

Policy on Selling Across State Lines

Many agents sell in more than one state. Most states govern sales to residents including any part of the solicitation and delivery. *In order to do business in a particular state, you must have a resident or non-resident license and be appointed with the Company to do business in that state.* The governing factor is the state of solicitation. In other words, in most cases what soil the client is standing on when he or she signs the application will govern the details of the sale. Details of the sale include which application to use, which replacement form, which disclosure, which product is available and where delivery must occur.

As long as the correct forms are used, the agent is appointed in a particular state and the product is approved in the state, the application will meet this review. ***An exception is when the agent and client live in the same state and cross state lines to write business.*** For example, as outlined in situation 5 on the chart below, if the agent and client are from Iowa (A), and travel to Nebraska (B) to write an annuity, the application will not be accepted.

Situation	Client Residence	Agent Residence	State of Solicitation	Product approved in State	Acceptable
1	A	A	A	A	Yes
2	A	B	A	A	Yes
3*	A	B	B	A & B	Yes
4*	A	B	C	A & C	Yes
5	A	A	B	N/A	No

*In situations 3 & 4 EquiTrust Life® requires a written explanation from the agent and client as to why they are in an alternate state to write business.

Note: Situation 1 is not really an example of a cross-state sale, but is provided as an example of the “usual” situation.

Other state specific exceptions may exist. For example, when the client is a resident of the state of New York; we will not accept the business. The state of New York has very rigid rules in relation to insurance/annuity sales and they have strict rules about agents taking their residents to another state to avert their rules and regulations. These rules are designed to curtail situations where state lines are crossed only to obtain a product not available in NY, not to stop business when the client has legitimate residences in multiple states, and therefore would be likely to obtain insurance/annuities in any of those states.

Other examples include:

- Massachusetts where, by state requirement, no resident of the Commonwealth may sign an annuity application outside of that state; and
- Texas, where by current Company practice, no Texas resident may purchase a product outside of that state unless the same product has been approved for sale in the state of Texas.
- Utah, where no Utah resident may purchase a product outside of that state unless the product has been approved for sale in the state of Utah.

In situations where the client has residences in multiple states and the sale is solicited in the state where the client votes and the client has a valid driver’s license issued by that state, the product is approved in the state, and the agent is licensed to do business in the state an exception may be considered, other than in regards to annuity products in Massachusetts. **In all situations it is important to understand that delivery must occur in the state in which it was sold.**