

Assignment of Policy as Collateral Security



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PART A

Your Policy indicates its issuer, which is the company responsible for the policy obligations and is referred to herein as the “Company”).

For Value Received, the Policyowner (“Owner”) hereby assigns, transfers, and sets over to:

Assignee Name: _____ Assignee Taxpayer Identification Number: _____

of (Street Address, City, State Zip): _____

(herein called the “Assignee”), Policy Number _____ issued by the Company (herein called the Insurer) and any riders issued in connection therewith (said policy and riders being herein called the “Policy”) issued on the life of _____ (herein called the “Insured) for a specific

amount, to be determined by the Assignee at the time of the termination of the policy, that is due and owing pursuant to a contract between the Owner and the Assignee and all claims, options, privileges, rights, title and interest therein and thereunder (except as provided in Part C hereof), subject to all the terms and conditions of the Policy, any applicable state laws and to all superior liens, if any, which the Insurer may have against the Policy. The owner by this instrument jointly and severally agree, and the Assignee by the acceptance of this assignment agrees, to the conditions herein set forth.

PART B- Assignee Rights

It is expressly agreed that, without detracting from the generality of the foregoing, the following specific rights are included in this assignment and pass by virtue hereof:

1. The sole right to collect from the Insurer the net proceeds of the Policy when it becomes a claim by death or maturity;
2. If available based on the type of Policy, the sole right to surrender the Policy and receive the surrender value thereof at any time provided by the terms of the Policy and at such other times as the Insurer may allow;
3. If available based on the type of Policy, the sole right to obtain one or more loans on the Policy and to pledge or assign the Policy as security for such loan(s)
4. If available based on the type of Policy, the sole right to collect and receive all dividend deposits or additions to the Policy now or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto; provided, that unless and until the Assignee shall notify the Insurer in writing to the contrary, the dividend deposits and additions shall continue on the plan in force at the time of this assignment; and
5. The sole right to exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom.

PART C- Owner Rights

It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment and do not pass by virtue hereof:

1. If such benefit is available as part of the Policy, the right to collect from the Insurer any disability benefit payable in cash that does not reduce the amount of insurance;
2. The right to designate and change the beneficiary;
3. The right to elect any option mode of settlement permitted by the Policy or allowed by the Insurer; but the reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents or impair any other right of the assignee hereunder, and any designation or change of beneficiary or election of a mode of settlement shall be made subject to this assignment and to the rights of the Assignee hereunder.

PART D- Purpose

This assignment is made as collateral security for the purpose of securing an indebtedness of the Insured to the Assignee now existing and any additional indebtedness of the Insured to the Assignee which may exist at the time of settlement under the Policy. This assignment is expressly limited to such of the proceeds under the Policy as may be necessary to liquidate said indebtedness, the remainder of the proceeds being unaffected hereby.

The Company is entitled to rely on the representation of the Assignee as to the balance of the debt at the time the Policy proceeds are payable. Payment to the Assignee upon written demand by the Assignee of the amount stated by the Assignee to be the balance of the debt secured shall relieve the Company of any further liability for that amount paid, whether the amount demanded by the Assignee was an accurate accounting of the balance of the debt.

In the event of any conflict between the provisions of this assignment and the provisions of the note or other evidence of indebtedness, with respect to the Policy rights of collateral security therein, the provisions of this assignment shall prevail.

PART E- Assignee Responsibilities

The Assignee covenants and agrees with the Owner as follows:

1. That any balance of sums received hereunder from the Insurer remaining after payment of the then existing Liabilities, matured or unmatured, shall be paid by the Assignee to the persons entitled thereto under the terms of the Policy had this assignment not been executed;
2. That the Assignee will not exercise either the right to surrender the Policy, surrender dividends in cash, or (except for the purpose of payment premiums) the right to obtain policy loans from the Insurer, until there has been default in any of the Liabilities or failure to pay any premium when due, nor until the Assignee has notified Owner of Assignee's intention to exercise such right; and
3. That the Assignee will upon request forward without unreasonable delay to the Insurer the Policy for endorsement of any designation or change of beneficiary or any election of an optional mode of settlement.
4. That, upon payment of the indebtedness secured hereby, written notice of the release of this assignment will be given to the Insurer.

PART F- Insurer Rights and Releases

The Owner and Assignee acknowledge that if Assignee exercises its right to surrender the Policy under this Assignment in error, the Insurer will reinstate the Policy only under Policy terms and conditions. The insurer of the Policy is hereby authorized to recognize the Assignee's claim to rights hereunder without investigating the reason for any action taken by the Assignee, or the validity or the amount of the Liabilities, or the existence of any default therein, or the giving of any notice above or otherwise, or the application to be made by the Assignee of any amounts to be paid to the Assignee. The sole signature of the Assignee shall be sufficient for the exercise of any rights under the Policy assigned hereby and the sole receipt of the Assignee for any sums received shall be a full discharge and release therefore to the Insurer. Checks for all or any part of the sums payable under the Policy and assigned herein shall be drawn to the exclusive order of the Assignee, if, when and in such amounts as may be requested by the Assignee.

PART G- Owner Responsibilities

The Assignee shall be under no obligation to pay any premium, or the principal of or interest on any loan(s) on the Policy, whether or not obtained by the Assignee, or any other charges on the Policy, but any such amounts so paid by the Assignee from its own funds shall become part of the Liabilities hereby secured, shall be due immediately, and shall draw interest at a rate agreed to by the Assignee and the Owner.

PART H- Assignee Responsibilities

The exercise of any right, option, privilege or power given herein to the Assignee shall be at the option of the Assignee. Except as restricted by section E above, the Assignee may exercise any such right, option, privilege or power without notice to, or assent by, or affecting the liability of, or releasing any interest hereby assigned by the undersigned, or any of them.

The Assignee may take or release other security, may release any party primarily or secondarily liable for any of the Liabilities, may grant extensions, renewals or indulgences with respect to the Liabilities, or may apply to the Liabilities in such order as the Assignee shall determine, the proceeds of the Policy hereby assigned or any amount received on the account on the Policy by the exercise of any right permitted under this assignment, without resorting or regard to other security.

PART I- General

In the event of any conflict between the provisions of this assignment and the provisions of the note or other evidence of any Liability, with respect to the Policy or rights of collateral security therein, the provisions of this assignment shall prevail.

PART J- Creditor Declarations

The Owner declares that no proceedings in bankruptcy are pending against the Owner and that the Policy is not subject to any assignment for the benefits of creditors, nor is it subject to any spousal or progeny claims.

PART K- Assignee Right to Policy Information

I understand this form authorizes only the release of policy information (not personal medical information) on the insurance policy named in this assignment. Authorization to policy information will remain in effect until the Company receives a release of assignment.

Signatures

IMPORTANT- Assignment of your Policy may be a taxable event. Please consult your tax advisor before signing.

Upon receipt of this document, properly completed, the Company will forward a letter of confirmation to the Assignor and Assignee. This assignment shall not be binding on the Company unless and until this Assignment has been filed with the Company and such letter of confirmation has been sent. The Company is not a party to this Assignment and shall not be responsible for the validity of any assignment, nor its effect. The parties hereto have had the opportunity to obtain legal and tax advice, have reviewed this form prior to signing, and have determined that it carries out their intentions.

Signed this _____ Day of _____, 20 _____.

Owner Signature include title if Corporate Owned, or "Trustee" if Trust owned

Address (Street Address, City, State, Zip)

* Spouse Signature (if applicable)

Address (Street Address, City, State, Zip)

Signature of Irrevocable Beneficiary (if applicable)

Address (Street Address, City, State, Zip)

* The spouse, if any, must sign if the policy was issued to or is owned by a resident of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, or Wisconsin.