Ameritas FLX Living Benefits Index Universal Life Insurance

Agent Guide

Ameritas Life Insurance Corp.

Ameritas
fulfilling life.

LI 2126 2/18

At a Glance

<table>
<tr><td>Description</td><td colspan="4">Protection with accumulation potential linked to market indexes, plus living benefits and opportunity for guaranteed lifetime income.</td></tr>
<tr><td>Issue Ages
(Vary based on underwriting class. Age nearest birthday)</td><td colspan="4">Preferred Plus NT: 18-75
Preferred and Select NT: 18-80
Standard and Rapid Standard*: 18-85
Juvenile: 0-17
*Ages apply to both non-tobacco (NT) and tobacco (T) underwriting classes.</td></tr>
<tr><td rowspan="5">Specified Amount Banding & Underwriting Classes

*Rapid standard is for mildly substandard risks Table A-D.

**Issue ages 61 and older will require medical underwriting.</td><td>Band</td><td>Amount</td><td>Available Underwriting Classes</td><td>Underwriting</td></tr>
<tr><td>Band 1</td><td>$50,000 - $99,999</td><td>Juvenile, Standard T & NT, Rapid
Standard* T & NT</td><td>Non-Med</td></tr>
<tr><td>Band 2</td><td>$100,000 - $300,000</td><td>Juvenile, Standard T & NT, Rapid
Standard T & NT, Preferred NT</td><td>Non-Med**</td></tr>
<tr><td>Band 3</td><td>$300,001 - $999,999</td><td rowspan="2">Juvenile, Standard T & NT, Preferred T & NT, Preferred Plus, NT, Select NT</td><td rowspan="2">Fully Underwritten</td></tr>
<tr><td>Band 4</td><td>$1 million or more</td></tr>
<tr><td>Index Options and Interest Crediting</td><td colspan="4">Index accounts are credited with a portion of any index growth (excluding dividends) at the end of each period using a point-to-point interest calculation. Gains are locked in each index period. Available index sweep dates: 5th, 15th and 25th of each month.

• S&P 500® Index Capped, 100% Participation Rate, One-Year Index Period
• S&P 500® Index Capped, Adjustable Participation Rate, One-Year Index Period
• S&P 500® Index Capped, 100% Participation Rate, Two-Year Index Period
• Russell 2000® Index Capped, 100% Participation Rate, One-Year Index Period
• BNPP MMA 5 Uncapped, Adjustable Participation Rate, One-Year Index Period
• BNPP MMA 5 Uncapped, Adjustable Participation Rate, Two-Year Index Period</td></tr>
<tr><td>Account Value Bonus</td><td colspan="4">In years 11+, account value will earn a bonus of 0.50% (current) and 0.25% (guaranteed).</td></tr>
<tr><td>Death Benefit Options</td><td colspan="4">Option A: Level OR Option B: Increasing</td></tr>
<tr><td>Guaranteed Interest Rate</td><td colspan="4">2% in fixed account and loan account; 0% in index participation account</td></tr>
<tr><td>Minimum No-lapse Premium</td><td colspan="4">Amount required to keep the policy in force during the minimum no-lapse period. If the premium is paid during the first 15 years (or an equivalent amount is paid over a shorter time), the policy is guaranteed to remain in force, regardless of the cash surrender value. Money anticipated on a 1035 exchange cannot be used to satisfy the requirement. Money sufficient to meet the requirement must accompany the application and must continue to be paid until the 1035 is received.</td></tr>
<tr><td>Maturity Date</td><td colspan="4">No set maturity date; the policy continues in force as long as the cash surrender value remains equal to or greater than $0. There are no policy charges or premiums after age 121.</td></tr>
</table>

Charges and Fees	Premium charge: 7% (current and max); Policy fee: $7/month current ($10 max) all years plus a charge per $1,000 specified amount, which is banded using the same bands as specified amount Deductions for cost of insurance and expense charges will be deducted from any account value in the fixed account first and then proportionately from each index option, starting with the participation accounts furthest from the end of its index period within each index option.
Surrender Charge	Decreases to 0 in year 11
Fixed Loans	Fixed loans available and charged and credited with a declared interest rate. Years 1-5: 3.38% in advance, equivalent to 3.50% in arrears (current and max); net rate: 1.00% current (1.50% max). Preferred loan Years 6+: 2.44% in advance, equivalent to 2.50% in arrears (current and max); net rate: 0.00% current (0.50% max).
Variable Loans	Account value equal to the loan and loan interest remains in the index options and/or fixed account; Available in year 3; Rates vary based on Moody's Corporate Bond Yield Average Index.

Growth Features

Five Index Options

FLX Index UL features five point-to-point index options, which use three indexes: Standard & Poor's 500® Composite Stock Price Index, Russell 2000® Index, BNP Paribas Momentum Multi-Asset 5 Index.

Index	Index Period	Cap?	Participation Rate
S&P 500	1 year	Yes	100%
S&P 500	1 year	Yes	Adjustable
S&P 500	2 years	Yes	100%
Russell 2000	1 year	Yes	100%
BNP MMA5	1 year	No	Adjustable
BNP MMA5	2 years	No	Adjustable

For each index option, we use published values that are based on price changes of the underlying securities which exclude dividends and returns generated by reinvestment of dividends.

Key Terms

Index Cap Rate: the maximum index rate used in calculating the index credited amounts for a participation account.

Index Date: sometimes called a sweep date, is the date on which an index period begins or ends and it must be the 5th, 15th or 25th of the month. All funds received prior to an index date will be deposited first to the fixed account then swept into the index accounts on the next index date. If an index date falls on a date on which the New York Stock Exchange is not open for trading or we are not open for business, the index value will be determined using the index value as of preceding business day.

Index Floor Rate: minimum index rate used in calculating index credited amounts for a participation account.

Index Period: time between the beginning index date and ending index date of a participation account.

Index Rate: percentage change in the index value from the beginning date of the index period to the ending date of the index period.

Participation Account: one of the divisions of the account value upon which index credited amounts are based.

Participation Rate: the percentage of the index rate credited to your account value.

Annual Point-to-Point

An indexed interest crediting method used to help lock in interest rate earnings and maximize the upside growth potential of equity indexes. The company compares the value of the index on the first day of the index period to its value on the last day of the index period to calculate the percentage change.

If the index has risen, clients "lock in" gains because policy values will receive an adjustment at the end of the index period resulting from the increase in the index on which their interest crediting method is based. The index value on the last day of that index period is then used as the starting point for the next index period.

If the index has fallen below the initial starting point, clients are protected from loss due to the 0% floor in the participation account. The lower index value at the end of that index period becomes the starting point for measuring the annual growth in the index for the next index period, creating potential for growth if the index recovers.

How It Works

At the end of each index period, account value in the participation accounts is credited with an amount of interest called the index credit. The index credit is determined by multiplying the percentage increase during the index period (up to the company-declared index cap rate in capped participation accounts) by the company-declared participation rate and applying that rate to the ending account value in the participation account for that index and index period.

Index Credited Amount Rate = Participation Rate x Percentage Increase in the Index (up to the index cap rate if applicable)

For example, the index starts the index period at 1,300 and ends at 1,560.

Assume the cap rate is 12% and the participation is 50% for uncapped participation accounts.
Index increased 260. (1,560 - 1,300 = 260)
The percentage increase in the index is 20%. (260/1,300 = 20%)
If the Index does not increase, then no index credit will be applied.

Interest Credited to Participation Account				
Participation Account Type	**A: Percentage Increase in Index**	**B: Index Cap Rate**	**C: Participation Rate**	**D: Interest Credited—(Minimum of A and B) x C**
Uncapped	20%	n/a	170%	34%
Uncapped	0%	n/a	170%	0
Capped	20%	12%	100%	12%
Capped	0%	12%	100%	0%
Capped	20%	7%	140%	9.8%
Capped	0%	7%	140%	0%

Uncapped Participation

Funds in an uncapped participation account receive no interest throughout the index year and an index credited, if applicable, at the end of the index year for each participation bucket. The index credit is calculated for each index bucket based upon a participation rate declared at the beginning of the index period. In other words, the amount credited to the account value is equal to a portion of the gain in the index. The 0% floor protects against loss.

Example: Assume that the participation rate for a given index period is 170%, and the index increases 20% for the same period. To determine the amount credited to the account value, multiply the participation rate by the index percentage increase for the index period.

170% x 20% = 34%

In this example, the account value in the uncapped account for this index period is credited with interest equivalent to a 34% credited rate. If the index turns in a negative return for the same period, the account value will be protected from losses by the 0% floor.

Capped Participation

Funds in a capped participation account receive no interest throughout the index year and an index credit, if applicable, at the end of the index year for each participation bucket. The index credited is calculated for each index bucket based upon a participation rate and a cap declared at the beginning of the index period. With the capped method, if the index increases, your client will realize a gain up to a certain maximum point, or cap, multiplied by a participation rate.

Example: Assume that the cap for a given index period is 10% and the participation rate is 100%. If the Index increases 12% for the period, the account value in the capped account for this index period will be credited interest with the maximum cap of 10%. On the other hand, if the index turns in a -4% return for the same period, the account value will be protected from loss by a 0% floor.

Fixed Account

This account earns a fixed interest rate declared by the company, which reflects the current economic environment and is guaranteed never to be lower than 2%.

Account Value Bonus

Beginning in year 11, the policy's account value (the sum of the values in the index account, the fixed account and the loan account) will earn an account value bonus. The current account value bonus is 0.50%. It is guaranteed never to be less than 0.25%.

Dollar Cost Averaging

Dollar cost averaging allows lump sums or annual premiums to be spread over monthly index participation accounts instead of tied to one date each year. Clients may elect to automatically transfer money from the fixed account to the index options with written notice specifying the amount of the monthly transfer and the percentages of that amount to be allocated to each index option. The minimum transfer is shown on the policy schedule. Once elected, transfers from the fixed account will be processed monthly until we receive written notice instructing us to cancel the transfers or until the value of the fixed account is completely depleted.

Premium Allocation

Premiums may be allocated among the index options and the fixed account. All net premiums will be allocated according to this allocation. This allocation choice may be changed with notice from the policyowner. On each policy anniversary, we may transfer an estimate of that policy year's cost of insurance and expense charges into the fixed account. Any participation account value at the end of an index period will be allocated according to the premium allocation specified by the policyowner.

Income Features

Lifetime Income Rider

Design: Provides a guaranteed lifetime income for the owner.

Issue Ages: 0-75

Cost: No cost for the rider until it is activated.

Conditions Required to Activate Rider: The insured must be between ages 50 and 85 and must not currently be receiving any benefits from any of the policy's other riders. The policy must have a cash surrender value of at least $5,000 and death benefit option A. It must have been at least 10 years since the policy was issued or the specified amount was increased.

Upon Activating Rider: Specified amount is reduced by the greater of the difference between the specified amount and the account value minus the activation charge, multiplied by the applicable IRC Section 7702 corridor factor shown on the policy schedule or zero. All other existing riders attached to the policy are terminated. A partial withdrawal is taken from the account value to repay any existing loans. The owner elects the disbursement option from one of the following:

Level
Increasing by 3% each year.
Potentially increasing by x% each year where every subsequent year the disbursements will be compared to the corresponding disbursements from the prior year.

Requirements to Continue Payments: Death benefit option must remain Option A. No additional partial withdrawals, other than the payment of the income benefits may be taken. No premium payments will be accepted and no specified amount changes will be allowed.

Rated Policies: Rider is available.

Policy Loans

The cash surrender value is the account value, minus the surrender charge, minus any loan or lien balance. It may be borrowed any time except during a grace period. The minimum loan amount is $500. The maximum loan amount is the cash surrender value, minus loan interest to the next annual date, minus the sum of the next three monthly deductions.

A loan may be repaid in full or in part at any time before the insured's death or surrender of the policy. If the insured dies with a loan outstanding, the amount of the policy loan and loan interest will be deducted from death proceeds.

Loan Interest Rate

The policy will allow for either Fixed Interest or Variable Interest on the loan balance. The client must choose which interest type when they take the policy loan. The client may change interest type once per year (rolling 12 month period) from the time the loan was taken or from the last change of interest type was made.

Interest is calculated in advance. It accrues daily and become a part of the loan balance. Interest payments are due on each policy anniversary. If interest is not paid when due it is added to the loan balance and will bear interest at the rate charged on the loan.

Fixed Loan Interest

The loaned portion of the account value will be credited with interest at the rate of 2.5% (2.0% guaranteed) and will charged with interest at the following rates:

- Years 1-5: 3.38% in advance, equivalent to 3.50% in arrears (current and max); net rate: 1.00% current (1.50% max).
- Years 6+: 2.44% in advance, equivalent to 2.50% in arrears (current and max); net rate: 0.00% current (0.50% max).

A fixed loan, whether or not repaid, will have a permanent effect on the death benefit and policy values, because loaned amounts will be excluded from the participation accounts in the calculation of index credits.

With a variable loan, the loaned amount remains in the accounts to which it is already allocated and will continue to have interest credited in the same manner.

The loaned amount will be charged an interest rate that is tied to the Moody's Corporate Bond Yield Average—Monthly Average Corporates as published by Moody's Investors Services, Inc. The loan rate will be set each policy anniversary and will not be changed more often than once a year. The rate will never be more than the greater of Moody's Corporate Bond Yield Average for the calendar month ending two months before the beginning of the policy year or the rate used to compute the guaranteed account value plus 1%. Additionally, the variable interest rate will never exceed the current crediting rate on the fixed account plus 1%.

Overloan Protection Benefit Endorsement

This rider protects the policyholder from a policy lapse (and potentially the resulting taxation) when there is a large outstanding loan balance by providing paid-up life insurance. There is no cost for this endorsement, unless it is exercised. It is only available for policies that use the Guideline Premium Test.

The endorsement may be exercised if the following conditions are met:

- The insured is age 75 or older;
- The policy is in its 11th policy year or later;
- The outstanding loan balance is more than the specified amount and more than 92.5%, but less than 96% of the account value. If the outstanding policy loan is greater than 96% of the account value, the client can repay loan balance to bring the balance within the range of 92.5% and 96% of account value.

Once the endorsement is elected, the following changes will occur:

- On the date the benefit is elected, 3.5% of the account value is deducted and the specified amount will be 105% of the remaining account value. No further changes in the specified amount will be allowed.
- The death benefit option will be Option A and no further changes in the death benefit option will be allowed.
- The death benefit proceeds will equal the death benefit on the insured's date of death minus any outstanding loan balance.
- Any rider attached to the policy will terminate, and any charges or fees associated with the riders will cease.
- No additional premiums will be accepted.
- No additional partial withdrawals and loans will be allowed, except for automatic loans to cover loan interest not paid when due.
- No monthly deductions will be taken.
- All amounts not allocated to the loan account will be allocated to the fixed account.
- The death benefit at any time after the benefit is elected will equal the greater of the specified amount, the account value times the appropriate corridor factor shown on the policy schedule or the outstanding loan balance times the appropriate corridor factor shown on the policy schedule.

Partial Withdrawals

Policyowners may make partial withdrawals at any time except during the grace period by submitting written notice to the company. The minimum partial withdrawal amount is $100. Each partial withdrawal will be deducted from the cash surrender value of the policy. The death benefit will be reduced by the amount of the partial withdrawal, but cannot be reduced to less $50,000. The policy must maintain enough cash surrender value to provide for three monthly deductions.

Full Cash Surrenders

If policyowners surrender their policy, they will receive the cash surrender value, which is the account value minus the surrender charge minus any policy debt.

The surrender charge varies by issue age, rate classification and duration. It is a per $1,000 of initial specified amount charge and is in effect for 10 years from issue and/or from the date of any increase. There is no pro rata surrender charge for partial withdrawals that are less than the cash surrender value.

Lapse and Grace Period

If the policyholder does not give notice of termination to the company and further premiums are not paid, insurance on the primary insured and that provided by riders remains in force for as long as there is sufficient cash surrender value from which to deduct insurance costs and expenses.

Starting on the monthly date when the cash surrender value is less than the monthly deduction for the policy month to follow, a grace period of 61 days is given for the payment of enough premium to cover the monthly deduction plus the next two monthly deductions. If the premium is not paid within the grace period, all insurance stops. If the insured dies during the grace period, the death benefit is paid but reduced by the past due monthly deductions.

During the first 15 years only, the policy will remain inforce and will not begin the grace period if the sum of the premiums paid to date – less any withdrawals, loans and loan interest – equals or exceeds the minimum monthly premium multiplied by the number of policy months since the date of issue.

Reinstatement

If the policy terminates without value, it can be reinstated with evidence of insurability. At reinstatement, charges for the grace period and current month will be deducted from the account value, and underwriting is required. Policies cannot be reinstated after 5 years past the termination date.

Income Tax Considerations

When values are removed from an in force policy through partial withdrawals, reductions in the specified amount may result. Potentially, distributions may be subject to income tax to the extent of the gain involved (especially on a fully funded policy within the first seven policy years). The rules for determining any applicable tax are complex and depend on how long the policy has been in force.

Certain sales illustrations call for surrenders of policy values at various times. A partial withdrawal may involve the possibility that some portion of the surrender is subject to tax. While this possibility usually is a minor consideration in these illustrations, it should not be ignored. The product software is designed to give the agent a warning if the proposed withdrawals would result in taxation. A policyholder should be advised to seek competent legal or tax counsel.

A Modified Endowment Contract (MEC) is a life insurance policy issued on or after June 22, 1988, which fails the seven-pay premium test. The test period starts at issue and lasts seven years; a new test period starts whenever the life policy incurs a material change. A policy can also be a MEC if the policy was issued on or before June 20, 1988, if it has had a material change (i.e. increased or exchanged) and fails the seven-pay test, within seven years after the date of the change. Once a policy becomes a MEC it will always remain a MEC.

Under a MEC, distributions are included in taxable income up to the amount of gain in the contract. Any gain is deemed to be distributed before the investment in the contract. Gain is the difference between the cash surrender value before reduction by any surrender charge and the policyowner's investment in the contract. Investment in the contract basically equals the premiums paid less any prior distribution received tax-free. Policy loans from a MEC would also be considered a taxable distribution unlike a policy which is not a MEC.

In addition, there is a 10% IRS tax penalty applied to the amount of any pre-death distribution from a MEC that is includable in gross income. There are three exceptions to this additional tax: 1) The taxpayer is at least age 59½; the taxpayer has become disabled or 3) the distribution is part of a series of substantially equal periodic payments, such as an annuity, over the lifetime of the taxpayer.

Section 7702A(b) defines the seven-pay test as follows: "A contract fails to meet the seven-pay test of this subsection if the accumulated amount paid under the contract at any time during the first seven contract years exceeds the sum of the net level premiums which would have been paid on or before such time if the contract provided for paid-up future benefits after the payment of seven level annual premiums."

The information presented here is not intended as tax or other legal advice. For application of this information to your client's specific situation, your client should consult an attorney.

Living Benefits Features

Accelerated Death Benefit Rider

Design: provides an accelerated death benefit if the insured faces a serious medical hardship such as a critical, chronic or terminal illness.

Qualifying Event	Benefit Amount
Critical Illness	Up to 25% of the eligible amount with a maximum of $250,000
Chronic Illness	Up to 50% of eligible amount with a maximum of $1 million
Terminal Illness	Up to 75% of eligible amount with a maximum of $1 million

Eligible Amount: specified amount of the base policy, the supplemental coverage and the early cash value riders, as of the first accelerated benefit request.

Payment Frequency: Accelerated death benefits will be paid in a lump sum for critical illness and terminal illness. If the maximum *chronic illness* accelerated death benefit amount payable does not exceed the per diem limitation declared for that year by the Internal Revenue Service, then the amount payable will be in a single sum. If the maximum amount payable under a chronic illness qualifying event exceeds the per diem limitation declared for that year by the Internal Revenue Service, then the amount payable will be paid in periodic installments.

Lien: The advanced payment plus a $250 administrative fee plus accrued interest is treated as a lien against death benefit proceeds. The maximum lien interest rate will be the greater of the current yield on ninety-day treasury bills; or the current maximum statutory adjustable policy loan interest rate.

Residual Death Benefit: Upon the death of the insured, we will pay at least the residual death benefit, reduced by the amount of any partial withdrawals taken after the first accelerated benefit request and any loan balance. At the time of application, the client may elect a residual death benefit of 10% or 20% of the eligible amount at the time of the first claim. There is a charge for the 20% option. The owner may change the 20% to 10% at any time but may NOT elect to change from 10% to 20% after the policy is issued.

Multiple Accelerations: If less than one year has passed since the initial acceleration of an event and the sum of all accelerated death benefits under this rider has not reached the lifetime maximum accelerated death benefit, then additional death benefit may be accelerated under this same event. There can be up to five policy death benefit accelerations. This includes a first-time event, a subsequent acceleration for the same event, and the reoccurrence of a previous event.

Total Maximum Acceleration: The maximum lifetime accelerated benefit payments on the insured may not exceed 75% of the eligible amount with a maximum of $1 million.

Qualifying Terminal Illness: When the insured has been certified by a physician as having an illness or physical condition, which can reasonably be expected to result in death within 12 months.

Qualifying Critical Illness: Definitions are listed below. These critical illnesses have a waiting period: stroke (30 days), paralysis (90 days) and coma (96 hours).

1) Invasive Life-Threatening Cancer: Diagnosis of a disease manifested by the presence of one or more malignant tumors and characterized by the uncontrolled growth and spread of malignant cells and the invasion of normal neighboring tissue or distant lymph node or organ metastasis. Types of cancer include carcinoma, melanoma, leukemia, lymphoma, multiple myeloma, myelodysplastic syndrome, and sarcoma. No benefit will be payable under this condition for any of the following: pre-malignant lesions, benign tumors, polyps, or dysplasia; carcinoma in-situ; any non-melanoma skin cancer, except those with distant lymph node or organ metastasis; malignant melanoma skin cancer that is less than or equal to 1.0 mm in

thickness, unless it is ulcerated or is accompanied by distant lymph node or organ metastasis; chronic lymphocytic leukemia classified as Rai Stage 0; early prostate cancer diagnosed as T1a or T1b by the AJCC Staging System without distant lymph node or metastasis; papillary thyroid cancer or follicular thyroid cancer, or both, that is less than or equal to 2 cm in greatest diameter and is classified as T1 by the AJCC Staging System, without lymph node or distant metastasis.

2) Stroke: a cerebrovascular incident caused by infarction or brain tissue, cerebral hemorrhage, thrombosis or embolization from an extra-cranial source and producing a measurable neurological deficit that persists for at least 30 consecutive days following the occurrence of the stroke. Stroke does NOT include Transient Ischemic Attacks (TIAs), Vertebro-basilar insufficiency, retinal vessel illnesses, lacunar infarcts which do not meet the definition of stroke and Intracerebral vascular events due to trauma.

3) Major Heart Attack: The death of a portion of the heart muscle resulting from obstruction of blood supply to the relevant area based on the presence of a diagnostic elevation of cardiac enzymes or biomedical markers and the presence of chest pain and at least one of the following: new electrocardiographic (EKG) changes which support the diagnosis; identification of an intracoronary thrombus by angiography; or imaging evidence of a new loss of viable heart muscle or a new regional wall motion abnormality. Major heart attack does not include angina or the chance finding of electrocardiographic (EKG) changes indicative of a previous heart attack.

4) End Stage Renal Failure: The irreversible and total failure of both kidneys in which the use of hemodialysis or peritoneal dialysis is deemed to be medically necessary.

5) Major Organ Transplant: The insured must be placed on a transplant list or have been the recipient of a heart, lungs, liver, kidneys, pancreas or bone marrow.

6) Amyotrophic Lateral Sclerosis (ALS)

7) Blindness Due to Diabetes: Total and irreversible loss of vision in both eyes solely as a result of diabetic retinopathy. Corrected visual acuity being 20/200 or less in both eyes or the field of vision being less than 20 degrees in both eyes.

8) Paralysis of Two or More Limbs: Complete and permanent loss of use of two or more limbs through neurological injury for a continuous period of at least 90 days.

9) Major Burns: Diagnosis of burns that are a full-thickness or third-degree burn covering at least 20% of the body surface.

10) Coma: a profound state of unconsciousness from which the insured cannot be aroused to consciousness, and in which stimulation will produce no more than primitive avoidance reflexes, which last for a period of at least 96 hours, and for which period the Glasgow coma score must be 4 or less. A definite diagnosis of coma must be documented by evidence of a neurological deficit that is expected to last for a continuous 12-month period or longer from the date of the diagnosis to determine coma. Life support systems must be required throughout the period of unconsciousness. Excludes comas secondary to any alcohol or drug abuse and/or narcotics and comas caused/prolonged for therapeutic reasons.

11) Aplastic Anemia: chronic persistent bone marrow failure, confirmed by biopsy, which results in anemia, neutropenia and thrombocytopenia requiring blood product transfusion, and treatment with at least one of the following marrow stimulating agents, immunosuppressive agents or bone marrow transplantation.

12) Benign Brain Tumor: non-cancerous tumor within the cerebral tissue or the cerebral meninges resulting in permanent neurological symptoms and where open, surgical intervention is deemed medically necessary. Tumors in the pituitary gland, cysts, granulomas and tumors in the cranial nerves (e.g. acoustic neuroma), or malformations in, or of, the brain substance, cerebral arteries or veins and/or the spinal cord are not covered.

13) Aortic Aneurysm: diagnosis that intervention is deemed medically necessary for disease or trauma to the aorta requiring either an open surgical repair with excision and replacement of the diseased or traumatized aorta with a graft or an endovascular repair with a stent graft. Aorta refers to the thoracic and abdominal aorta but not its branches.

14) Heart Valve Replacement: diagnosis that surgery is medically necessary to replace any heart valve with either a natural or mechanical valve. Heart valve surgery or repair utilizing transvascular percutaneous valve procedures are not covered by this definition.

15) Coronary Artery Bypass Graft Surgery: diagnosis that surgery is medically necessary to correct narrowing or blockage of one or more coronary arteries with bypass graft(s). Any other surgical procedure, such as but not limited to, angioplasty, intra-arterial procedures, or trans-catheter percutaneous are not covered.

Qualifying Critical Illness: When the insured is unable to perform (without hands-on assistance) at least two activities of daily living, and has been unable to perform them for a period of at least 90 days; or has suffered severe cognitive impairment to the extent that substantial supervision is required to ensure the insured's health and safety. Certification of the chronic illness is required every 12 months

Activities of Daily Living:
1) Dressing: the ability to put on and take off all garments and medically necessary braces or artificial limbs usually worn, and to fasten or unfasten them

2) Toileting: the ability, with or without the help of adaptive devices, to get to and from or on and off the toilet; and to perform associated personal hygiene;

3) Transferring: the ability to move in and out of a chair, bed, or wheelchair with or without equipment such as canes, quad canes, walkers, crutches or grab bars or other support devices including mechanical or motorized devices;

4) Continence: the ability to voluntarily control bowel and bladder function, or, in the event of incontinence, the ability to maintain a reasonable level of personal hygiene including caring for a catheter or colostomy bag;

5) Eating: the ability to feed oneself by getting food into one's body from a receptacle (such as a plate or cup or table) or by a feeding tube or intravenously; and

6) Bathing: the ability to wash oneself, with or without the help of adaptive devices, by sponge bath; or in the tub or shower, including the task of getting in and out of the tub or shower.

Severe Cognitive Impairment: a diagnosis by a physician who is a certified neurologist of Alzheimer's disease and similar forms of irreversible dementia supported by medical evidence of a loss or deterioration in intellectual capacity that includes short-or long-term memory, orientation to people, places, or time, abstract or deductive reasoning, and judgment as it pertains to safety.

Legacy Features

Life Insurance Qualification Test

There are two tests for determining whether a policy qualifies as life insurance for tax purposes: Guideline Premium Test or Cash Value Accumulation Test. Your client's life insurance application will ask which test to use; if no test is selected, the policy will be issued using the GPT. Once the policy is issued, the test can never be changed.

GPT: Limits the amount of premium that may be paid into a policy based upon the death benefit of the policy. Under the GPT, total premiums paid cannot exceed a specifically computed guideline premium limitation. That is, the premiums paid to date cannot exceed the greater of the guideline single premium or the sum of the guideline level annual premiums. In addition, the death benefit cannot be less than a specified percentage of a policy's cash value at any time. The percentage depends upon the insured's attained age.

GPT is typically used to fund a given death benefit at a low-level premium, or to maximum fund a policy with the intention of generating cash flow later in the policy life. When funding for cash flow, policy design typically starts with an increasing death benefit (Option B) and switches to a level death benefit (Option A) during distribution.

CVAT: Uses a net single premium test to determine the level of death benefit relative to cash value in a policy. Using CVAT allows a client to put in substantially more money than the GPT method in the early years of the policy, which can be used to drive up death benefit, short-pay a policy, or generate early cash values. Generally, CVAT is most often used in very high funding situations, such as a single-premium solution. CVAT product designs typically use the Option A death benefit, whether the policy is meant for death benefit for accumulation and distribution.

To comply with these guidelines, the company reserves the right to limit the maximum initial premium it accepts and to require that the death benefit amount at least equal the required percentage as applied to the policy's account value. The company also reserves the right not to accept subsequent premiums in excess of the maximum premium limitation or which will cause risk amounts to increase due to the minimum death benefit percentage. Note that some riders and endorsements are not available on CVAT policies.

Death Benefit Choices

Your clients can choose Option A-level or Option B-increasing death benefit. Generally, Option A creates lower premium costs, yield the highest death benefit for dollars spent on premiums. With Option A, or a level death benefit, the death benefit proceeds equal to the policy's face amount. The net amount at risk to the carrier decreases as the cash value increases. The cost of insurance rate is only applied to the difference between the face amount and the cash value.

With Option B clients pay higher premiums, which increases the death benefit and grows cash value faster. With Option B, or an increasing death benefit, the death benefit equals the policy's face amount plus its cash value. The net amount at risk to the carrier never declines since the cash value is paid out at death, resulting in higher insurance charges than Option A.

Optional Riders

Accidental Death Benefit

Design: pays an additional death benefit to the beneficiary in the event of the insured's death resulting from accidental bodily injury occurring within 180 days of the injury.

Issue Ages: 18 to 65

Substandard Rating: The rider may be added to a policy that is rated Table A to H or with flat extras between $1 and $25 per thousand.

Minimum Amount of Rider Coverage: $25,000

Maximum Amount of Rider Coverage:
- Age 18 – 20 $ 50,000
- Age 21 – 25 $100,000
- Age 26 – 55 $150,000
- Age 56 – max issue age $100,000
- Maximum for all policies $250,000

Available After Issue: Yes

Termination: Rider terminates at the earliest of 1) when any premium for the policy is due and unpaid beyond the end of the premium's grace period; 2) when the policy terminates for any reason other than the death of the insured; 3)the policy anniversary nearest the insured's 70th birthday; 4) if the death of the insured shall occur by suicide within two years from the issue date of this rider; or 5) the date the company receives written notice from the owner requesting termination of this rider.

Reinstatement: Rider may be reinstated upon reinstatement of the policy.

Discounts Available: None

Children's Insurance

Design: Provides $25,000 of life insurance for the insured's children. All of the insured's qualified children are included on one rider.

Base Insured Issue Ages (parent): 18 to 55

Issue Ages (child): 15 days to 18 years

Substandard Rating: The rider may be added to a policy that is rated Table A to H or with flat extras between $1 and $25 per thousand.

Cost: $144 annually

Conversion Privilege: Prior to the child's age 25, allows owner to convert the insurance on each insured child to up to $25,000 of permanent insurance without evidence of insurability. Within 31 days after the insured child's 25th birthday, rider coverage can be converted to up to $125,000 of permanent insurance. Conversion can only occur if no premium is in default. Conversion must take place no later than 31 days after the child's 25th birthday. The policy date of the new policy will be the date of conversion.

Limitations: Children must be named on the application, born after the date of the application or adopted after the date of the application and before the child's 18th birthday. This rider does not insure children younger than 15 days or older than 25.

Termination: This rider will terminate at the earliest of 1) when any premium for the policy is due and unpaid beyond the end of the premium's grace period; 2) when the policy terminates for any reason other than the death of the insured; 3) the policy anniversary nearest the insured's 70th birthday; 4) if the death of the insured shall occur by suicide within two years from the issue date of this rider; or 5) the date the company receives written notice from owner requesting termination of this rider.

Reinstatement: This rider may be reinstated within five years after the rider terminates. The rider may be put back in force by written notice if 1) the policy is reinstated; 2) evidence of insurability is provided for each insured child; and 3) all overdue premiums with interest are paid.

Underwriting: Medical questions will be required for each child. The underwriter may exclude one or more of the children who are included on the application. Upon customer notification, children born or adopted after the policy is activated will be added without additional underwriting review.

Available After Issue: Yes, with evidence of insurability for covered children.

Discounts Available: None

Early Cash Value

Design: Allows part of the policy's specified amount to be allocated to this rider resulting in a higher cash value in the early years of the policy than would otherwise be the case There are no surrender charges associated with coverage under this rider. Monthly deductions associated with coverage under this rider are correspondingly lower in the first year and correspondingly higher in later years than the monthly deduction that would be required for base policy coverage.

Issue Age: Same as base policy

Available After Issue: No

Death Benefit: the death benefit associated with coverage under this rider is include in the total death benefit for the policy. It is also included in the calculation of the accelerated death benefit amount.

Changes: Coverage may be decreased to not less than the minimum required. Base and rider coverage are decreased proportionately. If coverage is increased, proof of insurability may be required. Base coverage and rider coverage must be increased in the same proportion that existed at issue.

Guaranteed Insurability

Design: Allows the policyholder to increase the specified amount of the policy on certain option dates without submitting proof of insurability. On any option date, the face amount can be increased up to the option rider amount as shown on the policy schedule. Minimum option amount is $25,000 Maximum option amount is $50,000.

Option Date: the policy anniversary dates nearest the insured's 22nd, 25th, 28th, 31st, 34th, 37th and 40th birthdays. The option period for an option date begins 60 days before and ends 31 days after that date. Alternate dates may be substituted for the regularly scheduled option dates in the event of the insured's marriage, or the birth or legal adoption of a child. An alternate option period begins on the date of the insured's marriage or birth or legal adoption of a child and ends 91 days after that date. When an alternate date is exercised, it replaces the next option date.

Issue Age: 0-37

Substandard Rating: Not available for rated policies.

Available After Issue: No

Reinstatement: The rider may be reinstated upon reinstatement of the policy.

Termination: The rider will terminate on the earliest of the following when the policy terminates, when the owner requests termination of this rider via written communication or on the expiration date shown on the policy schedule.

Cost: The cost of insurance rates for the increase in specified amount will be based on the insured's rate class as of the policy date, and the issue age as applicable at the time of the increase.

Supplemental Coverage

Design: Provides additional coverage of up to nine times the base policy coverage on the base insured at a lower total premium than the base policy alone.

Death Benefit: the death benefit associated with coverage under this rider is included in the total death benefit for the policy. It is also included in the calculation of the accelerated death benefit amount.

Available After Issue: Yes, but, may only be added on a policy anniversary date. Underwriting required.

Increases: Available after the first policy anniversary. Underwriting required.

Decreases: May be requested on or after first policy anniversary. Permitted provided the ratio of coverage from the supplemental coverage rider, early cash value rider and base policy remains constant.

Partial Withdrawal: Permitted but the ratio of supplemental coverage and base policy coverage needs to remain constant.

Cost: varies by gender, issue age, rate classification, duration and specified amount band.

Waiver of Specified Premium

Design: provides payment of a specified premium to be credited to the policy as premiums paid during continued covered disability of the insured after the total disability has continued for six consecutive months while the policy and this rider are in force. On any monthly date during continued covered disability, the benefit that is paid may be more or less than the cost of insurance and other charges. The cash surrender value may increase or decrease. Additional premium payments may be required to keep the policy in force.

If the disability occurs before age 60, we will credit specified premium during the entire disability while the policy remains in force. If the disability occurs on or after age 60, but before age 65, premium will be waived while the disability continues until the policy anniversary nearest the insured's 65th birthday.

Definition of Total Disability: During the first 24 months of total disability, the insured is unable to perform any of the substantial and material duties of his or her occupation for wage or profit, due to sickness or accidental bodily injury. Being a homemaker or student is considered engaging in work for wage or profit. After the first 24 months of total disability, the insured is unable to perform any of the substantial and material duties of his or her occupation for wage or profit, or any other occupation for which he or she becomes reasonably suited by education, training or experience, due to sickness or accidental bodily injury. Being a homemaker or student is considered engaging in work for wage or profit. Total disability also includes the total and permanent loss of sight, hearing, speech or the use of limbs.

Issue Ages: 18-55

Substandard Rating: The rider may be added to a policy that is rated Table A to H or with flat extras between $1 and $25 per thousand.

Available After Issue: Yes

Rider Terminates: This rider will terminate at the earliest of when the policy terminates, on the expiration date shown on the policy schedule or the date we receive written notice from the owner requesting termination of this rider. Termination will not affect an eligible claim for total disability that occurred before age 65.

Reinstatement: Allowed if policy is reinstated.

Cost: Based on the insured's age, gender and underwriting classification.

Client Rights and Responsibilities

Free Look Provision: There is a 20-day review period once the policy is received. If the policy is a replacement of an existing policy the review period is 30 days. If the client is not satisfied and sends the policy back, the policy is void from the beginning. Premiums paid minus partial withdrawals will be refunded within 10 days after the policy is returned.

Incontestability: Except for accidental death and waiver of premium benefits, the policy is incontestable after it has been in force, while the insured is alive, for two years from the issue date.

Annual Report: We will send the policyowner an annual report shortly after each policy anniversary. The report will show the current account value, cash value of the policy, any applicable surrender charges, the amount of interest credited, including index credited amount, the amount of any premiums paid, the amount of any loans, any applicable expense charges and the cost of insurance deducted since the prior report. It also will show the starting and ending index values, the participation rate, index cap rate and index credited amount.

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