

Replacements – Dating the Notice of Replacement form

Almost all states have some form of replacement. The reason for the laws is to protect the consumer and ensure full and fair disclosure. As you all know, replacements must always be in the best interest of the client.

The Notice of Replacement form is a document states require to help ensure the client understands what a replacement is prior to answering the question of whether the purchase is, in fact, a replacement. The order in which the questions are asked, and answered, is critical in helping ensure client understanding. Simply put:

1. The client answers “Yes” or “No” to existing life or annuities (if the answer is “no,” it can’t be a replacement)
2. The agent reads the definition of a replacement to the client if the above answer is “yes” (the client must understand what a replacement is prior to answering the next question)
3. Client answers “Yes” or “No” to whether or not the purchase is a replacement

This leads to the dating and signing of the forms – the Notice of Replacement form **must** be signed and dated (by the client and agent) at the time of or prior to the application being signed and dated.

Signature Issues

The signature of a client on a document represents the client’s acknowledgement that the information represented on the form is accurate, that the client has received applicable disclosures and the client agrees to the terms and conditions detailed in the document. The signature of the client on a document is critical as it provides protection to the client, the agent and the company.

Any time a signature is required, it must be an original signature by the person whose name appears on that document. If signatures are required for more than one individual, each person’s signature must be their own – no person may sign a document on behalf of another person unless they have the legal authority to do so (e.g., attorney-in-fact).

Agents/registered reps/FMOs, employees and staff may not, under any circumstances, sign another person’s name or copy, affix or trace another person’s signature from another document or in any way affix someone else’s signature to any document, regardless of intent and irrespective if it is based on a client request.

Along with most signatures is the requirement for the client to date a document. A client must date each document they sign with that days date (no pre or post dating). For instance, I sign a document on January 10; I date the document January 10. Some forms, like the Replacement Form, rely not only on the client’s signature, but on the date as well. Failure to date this particular form will require new paperwork.

Agents/registered reps/FMOs, employees and staff may not add, delete or alter a date to any form. Doing so may constitute forgery.

Tip: Prior to meeting with a client, go through all required forms and highlight/flag all fields requiring a signature and date. There is less chance for missing a signature or date if this is done.

If you have any questions you can contact the FASTeam at 800.950.7372 (press 1 for Sales Support, then 1 for Annuities).