

## ACKNOWLEDGEMENT AND DISCLOSURE

### FOR COMMERCIAL PREMIUM FINANCED LIFE INSURANCE POLICIES

The undersigned proposed policyowner has elected to pay premiums on a life insurance policy on the undersigned applicant's life through the use of borrowed funds from the undersigned third party lending institution ("Lender"). There are various methods to fund life insurance premiums including cash payments, use of policy cash values (if available), private intra-family loans and commercial premium financing with a third party loan. Premiums are payable in accordance with the terms of the insurance policy that has been applied for. Reduced or late payments or non-payment of premiums may have a significant impact on policy cash values and may cause the policy to lapse. It is important that all attesting parties carefully read the below information prior to signing below.

**1. UNDERSTAND YOUR LIFE INSURANCE ILLUSTRATION(S).** The application for life insurance is not valid without a signed, complete AXA-Equitable Life Insurance Company ("AXA-Equitable") basic life insurance policy illustration. This basic illustration is presented to the proposed owner and reflects guaranteed elements and non-guaranteed elements. Non-guaranteed elements are subject to change by the insurer. Review this basic illustration closely. In particular, if you anticipate taking loans and withdrawals from your policy to repay the premium financing arrangement, it is important to understand the various factors that might affect the anticipated borrowing. The illustration discusses certain factors that impact policy performance, including taking loans and withdrawals, policy lapse, as well as the potential tax implications of assigning a modified endowment contract.

If the presentation of the basic illustration to the proposed policyowner is accompanied by a second presentation detailing how the proposed financing arrangement might work during the current year and in future years, this second presentation is considered a supplemental illustration (SI"). Note: SIs are generally prepared by the Lender or its marketing affiliate. **Neither AXA-Equitable nor its affiliates makes any representations or warranties regarding the accuracy of the values represented in any SI. Neither AXA-Equitable nor its affiliates endorses any particular design or presentation of a SI. Preparation of such SIs is solely the responsibility of the Lender and/or its marketing affiliate and is completed without the involvement of AXA-Equitable.**

Any SI must be prepared and dated the same day as the basic illustration. SIs are merely a hypothetical representation of what might occur within the proposed financing arrangement in future years. Actual results will vary based on certain factors, including but not limited to:

- the loan interest rate,
- the loan terms,
- continued eligibility for premium loan(s) in future years,
- the policy crediting rate,
- internal charges,
- the timely receipt of premium payments as illustrated, and
- the Applicant's assumed rate of interest on retained assets.

Although loans generally have a limited term, certain SIs may include a lifetime loan and assume the loan term is continually renewed. All loans, especially those with a longer term, carry risks such as variable interest rates, poor policy performance, changes in the assumptions related to a borrower's ability use policy cash values to exit a loan, and other than expected growth of retained assets. **If the plan to exit a loan is to access policy values through a policy loan, you may be replacing, in whole or in part, one loan from the Lender with another loan from the proposed life insurance contact.**

**2. CARRIER AND LENDER UNDERWRITING ARE SEPARATE AND DISTINCT.** Although the financing presentation, including related SIs, demonstrates the use of commercial loans to pay premiums, the medical and financial underwriting performed by AXA-Equitable to determine eligibility for the life insurance coverage is separate and distinct from the loan underwriting performed by the Lender. The proposed policyowner's decision to obtain a loan will not affect eligibility to qualify and purchase a life insurance policy from AXA-Equitable. The life insurance purchase and the loan are separate and distinct transactions conducted by separate entities. A person may qualify for the loan but not the life insurance or visa versa.

**3. AXA-EQUITABLE IS NOT A PARTY TO THE LOAN.** Neither AXA-Equitable, its affiliates, nor its financial professionals endorses or makes any representations or warranties regarding any Lender to which the proposed policyowner and/or proposed insured may be applying for a premium loan, or any premium finance marketing firm involved in the financing presentation. AXA-Equitable's obligations are limited to those contained in the terms and conditions of any life insurance policy that it may issue. Such terms and conditions cannot be altered by any Lender, premium finance marketing firm or financial professional. AXA-Equitable is not in any way affiliated with the Lender.

**4. ASSIGNMENT OF POLICY AS COLLATERAL.** As part of the loan terms, the Lender may require a security interest in the life insurance policy which may be obtained, in whole or in part, through an assignment of the policy as collateral for the benefit of the Lender. This collateral assignment is an agreement between the policyowner and the Lender. The insurer is not a party to that transaction. If the policy is so assigned, the Lender will gain certain rights over the policy's death benefit and cash value. In this respect, there are certain conditions and possible consequences that generally may be associated with a premium financing agreement. Please check with the Lender for details in this regard. For example, if the proposed policyowner fails to meet the terms of a loan, or policy cash values from an issued life insurance policy drop below a certain level, the Lender may ask for additional collateral to fully secure its interest or may receive and surrender the life insurance policy in exchange for the cash surrender value. Alternatively, in the event that the borrower breaches the loan terms, the Lender may accelerate the loan so the balance becomes immediately due and seize collateral to the extent the borrower is unable to make such payment. Also, if the proposed insured dies, the Lender may collect some or all of the death benefits in accordance with the terms of the collateral assignment. Finally, in the event the policy cash values are less than the hypothetical, non-guaranteed values illustrated, the borrower may be required to provide the Lender with more collateral than expected.

**5. PARTIES SHOULD SECURE INDEPENDENT TAX AND LEGAL ADVICE.** The matters described herein are by no means an exhaustive list of potential issues associated with a premium financing arrangement. Moreover, premium finance brokers and firms and, in some cases, lenders, may receive a portion of the life insurance policy sales commission that is normally paid to your insurance agent. It is important that parties entering a premium financing agreement consult and rely on their independent accounting, tax and legal advisors before completing the purchase and funding of the life insurance policy. Neither AXA-Equitable, its affiliates, nor its financial professionals offers accounting, tax and legal advice or may make any representation concerning the accounting, tax or legal impact of the proposed transaction (including the deductibility of any loan interest or the tax effect of any guarantees that may be provided to the lending company). However, as a general rule, loan interest paid to the Lender in connection with the financing of a life insurance policy is not deductible for income tax purposes. Ultimate tax consequences will depend upon individual tax circumstances. Any accounting, tax or legal advice must be obtained separately from this transaction. Neither AXA-Equitable, its affiliates, nor its financial professionals are permitted to pay any fee, expenses or costs for such advice.

**6. ANTICIPATED LONG-TERM OWNERSHIP OF POLICY.** The lending arrangement presented in connection with the purchase of this life insurance policy is for the long-term ownership of such policy and the use of such policy's cash values are for the proposed policyowner's insurance purposes. It is not anticipated that the policy will be sold or used in connection with a life settlement on the secondary market. If the lending arrangement or related purchase of a life insurance policy has been presented to any party to this transaction with any information suggesting other than the long-term ownership of such policy, including but not limited to any proposed life settlement of the policy, this must be stated on the life insurance application submitted to AXA-Equitable. Failure to disclose such information may be considered fraudulent under state insurance law and may render the underlying policy voidable. Insurance fraud is a criminal offense in most states. AXA-Equitable is committed to issuing life insurance policies only where those policies are supported by insurable interest.

Borrowing funds to pay premiums may only be completed with a properly licensed Lender. Neither AXA-Equitale, its affiliates, nor its financial professionals are licensed by any state to act as a lender. Please be advised that this document is not intended as legal or tax advice. In addition, U.S. Treasury Regulations require us to inform you that “any tax information provided in this document is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer. The tax information was written to support the promotion or marketing of the transaction(s) or matter(s) addressed and you should seek advice based on your particular circumstances from an independent tax advisor.”

I (We) have read the above disclosure, understand it, and acknowledge that values shown in the illustration(s) are based on hypothetical assumptions, which are not guaranteed. I (We) understand that the financing presentation, including related SIs, is designed to demonstrate a planning concept that I (we) will discuss with other financial advisors as to its appropriateness within the overall planning needs.

Understood and Accepted by:

Applicant Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_ Policy Number: \_\_\_\_\_

Date: \_\_\_\_\_

Policy Owner’s Signature (if other than Applicant): \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Financial Professional’s Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

As an officer of the below named entity, I acknowledge on behalf of such entity that it is not aware of any compensation or other inducement that has been offered directly or indirectly to any of the following in connection with the application for the purchase of this policy: the insured, the owner or beneficiary of the policy, the beneficiary of any trust owning the policy and/or the owner of any legal entity owning the policy. The below named entity is not aware of the aforementioned parties having any expectation or contingent promise of receiving any such compensation or inducement in the future. It is further acknowledged that, as of the date hereof, the below named entity is not aware of (i) any trust, partnership or other entity receiving or potentially receiving a direct or indirect benefit in the policy or its death benefit other than the beneficiary/ies named in the application; or (ii) any extra-policy agreement offering a right or option to transfer any direct or indirect interest in the policy to another person or entity at a predetermined price or other terms.

Understood and Accepted by:

Lender: \_\_\_\_\_

Officer’s Signature: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_