

## ASSIGNMENT OF LIFE INSURANCE POLICY AS COLLATERAL

Lender:           Name: \_\_\_\_\_  
                  Address:       50 Beaver Street, Albany, New York 12207

Borrower:       Name: \_\_\_\_\_  
                  Address:       \_\_\_\_\_

A.     Assignment. The person/entity below, by signing this Agreement:

1.     Assigns to the Lender, its successors and assigns, in an amount not to exceed the proceeds of the following policy and any supplementary contracts issued with it, including any cash surrender value (collectively, the "Policy"). This Assignment includes all claims, options, privileges, rights, title, cash surrender value and interest in and under the Policy. It is subject to all the terms and conditions of the Policy and any or all superior liens the Insurer may have against it.

Policy No.: \_\_\_\_\_

Policy Amount: \_\_\_\_\_

Insurer: \_\_\_\_\_

Insured: \_\_\_\_\_

B.     Collateral Security. This Assignment is made and the Policy is held as collateral security to insure the payment and performance of any and all obligations of any kind to the Lender of the Borrower, now existing or hereafter arising or created including without limitation direct or indirect, absolute or contingent, and any sums which Lender receive and is obligated by a Bankruptcy Court or other legal authority to repay (called the "Liabilities").

C.     The Lender's Rights. Under this Assignment, the Lender has, in addition to other rights, the sole right:

1.     To collect the net proceeds of the Policy from the Insurer when it becomes a claim by death or maturity;

2.     To surrender the Policy and receive the Policy's surrender value at any time provided by the terms of the Policy and at such other times as the Insurer may allow;

3.     To obtain loans or advances on the Policy, either from the Insurer or, at any time, from other persons, and to pledge or assign the Policy as security for such loans or advances;

4.     To collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy, made or apportioned to the Policy, and to exercise any and all options contained in the Policy with respect to these; but unless and until the Lender notifies the Insurer in writing, the distributions or shares of surplus, dividend deposits and additions shall continue on the plan in force at the time of this Assignment.

5.     To exercise all nonforfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits derived from them; and

6.     To obtain from the Insurer any and all information regarding the Policy.

D.     Rights Reserved To Owner of Policy. As long as the Policy has not been surrendered, the following rights, are not included in the Assignment:

1. The right to collect any disability benefit payable in cash that does not reduce the amount of insurance;
2. The right to designate and change the beneficiary; and
3. The right to elect any optional mode of settlement permitted by the Policy or allowed by the Insurer.

Even though these rights are excluded, they do not prevent the Lender from surrendering the Policy and receiving all its benefits; and any designation or change of beneficiary or election of a settlement option is subject to this Assignment and the Lender's rights under it.

E. Lender's Agreement. The Agreement is subject to the Lender's Agreement:

1. That any moneys received from the Insurer, in excess of the amount needed to pay the Liabilities, will be paid to the persons otherwise entitled to the moneys under the Policy;
2. That the Lender will not exercise either the right to surrender the Policy (except for the purpose of paying premiums) the right to obtain policy loans from the Insurer, until there has been default in any of the Liabilities or a failure to pay any premium when due, and not until it gives 20 days notice of its intention to exercise such right by mailing the notice to the persons signing this agreement, first class mail addressed to them at the addresses given the Lender; and
3. That the Lender will, upon request, forward the Policy to the Insurer without unreasonable delay for endorsement of any designation or change of beneficiary or an election of an optional mode of settlement.

F. The Insurer's Rights and Duties. By accepting this Assignment, the Insurer agrees to all its terms, and it is authorized to recognize the Lender's rights under the Assignment without investigating (1) the reason for any action taken by the Lender; (2) the validity or the amount of the Liabilities; (3) the existence of any default in the Liabilities; (4) the giving of any notice of the Lender's intention to surrender the Policy or obtain Policy loans; or (5) the application to be made by the Lender of any amounts paid to it. It will draw checks for moneys payable under the Policy to the Lender's order and in the amount the Lender may request. The Insurer need require only the signature of the Lender's authorized representative for the exercise of any right under the assigned Policy, and the receipt by the Lender for any moneys received and shall fully discharge and release the insurer.

G. Payment of the Premiums and Loans. The Lender is under no obligation to pay any premium, or the principal of or interest on any loans or advances on the Policy, whether or not obtained by it, or any other charges on the Policy. However, any such amounts the Lender may pay shall become a part of the Liabilities, shall be due immediately, and shall draw interest at the highest borne by any of the Liabilities from time to time, but not greater than the highest rate permitted by law.

H. Exercise of the Lender's Rights. The Lender has the option of exercising any right, privilege, option or power given it under this Assignment. Except for the notice required when the Lender intends to surrender the Policy or to obtain Policy loans (other than for the purpose of paying premiums), the Lender may exercise any right, option, privilege or power without notice to the persons signing this Assignment, without their consent, without affecting any of the Liabilities, and without releasing any interest given to the Lender by this Assignment.

I. Lender's Other Rights. Without affecting this Assignment in any way, the Lender may: (1) take or release other security; (2) release any party primarily or secondarily liable for any of the Liabilities; (3) grant extensions or renewals with respect to, or otherwise modify, the Liabilities; and (4) apply the proceeds of the Policy or any amount, received on account of it by the exercise of any right permitted under this Assignment, to the Liabilities in any order it determines and without resorting to other security.

J. Declarations. Each person signing this Assignment represents that no Bankruptcy proceedings or assignment for the benefit of creditors are pending by or against any of them.

K. Conflict. Should a conflict arise between any provisions of this Assignment and the terms of any note or other evidence of any of the Liabilities with regard to the Policy or the rights to collateral security in it, the provisions of the Assignment shall prevail.

Signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Policy Owner: \_\_\_\_\_  
Printed Name:

Policy Insured: \_\_\_\_\_  
Printed Name:

State of \_\_\_\_\_ :  
County of \_\_\_\_\_ : ss.:

On the \_\_\_\_ day of \_\_\_\_\_ in the year 20\_\_ before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public

State of \_\_\_\_\_ :  
County of \_\_\_\_\_ : ss.:

On the \_\_\_\_ day of \_\_\_\_\_ in the year 20\_\_ before me, the undersigned, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on behalf of which the individual(s) acted, executed the instrument.

\_\_\_\_\_  
Notary Public

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**NOTICE OF NONPAYMENT OF PREMIUM TO INSURER**

**Pursuant to the relevant and applicable provisions of the Insurance Law, as amended, the Lender (previously defined), the Assignee under the Assignment made on the reverse side of this notice, hereby requests the insurer to give such Assignee notice of non-payment of premium or any premium, current or future, on the Policy assigned to the Lender.**

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*THIS SPACE BELOW RESERVED FOR ACKNOWLEDGMENT OF AND AGREEMENT  
TO THIS ASSIGNMENT BY AUTHORIZED OFFICE OF THE INSURER.*