

**Ladder Insurance Services, LLC**  
**Agent Compliance Manual**

<b>Version</b>	<b>Effective Date</b>	<b>Approved By</b>
1.0	March 24, 2022	Cara St. Martin VP Compliance
1.1	June 2, 2022	Cara St. Martin VP Compliance

**This document is for agent use only and is not intended for distribution to customers. This document is the property of Ladder and contains proprietary and confidential information**

## **Table of Contents**

<b>General Information</b>	<b>1</b>
Overview	
<b>Onboarding and Ongoing Requirements</b>	<b>2</b>
Licensing	
Background Check	
Errors and Omissions Coverage	
Referrals	
<b>Advertising and Working with Customers</b>	<b>5</b>
General Policy	
Email Marketing Requirements	
Text and Phone Marketing Requirements	
Seminars	
New York Residents	
Customers Resident Outside the United States	
Americans with Disabilities Act	
Non-English Speaking Customers	
Sales to Seniors	
Diminished Capacity	
Military Personnel	
<b>Privacy</b>	<b>9</b>
<b>Qualified Ladder Products</b>	<b>10</b>
<b>Prohibited Activities</b>	<b>11</b>
Access to Customer Account	
Controlled Mail or Email	
Completing an Application for a Customer	
Rebating	
Relationships with Customers	
Replacements	
Signature Issues	
Solicitation on Military Installation	
Source of Funds	
Twisting, Churning and Other Sales Practice Abuses	



## General Information

### Overview

Ladder Insurance Services, LLC (“Ladder”) is on a mission to help close the insurance gap in the United States. Ladder is working hard to revolutionize the insurance industry by making insurance easy, affordable and fast! At Ladder, everything is online and we use real-time underwriting that may lead to instant approval and coverage for those that qualify, at an affordable price. We are excited to partner with you and help bridge the life insurance coverage gap in a new and innovative way.

We are providing this Agent Compliance Manual (this “Manual”) to inform you of Ladder’s applicable policies and procedures with respect to the insurance products for which you have been authorized to solicit applications on behalf of Ladder (collectively, “Qualified Ladder Products”).

Ladder is committed to compliance with all applicable governmental statutes, regulations, rules, regulatory opinions, decisions and other laws (“Applicable Laws”) in conducting its insurance business. Awareness of and adherence by you to this Manual, and compliance with all Applicable Laws is essential to the relationship we have with you as our agent and which you and we respectively have to each insured. For the avoidance of doubt, you are responsible for being aware of and adhering to all Applicable Laws that relate to the operation of your business, even if not covered in this Manual.

From time to time, Ladder may update this Manual or provide you with supplementary instructions. Once received, you are required to review and comply with such revised requirements.

Ladder has prepared this Manual as part of a comprehensive effort on its part to subscribe to the highest standards of ethical market conduct applicable to the sale of life insurance. We expect you to abide by all Applicable Laws and to uphold Ladder’s policies and procedures as reflected in this Manual or as otherwise promulgated and published by Ladder. Your failure to fulfill these duties is considered a serious offense by Ladder and may subject you to appropriate, case-specific disciplinary action, which may include immediate termination of your authorization to solicit applications for Qualified Ladder Products. The acts or omissions described in this Manual do not constitute an exclusive list of the reasons you may be disciplined.

## **Onboarding and Ongoing Requirements**

Before you can solicit applications for Qualified Ladder Products in a jurisdiction, you and, if applicable, your agency must be properly licensed in the resident jurisdiction of the customer applying for the Qualified Ladder Product. Violations of Applicable Law relating to your licensing may result in disciplinary action and penalties imposed by the jurisdiction, including fines and revocation of licenses.

### **Licensing**

You or, if applicable, your agency are responsible for obtaining and maintaining any insurance license you require, including to solicit Qualified Ladder Products, in each jurisdiction where you conduct such business and for paying for any related license application and/or renewal fees. You are responsible for remaining within the scope of authority of such license.

You must immediately inform Ladder of any license termination, suspension, revocation or any insurance regulatory disciplinary action taken against you by a jurisdiction.

If requested by Ladder, you must provide copies of any licensing forms or associated documents sent by you to, or received from, an insurance regulator.

### **Background Check**

In order to solicit applications for Qualified Ladder Products, you must timely provide Ladder with all information Ladder requests of you. The information you provide must be accurate and complete and must be provided in the format requested of you by Ladder. Upon Ladder's timely receipt of all information it has requested of you, Ladder will conduct due diligence to determine whether you should be approved to solicit applications for Qualified Ladder Products. As part of the overall due diligence process, you may be asked to provide your consent for Ladder to conduct a background check. If you do not give Ladder permission to conduct such a background check, you will not be approved to solicit applications for Qualified Ladder Products.

Whether or not you are approved to solicit applications for Qualified Ladder Products in a particular jurisdiction is solely within the discretion of Ladder to determine.

Ladder or an insurance company partner of Ladder may choose to terminate your approval to solicit applications for Qualified Ladder Products at any time in its sole discretion. Unless Ladder provides otherwise, the termination of your approval to solicit applications for Qualified Ladder Products will be effective upon the date that Ladder provides you notice of such termination.

We note that the Violent Crime Control and Law Enforcement Act of 1994 (the “FCA”) prohibits a company engaged in the business of insurance (such as Ladder and each applicable insurance company partner of Ladder) from employing or allowing individuals to solicit applications for insurance who have been convicted of, or pled guilty or no contest to, any criminal felony involving dishonesty or breach of trust or an offense under Section 1033 of the FCA unless the individual has received a written waiver from the appropriate insurance regulators.

Notwithstanding the obtaining of such a waiver, Ladder may choose to not approve any person who has been convicted of, or pled guilty or no contest to, any such crime. In addition, Ladder may choose to refuse to allow persons to solicit applications for Qualified Ladder Products who have been convicted of other crimes, particularly if such crimes involve fraud, dishonesty, breach of trust, theft, misappropriation of money or breach of any fiduciary duty. Ladder will also not approve any person who has been statutorily disqualified from the Financial Industry Regulatory Authority (“FINRA”).

If you have been approved to solicit applications for Qualified Ladder Products, and thereafter you are: (1) convicted of a felony; or (2) any disciplinary action is taken against you by a governmental authority, you must immediately report it to Ladder.

### **Errors and Omissions Coverage**

#### **(Applies to Independent Contractor Agents Only)**

Pursuant to the requirements of certain applicable insurance company partners of Ladder, you or your agency are required to maintain, in full force and effect, at your or your agency’s own expense (as applicable), throughout your relationship with Ladder, errors and omissions (“E&O”) coverage issued by an insurer rated not less than “A-” by A.M. Best Company in the minimum amount of \$1,000,000 in the aggregate. You or your agency (as applicable) must also deliver written notice to Ladder (1) no less than fifteen (15) days prior to any (a) cancellation of the E&O coverage, or (b) material changes to the E&O coverage, and (2) immediately upon receiving notice that the E&O coverage will be canceled or changed in any material respect.

When purchasing E&O coverage, you or your agency (as applicable) must pay close attention to the limits and exclusions. It is important to read and fully understand the rules of your E&O coverage, especially regarding the notification of a potential claim. It is the responsibility of you or your agency (as applicable) to notify your E&O carrier of a potential claim within the timelines specified in the applicable E&O coverage rules. Failure to follow your E&O coverage rules may result in a loss of E&O coverage for that particular claim.

### **Referrals**

Ladder may, in its sole and absolute discretion, permit you to refer customers to Ladder in jurisdictions in which you are not licensed and/or in the State of New York (“Referrals”). If Ladder permits you to engage in Referrals, then you must comply with all Applicable Laws

related to such Referrals, including but not limited to avoiding any discussion of specific insurance policy terms and conditions with customers.



## **Advertising and Working with Customers**

### **General Policy**

An “advertisement” is generally defined under Applicable Law as **anything** designed to create public interest in insurance. This means that **all** content designed to create public interest in a Qualified Ladder Product, Ladder or the insurance company partner of Ladder that issues a Qualified Ladder Product constitutes an advertisement, including but not limited to content on a website or application, blogs, articles, social media posts, marketing emails, print or electronic ads, direct mail, merchandise and other materials.

You may not create your own advertisements or any other marketing materials that mention or reference in any way (i) a Qualified Ladder Product, (ii) Ladder, or (iii) the insurance company partner of Ladder that issues a Qualified Ladder Product. Instead, Ladder has developed marketing materials that will be made available to you that you can use with consumers (the “Approved Marketing Materials”). You may not add to, change or otherwise modify the Approved Marketing Materials in any way.

### **Email Marketing Requirements**

The CAN-SPAM Act is a 2003 Federal law that primarily restricts commercial emails. A commercial email is defined as any email where the primary purpose of the email is to advertise or promote a commercial product or service. You may not send emails to customers that advertise Qualified Ladder Products. This includes emails you send to existing customers of yours if the primary purpose of the email sent is to advertise a new product or service.

### **Text and Phone Marketing Requirements**

In 1991, Congress passed the Telephone Consumer Protection Act (the “TCPA”). Among other things, the TCPA restricts the use of automated telephone equipment for telemarketing purposes and the use of text messages for marketing purposes. You may not solicit customers for Qualified Ladder Products using text or phone advertisements.

### **Seminars**

You may not solicit customers for Qualified Ladder Products in a seminar or in any seminar marketing materials. Seminar marketing materials include, but is not limited to letters, advertisements, invitations, presentations, and scripts.

### **New York Residents**

You may **not** solicit applications for Qualified Ladder Products from any residents of New York.

**Customers Residing Outside the United States**

You may not solicit any new business from new or existing customers who reside outside of the United States, regardless of whether or not they are a United States citizen. This restriction includes customers on military bases outside the United States and those working at embassies. Ladder and its applicable insurance company partners are not licensed to do business in any other country.

**American with Disabilities Act**

If you have a customer who needs an accommodation pursuant to the Americans with Disabilities Act (“ADA”), please contact Ladder directly for help.

**Non-English Speaking Customers**

Ladder provides all of its required communications in English only. Therefore, you may only market Qualified Ladder Products in English.

You may not translate any materials related to Qualified Ladder Products, Ladder or the issuing insurance company into any other language. If you are working with customers who do not understand English, those customers must have someone other than you available to translate for them. The translator must be completely independent of the transaction. You must document in your client file the name of the person who is translating for the customer and their relationship to the customer.

**Sales to Seniors**

States have generally enacted Applicable Laws protecting seniors in the context of sales of insurance products. Although the term “senior” generally refers to an individual age sixty-five (65) or over, the term is defined differently in some states. You are expected to comply with all Applicable Laws pertaining to seniors.

**Diminished Capacity**

Although you are not expected to diagnose mental or cognitive impairment, you should be alert to issues regarding the competency of each customer. It is unethical, and illegal in many, if not all, states to sell an insurance product to a person who appears to suffer from mental impairments and cannot understand the features of the product. If it is determined that an insurance product is purchased by a person who is not competent to make such a decision, Ladder or an applicable insurance company partner of Ladder may rescind the product and chargeback any commissions paid.

**Military Personnel**

You may not focus your solicitation efforts on active-duty military personnel. In the event of any sale to military personnel, we note that the Federal Government and many states have adopted

regulations to ensure members of the U.S. military are offered suitable products. The regulations provide that no person may sell, or offer for sale, any life insurance or annuity product to any member of the Armed Forces, on or off a military installation, unless a disclosure, in accordance with Section 10 of the Military Personnel Financial Services Protection Act of 2006 (the “Military Protection Act”), is provided to such member at the time of sale or offer. This disclosure informs potential purchasers they have access to free life insurance provided by the government and applies to any active-duty service member of the Armed Forces as well as the dependents of any active-duty service member. In some states, this disclosure also applies to the descendants of any active-duty service member. The disclosure must comply with the following requirements:

1. Subsidized life insurance is available to the member of the Armed Forces from the Federal Government under the Servicemembers’ Group Life Insurance program (also referred to as “SGLI”), under subchapter III of chapter 19 of title 38, United States Code;
2. State the amount of insurance coverage available under the SGLI program, together with the costs to the member of the Armed Forces for such coverage;
3. State that the life insurance product that is the subject of the disclosure is not offered or provided by the Federal Government, and that the Federal Government has in no way sanctioned, recommended, or encouraged the sale of the life insurance product being offered;
4. Fully disclose any terms and circumstances under which amounts accumulated in a savings fund or savings feature under the life insurance product that is the subject of the disclosure may be diverted to pay, or reduced to offset, premiums due for continuation of coverage under such product (*not applicable to Qualified Ladder Products*);
5. State that no person has received any referral fee or incentive compensation in connection with the offer or sale of the life insurance product, unless such person is a licensed agent of the person engaged in the business of insurance that is issuing such product;
6. Must be made in plain and readily understandable language and in a type font at least as large as the font used for the majority of the solicitation material used with respect to or relating to the life insurance product; and
7. With respect to a sale or solicitation on Federal land or facilities located outside of the United States, list the address and phone number at which customer complaints are received by the State insurance commissioner for the State having the primary jurisdiction and duty to regulate the sale of such life insurance products pursuant to Section 8 of the Military Protection Act (*sales outside the United States are prohibited by Ladder*).

You are required to provide the disclosure at the time of application. You and the customer must each keep a copy of the disclosure for your records.

“Active-duty” is defined as full-time duty in any branch of the military. This includes the National Guard and Reserve service members who are performing regular active duty or active duty for training under military calls or orders specifying periods of thirty-one (31) days or more.

“Military installation” is broadly defined and includes a military base, post, camp, building, or other facility to which service members are assigned for duty, including barracks, transient housing, and base housing that may include family members.

With respect to any solicitation to military personnel, you must:

- Make a suitability determination to ensure the product you are recommending meets the insurance needs of the service member and his or her dependent(s), if applicable;
- Clearly identify yourself, your purpose, and the insurance product being offered;
- Ensure your sales practices are honest, not misleading, and not confusing to military personnel and their families; and
- Provide the required disclosure to all military personnel and/or their families.

## **Privacy**

Ladder takes the privacy and security of a customer's personal information seriously and it expects you to do the same. You are required to comply with all Applicable Laws related to the protection of personal information. The personal information of Ladder's customers and prospective customers must be kept strictly confidential. You may not use the personal information of Ladder's customers and prospective customers for any purpose other than to solicit applications for Qualified Ladder Products on behalf of Ladder.

You must use reasonable safeguards and measures (e.g., technical, physical, etc.) to securely store any customer personal information in your possession and will be held liable if any such information is accessed by an unauthorized third party due to your actions or omissions. If you suspect any unauthorized use or access by a third party of any customer personal information in your possession, you are required to inform Ladder immediately, and assist with any investigations as necessary.

## **Qualified Ladder Products**

Ladder offers individual level term life insurance products with the following product attributes:

- Available to individuals between twenty (20) and sixty (60) years of age;
- Ten (10), fifteen (15), twenty (20), twenty-five (25) and thirty (30) year terms;
- Coverage amounts from \$100,000 to \$8,000,000, with coverage amounts up to \$3,000,000 eligible to be instantly issued (no medical exam or fluids needed, but the consumer must answer health questions on the application);
- Online application process; and
- Policies are renewable for up to five years at the end of the term.

There is a thirty (30) day free look period with each policy and a sixty (60) day grace period if premium payments are inadvertently missed. Customers have the ability to “Ladder down” at any time during their term, which means that they can reduce their coverage amount and the monthly premium will be proportionally reduced. Customers can “Ladder down” on their own in minutes through their Ladder account. Customers can also easily apply for more coverage online.

## **Prohibited Activities**

### **Access to Customer Account**

You may not access a Ladder customer's account for any reason even if the customer has given you permission to access the account. Ladder will provide you with any reporting you need on customers for whom you have solicited applications for Qualified Ladder Products.

### **Controlled Mail or Email**

You may not control mail or email addressed to a Ladder customer. A customer also may not list your home or business address or your email address as their own. The only exception to this rule is for immediate family members who share your residence.

### **Completing an Application for a Customer**

You may not complete an application for a customer. All applications must be completed and signed by the individual applying for the Qualified Ladder Product. If your customer needs a reasonable accommodation under the ADA, please contact Ladder at [help@ladderlife.com](mailto:help@ladderlife.com).

### **Rebating**

Nearly all states have some form of anti-rebating laws. In general, these laws prohibit the giving of something of value to a customer in order to induce the customer to obtain or retain an insurance policy. If you intend to give anything to a customer in connection with a Qualified Ladder Product, you must first obtain approval of the gift or promotion from Ladder.

### **Relationships with Customers**

You may not be named as a beneficiary on a customer's insurance policy unless you have confirmed with Ladder that you have a legitimate insurable interest in the life of the customer.

### **Replacements**

A replacement is involved when there is a transaction in which a new life insurance policy or a new annuity contract is purchased and it is known (or should be known) by the agent that an existing life insurance policy or annuity contract has been or is to be:

- Lapsed, forfeited, surrendered or partially surrendered, or otherwise terminated;
- Converted to reduced paid-up insurance or otherwise reduced in value;
- Amended so as to reduce the benefits;
- Reissued with any reduction in cash value; or
- Used in a financed purchase – funds obtained by the withdrawal (including a free withdrawal) or surrender of, or by borrowing from, values of an existing policy/contract to pay all or part of any premium due on a new policy/contract.

You may not recommend that a customer replace his or her existing life insurance policy or annuity contract with a Qualified Ladder Product. You also may not advise a customer on how he or she might circumvent the replacement requirements, including but not limited to, by checking “no” to the replacement questions on the application.

### **Signature Issues**

Ladder conducts business electronically. All electronic signatures must be provided by the applicant him or herself, not you.

### **Solicitation on Military Installations**

You may not solicit on a military installation. Military installation is defined in the Military Personnel section of this manual.

### **Source of Funds**

You may not use your own credit card or bank account information to pay for a life insurance policy unless the customer is an immediate family member. In addition, you may not recommend a customer take out any sort of loan to pay for his or her insurance. You may not accept funds from a customer to pay a life insurance premium.

You may not recommend a customer surrender or cash out any type of security in order to purchase life insurance unless you hold the appropriate securities registration and you are acting in compliance with Applicable Laws.

### **Twisting, Churning and Other Sales Practice Abuses**

Twisting, which is the act of inducing or attempting to induce a policy owner to drop an existing life insurance policy and take another life insurance policy that is substantially the same as or a replacement for the existing life insurance policy in order to generate commissions (“churning”) is prohibited by Applicable Laws in most states. Examples of other sales practice abuses also prohibited by Applicable Laws include, but are not limited to undisclosed replacements, misrepresentation, concealment or mis-selling and anything that can be considered an unfair trade practice. (See the [NAIC Unfair Trade Practices Act](#) for more details.)



## **Complaints**

You and your agency, if applicable, must cooperate fully in any complaint concerning you or your agency, if applicable, Ladder or any Qualified Ladder Products. You must notify Ladder immediately (and, in any event, within twenty-four (24) hours) by emailing [Compliance@ladderlife.com](mailto:Compliance@ladderlife.com) after receipt of any customer complaint that you receive concerning you, your agency, if applicable, Ladder or any Qualified Ladder Products. Thereafter, you must promptly respond to requests from Ladder and provide all relevant documentation within the timeframe prescribed by Ladder.