

Advisor Guide to Year-End 2019

Your source for information and key dates related to:

- ✓ The transition to 2017 CSO Mortality Table life products
- ✓ Special year-end considerations for all life products in New York

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Section I. 2017 CSO Mortality Table Transition Overview

Introduction

To comply with new state regulations, all life insurance policies issued on or after January 1, 2020 must be based on the 2017 Commissioners Standard Ordinary Mortality Table (CSO Table).

The new, industry-wide table reflects changes in mortality since the 2001 CSO Table. Additionally, the transition to the 2017 CSO Table is necessary to ensure favorable tax treatment of life insurance under Internal Revenue Service (IRS) code changes effective January 1, 2020.

The 2017 CSO Table basis directly impacts the values of:

- Guaranteed mortality rates
- Reserves the company must hold
- 7 Pay and Guideline Premiums as well as other IRS 'definition of insurance' calculations.

Due to the state and federal regulatory mandates, Penn Mutual, and all life insurance companies, cannot issue policies for products based on the 2001 CSO Table after December 31, 2019. The regulations prohibit exceptions – even for high priority cases or cases in which unavoidable or extenuating circumstances factor into the delay.

Resources for a Smooth Transition

Our goal is to provide the best experience for you and your clients throughout the CSO Table transition. In addition to providing this adviser guide to help you navigate the changes and serve as a repository of key dates and rules, our dedicated Underwriting and New Business teams are standing by to support the timely processing, issue and payment of your 2001 CSO Table product cases.

Should you have questions about the information in this guide, please reach out to your field office or call Penn Mutual Adviser and Client Services at 1-800-873-7654.

Product Availability

Penn Mutual will continue to offer a comprehensive line-up of life insurance products in 2020. Many of our products are already 2017 CSO compliant and the remaining 2001 CSO products will be replaced in the coming months. All new products rolled out on or after January 1, 2020 will be based on the 2017 CSO table.

The chart below provides an overview of Penn Mutual's product availability before and after January 1, 2020.

Penn Mutual Product Availability Before and After January 1, 2020		
Product Category	Available PRIOR to January 1, 2020¹	Available ON or AFTER January 1, 2020³
Term Life	Guaranteed Term 10-15-20 ² Guaranteed Convertible Term (Already 2017 CSO) Protection Non-Convertible Term (Already 2017 CSO)	Guaranteed Convertible Term Protection Non-Convertible Term
Whole Life	Guaranteed Choice Whole Life Versatile Choice Whole Life (Already 2017 CSO)	Versatile Choice Whole Life
Guaranteed Universal Life	Guaranteed Protection Universal Life (Already 2017 CSO)	Guaranteed Protection Universal Life
Current Assumption Universal Life	Protection Guard Universal Life	Future availability TBD
Indexed Universal Life	Accumulation Builder Select Indexed Universal Life Accumulation Builder Flex Indexed Universal Life (Already 2017 CSO)	Accumulation Builder Flex Indexed Universal Life
Variable Universal Life	Diversified Growth Variable Universal Life Diversified Advantage Variable Universal Life ⁴ (Already 2017 CSO)	Diversified Advantage Variable Universal Life
Survivorship Life	Survivorship Choice Whole Life (Already 2017 CSO) Survivorship Plus Select Indexed Universal Life (Already 2017 CSO)	Survivorship Choice Whole Life Survivorship Plus Select Indexed Universal Life

¹ Penn Mutual's universal life, current assumption universal life and indexed universal life products are not offered in NY.

² Available in NY only until 12/31/19.

³ Products will not be available in NY.

⁴ Available November 2019.

Section II. New Business Rules and Guidelines

For additional details related to the dates outlined in this section, please click on the link to see the full schedule of [year-end dates](#) or access them any time via the Producers Place underwriting page.

Application Submission, Underwriting and Processing

The chart below outlines key year-end submission dates to help you plan. We will make an effort to promptly process applications and outstanding information submissions received after these dates. However, to help ensure issuance of 2001 CSO Table product cases by the December 31, 2019 regulatory cutoff, we encourage you to:

- Be proactive and submit early
- Submit eligible cases via ACE for faster processing. (ACE questions: Call 866-ACE-PML1)*

Action	Description	Date
Application submission	Formal paper applications or informal with tentative offers submitted in good order	November 8, 2019
Approvals for 1035 Exchange Cases	Approved with all requirements and Absolute Assignment paperwork in good order	November 15, 2019
All Requirements Received	Underwriting requirements received by New Business in good order	December 9, 2019

Product Changes after Submission

Changes to 2001 CSO or 2017 CSO products will be permitted after submission. Please note the following timelines and requirements for product changes. We will make our best effort to process requests on a timely basis, but cannot guarantee that post-submission change requests to 2001 CSO products will be processed in time to meet the CSO regulatory deadline.

	New Signed Illustration Required	Last Day the Policy can be Issued (CSO Regulatory Deadline)
Change from a 2001 CSO Product to a 2001 CSO Product	Yes	December 31, 2019
Change from a 2001 CSO Product to a 2017 CSO Product	Yes	May be issued in 2019 or 2020
Change from a 2017 CSO Product to 2001 CSO Product	Yes	December 31, 2019

We will make our best effort to process product change requests promptly, however, if we are unable to process a request for a change to a 2001 CSO product in time to issue the policy in 2019, a change to a 2017 CSO product will be required.

* ACE is not available in New York.

Policy Issue

Please note the following key dates and rules governing the issuance of 2001 CSO product policies.

Action	Date
Final issue instructions received in good order by the Home Office	December 16, 2019
Issue instruction changes received in good order by the Home Office	December 16, 2019
Last day to issue 2001 CSO Product (Regulatory Deadline)	December 31, 2019

Please note: December 31, 2019 is the last day Penn Mutual can issue or reissue a policy for a 2001 CSO Table product — **regardless of the policy effective date.**

We will make every effort to promptly issue cases when issue instructions are received in good order after December 16, 2019, however, we encourage you to be proactive and provide final issue instructions by December 16, 2019 to ensure the policy can be issued by the 2001 CSO issue deadline.

If we are unable to issue the 2001 CSO product policy by the December 31, 2019 cutoff, we will reach out to the adviser after the cutoff date to:

- Assist in the mapping to an equivalent 2017 CSO product if one is available
- Discuss alternatives if no 2017 CSO equivalent is immediately available.

Please note that in these cases, a new signed illustration will be required for the alternative product selected.

Payments

Initial premium payments must be received in the Home Office by January 31, 2020 for all new 2001 CSO policies issued by December 31, 2019.

Please note the following special considerations for Penn Check and external 1035 Exchanges.

Penn Check	A payment method other than Penn Check must be selected for policies issued on or after December 22, 2019. After the first payment is received, a request may be submitted to change the billing method to Penn Check for future payments.
External 1035 Exchanges	The policyholder will be required to make an initial payment by the January 31, 2020 payment deadline if the funds have not been received from the other company.

Section III. Inforce Business and Term Conversions

For additional details related to the dates outlined in this section, please click on the link to see the full schedule of [year-end dates](#) or access them any time via the Producers Place underwriting page.

Contractual Guarantees

Penn Mutual will continue to honor all contractual guarantees on inforce 2001 CSO Table policies. However, if an exercised option or rider results in a new policy, the new policy must be a 2017 CSO Table policy. Some examples include:

- Exercise of Guaranteed Purchase Option Rider
- Exercise of Policy Split Provision
- Exercise of Supplemental Exchange Rider
- Conversion privilege on Children's Term Riders

Please see additional information about term conversions on the next page of this guide.

Face Amount Increases within an Existing Policy

The following face amount increases can continue to be made on or after January 1, 2020:

- Fully underwritten face amount increases with evidence of insurability on inforce policies that contractually allow them (i.e. 2001 CSO Table UL policies*)
- Face amount increases without evidence of insurability available via a contractual rider guarantee (i.e. 2001 CSO Table UL policies with the Guaranteed Increase Option Rider)

Rider Availability

Riders cannot be added to 2001 CSO Table products after December 31, 2019.

Other Common Policy Changes

Most common policy changes will continue to be available on 2001 CSO Table policies, including changes to:

- Billing mode
- Beneficiary
- Death benefit options
- Face amount reductions/decreases
- Rate class as long as there is no new contract (This includes changes for juveniles on UL policies who reach the age where smoker/non-smoker rates can be applied.)

Please note: Normal underwriting rules still apply.

*Excluding increases from term conversions. See term conversion details on the next page of this guide.

Term Conversion

All contractual term life policy and rider guarantees, including conversion guarantees for term life products, will be honored. Please note that:

- A term policy's CSO mortality basis will not impact the timing of when a policyholder may convert.
- Conversions will be subject to the same date parameters as new business. This includes conversions of term coverage to a face amount increase on an inforce UL policy.

Converted policies issued after December 31, 2019 must be 2017 CSO Table products.

- Please reference the Product Availability Chart on [page 2](#) of this guide for a list of the products that will be available for your clients' term conversions, based on timing.
- Please note the following dates for submission of conversion requests to ensure issuance for 2001 CSO Table products prior to January 1, 2020.

(Please note: For information about conversions in New York, please reference the state-specific information in [Section IV](#) of this guide.)

Action	Date
Term/rider conversion requests for a 2001 CSO Table product submitted in good order (including term conversions to a face amount increase on an inforce UL product)	November 8, 2019
Underwriting approval for term and rider conversions that require medical underwriting/evidence of insurability (including conversions to increased face amounts on inforce UL policies)	December 16, 2019
All paperwork and issue requirements must be submitted in good order	December 23, 2019

We will make every effort to process conversion requests that are submitted after the date noted above. However, requests for conversions to 2001 CSO products that cannot be processed and issued by December 31, 2019 will have to revert to a 2017 CSO Table product, for which a new, signed illustration will be required. Note that we cannot make conversion-related face amount increases on an inforce 2001 CSO Table UL policy after December 31, 2019.

Section IV. New York Year-End Considerations – All CSO Tables

Effective January 1, 2020 Penn Mutual will not offer products for new business sales in New York. To fulfill our term conversion and other contractual obligations to New York policyholders, we will be launching a New York-specific, 2017 CSO Table whole life product. We are targeting a January 1, 2020 launch date for this New York conversion-only product, which will be available for:

- Term conversion requests on inforce term policies
- Exercise of the Guaranteed Purchase Option Rider on existing policies
- Exercise of Policy Split Provision
- Exercise of Supplemental Exchange Rider
- Conversion privilege on Children’s Term Riders.

Penn Mutual products currently available in New York may be sold and issued through 2019. Please note the important dates below to help ensure your New York cases are processed by the year-end cutoff date.

Application Submission, Underwriting and Processing - NY

Action	Description	Date
Application submission	Formal paper applications or informal with tentative offers submitted in good order	November 8, 2019
Approvals for 1035 Exchange Cases	Approved with all requirements and Absolute Assignment paperwork in good order	November 15, 2019
All Requirements Received	Underwriting requirements received by New Business in good order	December 9, 2019

Policy Issue - NY

Action	Date
Final issue instructions received in good order by the Home Office	December 16, 2019
Issue instruction changes received in good order by the Home Office	December 16, 2019
Last day to Issue 2001 CSO Product Policies (Regulatory Deadline)	December 31, 2019

Please note: December 31, 2019 is the last day Penn Mutual can issue new policies in New York — **regardless of the product’s CSO Table or the policy effective date.**

We will make every effort to promptly issue cases when issue instructions are received in good order after December 16, 2019. However, we encourage you to be proactive and provide final issue instructions in good order by December 16, 2019 to ensure the policy can be issued by the New York new business issue deadline.

Payments - NY

Initial premium payments must be received in the Home Office by January 31, 2020. **Cases that are not minimally funded by this date will be closed and cannot be reissued.**

Please note the following special considerations for Penn Check and external 1035 Exchanges.

Penn Check	A payment method other than Penn Check must be selected for policies issued on or after December 22, 2019. After the first payment is received a request may be submitted to change the billing method to Penn Check for future payments.
External 1035 Exchanges	The policyholder will be required to make an initial payment by the January 31, 2020 payment deadline if the funds have not been received from the other company.

We remain committed to ensuring a smooth and productive year-end process for our valued advisers and clients in New York. Dedicated Underwriting and New Business teams have been assembled to support the timely processing of year-end business.

Additional information about the New York-specific whole life product that will be available for term conversion and GPO requests effective January 1, 2020 will be provided in the coming weeks. For details regarding Penn Mutual's actions in New York, please contact your field leader.

For additional information and answers to your questions regarding the transition to the 2017 CSO Table, New York changes or year-end processing information, please contact your field office, or call Adviser and Client Services at 1-800-873-7654.

All guarantees are based on the claims paying ability of the issuer.

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