



FARMERS LIFE INSURANCE COMPANY

Suitability Triggers

Trigger #	Type	Trigger	Degree	Processor Response
1	Incomplete Form	Suitability form not included, not complete, not signed, etc.	Yellow	Obtain completed and signed form. Any change to an incomplete form must be initialed by the applicant.
2	Inappropriate Product	If (age + surrender charge period) > age 90.	Yellow	Unless the applicant confirms that the annuity is for transfer to heirs, they must provide additional information regarding suitability in section 6.
3	Financials	Max Annuity purchase remaining liquidity Annuity Premium/ (Annuity Premium + Remaining Liquidity) Liquid Assets < \$100k <ul style="list-style-type: none">Under age 70 – 30%Age 70+ – 25% \$100k < Liquid Assets < \$250k <ul style="list-style-type: none">Under age 70 – 40%Age 70+ – 35% Liquid Assets > \$250k <ul style="list-style-type: none">Under age 70 – 50%Age 70+ – 45%	Red	Reject. Triggered if expected expenses are too close to expected income in the event that the applicant needs to fall back on liquid assets.
4	Financials	If any answer on Section 3 is explained.	Yellow	Flagged to make sure that answers are suitable.
5	Financials	Premium > Liquid Assets	Red	Reject.
6	Financials	Source of funds is a loan or reverse mortgage.	Red	Reject.
7	Financials	May need annuity funds during the surrender charge period.	Yellow	Flag. Ask what % of Annuity may be needed. Reject if the amount is greater than interest withdrawals. Or if it's a qualified plan, reject if the amount is greater than Required Minimum Distribution (RMD).
8	Understand the Annuity	If select "Safety of Principal" Section 4.	Yellow	Provide a copy of the suitability section that discusses surrender charges.
9	Understand the Annuity	If source of funds is another annuity and that annuity's surrender charge > 2%.	Yellow	Confirm that the applicant understands the > 2% surrender charge applicable to the replaced annuity. Email agent asking them if they know whether or not the client understands that the client will incur a surrender charge.
10	Understand the Annuity	If a replacement and there is no reasonable explanation of how the new annuity better meets applicant needs than the current annuity.	Red	Section 5 of Suitability asks about surrender charge. Make sure that section 6 states why this annuity better suits the client. If can't explain, then reject.