Farmers Life Insurance Company

Suitability Triggers

Trigger #	Type	Trigger	Degree	Processor Response
1	Incomplete Form	If suitability form is 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	The applicant must select one or more options in section 4.
3	Financials	If annuity purchase is greater than 70% of net worth (total assets – total liabilities)	Red	Reject.
4	Financials	If any answer on Section 3 is explained.	Yellow	Flagged to make sure that answers are suitable.
5	Financials	If total liquid assets are equal to or less than $25,000	Red	Reject.
6	Financials	If source of funds is a loan or reverse mortgage.	Red	Reject.
7	Financials	If applicant 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 > 3%.	Yellow	Confirm that the applicant understands the > 3% 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.

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