

## **IMPORTANT CONSIDERATIONS FOR COLLATERAL ASSIGNMENTS**

We are pleased to provide the enclosed form in response to your inquiry about assigning your group insurance as collateral security for indebtedness. Before completing the form, we suggest you consider the following points:

- The Group Policy is a contract between the Group Policyholder and the insurance company; the insured person is not a party to that contract. For example, the Group Policyholder and the insurance company have the right to amend or terminate the Group Policy, without the consent of an insured person.
- The Group Policy provides that coverage will terminate if the member ceases to make premium contributions. No third party has any right under the policy to maintain coverage on any insured person if the insured person wants to stop paying the required premium contributions.
- New York Life is not obliged to, nor will we, notify any assignee of termination of the insured person's coverage.
- If the insurance is already subject to an existing Collateral Assignment which has not been released, we cannot accept the second assignment until we receive a release of the existing assignment.
- If the insurance is already subject to an irrevocable beneficiary, we cannot accept a Collateral Assignment without the consent of the irrevocable beneficiary.
- The benefits under the group policy are on a Group Accidental Death and Dismemberment insurance basis, and have no cash value, no loan value, and no non-forfeiture provisions.
- Benefits under this Group Accidental Death and Dismemberment plan are only payable if the insured suffers an accidental death or dismemberment.
- Any dividends which may become payable under the group policy will be paid to the group policyholder, and not to the insured.
- A person becomes insured under this group policy solely by virtue of his/her or his/her spouse's membership in a particular organization, his/her enrollment for the group coverage, and his/her agreement to pay the necessary premium contributions.

In view of the above, you and your Counsel may conclude that this group insurance is not appropriate for use as collateral security for indebtedness. In that case, please discard the enclosed form.

If you wish to proceed with the Collateral Assignment, please complete the enclosed form and return it to our office for recording on behalf of New York Life.

If you have any questions, please contact AMA Insurance at 800-458-5736 between 8am and 5pm Central time.



GROUP MEMBERSHIP COLLATERAL ASSIGNMENT OF LIFE INSURANCE BENEFITS FORM

Owner Information:

|                          |        |   |  |
|--------------------------|--------|---|--|
| Name:                    |        | Social Security Number (Last 4 digits): |  |
| Address:                 |        |   |  |
| City:                    | State: | Zip:                                    |  |
| Group Policyholder Name: |        | Group Policy Number/Certificate Number: |  |

Assignee Information \* If the assignee is a corporation, include name of corporation:

|          |        |      |
|----------|--------|------|
| Name:    |        |      |
| Address: |        |      |
| City:    | State: | Zip: |

Having the legal capacity to execute this form, having no other existing assignment of my rights or benefit under the policy/certificate referenced above, and having no proceedings in insolvency or bankruptcy instituted by or against me:

I assign to the Assignee, its successor and assigns, the certificate referenced above as collateral security on the life of \_\_\_\_\_ (the Insured). This assignment is subject to the terms and conditions of the policy/certificate, and to any debt owed to New York Life Insurance Company (NYLIC) against the policy/certificate. If the policy/certificate is eligible for dividends, I reserve the right to withdraw any dividends now credited or which may be credited in the future to the policy/certificate. If any default in payment of the debt secured by this assignment occurs, the Assignee, its successors and assigns may exercise this right, when available to the certificate owner under the terms of the policy/certificate, to: (a) establish a loan, (b) secure payment of its cash surrender value or (c) have it endorsed for its reduced paid-up insurance. If the certificate becomes a claim by reason of death or otherwise, upon receipt of a written statement indicating the outstanding amount of Assignor's indebtedness, NYLIC is authorized to pay the Assignee the amount needed to satisfy Assignor's debt. The balance, if any, will be paid to the certificate owner or the beneficiary last designated by me prior to the date said insurance proceeds become payable, in the proportions specified in said designation, as applicable. Any Disability Benefits provided under the policy are not assignable.

I authorize NYLIC to recognize the Assignee's claims to rights under this assignment without investigating the reason for any action taken by the Assignee, or the validity or the amount of the default in payment of the debt secured by this assignment, or the giving of any notice to the Assignor, or the application to be made by the Assignee of any amounts to be paid to Assignee. I further authorize NYLIC to provide information regarding policy status to Assignee. NYLIC's payment to the Assignee in accordance with this assignment fully releases NYLIC from any further obligation. I acknowledge that the Assignee's claim is superior to that of any beneficiary.

When NYLIC records this change, it will take effect as of the date this notice was signed, subject to any payment made or other action taken by NYLIC before recording. A copy of this change will be sent to the Owner and Assignee



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after the change has been recorded. I understand that NYLIC may rely upon the information provided to it by the Assignee.

Signature Owner (Assignor)

Date

I, the Assignor's spouse, consent to the above transaction. (Required in Community Property States of AZ, CA, ID, LA, NV, NM, TX, WA & WI)

Signature of Spouse

Date

RECORDED ON BEHALF OF NEW YORK LIFE, subject to the terms and conditions of the group policy.

By \_\_\_\_\_ Date \_\_\_\_\_

Please return this completed form to AMA Insurance 330 N Wabash Suite 39300 Chicago IL 60611. Assistance is available by calling 800 458-5736 between 8am and 5pm Central Time.