ANNUITY AND LIFE LICENSING & APPOINTMENT NEW AGENT KIT

NATIONAL WESTERN LIFE INSURANCE COMPANY®
PO Box 209080, Austin, TX 78720-9080 | 10801 N Mopac Expy Bldg 3, Austin, TX 78759-5415
www.nationalwesternlife.com

DM-1318-ANNLIFE.Rev.1.21

NWL® INSURANCE COMPANY

CONTRACTING AND LICENSING DOCUMENTS

Please use the following checklist so that your appointment can be processed quickly.

❒ **Data Sheet (SA-8098) - Ensure all signatures have been obtained and that any documentation with additional information about the agent is attached.**

❒ **EFT Information Form (SA-8786) - Include a voided check.**

❒ **Contract – Ensure contract level has been indicated and all signatures have been obtained.**

For Corporate/ Agency Contracts:

- ❒ Submit a separate data sheet for each producing principal of a corporation.
- ❒ Submit a Corporate Agency Guaranty Agreement (SA-8057) executed by the primary principal.

❒ **Anti-Money Laundering (AML) Training for Agents**

- ❒ Company-Specific AML Training – Read the training material and sign the Certification of Compliance in Section D of the Agent Data Sheet. National Western Life does not accept other training courses in lieu of the Company-Specific AML training.

- ❒ LIMRA AML Training – Upon approval of your agent contract, you will automatically be enrolled in AML training with LIMRA if proof of completion of an acceptable alternate course is not received. The LIMRA AML training consists of an initial base course, followed by refresher courses every 2 years. If you have not taken the AML training with LIMRA (or an acceptable alternate vendor), or it has been more than 2 years since you have taken a course, you must complete LIMRA AML training within 30 days after approval of your agent contract.

If you have not taken AML training with LIMRA, but have taken AML training with an alternate vendor within the past 2 years, you **must submit a copy** of your certificate of completion which must include your individual name, the course name, and course completion date.

❒ **Annuity Training – applicable to annuity appointees ONLY.**

- ❒ Product Specific Training (PST) - Required prior to solicitation of annuities. Click here for PST Registration instructions.
- ❒ General Annuity Training-Required prior to solicitation of annuities. If required in states you will solicit business, please attach your certificate of completion. Click here for a list of states that require General Annuity Training.

❒ **Errors & Omissions (E&O)**

- ❒ Submit declaration page of current E&O policy. NWL requires a minimum of $1,000,000 of coverage.

Please note: NWL utilizes Just-In-Time (JIT) appointment processing in permitted states. You will be appointed upon receipt of business written in JIT states.

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NWL® INSURANCE COMPANY

AGENT DATA

A. General Information

1. Name (as appears on license) _____
2. In what name should agent contract be issued (if different)? _____
   If agency or corporation, please indicate type: ❒ Sole-Proprietorship ❒ Partnership ❒ Corporation ❒ _____ (Indicate if Other)
   Tax/Employer Identification Number (assigned by the IRS) _____
   All producing principals (those who will sign and submit applications) are required to complete an Agent Data Sheet

Name	Date of Birth	Title	Social Security Number	NPN

3. Social Security Number _____ 4. NPN _____ 5. Date of Birth _____
6. Marital Status _____ 7. Spouse's Name _____
8. Residence Phone _____ 9. Cell Phone _____
10. Current Address _____ (Street (PO Box unacceptable)) _____ (City) _____ (State) _____ (Zip) _____ (# Years At Address)
    If residing at present address for less than 5 years, indicate previous address(es) on page 3.
    Mailing address (if different) _____ (Street (PO Box)) _____ (City) _____ (State) _____ (Zip)
11. Business Address _____ (Street/PO Box) _____ (City) _____ (State) _____ (Zip)
12. Business Phone _____ 13. Fax _____ 14. E-mail _____
15. Preferred earned commission frequency: *(please select one)* ❒ Daily ❒ Weekly ❒ Semi-Monthly ❒ Monthly

B. Licensing Information **(Note: NWL utilizes just-in-time appointment processing in permitted states)**

Presently Licensed? ❒ Yes ❒ No If licensed, license type: ❒ Individual ❒ Agency ❒ Corporate | ❒ Life ❒ Accident & Health

State(s) where appointment is being requested: Resident _____ Non-Resident _____

Primary Markets_____ Years in Insurance Sales_____ List insurance company appointments held for the last five years _____

C. Agent's Statements

If you answer "Yes" to any question 2-11, please provide complete details on page 3 or on a separate sheet of paper, and attach supporting documentation. You must timely notify NWL of any material changes to these statements throughout the period of your contract term.

1. Are you currently employed by or associated with a financial institution? ..... ❒ Yes ❒ No
   If yes, provide the name of the company _____
2. Have you ever plead nolo contendere (no contest) or been found guilty of a felony? ..... ❒ Yes ❒ No
3. Have you ever plead nolo contendere (no contest) or been found guilty of a misdemeanor (excluding a traffic violation)? ..... ❒ Yes ❒ No
4. Are you now, or have you ever been, party to a legal proceeding (including civil or criminal proceeding) related to your activities in the financial services industry? ..... ❒ Yes ❒ No
5. Are you now, or have you ever been, subject to a sanction by a state or federal regulatory agency for your activity in the financial services industry? ..... ❒ Yes ❒ No
6. Are you indebted to an insurance company, or is an insurance company claiming a right to collect money from you? ..... ❒ Yes ❒ No
7. Are you now, or have you ever been, a party to misappropriation of money, funds, premiums, or other property? ..... ❒ Yes ❒ No
8. Are you now, or have you ever been, a party to a legal settlement of a dispute involving a client or company for which you have worked? ..... ❒ Yes ❒ No
9. Have you ever filed for bankruptcy? ..... ❒ Yes ❒ No
10. Have you ever been subject to a lien or garnishment? ..... ❒ Yes ❒ No
11. Have you ever sold insurance or financial products under another name? If so, please list the name(s) on page 3. ..... ❒ Yes ❒ No
12. **Is new business being submitted to NWL with this contract?** ..... ❒ Yes ❒ No
    If "Yes", provide the applicant's name and application date. _____ _____
13. Do you authorize NWL to provide your name and contact information to other NWL agents, customers, and/or potential NWL customers seeking an NWL agent in their area? ..... ❒ Yes ❒ No

You should review the privacy policies and practices of the investigating consumer reporting agencies that provide reports to National Western Life before your background investigations take place. The web addresses where the privacy policies can be viewed are shown below:

https://www.bigreport.com/privacy-policy/
http://www.experian.com/privacy/index.html
http://www.transunion.com/corporate/privacyPolicy.page
http://www.geninfo.com/privacy.asp

For California*, Minnesota, and Oklahoma Applicants Only: A consumer credit report will be obtained through Business Information Group, Inc., P.O. Box 541, Southampton, PA, 18966.

If a **consumer credit report** is obtained, I understand that I am entitled to receive a copy. By marking Yes or No, I have indicated whether I would like a copy. ❒ Yes ❒ No

If an **investigative consumer report** is processed, I understand that I am entitled to receive a copy. By marking Yes or No, I have indicated whether I would like a copy. ❒ Yes ❒ No

***California Applicants**: If you chose to receive a copy of the consumer report, we will send it to you within three (3) days of us receiving a copy of the consumer report and, if you elected to receive a copy of the investigative report, you will receive it within seven (7) days of our receipt of the report.

D. Certifications

Anti-Money Laundering Certification of Compliance

By signing below, I certify that I have completed National Western's anti-money laundering training regarding U.S. anti-money laundering laws and the responsibilities that agents have in detecting and preventing money laundering. I understand my responsibilities as an agent of National Western under the Anti-Money Laundering Compliance Program, and will comply with the requirements of this program. I further understand and acknowledge that other Anti-Money Laundering training courses are not acceptable in lieu of the Company-Specific AML training.

I also certify to the following (please check all that apply):

_____ I have completed AML training with LIMRA within the last 24 months.

_____ I have taken training through another vendor within the last 24 months and have included a copy of my certificate of completion from that vendor.

Upon approval of your agent contract, you will be automatically enrolled in AML training with LIMRA if proof of completion of an alternate AML training course is not received or not acceptable to National Western. Acceptance of any alternate AML training course is at the sole discretion of NWL.

If you have never taken AML training with LIMRA or another approved vendor, or it has been more than 2 years since you have taken a course, you must complete AML training with an approved vendor within 30 days after approval of your agent contract. Instructions for completing the training through LIMRA will be available to you on the agent website.

Agent Data Certification

By signing below, I hereby represent and warrant to NWL® that the execution by me of an agency contract with NWL will in no manner breach or violate any existing contractual relationship between me and any other party or entity. Under penalties of perjury, I certify that the number shown on this form is my correct taxpayer identification number. I understand that it is my responsibility to notify NWL in writing of changes to any information provided on this form. I hereby authorize NWL to provide any written disclosures, documents, information, or communications to me electronically. I understand that it is my responsibility to provide and maintain a current email address with NWL. I understand that commission reports and taxable earnings reports via IRS Forms 1099 Misc. may be posted on the agent website. I understand that no paper copies of the commission reports will be mailed to me.

In addition, I hereby authorize any individual or company to give NWL, or its authorized representative, any and all information with reference to my character, credit, business reputation, criminal records, and employment history regardless of whether such information is stored among business records (collectively "My Information"), and I release said individual or company from any and all liability whatsoever which results, or might result, from the disclosure of My Information. I hereby authorize NWL to disclose at its sole discretion My Information to any of its agents that have a need for such information. A photocopy of this Authorization shall be as effective as the original.

Signed _____ ***Date*** _____

Agent Signature

Additional Details to Agent Information (If applicable)

Please indicate the question number to which the details correspond. You may use additional sheets of paper as necessary to provide an accurate and complete response.

Question # _____ Details

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Question # _____ Details

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Question # _____ Details

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Question # _____ Details

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Debit-Check Agent/Agency Authorization Form

Vector One Operations, LLC dba Vector One (collectively with its affiliates, "Vector One") manages the secured web portal interactive computer service provided by Debit-Check.com, LLC a ("Debit-Check"). This Debit-Check Agent/Agency Authorization Form is by and among the undersigned ("you", "me", "I" or "my"), Vector One, and the Company (as defined below) and is used by Debit-Check subscribers who desire to be granted authorization from you for the submission and/or receipt of your personal information to the Debit-Check service as necessary to conduct a commission related debit balance screening. The undersigned company and its affiliates and authorized third parties (collectively, the "Company") is a Debit-Check subscriber. Accordingly, as part of the contracting and appointment process or determination of eligibility for advancement of commissions, the Company may conduct a commission related debit balance screening via Debit-Check in order to determine your eligibility and may continue to conduct periodic commission related debit balance screenings as determined in the Company's sole discretion following the engagement of any employment, appointment, contract, tenure, or other relationship with the Company.

Access to Debit-Check Information: You can obtain your commission related debit balance information by contacting the Vector One Agent Hotline at (800) 860-6546.

AGENT/AGENCY'S STATEMENT – READ CAREFULLY

The Company is hereby authorized to obtain and conduct a commission related debit balance screening through Vector One's Debit-Check secured web portal to determine if another Debit-Check subscriber has posted that I have an outstanding commission related debit balance. I understand that the Company may consider the results of the commission related debit balance screening in order to determine my eligibility to be contracted and appointed or determine my eligibility for advancement of commissions as an insurance producer and may continue to conduct periodic commission related debit balance screenings as determined in the Company's sole discretion following the engagement of any employment, appointment, contract, tenure, or other relationship with the Company. I understand and acknowledge that the Company may obtain commission related debit balance information through Debit-Check as state law allows. I understand that my information, including my name and social security number ("My Information") may be used for the purpose of obtaining and conducting a commission related debit balance screening. I further understand that in the event of termination or expiration of my employment, appointment, contract, tenure, or other relationship with the Company, whether voluntary or involuntary, if a commission related debit balance is owed to the Company, the Company may post My Information to the Debit-Check service which may be accessed by Debit-Check subscribers until such time the debit balance is satisfied or otherwise removed.

BY SIGNING BELOW, I HEREBY (PLEASE INITIAL ALL STATEMENTS):

(A) _____ Authorize the Company to use My Information for purposes of conducting a commission related debit balance screening, and periodic commission related debit balance screenings as determined in the Company's sole discretion following the engagement of any employment, appointment, contract, tenure, or other relationship with the Company, utilizing Debit-Check.

(B) _____ Authorize the Company to consider the results of the commission related debit balance screening in order to determine my eligibility to be contracted and appointed or determine my eligibility for advancement of commissions as an insurance producer.

(C) _____ Authorize and direct Vector One to receive and process My Information as necessary to intentionally disclose and furnish the results of my commission related debt verification screening, whether directly or indirectly, to the Company.

(D) _____ Authorize the Company to submit My Information to the Debit-Check service in the event of termination or expiration of my engagement with the Company, whether voluntary or involuntary, to the extent a commission related debit balance is owed to the Company.

(E) _____ Authorize and direct Vector One to receive and process My Information and intentionally disclose to any Debit-Check subscriber who submits an inquiry utilizing My Information the results of my commission related debit balance screening, which will contain My Information, to the extent a debit balance is owed.

Agent/Agency Printed Name: _____

Signature: _____ **Date:** _____

FOR COMPANY USE ONLY

AGREED AND ACKNOWLEDGED BY COMPANY:

Name of Company: _____

Signature: _____

Name and Title: _____

NWL® INSURANCE COMPANY

ELECTRONIC FUNDS TRANSFER OF COMMISSION PAYMENTS

AGENCY FAX (512) 719-8506

Please type or print legibly:

Agent Name_____ NWL Agent Number _____

I am requesting: ❒ EFT for the first time ❒ A change in my existing EFT instructions.

Financial Institution Information

Financial Institution Name _____ Phone Number _____

Financial Institution Address _____ City _____State_____

Name on Account _____

Account Type: ❒ Checking Account ❒ Savings Account ❒ Investment Account

EFT Routing Number_____ Account Number _____

PLEASE ATTACH YOUR VOIDED CHECK HERE

(Concerned about mailing a voided check? Cut off your signature line as an added precaution.)

I hereby request and authorize National Western Life Insurance Company® (NWL) to electronically deposit into my checking/savings account all commission payments that are payable to me. I authorize NWL to electronically deduct from my checking/savings account, as a correcting adjustment, any deposits electronically transmitted to my checking/savings account in error. This authority remains in force until NWL receives written notice from me terminating this service or changing the account information for this service.

I agree to provide written notice to NWL of any bank/savings account information changes at least three business days before the next commission payment is due me. I understand that NWL is not responsible for any payments made prior to its receipt of written change notice. I understand that commission statements are available on the Agent's website at www.nationalwesternlife.com.

★_____

Agent's Signature Date

NATIONAL WESTERN LIFE INSURANCE COMPANY®
PO Box 209080, Austin, TX 78720-9080 | 10801 N Mopac Expy Bldg 3, Austin, TX 78759-5415
www.mynwl.com | NWLCommissions@globalnw.com | 800-760-3434 Ext. 598 | FAX 512-719-8506

AGENT CONTRACT

This contract is by and between NATIONAL WESTERN LIFE INSURANCE COMPANY, Austin, Texas and _____, Agent. In this contract the Agent will be referred to as "you" or "your" and National Western Life Insurance Company will be referred to as "NWL," "us," "we," or "our." It is agreed by the parties as follows:

1. **PRIOR CONTRACT.** The execution of this contract terminates and renders void all prior agency contracts for annuities (not life insurance) made between you and us, except that it shall not be construed to affect or impair (a) any claim by you against us for compensation provided for in such contracts on business heretofore written and (b) any debts, claims or liens of any kind, whether for money or otherwise, by us against you under any such contract.

2. **INDEPENDENT CONTRACTOR**. You are an independent contractor and nothing in this contract shall be construed to create the relationship of principal and agent or master and servant or employer and employee.

3. **APPOINTMENT**. We appoint you personally, and through your agents, if any, to procure applications for annuity policies as are issued by us subject to our Ratebook and our Rules and Regulations. You and your agents, if any, agree to abide by our Rules and Regulations now or hereinafter in force, which Rules and Regulations shall constitute a part of this contract.

4. **AGENTS**. Your agents may include: (a) agents and brokers assigned to you by us and (b) agents and brokers appointed by you and subject to the terms of this contract, provided you maintain a valid license and appointment as our agent in each state in which you appoint any such agents. Each agent whom you appoint must execute a written contract directly with us, and such contract shall be effective only when also executed by us. You have no authority to modify or amend any part of such contract. Although we may be required to appoint a person on our behalf in a particular state, appointment of an agent by us does not affect or modify your responsibilities or obligations regarding the appointed agent under your contract.

   We reserve the following rights at our discretion without liability to you: (a) to refuse to contract with any proposed agent and (b) to terminate the contract of any of your agents with or without cause.

5. **TERRITORY**. You are authorized to do business under the conditions of this contract in any territory in which we are authorized to do business provided you are properly licensed in such territory. No territory is exclusively assigned. We reserve the right to withdraw from all or any portion of any territory at our discretion without liability to you.

6. **AUTHORITY**. Your right, power, or authority to act on our behalf shall exist only as expressly stated in this contract. No right, power, or authority shall be implied either from the grant or denial of powers specifically mentioned herein or the failure to mention any right or power herein.

   You agree that you and your agents, if any, are without authority to do or perform and expressly agree not to do or perform the following acts on our behalf: (a) incur any indebtedness or liability; (b) make, alter, or discharge contracts; (c) waive forfeitures; (d) quote rates other than those as quoted by us; (e) extend the time for payment of any premium; (f) waive payment in cash; (g) guarantee dividends; (h) deliver any policy more than thirty (30) days after issuance by us; or (i) deliver any policy unless the applicant is in the health described in the application and in good health.

   Further, you agree that you and your agents, if any, shall not: (j) violate the insurance laws of any state in which you may be soliciting applications for insurance; (k) withhold any of our, the policyholder's, prospective policyholder's or applicant's monies or property; (l) rebate or offer to rebate all or any part of a premium on our insurance policies or annuities; (m) induce or attempt to induce any of our policyholders to discontinue payment of premiums or to relinquish any insurance policy or annuity; (n) induce or attempt to induce any of our agents or brokers to leave our service; (o) perpetrate any fraud against us, our policyholders, prospective policyholders or applicants; or (p) violate our Rules and Regulations that are incorporated herein. In the event unauthorized act (j), (k), (l), (m), (n), (o), or (p) shall occur, whether before or after termination of this contract, our obligation to pay commissions and any other compensation under this contract and any other contract with you shall cease and terminate immediately, it being agreed that our actual damages resulting from such violations will be difficult to calculate or measure.

7. **MONIES AND SECURITIES**. All monies or securities collected, received, or which otherwise come into your control or the control of any agent that may exist under you, which belong to us, our policyholders, prospective policyholders, or applicants shall be securely held in trust, and shall not be used for any personal or other purposes whatsoever, but shall be immediately paid over to us. You guarantee the payment to us of all monies or securities intended for or owing to us, our policyholders, prospective policyholders, or applicants that are collected, received, or otherwise come into your control or the control of any agents that may exist under you.

8. **COMMISSIONS**. You shall be paid commissions on premiums paid to and received by us, as set out in the Schedule of Commission of the contract level at which you are being appointed, which forms a part of this contract. The Company may, at any time, terminate or amend any Schedule of Commission, or issue a new Schedule of Commission. Any new or amended Schedule of Commission will be subject to the terms and conditions of this contract, and will apply only to policies for which applications are written on or after the effective date of said new or amended Schedule of Commission. The Company will make available to you any new or amended Schedule of Commission by posting it on your agent website.

   Your commissions shall be reduced by the amount of any commissions to third parties and their executors, administrators, and estates. Commissions shall be payable hereunder only in accordance with our Rules and Regulations and shall not be allowed on premiums waived or commuted by reason of death, disability, or exercise of policy options. Commissions that become payable shall be paid to you, your executors, administrators, or assigns; however, neither this contract nor any benefits to accrue hereunder shall be assigned nor transferred, either in whole or in part, without our written consent.

   If any agents exist under your control, the following provisions apply: (1) Your commissions shall be reduced by the amount of any commissions to which your agents are entitled whether we pay such commissions to the agents or to third parties; (2) we agree to pay to you the commissions that your agents would have received from us under their contracts except for their failure to satisfy the terms of their contracts; (3) in no event will you be entitled to receive commissions that revert to you from your terminated agents in excess of the amount such terminated agents would have received under the vesting provisions of their contracts.

9. **JOINT COMMISSIONS**. In case any agent or any other person acting for us shall secure an application for insurance jointly with you, the credit for such business shall be equally divided (unless otherwise shown on the application) among those whose names appear on the application, and you shall be paid commissions on your share of the business only.

10. **DISPUTED COMMISSIONS**. In all cases where your claim to commissions is disputed for any reason, we shall have the right to decide and settle the dispute, and our decision shall be binding and conclusive.

11. **FIRST YEAR AND RENEWAL COMMISSIONS**. First year and renewal commissions are subject to the following modifications: (a) no commissions shall be paid on premiums for short term insurance or flat extra premiums (substandard); (b) first year commissions on policies with a face amount less than $2,500 will be reduced by five percent (5%), except where the annualized premiums exceed $120; (c) commissions shall not be paid on policies reinstated unless such reinstatement was accomplished by you; (d) commissions on (i) policy forms or riders not shown in the "Schedule of Commission," (ii) conversion of term policies or changes from one form of insurance to another (whether issued originally by this or a prior or predecessor company), or (iii) the rewriting or replacement of policies (whether issued originally by this or a prior or predecessor company), are not covered by this contract, but may be quoted upon request to us and may be changed from time to time or eliminated by us in our sole discretion; and (e) if a policy is reinsured, we may modify the rate of first year and renewal commissions and the period for which renewals will be paid.

12. **STATEMENT OF ACCOUNT**. We will make available to you a copy of your commission account once a month by posting it on your agent website, provided that transactions occur in your account during the month. Unless you notify us in writing within sixty (60) days of the issue date of each statement of any differences between such statement and your account, you shall have waived the right to contest the accuracy, correctness, and basis of the statement. Such statement shall be competent and conclusive evidence of the status of your account.

13. **TERMINATION**. Either party may terminate this contract by giving the other party fifteen (15) days' written notice, or as many days as state law may require if greater, to such party's last known address. This contract shall terminate immediately in the event of (a) your death, (b) your becoming totally or permanently disabled (as determined by us), (c) your breach of any provision of this contract, or (d) our withdrawal from the territories where you are licensed. Such termination shall not impair your right to receive commissions on policies previously procured except as provided in this contract. After termination of this contract, all debts hereunder are due and payable immediately without further notice or demand.

    In addition, if we terminate this contract because of your breach of any provision of this contract, such termination may be a termination for cause.

14. **COMMISSIONS AFTER TERMINATION**. After termination of this contract you shall not be entitled to receive commissions hereunder unless all debts are fully repaid to us by you as indicated in your Schedule of Commissions.

15. **RESERVATIONS**. We reserve the following rights at our discretion without liability to you: (a) to change commissions on any policy form or rider upon furnishing notice to you, but such change shall not affect applications received by us prior to such notice, (b) to withdraw any policy forms, (c) to change our premium rates, (d) to reject applications for insurance without specifying cause, and (e) to adopt rules and practices from time to time relating to any matter not otherwise covered in this contract.

16. **ADVERTISING**. You and any agents that may exist under you, shall not issue or authorize any advertisement, circular, news release or other communications using our name or our product names (whether written, oral, audio, or visual) without prior written approval by us.

17. **LEGAL ACTION AND INDEMNITY**. You agree to defend, indemnify, and hold harmless NWL®, its directors, employees, officers, shareholders, parents, subsidiaries, affiliated companies, predecessors, successors, assigns, agents, servants, and all others associated with its interests (collectively referred to in this paragraph as "COMPANY"), for any claim, lawsuit, regulatory, administrative, or legal action or proceeding brought against COMPANY arising from or relating to your activity or status as an agent for NWL®. You agree that your defense and indemnification obligation under this paragraph includes your agreement to pay for all expenses of any such claim, lawsuit, regulatory, administrative, or legal action or proceeding, or any combination thereof, initiated by or against us and arising from or relating to your status as an agent for NWL®. **YOU AGREE THAT YOUR DUTY TO DEFEND AND INDEMNIFY COMPANY IS WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, IN WHOLE OR IN PART, PREEXISTING CONDITIONS, STRICT LIABILITY, REGULATORY LIABILITY, STATUTORY LIABILITY, BREACH OF WARRANTY (EXPRESSOR IMPLIED), ANY THEORY OF TORT, ANY THEORY OF BREACH OF CONTRACT, ANY THEORY OF DECEPTIVE TRADE PRACTICES, ANY AGENCY THEORY, OR ANY THEORY OF NEGLIGENCE OF ANY PARTY, INCLUDING THE NEGLIGENCE OF COMPANY AND/OR YOUR NEGLIGENCE, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR MALICE RELATING TO YOUR ACTIVITY OR STATUS AS AN AGENT FOR NWL®.** You further agree that all expenses of COMPANY'S defense will be borne by you, but that COMPANY will have the right to choose its own counsel and direct its own defense at your expense. You agree not to institute any regulatory, administrative, or legal action or proceeding on our behalf without our written approval. You further agree that this defense and indemnity agreement complies with Texas law, and that you will never contend that this agreement does not satisfy Texas law concerning indemnity agreements. You further agree that this defense and indemnity agreement shall be construed under the laws of the state of Texas. Notwithstanding anything to the contrary in this paragraph, COMPANY shall not demand from you any amount that may be paid by COMPANY in any action, including any attorney's fees and other expenses that may have been paid by COMPANY therein, in any case where COMPANY determines you were not at fault and should not be held responsible.

18. **FUNDS AND SUPPLIES**. All books, documents, vouchers, receipts, lists, notices, or other papers of any kind, whether hard copy or electronic, that were used by you in any transaction involving us and any other personal property furnished by us shall remain our property, shall be open to inspection by us at all times, and shall be returned to us or destroyed by you at your expense at termination of this contract with the exception of all uncollected premium receipts and undelivered policies sent to you for delivery and collection which shall be promptly returned to us.

19. **REIMBURSEMENT**. You agree to pay directly or reimburse us for the following expenses: (a) all agent taxes, municipal license fees, and local and state taxes for the territory covered by this contract, (b) all charges provided in our Rules and Regulations, including charges for not taken policies, for applications not completed, for policies reissued for a reduced amount, or a change in dating or a change of plan, and (c) the premium for an indemnity bond in a satisfactory amount to secure your fidelity and faithful performance under this contract, if such bond is requested by us.

20. **ADVANCEMENTS, COMMISSIONS FORFEITURE, AND DEBTS**. Any sums that may be advanced to you or your agents, if any, by reason of our practice to advance future commission earnings or for any other reason may become a debt from you to us, due and payable on demand. You shall also be liable for any claims we may have against you or your agents, or both, and such claims shall be considered a debt payable on demand. All debts shall bear interest at the highest rate permitted by law. We shall have a first lien on all compensation payable hereunder or any supplement or amendment hereto for any debt due us from you, and we may at any time deduct from any monies due you under this contract, or from any other source, any debts due from you to us. In the event we shall, either during the continuance of this agreement or after its termination, refund premiums under any policy for any reason, you shall forfeit all right to compensation on said policy and immediately repay

us on demand the amount of commissions received on the premiums so refunded. You agree to pay any collection fees that we may incur in collecting all debts to you from us, including reasonable attorney's fees and court costs.

21. **NON-WAIVER**. Forbearance or negligence by us to insist upon compliance by you with the terms and provisions in this contract shall not be construed as or constitute a waiver thereof.

22. **CONSTRUCTIONS, MODIFICATION, AND VENUE**. This contract shall be governed by and construed in accordance with the laws of the state of Texas. All parties agree that any possible ambiguity found in the terms, provisions, and/or construction of this contract shall not be construed against the drafter of this contract. All agreements between the parties are contained in this contract, and no modification of this contract shall be binding on either party unless made in writing in accordance with our policy. Any suit arising out of this contract shall be instituted in Travis County, Texas, and tried under Texas law. Unless otherwise provided, all matters to be performed under this contract shall be performed at our offices in Austin, Texas. Any amount due to either party under this contract shall be payable at our offices in Austin, Texas.

23. **SEVERABILITY AND SURVIVAL**. In the event that any court of competent jurisdiction shall hold any provision or clause of this contract to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The terms and provisions of Sections 7, 14, 17, 20, 21, 22, and 23 shall survive the termination or expiration of this Contract.

You are being appointed at contract level _____. The corresponding Schedule of Commissions should be submitted with this contract, and must be provided by the recruiting agent to the agent being recruited.

Acknowledged, Accepted, and Agreed to by:

* _____ _____

AGENT SIGNATURE **DATE**

If signing on behalf of a corporation or partnership, please type or print the name of the entity and your title:

_____ _____

CORPORATION NAME PRINTED **TITLE**
(If applicable)

Recruiting Agent's Statement
I, the undersigned, do certify that I am personally familiar with the integrity and character of the above-signed, that her/his reputation is good, and that she/he is trustworthy. To the best of my knowledge, all statements contained in the Agent Data Sheet are true and correct. He/she is qualified to procure applications for insurance for National Western Life before the general public.

* _____ _____

RECRUITING AGENT SIGNATURE **DATE**

_____ _____

RECRUITING AGENT NAME PRINTED **NWL® AGENT NUMBER**

For NWL Use Only

EXECUTED as of the date written below.

_____ _____

NATIONAL WESTERN LIFE INSURANCE COMPANY® **EFFECTIVE DATE**

NWL® INSURANCE COMPANY

AGENT CONTRACT

This contract is by and between NATIONAL WESTERN LIFE INSURANCE COMPANY, Austin, Texas and _____, Agent. In this contract the Agent will be referred to as "you" or "your" and National Western Life Insurance Company will be referred to as "NWL," "us," "we," or "our." It is agreed by the parties as follows:

1. **PRIOR CONTRACT.** The execution of this contract terminates and renders void all prior agency contracts for life insurance (not annuities) made between you and us, except that it shall not be construed to affect or impair (a) any claim by you against us for compensation provided for in such contracts on business heretofore written and (b) any debts, claims or liens of any kind, whether for money or otherwise, by us against you under any such contract.

2. **INDEPENDENT CONTRACTOR**. You are an independent contractor and nothing in this contract shall be construed to create the relationship of principal and agent or master and servant or employer and employee.

3. **APPOINTMENT**. We appoint you personally, and through your agents, if any, to procure applications for life insurance as are issued by us subject to our Ratebook and our Rules and Regulations. You and your agents, if any, agree to abide by our Rules and Regulations now or hereinafter in force, which Rules and Regulations shall constitute a part of this contract.

4. **AGENTS**. Your agents may include: (a) agents and brokers assigned to you by us and (b) agents and brokers appointed by you and subject to the terms of this contract, provided you maintain a valid license and appointment as our agent in each state in which you appoint any such agents. Each agent whom you appoint must execute a written contract directly with us, and such contract shall be effective only when also executed by us. You have no authority to modify or amend any part of such contract. Although we may be required to appoint a person on our behalf in a particular state, appointment of an agent by us does not affect or modify your responsibilities or obligations regarding the appointed agent under your contract.

   We reserve the following rights at our discretion without liability to you: (a) to refuse to contract with any proposed agent and (b) to terminate the contract of any of your agents with or without cause.

5. **TERRITORY**. You are authorized to do business under the conditions of this contract in any territory in which we are authorized to do business provided you are properly licensed in such territory. No territory is exclusively assigned. We reserve the right to withdraw from all or any portion of any territory at our discretion without liability to you.

6. **AUTHORITY**. Your right, power, or authority to act on our behalf shall exist only as expressly stated in this contract. No right, power, or authority shall be implied either from the grant or denial of powers specifically mentioned herein or the failure to mention any right or power herein.

   You agree that you and your agents, if any, are without authority to do or perform and expressly agree not to do or perform the following acts on our behalf: (a) incur any indebtedness or liability; (b) make, alter, or discharge contracts; (c) waive forfeitures; (d) quote rates other than those as quoted by us; (e) extend the time for payment of any premium; (f) waive payment in cash; (g) guarantee dividends; (h) deliver any policy more than thirty (30) days after issuance by us; or (i) deliver any policy unless the applicant is in the health described in the application and in good health.

   Further, you agree that you and your agents, if any, shall not: (j) violate the insurance laws of any state in which you may be soliciting applications for insurance; (k) withhold any of our, the policyholder's, prospective policyholder's, or applicant's monies or property; (l) rebate or offer to rebate all or any part of a premium on our insurance policies or annuities; (m) induce or attempt to induce any of our policyholders to discontinue payment of premiums or to relinquish any insurance policy or annuity; (n) induce or attempt to induce any of our agents or brokers to leave our service; (o) perpetrate any fraud against us, our policyholders, prospective policyholders or applicants; or (p) violate our Rules and Regulations that are incorporated herein. In the event unauthorized act(s) (j), (k), (l), (m), (n), (o), or (p) shall occur, whether before or after termination of this contract, our obligation to pay commissions and any other compensation under this contract and any other contract with you shall cease and terminate immediately, it being agreed that our actual damages resulting from such violations will be difficult to calculate or measure.

7. **MONIES AND SECURITIES**. All monies or securities collected, received, or which otherwise come into your control or the control of any agent that may exist under you, which belong to us, our policyholders, prospective policyholders, or applicants shall be securely held in trust, and shall not be used for any personal or other purposes whatsoever, but shall be immediately paid over to us. You guarantee the payment to us of all monies or securities intended for or owing to us, our policyholders, prospective policyholders, or applicants that are collected, received, or otherwise come into your control or the control of any agents that may exist under you.

8. **COMMISSIONS**. You shall be paid commissions on premiums paid to and received by us, as set out in the Schedule of Commission of the contract level at which you are being appointed, which forms a part of this contract. The Company may, at any time, terminate or amend any Schedule of Commission, or issue a new Schedule of Commission. Any new or amended Schedule of Commission will be subject to the terms and conditions of this contract, and will apply only to policies for which applications are written on or after the effective date of said new or amended Schedule of Commission. The Company will make available to you any new or amended Schedule of Commission by posting it on your agent website.

   Your commissions shall be reduced by the amount of any commissions to third parties and their executors, administrators, and estates. Commissions shall be payable hereunder only in accordance with our Rules and Regulations and shall not be allowed on premiums waived or commuted by reason of death, disability, or exercise of policy options. Commissions that become payable shall be paid to you, your executors, administrators, or assigns; however, neither this contract nor any benefits to accrue hereunder shall be assigned nor transferred, either in whole or in part, without our written consent.

   If any agents exist under your control, the following provisions apply: (1) Your commissions shall be reduced by the amount of any commissions to which your agents are entitled whether we pay such commissions to the agents or to third parties; (2) we agree to pay to you the commissions that your agents would have received from us under their contracts except for their failure to satisfy the terms of their contracts; (3) in no event will you be entitled to receive commissions that revert to you from your terminated agents in excess of the amount such terminated agents would have received under the vesting provisions of their contracts.

9. **JOINT COMMISSIONS**. In case any agent or any other person acting for us shall secure an application for insurance jointly with you, the credit for such business shall be equally divided (unless otherwise shown on the application) among those whose names appear on the application, and you shall be paid commissions on your share of the business only.

10. **DISPUTED COMMISSIONS**. In all cases where your claim to commissions is disputed for any reason, we shall have the right to decide and settle the dispute, and our decision shall be binding and conclusive.

11. **FIRST YEAR AND RENEWAL COMMISSIONS**. First year and renewal commissions are subject to the following modifications: (a) no commissions shall be paid on premiums for short term insurance or flat extra premiums (substandard); (b) first year commissions on policies with a face amount less than $2,500 will be reduced by five percent (5%), except where the annualized premiums exceed $120; (c) commissions shall not be paid on policies reinstated unless such reinstatement was accomplished by you; (d) commissions on (i) policy forms or riders not shown in the "Schedule of Commission," (ii) conversion of term policies or changes from one form of insurance to another (whether issued originally by this or a prior or predecessor company), or (iii) the rewriting or replacement of policies (whether issued originally by this or a prior or predecessor company), are not covered by this contract, but may be quoted upon request to us and may be changed from time to time or eliminated by us in our sole discretion; and (e) if a policy is reinsured, we may modify the rate of first year and renewal commissions and the period for which renewals will be paid.

12. **STATEMENT OF ACCOUNT**. We will make available to you a copy of your commission account once a month by posting it on your agent website, provided that transactions occur in your account during the month. Unless you notify us in writing within sixty (60) days of the issue date of each statement of any differences between such statement and your account, you shall have waived the right to contest the accuracy, correctness, and basis of the statement. Such statement shall be competent and conclusive evidence of the status of your account.

13. **TERMINATION**. Either party may terminate this contract by giving the other party fifteen (15) days' written notice, or as many days as state law may require if greater, to such party's last known address. This contract shall terminate immediately in the event of (a) your death, (b) your becoming totally or permanently disabled (as determined by us), (c) your breach of any provision of this contract, or (d) our withdrawal from the territories where you are licensed. Such termination shall not impair your right to receive commissions on policies previously procured except as provided in this contract. After termination of this contract, all debts hereunder are due and payable immediately without further notice or demand.

    In addition, if we terminate this contract because of your breach of any provision of this contract, such termination may be a termination for cause.

14. **COMMISSIONS AFTER TERMINATION**. After termination of this contract you shall not be entitled to receive commissions hereunder unless all debts are fully repaid to us by you as indicated in your Schedule of Commissions.

15. **RESERVATIONS**. We reserve the following rights at our discretion without liability to you: (a) to change commissions on any policy form or rider upon furnishing notice to you, but such change shall not affect applications received by us prior to such notice, (b) to withdraw any policy forms, (c) to change our premium rates, (d) to reject applications for insurance without specifying cause, and (e) to adopt rules and practices from time to time relating to any matter not otherwise covered in this contract.

16. **ADVERTISING**. You and any agents that may exist under you, shall not issue or authorize any advertisement, circular, news release or other communications using our name or our product names (whether written, oral, audio, or visual) without prior written approval by us.

17. **LEGAL ACTION AND INDEMNITY**. You agree to defend, indemnify, and hold harmless NWL®, its directors, employees, officers, shareholders, parents, subsidiaries, affiliated companies, predecessors, successors, assigns, agents, servants, and all others associated with its interests (collectively referred to in this paragraph as "COMPANY"), for any claim, lawsuit, regulatory, administrative, or legal action or proceeding brought against COMPANY arising from or relating to your activity or status as an agent for NWL®. You agree that your defense and indemnification obligation under this paragraph includes your agreement to pay for all expenses of any such claim, lawsuit, regulatory, administrative, or legal action or proceeding, or any combination thereof, initiated by or against us and arising from or relating to your status as an agent for NWL®. **YOU AGREE THAT YOUR DUTY TO DEFEND AND INDEMNIFY COMPANY IS WITHOUT LIMIT AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, IN WHOLE OR IN PART, PREEXISTING CONDITIONS, STRICT LIABILITY, REGULATORY LIABILITY, STATUTORY LIABILITY, BREACH OF WARRANTY (EXPRESSOR IMPLIED), ANY THEORY OF TORT, ANY THEORY OF BREACH OF CONTRACT, ANY THEORY OF DECEPTIVE TRADE PRACTICES, ANY AGENCY THEORY, OR ANY THEORY OF NEGLIGENCE OF ANY PARTY, INCLUDING THE NEGLIGENCE OF COMPANY AND/OR YOUR NEGLIGENCE, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, OR MALICE RELATING TO YOUR ACTIVITY OR STATUS AS AN AGENT FOR NWL®.** You further agree that all expenses of COMPANY'S defense will be borne by you, but that COMPANY will have the right to choose its own counsel and direct its own defense at your expense. You agree not to institute any regulatory, administrative, or legal action or proceeding on our behalf without our written approval. You further agree that this defense and indemnity agreement complies with Texas law, and that you will never contend that this agreement does not satisfy Texas law concerning indemnity agreements. You further agree that this defense and indemnity agreement shall be construed under the laws of the state of Texas. Notwithstanding anything to the contrary in this paragraph, COMPANY shall not demand from you any amount that may be paid by COMPANY in any action, including any attorney's fees and other expenses that may have been paid by COMPANY therein, in any case where COMPANY determines you were not at fault and should not be held responsible.

18. **FUNDS AND SUPPLIES**. All books, documents, vouchers, receipts, lists, notices, or other papers of any kind, whether hard copy or electronic, that were used by you in any transaction involving us and any other personal property furnished by us shall remain our property, shall be open to inspection by us at all times, and shall be returned to us or destroyed by you at your expense at termination of this contract with the exception of all uncollected premium receipts and undelivered policies sent to you for delivery and collection which shall be promptly returned to us.

19. **REIMBURSEMENT**. You agree to pay directly or reimburse us for the following expenses: (a) all agent taxes, municipal license fees, and local and state taxes for the territory covered by this contract, (b) all charges provided in our Rules and Regulations, including charges for not taken policies, for applications not completed, for policies reissued for a reduced amount, or a change in dating or a change of plan, and (c) the premium for an indemnity bond in a satisfactory amount to secure your fidelity and faithful performance under this contract, if such bond is requested by us.

20. **ADVANCEMENTS, COMMISSIONS FORFEITURE, AND DEBTS**. Any sums that may be advanced to you or your agents, if any, by reason of our practice to advance future commission earnings or for any other reason may become a debt from you to us, due and payable on demand. You shall also be liable for any claims we may have against you or your agents, or both, and such claims shall be considered a debt payable on demand. All debts shall bear interest at the highest rate permitted by law. We shall have a first lien on all compensation payable hereunder or any supplement or amendment hereto for any debt due us from you, and we may at any time deduct from any monies due you under this contract, or from any other source, any debts due from you to us. In the event we shall, either during the continuance of this agreement or after its termination, refund premiums under any policy for any reason, you shall forfeit all right to compensation on said policy and immediately repay

us on demand the amount of commissions received on the premiums so refunded. You agree to pay any collection fees that we may incur in collecting all debts to you from us, including reasonable attorney's fees and court costs.

21. **NON-WAIVER**. Forbearance or negligence by us to insist upon compliance by you with the terms and provisions in this contract shall not be construed as or constitute a waiver thereof.

22. **CONSTRUCTIONS, MODIFICATION, AND VENUE**. This contract shall be governed by and construed in accordance with the laws of the state of Texas. All parties agree that any possible ambiguity found in the terms, provisions, and/or construction of this contract shall not be construed against the drafter of this contract. All agreements between the parties are contained in this contract, and no modification of this contract shall be binding on either party unless made in writing in accordance with our policy. Any suit arising out of this contract shall be instituted in Travis County, Texas, and tried under Texas law. Unless otherwise provided, all matters to be performed under this contract shall be performed at our offices in Austin, Texas. Any amount due to either party under this contract shall be payable at our offices in Austin, Texas.

23. **SEVERABILITY AND SURVIVAL**. In the event that any court of competent jurisdiction shall hold any provision or clause of this contract to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The terms and provisions of Sections 7, 14, 17, 20, 21, 22, and 23 shall survive the termination or expiration of this Contract.

You are being appointed at contract level _____. The corresponding Schedule of Commissions should be submitted with this contract, and must be provided by the recruiting agent to the agent being recruited.

Acknowledged, Accepted, and Agreed to by:

* _____ _____

AGENT SIGNATURE **DATE**

If signing on behalf of a corporation or partnership, please type or print the name of the entity and your title:

_____ _____

CORPORATION NAME PRINTED **TITLE**
(If applicable)

Recruiting Agent's Statement
I, the undersigned, do certify that I am personally familiar with the integrity and character of the above-signed, that her/his reputation is good, and that she/he is trustworthy. To the best of my knowledge, all statements contained in the Agent Data Sheet are true and correct. He/she is qualified to procure applications for insurance for National Western Life before the general public.

* _____ _____

RECRUITING AGENT SIGNATURE **DATE**

_____ _____

RECRUITING AGENT NAME PRINTED **NWL® AGENT NUMBER**

For NWL Use Only

EXECUTED as of the date written below.

_____ _____

NATIONAL WESTERN LIFE INSURANCE COMPANY® **EFFECTIVE DATE**

FAIR CREDIT REPORTING ACT
DISCLOSURE TO PROSPECTIVE AGENTS

(PLEASE RETAIN THIS DOCUMENT FOR YOUR RECORDS)

In compliance with the Fair Credit Reporting Act (FCRA), you are hereby notified that National Western Life Insurance Company (NWL®) may now, for purposes of determining your appointment eligibility, or at any time during your appointment, obtain a consumer report, or investigative consumer report, including information as to your credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, mode of living, criminal records, and/or employment history. In the event, we use information contained in the consumer report to make an adverse decision on your application for appointment, before making such decision, we will provide you with a copy of the consumer report and a description in writing of your rights under the FCRA. With regard to the investigative consumer report, you have the right to obtain a complete and accurate disclosure of the nature and scope of the investigation requested. Upon written request to us within a reasonable time after your receipt of this document, you shall receive such additional disclosure in writing.

You may submit your written request electronically, fax it to (512) 719-8506, or forward it to:

National Western Life Insurance Company
Attention: Agent Contracting & Licensing – BP3-LGL-01
PO Box 209080
Austin, TX 78720–9080

Additional information concerning the FCRA is available at the Consumer Financial Protection Bureau website http://www.consumerfinance.gov/learnmore.

For Maine Applicants Only
Upon request, you will be informed whether or not an investigative consumer report was requested, and if such a report was requested, the name and address of the consumer reporting agency furnishing the report. You may request and receive from us, within five (5) business days of our receipt of your request, the name, address and telephone number of the nearest unit designated to handle inquiries for the consumer reporting agency issuing an investigative consumer report concerning you. You also have the right, under Maine law, to request and promptly receive from all such agencies copies of any reports

For New York Applicants Only
Upon your written request, you have the right to be informed of whether or not a consumer report was requested. If a consumer report is requested, you will be provided with the name and address of the consumer reporting agency furnishing the report.

For Washington Applicants Only
If we request an investigative consumer report, you have the right, upon written request made within a reasonable period of time, to receive from us a complete and accurate disclosure of the nature and scope of the investigation. You have the right to request from the consumer reporting agency a summary of your rights and remedies under state law.

CORPORATE AGENCY GUARANTY AGREEMENT

In order to induce NATIONAL WESTERN LIFE INSURANCE COMPANY® (NWL®) to enter into the agent contract (Contract) by and between NWL® and _____ (the Corporation), the undersigned Guarantor hereby personally and unconditionally guarantees the performance of all terms, covenants, agreements, understandings and obligations assumed by the Corporation in the Contract, including but not limited to the payment of any sums of money due thereunder for any reason whatsoever.

This is a continuing guarantee, and applies to any amendment, modification or acceleration of the Contract. The Guarantor waives notice of default by the Corporation, and agrees that NWL® need not pursue or exhaust any other remedies prior to invoking the benefits of the guaranty contained herein. This agreement shall remain in force notwithstanding the institution of any action by the Corporation under the U.S. Bankruptcy Code, any state bankruptcy laws, or any reorganization or insolvency of the Corporation.

The terms of this guaranty are performable in Austin, Travis County, Texas.

This guaranty agreement is executed by the Guarantor this _____ day of _____ , _____.

_____
Printed or Typed Name of Guarantor

★ _____
Guarantor (Individual's signature)

NWL® INSURANCE COMPANY

Anti-Money Laundering Training For Agents*

*The Term “agent” includes producers, representatives, brokers, and consultants.

I. INTRODUCTION

The United States imposes anti-money laundering restrictions to protect the integrity of the U.S. financial sector and to prevent criminals and terrorists from abusing the U.S. financial system for their illicit activities.

II. MONEY LAUNDERING AND TERRORIST FINANCING DEFINED

According to the U.S. Treasury Department's Financial Crimes Enforcement Network (FinCEN), money laundering "involves disguising financial assets so they can be used without detection of the illegal activity that produced them. Through money laundering, the criminal transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source." In short, illegally-obtained funds are filtered through a series of transactions that cause the money to appear legitimate—in other words, it is the process by which "dirty" money is "cleaned" or "laundered."

There are three steps to money laundering:

1. Placement – Illegally-derived funds are placed into the stream of commerce.
2. Layering – A transaction occurs to disguise the true source of the funds.
3. Integration – The money is repatriated into the economy in its disguised form.

Terrorist financing involves using money that can be obtained lawfully or unlawfully to fund illegal activities. Because terrorists can engage in money laundering to fund their illicit activities, U.S. anti-money laundering laws and regulations also are designed to disrupt and prevent terrorism-related money laundering activities.

III. NATIONAL WESTERN'S RESPONSIBILITIES

Insurance companies are required by federal law to "develop and implement a written anti-money laundering program applicable to its covered products that is reasonably designed to prevent the insurance company from being used to facilitate money laundering or the financing of terrorist activities."

The law also sets out minimum requirements for such a program; the program must (1) "incorporate policies, procedures, and internal controls based upon the insurance company's assessment of the money laundering and terrorist financing risks associated with its covered products," which includes, among other things, "integrating the company's insurance agents and insurance brokers into its anti-money laundering program, and obtaining all relevant customer-related information necessary for an effective anti-money laundering program"; (2) "designate a compliance officer" who will be responsible for the program; (3) "provide for ongoing training of appropriate persons concerning their responsibilities under the program"; and (4) "provide for independent testing to monitor and maintain an adequate program, including testing to determine compliance of the company's insurance agents and insurance brokers with their obligations under the program."

Federal law also requires that insurance companies file "a report of any suspicious transaction" that meets certain designated criteria and that the company "establish and implement policies and procedures reasonably designed to obtain customer-related information necessary to detect suspicious activity from all relevant sources, including from its insurance agents and insurance brokers." Insurance companies must report such suspicious transactions by completing a Suspicious Activity Report (SAR).

These laws are not applicable to all insurance products; the U.S. Treasury Department has identified categories of "covered products" that presented sufficient money laundering risk to justify regulation. However, National Western has voluntarily decided to include all of its products in its anti-money laundering program.

National Western is committed to maintaining company-wide awareness of the importance of these laws and regulations and has developed an Anti-Money Laundering Compliance Program, setting forth National Western's internal rules and procedures designed to ensure full compliance with applicable U.S. anti-money laundering laws and regulations.

IV. RESPONSIBILITIES OF NATIONAL WESTERN'S INSURANCE AGENTS

Due to the nature of its business, National Western engages in business dealings with its customers primarily through its agents. Therefore, all agents are required to follow National Western's policy and procedures with respect to compliance with all applicable U.S. anti-money laundering laws.

Agents must not engage in, or facilitate others engaging in, money laundering activities regardless of whether National Western's products or services are involved.

In addition to the duties described in the Agent Procedure (Rules and Regulations) Manual, agents of National Western have the following responsibilities:

- Agents must ensure that, in the application and supporting documents, *all* questions are answered and *all* information requested is given. Agents should understand that incomplete applications will be returned immediately for completion, thereby resulting in processing delays.
- Agents must closely scrutinize all transactions involving "red flags," which are specifically defined below. **Notify National Western's AML Compliance Officer immediately if you detect any of these red flags** so that the Company can determine whether a Suspicious Activity Report must be filed with the U.S. Department of the Treasury.
- Confidentiality: If a suspicious transaction is reported by National Western to the U.S. government pursuant to the requirements of federal law regarding Suspicious Activity Reports, **the Company and its agents are prohibited by law from disclosing to the customer, or any person involved in the suspicious transaction, that the transaction was reported.**
- Agents must give heightened scrutiny to the receipt of cash or cash equivalents in excess of $10,000 for the sale of National Western's products. For the purpose of reviewing transactions, the term "cash" includes U.S. and foreign coin or currency, while "cash equivalents" include cashier's checks, bank drafts, traveler's checks, and money orders that meet the definition of cash under the U.S. Internal Revenue Code (described more fully below). Agents must also comply with local law requirements (if the threshold amount for the review of cash transactions is lower under local law than under U.S. law, agents should use such lower amount as a trigger for heightened scrutiny).

Notice: The U.S. Treasury Department's Office of Foreign Assets Control (OFAC) maintains a List of Specially Designated Nationals and Blocked Persons (SDN List), which includes, among others, individuals and entities that have been designated as terrorists by the U.S. government for the purpose of economic sanctions laws and regulations (see http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx). As required by U.S. law, National Western will report to OFAC any policy applicant who is on the SDN List. Any premiums received will be blocked immediately.

Agents must also employ the following procedures under National Western's Anti-Money Laundering Compliance Program:

A. VERIFICATION OF IDENTITY ("KNOW YOUR CUSTOMER")

National Western relies on its agents to verify the identity of its customers. Consequently, agents of National Western have several responsibilities with respect to customer identification.

Agents must identify customers on the basis of an official identifying document and record the identity of all customers when establishing business relations. Because no single form of identification can be guaranteed to be genuine, National Western's identification process will be cumulative, requiring agents to obtain enough information and documentation to assure the agent and National Western that the customer has been adequately identified.

Agents must, at a minimum, ensure that all information required in the policy application is complete and accurate and must obtain and record the following information about each customer as part of the application process:

- ✓ Full name
- ✓ Taxpayer identification number or a national identification card number
- ✓ Address
- ✓ Telephone number
- ✓ Occupation
- ✓ Date of birth

In order to verify the accuracy of the information provided by the customer, agents must:

- Visibly compare a photograph contained in a valid government-issued identification (driver's license, passport, military identification, or other government identification with a photograph of the customer) in an in-person meeting with the customer to confirm that the photograph is that of the customer.
- Compare the customer information on a government-issued identification document with information provided by the customer on the application form. If a government-issued identification does not contain all the information required, obtain other identification from the customer that, while not government-issued, can be used to confirm the identification provided by the customer (such as a utility bill with customer address, expired government identification with picture, or a senior citizen identification).

Agents must undertake reasonable efforts to obtain a copy of the identification document(s) used to verify the customer's identity. If an agent has no access to photocopying equipment, the agent must make a reasonable effort to obtain a copy of the identification document after the issuance of the National Western policy.

By submitting a life insurance, annuity, or Guaranteed Investment Contract (GIC) application to National Western, the agent attests that the customer information on each application is true and accurate based on the agent's verification of the applicant's identity in compliance with National Western's anti-money laundering procedures.

B. RED FLAGS

Listed below are certain "red flags" for suspicious cash and non-cash transactions for which agents should be alert. While none of these necessarily signifies that an individual is engaging in money laundering activity, any one of these red flags should be grounds for additional inquiry to protect the Company's interests and to determine whether the transaction needs to be reported. Moreover, because this list is not exhaustive, employees and agents must be vigilant for other signs of suspicious activity. Notify National Western immediately if you detect any of these red flags so that the Company can determine whether a Suspicious Activity Report must be filed with the U.S. Department of the Treasury.

1. General

- Transactions and activities involving—directly or indirectly—the following:
  a. policyholders, beneficiaries, or other individuals who are located in or who are citizens or residents of areas designated by the Secretary of Treasury as of "primary money laundering concern" or who are located in or who are citizens or residents of "High Risk and Non-Cooperative Jurisdictions" as designated by the Financial Action Task Force; these jurisdictions have been identified as having critical deficiencies in their anti-money laundering systems or as being unwilling to cooperate in anti-money laundering efforts. An updated list of these jurisdictions can be found at http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions or requested from National Western;
  b. types of products, classes of transactions, or types of financial institutions designated by the U.S. government as a "primary money laundering concern"; and
  c. policyholders, beneficiaries, or other individuals who are on the SDN List.
- Transactions that have unusual patterns, no apparent legitimate commercial or other lawful purpose, or that appear to be structured as multiple transactions in order to avoid the reporting requirements (including transactions of unusual size, frequency, or nature, such as one in which a customer requests termination or cancellation within one year of inception of a single premium policy, especially when cash was tendered for the policy).
- Transactions that are inconsistent with the normal and expected transactions for a particular customer or for customers in the same or similar categories or classes, including transactions that are incompatible with the customer's normal activity or are beyond the customer's apparent financial means (e.g., a customer requests a single premium contract for a large sum).
- Requests for claim payments to a person other than the insured or the named beneficiary.
- A request from the customer that a transaction be processed in such a manner so as to avoid the normal documentation requirements.

2. Source and Character of Funds

- Money originates from bank accounts located in off-shore banking havens, such as the Cayman Islands, the Turks and Caicos Islands, the Channel Islands, Bermuda, and the Seychelles, or any of the countries or territories identified as High-Risk and Non-Cooperative Jurisdictions or as of primary money laundering concern.
- Monetary instruments from different branches or different institutions in amounts under $10,000 on contemporaneous or closely related days.

- Money orders purchased in large quantities on contemporaneous or closely related days at different branches or different institutions.
- Cash in large quantities.

3. Annuities and Life Insurance

- Money is deposited beyond the premium value of the policy, and the money is subsequently removed in the form of loans, which are never repaid.
- Overpayment of premiums with a request to refund the excess to a third party or to a bank account in a different country.
- Assignment of a policy to an unidentified third party for which no plausible reason can be ascertained.
- A number of policies taken out by the same insured for low premiums, each purchased for cash and then canceled with instructions to return the premium to a third party.

4. Customers

- The customer is unwilling to provide, or unnecessarily delays providing, account opening information or information routinely provided by a policyholder.
- The customer appears to be acting as an agent for another person or entity but declines, evades, or is reluctant, without legitimate commercial reasons, to provide information about that person or entity.
- The customer manifests unusual concern about secrecy or asks for information about concealing information from government authorities.
- Little or no concern by a customer for the performance of an insurance product, but much concern about the early termination of the product.
- The customer is the subject of a news article about an investigation or an inquiry from a regulatory or criminal investigative agency.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

C. Reporting of Cash Transactions

Agents must follow the procedures described in this section to enable National Western to comply with the cash transaction reporting requirements under the U.S. Internal Revenue Code (IRC).

Agents must immediately notify National Western when they receive more than $10,000 in cash in a single transaction or a series of related transactions for the sale of National Western products. Under the IRC, any entity engaged in a trade or business that receives more than $10,000 in "cash" in one transaction, or in two or more "related transactions," must file an information return (Internal Revenue Service (IRS) Form 8300). Note that under the IRC's reporting requirements, the term "cash" means the following:

(a) U.S. and foreign currency, and

(b) cashier's checks, bank drafts, traveler's checks, or money orders with a face amount of less than $10,000 if received in any transaction in which the recipient ***knows*** that the instrument is being used in an attempt to avoid the reporting requirements under the IRC or its accompanying regulations.

The term "related transactions" includes the following:

(a) any transactions conducted between a customer and National Western or its agents in a twenty-four hour period, and

(b) transactions conducted during a period of more than twenty-four hours if National Western or its agent has reason to know that each transaction is one of a series of connected transactions. For example, payment of a premium in cash over a period of days, weeks, or months for a single insurance product would be considered related transactions; a report would have to be filed when the aggregate total payment exceeded $10,000 in "cash" even if no single payment were over $10,000.

When National Western is required to file a Form 8300, agents must verify the identity of the customer from whom the cash was received:

1. For a non-U.S. citizen, agents must examine the customer's passport, alien identification card ("green card"), or other official document evidencing nationality or residence.
2. For a U.S. citizen, agents must examine a document normally acceptable as means of identification (e.g., a driver's license).
3. Agents of National Western must also identify the principal if the agent knows, or has reason to know, that the customer conducting the cash transaction is serving as another person's agent.

The reporting requirement encompasses cash received by National Western's agents outside the United States; thus, National Western would have to report the receipt of cash exceeding $10,000 in value in one transaction or in two or more related transactions by an agent in any country for the purchase of a National Western product.

If an agent intends to physically transport or mail to the United States a check issued by National Western or another U.S. entity and made payable to the agent for the amount of the commission, the agent must endorse the check with a restrictive endorsement (e.g., "Pay to National Western Life Insurance Company") before mailing or transporting the check.

D. TRAINING AND CERTIFICATION OF COMPLIANCE

By accepting the role of an agent for National Western, each agent accepts duties and responsibilities to comply fully with National Western's anti-money laundering policy and procedures.

All agents will receive training describing the Company's anti-money laundering policy and compliance procedures with respect to its agents. Each agent must execute the Certification of Compliance as part of the new agent appointment process.

V. DISCIPLINARY ACTION

National Western may impose disciplinary measures against its agents for actions not in compliance with National Western's anti-money laundering policy and procedures, including but not limited to **verbal warning, termination, and notification of law enforcement authorities**.

Whether to impose any or a combination of such disciplinary actions is within National Western's sole discretion, and the Anti-Money Laundering Compliance Plan does not create any rights for any agent. National Western will enforce the compliance program in a consistent manner, imposing appropriate disciplinary action and taking into account any mitigating or aggravating circumstances.

VI. CONCLUSION

National Western and its agents share an important responsibility to comply with the Company's Anti-Money Laundering Compliance Program and all applicable anti-money laundering laws. Violation of federal anti-money laundering laws can expose those responsible to substantial civil and criminal penalties, including—but not limited to—fines and imprisonment. If an agent suspects that a customer may be using National Western's products for money laundering activities, the agent must inform the Company immediately before taking any further action.

Any reporting required of agents under this program may be made to the AML Compliance Officer in writing via email at AMLReporting@nationalwesternlife.com or via fax (512-719-8503).

Please direct any questions that you may have concerning this training material to National Western's Marketing Departments (domestic: 800-760-3434 x286; international: 512-719-2437).

Note: Please sign the Anti-Money Laundering Certification of Compliance.