

The “A, B,C’s” of the Large Case Review

- A) To initiate a review from Compliance, we need both the completed large case questionnaire and years’ worth of financial statements. You want to make sure the following below are provided on the questionnaire to forward the case over to Compliance:
- **Client Info:** Name, DOB, SSN
 - Premium Amount
- B) Once forwarded to Compliance there is a 24-48-hour turnaround time.
- If additional information is requested by Compliance this will prolong the review process. The sooner the requested information is provided the sooner Compliance can finalize their review.
 - Once the case is approved by Compliance, an approval notification is forwarded to all parties. If additional reviews are needed, Compliance’s approval is withheld until the all the other reviews are completed.
- C) Cases with a premium or aggregate premium (within the same product line) over the \$3M threshold requires additional information for additional reviews.
- **FYC Request (Depending on the Product requirements below varies) – Phase 1**
 - Firm:
 - Exact Name of Product:
 - Guarantee Period:
 - Payout Option
 - Copy of illustration
 - Fund Allocation:
 - Any Riders purchased:
 - SOF:
 - Premium:
 - Commission Option:

If you already know the premium/aggregate premium is over \$3M, be proactive and include the information listed above. This eliminates the 1-2 business days that it normally takes for me to send and receive this information from you.

- **Pricing Review for Capacity - Phase 2**
To get the Value of New Business (VNB), which is our best estimate of the present value of those future earnings. +VNB = Profitable sales
- **Product Management Review - Reduction in Commission– Final Phase**
Why?
To Manage our risk exposure on the measured life while also remaining flexible as possible to accept higher premium amounts. If we didn’t have this flexibility to reduce compensation, NYL would be uncomfortable with the risk profile and be unable to accept premiums above the \$3M threshold in most cases.

The turnaround time when working with different area varies. We work diligently with each area to get each phase completed so that the case can reach the final phase with Product Management.

- D) Final Approval for Pricing and Compliance forwarded to all parties.

FAQ

1. Client purchased a GLI 2 months ago for \$500,000. She now wants to make another purchase into a GFI for \$600,000 using the same source of funds. Is a large case questionnaire required? **Yes, since the annuities were purchases within 2 months of each other and the source of funds are the same, a large case questionnaire is needed. The transactions are viewed as separate transactions if purchased within 3 months of each other.**
2. Is a large case questionnaire needed for an internal replacement? **Yes, if the premium is over \$1M, a completed large case questionnaire is needed. If a large case questionnaire is already on file, an exception can be requested to bypass. The policy number in which the funds are coming from are needed.**
3. What are the different product lines for Pricing purposes? **Variable Annuities (includes IF premium allowed into the VA sleeve), Fixed Deferred Annuities (includes GPIA and IF premium allocated into the Indexed Sleeve), and Guaranteed Income Annuities (includes CIA).**

Example 1

A new client has \$9M to invest and is interested in allocating the \$9M across multiple NYL annuities. The client invests \$3M each into a Guaranteed Lifetime Income annuity, a Secure Term Choice FDA and Premier II VA. Is there a compensation reduction applied to the FYC?

Since the client has not crossed the \$3M threshold in each of the three product lines, full compensation is paid on each annuity sale.

Example 2

A new client has \$9M to invest and is interested in allocating the \$9M across a Premier II VA and Guaranteed Lifetime Income annuity. The client invests \$5M into Premier II VA and \$4M into a Guaranteed Lifetime Income annuity. Since the client has crossed the \$3M threshold in both the Variable Annuity product line and the Guaranteed Income Annuities product line, compensation will be reduced on both sales?

Full VA compensation will be paid on the first \$3M. The additional \$2M will receive a reduced compensation rate.

Full GLI compensation will be paid on the first \$3M. The additional \$1M will receive a reduced compensation rate.

Example 3:

An existing client has \$4M of additional money to invest and is interested in purchasing a \$4M IndexFlex policy (\$3M into S&P 500 Flat Rate and \$1M into the variable sleeve)

The client already has Inforce policies within the FDA product line with \$1M of aggregate premium and Inforce policies within the VA product line with \$2M of aggregate premium.

The new aggregate premium within the FDA product line will increase to \$4M:

- o \$1M invested in existing FDA policies + \$3M invested in the S&P 500 Flat Rate of IndexFlex

Since the aggregate premium within the FDA platform is over \$3M, compensation reduction will apply on the portion in excess of \$3M. In this example, compensation reduction will apply to \$1M

The new aggregate premium within the VA platform will increase to \$3M:

- o \$2M invested in existing VA policies + \$1M invested in the variable sleeve of IndexFlex

Since the aggregate premium within the VA product line does not exceed the \$3M threshold, full compensation is paid on the additional \$1M invested in the variable sleeve within IndexFlex