SUMMER 2010

5STAR LIFE INSURANCE COMPANY

WORKSITE MARKETING NEWSLETTER

KEEPING YOU INFORMED ABOUT EMPLOYEE BENEFITS

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Letter from the President

Dear Agents,

While the economy and financial markets appear to have rebounded somewhat, 2010 continues to present challenges for most working Americans. Sales of our group life insurance products have been strong through the first half of this year. However, sales of individual voluntary worksite products have struggled a bit.

The worksite environment continues to be challenging, but 5Star Life remains strong and aggressive in our pricing and product offerings. We are pleased to bring you the reintroduction of our enhanced Critical Illness product as well as the announcement regarding our 2010 sales contest for top producers.

We look forward to closing out 2010 with strong sales results. Let me extend my most heart-felt thanks for your support of 5Star Life and your continued efforts to put our name and products in front of your clients.

Sincerely,

Craig S. Piers

Craig S. Piers, President
5Star Life Insurance Company

New Guaranteed Issue Critical Illness Plans

We heard your request! Many of you were very excited this time last year after we introduced our new Group Critical Illness Plan. Our original goal was to develop one of the country's least expensive critical illness plans and pay the highest commissions possible. Normally, offering low premiums negates the option for high commission; however, through a creative plan design and eliminating unnecessary features that are nothing more than a return of premium, like wellness benefits, we achieved both of our goals and we now have one of the most competitive and marketable Critical Illness plans the industry has ever seen.

The Critical Illness market is one of the fastest growing voluntary product markets and one that is ever changing. In order to keep ahead of the industry, we are launching the first update to our initial plan design. Beginning with group effective dates of 8/1/2010, we will be offering Guarantee Issue for groups with the greater of 100 employee participants or 20% participation. Although this guarantee issue option is geared to the medium to large group market, we will continue to offer Modified Guarantee issue by answering only two (2) medical questions for groups of 5+ employee participants. Guarantee issue and Modified Guarantee Issue is available for face amounts of $10,000.

Effective 8/1/2010, we are also excited to introduce an Employer Paid Critical Illness plan with a composite rate. This aggressively priced program will be a great complement to group health by off-setting the increased out-of-pocket cost associated with new health care plans. For less than $2.50/month/employee, employers can provide a $2,000 Critical Illness benefit and a $100,000 Voluntary Critical Illness buy-up option to their employees. Employer Paid CI is available up to $10,000 face amounts.

To learn more about our improved Voluntary CI and/or to request a proposal for the Employer Paid CI plan, contact your Regional Marketing Director or download our brochures at www.5starima.com.

We appreciate your business,

Bryan Chrisman, National Sales Director

Bryan Chrisman

2010 Worksite Sales Contest

5Star Life is excited to announce our 2010 Sales Contest. Win a Cruise Vacation for you and your spouse in 2010. All brokers with sold annual premiums of $100,000 will be able to choose the dates to enjoy an unforgettable Caribbean Cruise. No other agents and no business meetings, just you and your spouse enjoying the benefits of your hard work.

Tier 1 Qualifier $100,000 or more annualized sold premium for 2010. Eligible products: FPP, Employer Group Life Insurance, Critical Illness, and Executive Level Term. Award is a Royal Caribbean Platinum cruise (Western Caribbean) for 4 & 5 nights, which can be taken year around within 24 months beginning in 2011. Trip originates in Florida. Total cost (most meals and on board amenities) for two in balcony stateroom plus coach airfare for two not to exceed $1,500. More details available from Royal Caribbean at time of certificate redemption.

Tier 2 Qualifier $125,000 or more annualized sold premium for 2010. Eligible products: FPP, Employer Group Life Insurance, Critical Illness, and Executive Level Term. Award is a Royal Caribbean Diamond cruise (Caribbean, Mexico, Europe, Bermuda) for 4 & 5 nights which can be taken year around within 24 months beginning in 2011. Trip originates in Florida. Total cost (most meals and on board amenities) for two in balcony stateroom plus coach airfare for two not to exceed $1,500. More details available from Royal Caribbean at time of certificate redemption.

Tier 3 Qualifier $150,000 or more annualized sold business for 2010. Eligible products: FPP, Employer Group Life Insurance, Critical Illness, and Executive Level Term. Award is a Royal Caribbean Platinum cruise (Caribbean,

Mexico) for 6 & 7 nights, which can be taken year around within 24 months beginning in 2011. Trip originates in Florida. Total cost (most meals and on board amenities) for two in balcony stateroom plus coach airfare for two not to exceed $1,500. More details available from Royal Caribbean at time of certificate redemption.

Additional information:

- Trip is earned in 2010 and paid in 2011

- Qualifier has 24 months from time of certificate issue to take trip.

- All final airfare arrangements will be made by 5Star Life after consult with qualifiers.

- President of 5 Star Life has final approval of all qualifiers and is the final arbiter of any questions.

Privacy Protection and You, the Producer

The headlines in recent years have had frequent stories about major corporations having privacy breaches. One privacy advocacy website estimates that in the US, over 354 million records containing sensitive information have been released/accessed inappropriately since 2005*. Such incidents can lead to bad publicity, major costs, potential lawsuits, and other unpleasant things for corporations – or agents.

Our own organization recently had a brush with such a potentially severe breach. In a week with a crunch in the office, an assistant for one of our producers sent a file with 2,000 names to her home PC to work on it there. She forgot that it was on her hard drive. Years later, an in-law removed this computer from her home, printed the list of names and SSNs, and threatened anonymously to send them to the local insurance department and elsewhere. While the Company was able to put the brakes on this situation before it escalated, it could have been very serious. Don't let a lawsuit or local bad headline happen to you or your agency.

As a life producer, you are in the business of receiving and transmitting sensitive personal information from your clients in the application process. From California's statute (typical of most states):

Personal information means any information that identifies…a particular individual, including, but not limited to, his or her name, signature, social security number, physical characteristics or description, address, telephone number, passport number, driver's license or state identification card number, insurance policy number, education, employment, employment history, bank account number, credit card number, debit card number, or any other financial information, medical information, or health insurance information. "Personal information" does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

Not only did you agree in your Producer Agreement to carefully protect private information, federal and state laws explicitly require you to do so. What steps must you take to keep privacy breaches from happening? These include, but are not limited to:

- ✔ Secure laptops and PCs physically, as well as with passwords. Change passwords frequently. Do not leave a written reminder of the password anywhere or share.
- ✔ Lock your office securely; burglar alarms are preferred. Any applications/correspondence with personal information should be locked in a secure cabinet, and never left out, say, on a desk, while not in use.
- ✔ Papers/correspondence containing personal information should be shredded, never placed in the dumpster whole.
- ✔ Perform background checks before hiring office assistance.
- ✔ Do not allow employees to take work home. If an employee has a home office, their privacy security must be as strong/stronger than your office. You are liable if one of your employees breaches customer/member privacy.
- ✔ Any e-mail containing SSNs and other personal information must be sent via a secure server.

Failure to maintain strict privacy of client/applicant personal information can result in lawsuits, potentially huge costs for privacy protection/remediation, and possible termination of your contract. Do not let this happen to you – inventory your privacy protection procedures TODAY! As always, if any questions, please contact us in Compliance. Good Selling!

*www.privacyrights.org

Glenn Jones, JD, CLU, ChFC, FLMI, RHU
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5Star Life Insurance Company

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