



COMPLIANCE RELATED INFORMATION

U.S. Financial Life Insurance Company • 10290 Alliance Road • Cincinnati, OH

To U.S. Financial Life Insurance Company General Agents & Producers

From Stephen K. Shaw, Vice President and General Counsel

Date March 20, 2007

RE Employer Owned Life Insurance (“EOLI”)

New Procedures for Employer Owned Life Insurance (EOLI)

As stated to you in August 2006, in Compliance Bulletin 2006-11, Federal tax legislation, enacted on August 17, 2006, imposed adverse tax consequences on employers who own life insurance on their employees unless certain requirements, including notice and consent requirements, are satisfied. The following describes the procedures for obtaining an EOLI policy from USFL:

Producers are required to provide the employer with the document entitled *Disclosure for Employer-Owned Life Insurance Policies* (this document includes a sample Employee Notice and Consent Form) (CAT #136851). **As of April 16, 2007, USFL must receive the *Acknowledgement of Disclosure* form prior to issuance of the policy. This is for the employer’s protection.**

The *Disclosure for Employer-Owned Life Insurance Policies* and the *Acknowledgement of Disclosure* may be found on our Web site in the Agent/Forms page at www.usfli.com/a_forms.html. Click on “EOLI Employer Disclosure and Acknowledgement Forms.”

EOLI policies include those sold in connection with the following types of arrangements:

- Key Person Life Insurance
- Buy-Sell Redemption Arrangements funded with life insurance including Section 303 Plans
- Non-Qualified Deferred Compensation Plans
- Supplemental Executive Retirement Plans
- Split Dollar Arrangements
- Death Benefit Only Arrangements where any portion goes to employer
- 1035 Exchange where the death benefit increases

USFL may require a signed Acknowledgment for policies an employer may not consider “Employer” owned. For the employer’s protection, we err on the side of caution and require that the employer be placed on notice of the law in every situation. We do not attempt to determine whether the law is applicable.