year commissions and full production credits when applied to the new life insurance certificate.

NOTE: No commissions will be paid on any settlement options made on any Sons of Norway product.

B. Replacing an existing Sons of Norway term certificate:

1. With a Sons of Norway annuity:

No commissions will be paid.

2. With a Sons of Norway term certificate:

Initial Level Term Period

- a. If the premium on the new term plan is less than or equal to the premium on the old term plan, no first year commissions will be paid (renewal commissions will be paid on all premiums received).
- b. If the premium on the new term plan is greater than the premium on the old term plan, full first year commissions and production credits will be paid on the difference between the premium amounts (renewal commissions on the remainder).

After Level Term Period

- c. If the new term certificate is a “Re-Entry” from the old term certificate (the old term plan is past the initial level term period), full first year commissions and production credits will be paid. For any ART certificate the level period is the first ten years from issue.

NOTE: Changing the underwriting class of a term certificate (example tobacco to non-tobacco) requires the issue of a new certificate. This applies to any change in an in force term certificate that requires additional underwriting information. This will require a new application, complete underwriting and if/when issued, a new certificate with a new number. The new certificate will be issued at the insured’s then current age and will also be for the full term of the new plan applied for.

3. With a Sons of Norway permanent life insurance certificate:

In general, a guaranteed conversion option is available for the first twenty years of the term certificate or to an attained age of 70, whichever takes place first, for up to the full face amount of the term certificate. Since details vary by plan, check for specific details before doing a term conversion. The new permanent plan is then considered a new certificate for purposes of calculating commissions.

Conversion Credit: The insured will earn a conversion credit if the term certificate is converted within five years of the date of issue (except in New Jersey). This credit is equal to a percentage of the premium paid in the first year. The conversion credit will be used to decrease the first year target premium of the new permanent life insurance certificate, and no commissions are earned on the amount of the conversion credit. If less than the full face amount of the term certificate is converted, the credit is reduced proportionately.

C. Replacing an existing Sons of Norway permanent life insurance certificate:

NOTE: a. Rules are different for “ailing” UL certificates.

- b. For non-UL life insurance certificates target premium is the first year annual premium

1. With a Sons of Norway annuity:

No commissions will be paid.

2. With a Sons of Norway term certificate:

No first year commissions will be paid (renewal commissions will be paid on all premiums received).

3. **With a Sons of Norway permanent life insurance certificate including increasing the death benefit of an existing UL certificate (except for single premium whole life):**
 - a. Full first year commissions will be paid for the increase in target premium on new premium received in the first year of the new certificate.
 - b. Full production credits will be received for the increase in target premium.
 - c. No commission will be paid on amounts transferred from the replaced Sons of Norway certificate or any other Sons of Norway permanent insurance certificates.

4. **Replacing a Sons of Norway “ailing” UL certificate with a new Sons of Norway life insurance certificate:**

Sons of Norway will make the determination as to whether or not an in-force UL certificate is an “ailing” UL. When an in-force UL is determined to be an “ailing” UL, Sons of Norway will send a notification letter to the certificate owner and copy the Financial Benefits Counselor.

 - a. If the new plan is a permanent plan of insurance, full first year commission will be paid on target premium of the new certificate. All cash value in the “ailing” UL will be rolled into the new UL and any applicable surrender charges on the old certificate will be waived.
 - b. If the new plan is a term plan, no first year commission will be paid (renewal commissions will be paid on premiums for the term certificate).
 - c. No Commission will be paid when the cash surrender value of an “ailing” UL is put into an annuity.

5. **Replacing a Sons of Norway permanent life insurance certificate with a Single Premium Whole Life Certificate.**

To determine the increase in premium that commissions will be paid on the new SPWL certificate, the target premium of the old certificate is multiplied by 10 and subtracted from the SPWL premium. Example:

SPWL premium: \$20,000 Target old certificate: \$ 500
Maximum premium SPWL Commission paid on 20,000 – (10 x 500) = \$15,000

Commissions will be paid on all new premium received up to this increase in premium. No commission will be paid on money transferred from a current Sons of Norway life insurance certificate. New premium received in excess of the increase calculated above will not receive commissions.

SURRENDER CHARGES ON INTERNAL REPLACEMENTS

A. Moving money from a Sons of Norway annuity to a Sons of Norway life insurance certificate:

1. If the annuity has an older effective date than the life insurance certificate, surrender charges on the annuity money will be waived.
2. If the annuity has a newer effective date than the life insurance certificate, surrender charges on the annuity money will not be waived.

B. Moving money from an old Sons of Norway UL certificate into a newer Sons of Norway UL certificate:

1. If the old UL certificate has a larger face amount than the newer UL certificate, only a proportion of the surrender charges will be waived. The amount of the surrender charge waived is the ratio of the face amount of the new certificate divided by the face amount of the old certificate. The remaining amount will be charged. For example if the old certificate had a face amount of \$100,000 and the new certificate \$75,000 only 75% ($75,000/100,000$) of the surrender charge will be waived.
2. If the new UL certificate has a face amount that is equal to or greater than the old UL certificate, surrender charges would be waived on all the funds that are being moved.

C. Moving money from an old Sons of Norway UL into any new non-UL Sons of Norway product:

1. Single Premium Whole Life
Surrender charges will be waived.
2. All other products (including annuities)
Surrender Charges will not be waived

PRODUCTION CREDITS (PCs) ON INTERNAL REPLACEMENTS

Note: Production Credits are earned when the new certificate is issued, new money is not required.

A. Replacing an existing Sons of Norway annuity certificate (including partial withdrawal of value):

1. With a Sons of Norway annuity:

No production credits.

2. With a Sons of Norway life insurance certificate (all life insurance plans):

- a. If the annuity is still within its surrender period, full production credits will be earned on the new life insurance certificate.
- b. If the annuity is no longer within its surrender period, production credits on funds that are being distributed will NOT be reversed.

NOTE: No production credits will be earned on any settlement options made on any Sons of Norway product.

B. Replacing an existing Sons of Norway term certificate:

1. With a Sons of Norway annuity:

No production credits.

2. With a Sons of Norway term certificate:

- a. If the premium on the new term plan is less than or equal to the premium on the old term plan, no production credits will be earned.
- b. If the premium on the new term plan is greater than the premium on the old term plan, production credits will be paid on the difference between the premium amounts.
- c. If the new term certificate is a "Re-Entry" from the old term certificate (the old term plan is at the end of its initial level term period), full first year production credits will be earned.

3. With a Sons of Norway permanent life insurance certificate:

In general, a guaranteed conversion option is available for the first twenty years of the term certificate or to an attained age of 70, whichever takes place first, for up to the full face amount of the term certificate. Since details vary by plan, check for specific details before doing a term conversion. The new permanent plan is then considered a new certificate for purposes of calculating production credits.

If the new permanent life insurance certificate has an issue date within thirteen months of the term certificate, the conversion credits on the term certificate will be reversed.

Conversion Credit: The insured will earn a conversion credit if the term certificate is converted within five years of the date of issue (except in New Jersey). This credit is equal to a percentage of the premium paid in the first year. The conversion credit will be used to decrease the first year target premium of the new permanent life insurance certificate. There is no adjustment of production credits for any conversion credits.

C. Replacing an existing Sons of Norway permanent life insurance certificate:

NOTE: a. Rules are different for “ailing” UL certificates.

b. For non-UL life insurance certificates target premium is the first year annual premium

1. With a Sons of Norway annuity:

No production credits will be earned.

2. With a Sons of Norway term certificate:

No production credits will be earned.

3. With a Sons of Norway permanent life insurance certificate including increasing the death benefit of an existing UL certificate (except for single premium whole life):

Production credits will be earned for the increase in target premium.

4. Replacing a Sons of Norway “ailing” UL certificate with a new Sons of Norway life insurance certificate:

Sons of Norway will make the determination as to whether or not an in-force UL certificate is an “ailing” UL. When an in-force UL is determined to be an “ailing” UL, Sons of Norway will send a notification letter to the certificate owner and copy the Financial Benefits Counselor.

a. If the new plan is a permanent plan of insurance, full production credits will be earned on the new certificate.

b. If the new plan is a term plan, no production credits will be earned.

5. Replacing a Sons of Norway permanent life insurance certificate with a Single Premium Whole Life Certificate.

Production credits will be earned on the increase in production credits on the new single life premium certificate over the production credits of the old certificate.