



# The Lincoln Leader

Life Insurance

## Coming Soon – *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011)

Effective March 28, 2011, Lincoln will introduce the newest survivorship product in its universal life insurance portfolio: *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011).

*Lincoln LifeGuarantee*<sup>®</sup> SUL (2011) is an update to *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009). The new product provides the same type of affordable, flexible and guaranteed protection on the lives of two insureds as the prior product with a focus on lifetime guarantees.

### Key changes

#### Highlights of what has changed with the new product:

- The **Coverage Protection Guarantee** provides the same secondary guarantee protection, but now has two funding options: Lifetime Option and Flex Option.

The **Lifetime Option** is designed to be most efficient for levelized premiums paid until the younger insured reaches age 100, with guarantees for life. The option is less expensive overall than the Flex Option. The Lifetime Option is an appropriate option if the client's main concern is to buy the most amount of guaranteed death benefit for the premium.

The **Flex Option** provides lower charges than the Lifetime Option in the initial years but the charges in the later years will be higher and will continue out to the younger insured's age 121. Choosing this option allows the client to have a lower initial outlay than would be available with the Lifetime Option. The Flex Option is an appropriate option if the client is looking for the best internal rate of return on the death benefit during the initial years or, if due to funding strategies, only has a certain amount of upfront dollars to provide to the policy but feels they will have more purchasing power in the future.

Information compiled by Product and Distribution Support

### Headlines

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***The choice of funding options must be made before policy issue and cannot be changed later.***

*Lincoln DesignIt*<sup>SM</sup>, versions 12.0 and later, includes the ***Flex versus Lifetime Premium Comparison Report***. This report compares the total premiums required (adjusted by an optional discount rate) to guarantee a contract with and without the *Flex Option*. This powerful report includes the insureds' joint life expectancy and visually identifies the point in time where cumulative premiums of one design exceed the other. A *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011) *Frequently Asked Questions* document will be available at launch containing complete details on how to run this valuable report.

- Due to sustained low interest rates and the impact on single pay business, Lincoln has had to eliminate compensation on excess premium over target in the first year.
- Like the other previously updated *Lincoln LifeGuarantee*<sup>®</sup> UL products, *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011) will include *only guaranteed values* and will not contain any current values. This will be reflected in the policy projections provided by the *Lincoln DesignIt*<sup>SM</sup> software.

### **Availability**

New business policies will be accepted on March 28, 2011 in states where *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011) has been approved.

### **Transition Guideline Q&A**

Following are the transition guidelines for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011):

- A thirty (**30**) day transition period will apply from the date of state availability. For all states that are available for sale on March 28, 2011 fully completed applications for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office by **Wednesday, April 27, 2011** in order to qualify.
- States that are approved **after March 28, 2011** will have a 30 day transition period. Fully completed applications for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009) must be signed, dated and received in good order (including the 1035 Policy Exchange Agreement/Absolute Assignment form if the case is a 1035 Exchange) in Lincoln's home office within 30 days of the state availability date in order to qualify.

1. **Question:** Under what circumstances will a client qualify for the "old" product (*Lincoln LifeGuarantee*<sup>®</sup> SUL (2009))?

**Answer:** In order to qualify for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009), only fully completed, signed, formal applications received in good order in Lincoln's Home Office by the end of the transition period will qualify. Even if an application is signed by the cut off date or received in either an Agency or agent's office, it **will not qualify** because it has not been received in good order at the Home Office by the required date.

This rule also applies to New York business or replacement business. Applications for individuals who are part of a group sale must follow the same guidelines to qualify.

2. **Question:** Are there any circumstances under which *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009) will be available even if paperwork is not all received?

**Answer:** Yes. There is one exception to the rule. If an application has been signed and received in the Home Office by the end of the transition period but Lincoln is still awaiting a trust to be set up as part of the normal course of business, the applicant **will still qualify** for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009).

3. **Question:** What happens if a state has not yet approved the new product as of the March 28, 2011 launch date?

**Answer:** States that are approved **after** the March 28, 2011 launch date will have a transition period which will begin on the approval date and end 30 days later. Formal applications for *Lincoln LifeGuarantee*<sup>®</sup> SUL (2009) must be signed, dated and received in good order in the Home Office within 30 days from the state approval date.

4. **Question:** Once an application is received in good order in Lincoln's Home Office by the end of the transition period, can any changes be made to the application?

**Answer:** That depends upon the change being requested. Once an application has been received in good order in the Home Office, Lincoln will:

- **Not allow** an increase to the face amount on the application on the same insureds. Any new face amount must be issued on *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011).
- **Not allow** additional face amounts on a second policy using the same application. Additional policies must be issued on *Lincoln LifeGuarantee*<sup>®</sup> SUL (2011).
- **Allow** the policyholder, subject to underwriting review, to split the face amount into two or more policies provided there has been no increase in face amount.

## **Lincoln Announces Increase in Retention Amount**

**Reprinted in Full from the January 24, 2011 Lincoln Life Leader**

Effective January 1, 2011, Lincoln announced that corporate per life retention is being increased to \$20,000,000 per individual life up to a maximum age 75 (for all product lines).

For ages 76-80, Lincoln still has \$10 million per life retention available for Permanent Products

Chief Underwriter Jordan Carreira stated, "The retention increase to \$20,000,000 allows us the ability to offer additional insurance coverage capacity to our customers that is not currently available in the traditional reinsurance market. Its an opportunity to grow sales and remain competitive in a shrinking capacity market."

Mike Choate, Life Product Management stated "This was a corporate initiative that will continue into 2011 as we now look at upgrading our reinsurance programs. The ability to retain more mortality risk is based on the strength and diversity of our enterprise. Not only will this move help our customers, but it also allows us to improve our corporate flexibility as we go through the reinsurance review."

To learn more about Lincoln's \$20,000,000 retention and how you can access the capacity for your customer needs, please contact your Underwriting Team or any Divisional Chief Underwriter for assistance.

## **New Business Form Updates**

**Reprinted in Full from the February 18, 2011 Lincoln Life Leader**

### **Change to Financial Supplement for Business and Personal Insurance**

Form number LFF06304, the Financial Supplement for Business and Personal Insurance has been broken out into two new forms specific to either business insurance or personal insurance. Form LFF10006 is the **new** Financial Supplement for Business Insurance and LFF10007 is the **new** Financial Supplement for Personal Insurance. These new forms will replace LFF06304 in all states except for Illinois, Massachusetts, New York, Utah and the Virgin Islands. There will be a 60 day transition period during which New Business will continue to accept the old form.

### **New Forms Approved for use in New York:**

- Life Application, Part I: LFF06321-18\_7-10
- Medical Supplement, Part II: LFF06322-18\_7-10
- Premium Financing Supplement: LFF06369-18\_11-10

The above mentioned forms have been updated and new versions are now available for use. New Business will continue to accept the old versions for 30 days from the date of this announcement. For reference, the old version of the application and Medical Supplement were 7/08 and the Premium Financing Supplement was 1/09.

## **Competitive Intelligence Update**

Monthly interest rate report

[Interest Rate Report](#)

## **Surrender Charge Corrections on New York VUL Products**

**Reprinted in Full from the February 18, 2011 Lincoln Life Leader**

Due to a recent audit of our records, it has been determined that the surrender charges on certain VUL policies issued in New York may have been overstated. This may have also resulted in the understating of the policy's surrender value in correspondence sent to the client.

### ***Impacted New York VUL products:***

- Lincoln AssetEdge VUL 2008 and 2009, including the Exec and American Legacy versions
- Lincoln PreservationEdge SVUL, including American Legacy version
- Lincoln VULone (original), 2005 and 2007, including Momentum versions
- Lincoln SVULone (original) and 2007
- Lincoln VULcv-III and cv-IV, including American Legacy versions
- Lincoln VULdb-II and db-IV, including American Legacy versions
- Lincoln SVUL-III and IV, including American Legacy versions

### ***Systems corrections:***

Surrender charge corrections will be made on the administrative and illustration systems as of February 22, 2011. Please note that corrected surrender charges will not exceed those that were previously provided.

### ***Prospectus/supplements:***

Prospectus / supplement updates have been made and have or will shortly be mailed to policy owners.

### ***Client communications:***

Policyowners in the impacted product list above will be notified as follows depending on whether or not their policy has had a financial transaction that utilized surrender charges (e.g. partial surrender, specified amount decrease):

- Not had a financial transaction: Policyowners will receive a generic letter accompanied by an "as is" inforce illustration showing their current surrender charges reflecting any corrections that may have been applied. This communication will be mailed by approximately the beginning of March.
- Had a financial transaction: Individual policies will be reviewed to determine if additional value is due to the policyowner either in the form of a check (as in the case of a full surrender) or credit to their accumulation value. Customized letters will be mailed by approximately the end of March.

**State Approvals**  
**Click here to view the current product availability charts**

Reminder: You must be logged into LFAPlanner.com, LincolnFinancialNetwork.com or LFD.com prior to linking to the hot links contained in this document. For some secure documents an additional login screen may be required – please use your normal login ID and Password if this screen is required.

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Products and features subject to state availability. Guarantees backed by the financial strength of the insurer. Lincoln Financial Group is the marketing name for The Lincoln National Corporation and its affiliates.

Policies are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. Contractual obligations are backed by the claims-paying ability of The Lincoln National Life Insurance Company.**

Policies sold in New York are issued by Lincoln Life & Annuity Company of New York, Syracuse, NY. **The contractual obligations are backed by the claims-paying ability of Lincoln Life & Annuity Company of New York.**

**Variable products are sold by prospectus. For more information about the variable products, including fees and charges, refer to the prospectus. Variable products are distributed by Lincoln Financial Distributors and offered through broker dealers with effective selling agreements.**

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