



LINCOLN LEADER

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Information Compiled By
Insurance Solutions, Product
& Distribution Support

Fund Subadvisor and Name Change

Effective October 1, 2009, the LVIP FI Equity Income Fund was renamed the **LVIP Wells Fargo Intrinsic Value Fund**. The subadvisor changed from Fidelity to Wells Fargo.

Lincoln Investment Advisors Corporation (LIA) still serves as the investment adviser to the fund. However, day-to-day management of the fund's securities investments has been subadvised to Metropolitan West Capital Management, LLC, which is majority-owned by Wachovia Bank, N.A., a subsidiary of Wells Fargo & Company, and is an affiliate of Wells Fargo Bank, LLC.

Prospectus Supplement – A prospectus supplement describing this change will be mailed to policyowners by the end of November and included in all orders of applicable prospectuses starting October 1, 2009.

Administrative systems including Client Confirms/ Statements and the Consumer Portal will reflect this name change as of November 23, 2009. Forms and the remaining systems will be updated during the annual fund updates in May 2010.

Assured Distribution Endorsement Update

Lincoln is pleased to announce an updated Assured Distribution Endorsement (ADE) for the *Lincoln LifeReserve*[®] UL (2009). This updated ADE will be available, with no transition, as of November 23, 2009.

The ADE has the following updates:

- It will now be available in conjunction with the Exec Rider
- Clients that select DBO II at issue will be able to invoke the rider between years 11-15

As noted in prior communications, the ADE was withdrawn in the state of Illinois in October.

Transition period for *Lincoln LifeGuarantee*[®] UL and *Lincoln LifeGuarantee*[®] Plus UL products ends – December 31, 2009

Thursday, December 31, 2009 is the last day that Lincoln will accept applications for the 2007 versions of the *Lincoln LifeGuarantee*[®] UL and *Lincoln LifeGuarantee*[®] Plus UL products. In order to have access to the old products, a signed, formal application must be received in the Home Office before close of business on December 31, 2009

Depending on the date of product approval in Puerto Rico, the transition period may extend beyond December 31, 2009 in that territory. The transition period will not be less than 30-days starting from the availability date in Puerto Rico.

Credited Interest Rates Reduction – January 1, 2010

Effective January 1, 2010, the life insurance affiliates of Lincoln and other blocks of business administered by Lincoln will be reducing credited interest rates on universal life and other interest sensitive life insurance products, including fixed account interest rates on variable universal life products, by 20 basis points (0.20%), floored at product guaranteed rates. For products that are currently available for sale, the rate reductions apply to both inforce policies and new issues.

This rate action is the result of a general interest rate environment that has continued to impose pressure on the earned rate on the assets supporting our life policies. Credited interest rate changes on the fixed universal life policies and the fixed account rate on variable universal life policies and indexed universal life policies will take effect as of January 1, 2010. Credited interest rate changes on inforce whole life policies will take effect at the next policy anniversary on or after January 1, 2010.

This change will not impact:

- Caps and spreads for *Lincoln LifeReserve*[®] Indexed UL (and inforce *Lincoln LifeElements*[®] Indexed UL)
- Any product with current interest rates currently at contractual guarantees
- The performance of guaranteed no-lapse premiums available on many of our products

The *Lincoln DesignIt*SM illustration system will be updated on **November 23, 2009** and the Lincoln Sales Platform (LSP) illustration system will be updated in December 2009 with the new rates.

New Business will not be requesting updated illustrations during year-end if a final was already submitted. However, as of January 1, 2010 we will need illustrations showing the new interest rate.

Spreadsheets for each issuing company showing interest rates by product will be available in mid-December on the website.

Term Policy Fee Increase

On December 1, 2009 Lincoln will be increasing the annual policy fee on all *Lincoln LifeElements*[®] Level Term (2009) business from \$75 to \$125. The change will be based on Policy Date (the date from which policy anniversaries are measured) and will impact any and all business with a Policy Date of December 1, 2009 or later.

In line with the recent increase to the minimum death benefit on *Lincoln LifeElements*[®] Level Term, we are making this change to the policy fee to provide the best service levels for you and your customers by focusing on our target markets and core business.

*Lincoln DesignIt*SM will be updated on November 23, 2009 with this fee adjustment. Illustrations with the old, lower fee can be obtained through the Sales Desk.

Lincoln VUL Dollar-Cost Averaging Fixed Account Enhanced Interest Rate Program – Date Extended

Lincoln will extend the Dollar Cost Averaging (DCA) Fixed Account Enhanced Interest Rate Program to December 31, 2009.

Given recent market volatility, clients may be hesitant to purchase variable universal life because they feel the “time isn’t right”. Dollar Cost Averaging may be a solution to help them ease into the market and focus on the long-term growth potential of VUL.

Lincoln will offer a 10% Fixed Account enhanced current interest rate to help with short-term returns while the client transfers funds into variable investment options using a 12-month Dollar Cost Averaging (DCA) program. This annual effective rate is paid on the declining balance in the Fixed Account so the amount of interest earned will be less. These fixed rates do not reflect performance of the variable investment options selected by the client.

The DCA Fixed Account Enhanced Interest Rate program is available on:

- **New Lincoln VUL applications signed between June 1, 2009 and December 31, 2009.**
- The enhanced program applies to all currently available Lincoln VUL products, except in New York.

For complete details on program eligibility and how to apply, **[click here](#)** to view the comprehensive Q&A document.

Note: Using Dollar Cost Averaging does not assure a profit and does not protect against loss in a declining market. Also, using this method involves continuous investment in securities regardless of fluctuating price levels, so consider the financial ability to continue investment during period of low price levels.

Notable Enhancements in the *Lincoln DesignIt*SM Illustration System

These updates are effective today (November 23, 2009) – in the *Lincoln DesignIt*SM - Release (6.0)

The “Solve to endow” functionality has been expanded to allow the user to specify a target year or age to endow, in addition to the traditional endow at maturity. The drop-down has been changed from “Solve to endow” to “Solve to endow in year/age”, and the Solve Objective has been expanded to include input for “Solve to endow in (Maturity, Year or Age)”. The default will be “Maturity”. This feature can be especially useful for products that mature at age 121, but an earlier endow timeframe is desired, such as age 100.

Current functionality:

The screenshot shows the 'Scheduled Premium' section with a dropdown menu set to 'Annually'. Under 'Base modal premium', the radio button for 'Solve to endow' is selected, and the dropdown is set to 'Maturity'. Below it, there are radio buttons for 'Vary scheduled premium' and a checkbox for 'Skip first year scheduled premium'. The 'Solve Objective' section shows 'Cash value solve objective' with a value of '1' and a dropdown set to 'Maturity'.

New functionality:

The screenshot shows the 'Scheduled Premium' section with the same settings as the current functionality. The 'Solve Objective' section is expanded to show a dropdown menu for 'Solve to endow in' with options: 'Maturity', 'Year', and 'Age'. The 'Maturity' option is currently selected. Below this, there is a section for 'Solve to endow in' with a dropdown menu set to 'Maturity'.

Continued on the next page.

For *Lincoln VUL*^{ONE} 2007 and *Lincoln SVUL*^{ONE}, the “Reset Report at Illustrated Rate of Return” now shows the “ @ “ symbol for the Alternate Interest Rate Scenario columns, in addition to the illustrated interest rate column. An “ @ “ in any column indicates the first year in which the Illustrated Accumulation Value equals or exceeds the corresponding value in the Required Accumulation Value column, whereby the policy would become guaranteed to Age 121 with no additional premium payments. This enhancement will highlight how positive investment performance can accelerate the paid-up reset feature.

Policy Year	Required Accumulation Value	ALTERNATE SCENARIOS		
		Illustrated Accumulation Value at 8.00% Gross, 7.27% Net	Illustrated Accumulation Value at 10.00% Gross, 9.27% Net	Illustrated Accumulation Value at 12.00% Gross, 11.27% Net
26	640,000	323,104	471,897	688,079 @
27	660,000	347,025	519,089	773,519
28	670,000	372,080	570,808	869,965
29	680,000	398,356	627,675	978,862
30	700,000	425,957	690,433	1,100,500
31	710,000	454,984	759,963 @	1,236,258
32	730,000	485,583	837,352	1,387,220
33	740,000	517,920	923,927	1,555,050
34	750,000	552,220	1,020,529	1,741,583
35	770,000	588,783	1,126,017	1,948,845
36	780,000	627,989	1,241,062	2,179,072
37	790,000	670,326	1,366,484	2,434,725
38	800,000	716,437	1,503,175	2,718,522
39	810,000	767,121	1,652,088	3,033,454
40	820,000	823,355 @	1,814,239	3,382,780
41	830,000	886,418	1,990,708	3,770,066
42	840,000	957,941	2,182,595	4,199,106
43	850,000	1,036,306	2,391,101	4,674,101
44	860,000	1,119,778	2,617,494	5,199,611
45	870,000	1,208,616	2,863,126	5,780,611
46	870,000	1,303,088	3,129,434	6,422,528
47	880,000	1,405,021	3,421,733	7,139,162
48	890,000	1,515,348	3,743,429	7,941,133
49	890,000	1,635,173	4,098,555	8,841,040
50	900,000	1,765,814	4,491,910	9,853,903

Required Accumulation Value displays the amount in each policy year that would be needed to trigger the Reset Feature at a level that will guarantee the policy at the Initial Specified Amount to Age 121 with no further premiums required, provided no future policy changes are made.

An “@” in any column indicates the first year in which the Illustrated Accumulation Value equals or exceeds the corresponding value in Required Accumulation Value column. If this value, or a greater value, is achieved, the policy would become guaranteed to Age 121 at the Initial Specified Amount with no additional premium requirements.

2009 Year End Plan Lincoln Underwriting and New Business

The Lincoln Underwriting and New Business teams are working hard to expedite the handling of your business to meet your year-end needs and objectives. We are focusing on Formal Life Applications to ensure the maximum amount of your business is issued and placed.

To help you successfully end your year on a high note, a list of reminders and important dates has been created. [Click here](#) to view the 2009 Year End Plan document.

New Business Process Improvements!

From the Business Review Committee - October 2009

The Business Review Committee is dedicated to reviewing how we interact with our customers. Our goal is to look for ways that we can adapt our processes or forms to be “easier to do business with”. 2009 ended with many great suggestions from you. Highlights include:

- We’ve received positive feedback on the newly revised Life Insurance Application (introduced earlier this year) that the new form is easier to follow and more concisely outlines the information needed from your client to satisfy regulatory and underwriting requirements.

In addition to the improved form, training is underway with our New Business and Underwriting staff in an effort to more proactively seek out missing information from alternative sources in paperwork we have already received, thereby minimizing the need to reach out to you, our field partners, as frequently. When we do use information from other places in submitted paperwork it may cause an amendment upon delivery of the policy, or a home office correction endorsement, as the application is the only form that becomes a part of the life insurance contract.

- **Can the rated amendment be deferred for placement if we can show that the client has accepted the rating in other paperwork?** If Lincoln has verification that the client has accepted the rating (ex: a signed application and/or a signed revised illustration) prior to issue, the rated amendment requirement can be posted as a “needed” requirement rather than a “placement” restrictive requirement. The rated amendment will be required to be obtained on the back-end of the process upon delivery, and that Lincoln will perform a thorough follow-up on all “placed” restriction requirements.
- **Can you clarify what signatures are needed on key documents and is there a way to lessen the required signatures?** We are pleased to share with you an updated grid showing the signature requirements on our common forms. We thoroughly reviewed the needed signatures and were able to make some changes to assist you. First, we have updated the Arbitration form(s) to ask for only the Policyowner and Agent signatures. The Insured no longer needs to sign. In addition to updating this requirement, we will also be looking at any needed amendment for the required signatures only. For example, if an amendment dealt with medical information, only the Insured and Agent would need to sign.

See attached file to view the October 2009 summary update document including the Signature Grid.

Term Conversion Life Insurance Application Approval Update

As of November 23, 2009, all states EXCEPT IL and PR, have approved the Term Conversion Application, LFF06359¹.

This is a simpler and shorter application for use with non-underwritten conversions or guaranteed insurability options. Just complete the first page and sign the second!²

Please be sure to only use this application for Non-Underwritten Conversions or Guaranteed Insurability Options. Using it for other changes may result in delays in processing and additional requirements. You will need to continue to use the Reinstatement or Change Application LFF06363¹ for all other inforce policy changes and reinstatements.

There is no transition period, and you can start using this application today! Please fax your completed application to the dedicated Term Conversion Team at 866-350-3627.

For First Penn Pacific business use Form L-1196AA for material changes, BL-2008AA for policy changes or reinstatements and LFF06363 when converting to a new product.

¹ There are state specific variations for these forms, please refer to the Lincoln Forms Tool.

² For non-VUL conversions. With VUL conversions please complete questions 1-4 on page 2

New Reinstatement or Change Application Availability Update

Approved in all states EXCEPT: AK, CA, FL, GU, HI, IL, MA, NJ, NY, PR, and WI.

As of November 23, 2009, the states EXCEPT those listed above, have approved the New Reinstatement or Change Application, LFF06363¹.

This new form replaces Reinstatement or Change Application LFF06313.

This form cannot be used in place of the Application for Life Insurance (LFF06321¹) or for Internal Exchanges.

For Term Conversion Life Insurance Applications, use the Application for Non-Underwritten Conversions or Guaranteed Insurability Options (LFF06359¹)

For First Penn Pacific business use Form L-1196AA for material changes, BL-2008AA for policy changes or reinstatements and LFF06313 when converting to a new product.

¹ There are state specific variations for these forms, please refer to the Lincoln Forms Tool.

Competitive Intelligence Update

November Interest Rate Report

[Click here](#) to view the November Interest Rate Report.

Arkansas Replacement Information

Effective January 1, 2010, replacement business taking place in Arkansas will require three forms in addition to the normal application paperwork:

- The NAIC replacement form, entitled: "Important Notice: Replacement of Life Insurance or Annuities" (Form 33503).
- An Arkansas specific replacement form (Form 33503AR) – *currently required, but with a substantial revision effective January 1, 2010 incorporating a new comparison of the old and new contracts.*
- Lincoln's Appropriateness Verification Form (Form 33555) – *currently required (no change).*

The revised form, "Life Insurance and Annuities Replacement Memorandum" (Form 33503AR, dated 10/09), requires a comparison between the existing policy/account to the proposed policy/account, including a comparison of:

- Premium/consideration
- Contract and surrender values
- Death benefits
- Other information including interest rates.

Additional information will be required for annuities, such as:

- Bonus information
- Sub-account choices
- Guaranteed purchase/settlement options.

Once completed, this form (Form 33503AR) requires the owner/annuitant's signature, joint owner/annuitant's signature (if any) and the agent's signature. The revised Form 33503AR is available for viewing on the Forms Tool as an optional form until December 31, 2009.

[Click here](#) to view the revised Form 33503AR.

Pursuant to state requirements, all sections of this new Arkansas replacement form need to be completed. If sections are blank or signatures are missing, a new completed form signed by the appropriate parties will be required before the business can be processed.

Questions & Comments

Please contact Jennifer DiPoppo if you have any Administrative/Operational announcements that you would like to include in the Lincoln LIFE Leader.

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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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New Business Process Improvements Update:

From the Business Review Committee
October 2009

We continue to strive to be easier for you to do business with! The following updates outline suggestions you have given to us in the last few months. Please keep the feedback coming!

Suggestion: Why do you ask for verification of information that is missing from the Life Insurance Application when I have provided the answer in other paperwork submitted with the app? Can you please just take info from the cover letter and supporting documents instead of asking me to verify the information again?

Has this suggestion resulted a change in procedure? Yes!

Details of Result: Earlier this year, we were pleased to have introduced our newly revised Life Insurance Application, which reduced the length of the paperwork and eliminated redundant questions that were present across multiple forms. We have received feedback that the new form is easier to follow and more concisely outlines the information needed from your client to satisfy regulatory and underwriting requirements. In addition to the improved form, training is underway with our New Business and Underwriting staff in an effort to more proactively seek out missing information from alternative sources in paperwork we have already received, thereby minimizing the need to reach out to you, our field partners, as frequently. When we do use information from other places in submitted paperwork, please be aware that it may cause an amendment upon delivery of the policy, or a home office correction endorsement, as the application is the only form that becomes a part of the life insurance contract.

- **Did you know....** The most frequently missed questions on the application are:
 - The **replacement** questions (one for the proposed applicant to answer and one required by the states that the agent answer on the agent report page)
 - The **save age** question
 - The **net worth and bankruptcy questions** which are necessary for financial underwriting
 - The **planned premium** and **where to send the premium notices** questions
 - The **drivers license and state** question

Suggestion: Can the rated amendment be deferred for placement if we can show that the client has accepted the rating in other paperwork? (Example: For **rated** cases, if the client signs the application and/or illustration acknowledging the correct rating prior to issue, why do we have a placement restricted amendment required on delivery?)

Has the suggestion resulted a change in procedure? Yes!

Details of Result: If Lincoln has verification that the client has accepted the rating (ex: a signed application and/or a signed revised illustration) prior to issue, the rated amendment requirement can be posted as a “needed” requirement rather than a “placement” restrictive requirement. Please note that the rated amendment will be required to be obtained on the back-end of the process upon delivery, and that Lincoln will perform a thorough follow-up on all “placed” restriction requirements. Thanks for the suggestion!

Suggestion: Can you clarify what signatures are needed on key documents and is there a way to lessen the required signatures?

Has the suggestion resulted a change in procedure? Yes!

Details of Result: We are pleased to share with you an updated grid showing the signature requirements on our common forms. We thoroughly reviewed the needed signatures and were able to make some changes to assist you. First, we have updated the Arbitration form(s) to ask for only the Policyowner and Agent signatures. The Insured no longer needs to sign. In addition to updating this requirement, we will also be looking at any needed amendment for the required signatures only. For example, if an amendment dealt with medical information, only the Insured and Agent would need to sign. A listing of the application sections and which signatures are needed for each is also included.

Common Form Signatures

Note: This is only a listing of the most common forms used by New Business. See individual forms for exact signature requirements. Lincoln does reserve the right to ask for additional signatures if deemed needed.

Form Name	Signature Requirements
Formal Application	Insured(s) Owner(s)/Applicant(s) Agent Registered Principal (if required)
Children's Term Insurance Supplement	Owner Child(ren) (Please see state chart to confirm age for the state) Parent or Guardian of Child (Based on state chart) Agent
Illustration	Owner(s) Agent
Illustration Compliance Form	Owner(s) Agent
HIV Form*	Insured (each insured must complete their own HIV form)
ABR Form	Owner Beneficiary (if irrevocable) Agent
EFT Form	Payor
Policy Exchange Agreement (1035 Form)	Owner(s)
Replacement Form	Owner(s) Agent
Premium Allocation Form	Owner(s) Agent (Registered Representative) Registered Principal (if required)
Supplements (Alcohol/Drug; Financial; Aviation; Avocation; Foreign Travel)	Insured(s) Agent
Exam	Insured (each insured must complete their own Exam form when an Exam is required)
Amendment	Insured(s) Owner(s)/Applicant(s) Agent Registered Principal (if required)
Certificate of Health (COH)	Insured(s) Owner(s)/Applicant(s) Agent
Arbitration Form	Owner(s)/Applicant(s) Agent

* Generic/non-state specific form. Form may differ by state. Refer to the individual state specific form.



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Application Section	Signature Requirements
Applicant Information – Proposed Insured A or B	Insured(s)
Coverage Information	Owner(s)
Billing Instructions	Owner(s)
Owner Information	Owner(s)
Beneficiary Designation	Owner(s)
Applicant Information – Replacement/Inforce Insurance/Other Pending Applications/Premium Financing/Denied or Rated Insurance	Owner(s) Insured(s)
General Risk Information	Insured(s)
Medical Information and Health Summary	Insured(s)
Defined Age Questionnaire	Insured(s) for Insured Section Owner(s) for Owner Section
Suitability	Owner(s)

Suggestion: Why do we require a signed re-proposal (also called an in-force ledger, and point in time illustration) on the in-force policy for non-VUL to VUL internal exchanges, when I have provided the replacement forms and signature of the proposed insured on the app? Isn't the replacement form and proposed insured's signature enough indication of the client's understanding of the exchange and that they are aware of their decision in replacing their current policy?

Has this suggestion resulted in a change in procedure? Yes!

Details of Result: We are pleased to announce that effective immediately we will no longer require the re-proposal for non VUL to VUL internal exchanges in all states except CA, FL, AR, DE, NY, IN and WA. These exception states listed do require more literal client acknowledgement of their understanding of the purchase. The purpose of the re-proposal is to provide the client with a comparison of their current policy prior to an internal exchange, with the proposed new product offering. The re-proposal is to be obtained from customer service prior to the 1st sales call to the client. We understand that the requirement to obtain the re-proposal has been confusing and many of the field partners feel that since they are obtaining the signature on the new application and forms, that it should represent the client's indication of understanding of the exchange.

During our research, we contacted legal and compliance for their input, and we have tested not requiring the re-proposal in most states on non-VUL to VUL internal exchanges over the Summer as a pilot program. We find that while we agree with the intent of the requirement to protect both the company, and the client, we agree with the perspective many of you in the field have expressed, that the client acknowledgement of understanding should be inherent with their signature on the application and forms. We do feel that the states, in which we still require the re-proposal, have regulation language that requires stronger evidence of acknowledgement by the client than just the signature on the application. We have recently added California to this list, and may have to add other states, if their regulation language requires it, or if a state presents a market conduct challenge.



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