Excel LifeValue Survivor

Universal Life Insurance

Agent Guide

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at a glance

Minimum Specified Amounts	$100,000 total amount
Issue Ages and Rate Classifications age nearest	18-75 Preferred Plus (P+) 18-80 Preferred (P), Select Nontobacco (SNT), Preferred Tobacco (PT) 18-85 Tobacco (T) 18-85 Nontobacco (NT) Multiple classes allow for flexible and competitive underwriting. Joint equal age cannot exceed age 85. Illustration system reflects additional restrictions on older issue age combinations when one or both insureds are rated.
Current Interest Rate	Interest is credited to the Account Value on a daily basis. The interest rate is reviewed and can change each month.
Guaranteed Interest Rate	3%
Surrender Charge	Per $1,000 of specified amount for 19 years. Varies by issue age(s), rate classification(s) and duration. Charge is invoked when the policy is surrendered. No pro rata charge for surrenders that are less than the cash surrender value.
Maturity Date	No set maturity date; the policy continues in force as long as the cash surrender value remains equal to or greater than $1. There are no policy charges or premiums after youngest insured's age 121.
Monthly Deductions	Current Mortality Charges: 25 year Select and Ultimate COI scale Guaranteed Mortality Charges: 2001 CSO Mortality Charges with appropriate rate class selection Specified Amount Charge: Per $1,000 Banding, Low Band $499,999 and lower; High Band $500,000 and higher Policy Fee: $7 per month (current and guaranteed Premium Load: 6% of all premiums (current); 7% of all premiums (guaranteed)

additional policy information

Planned Periodic Premiums	Policyowners can choose to pay level premium payments on a quarterly, semiannual or annual basis at the time of application. We can also arrange for them to pay these premiums on a monthly basis under a pre-authorized custom payment arrangement. Premium payments are flexible. Policyowners can also make unscheduled premium payments at any time. If a policyowner decides to change the amount or frequency of Planned Periodic Premiums, written notice to the company is required.

Minimum Premium	The Minimum Premium is the amount required to keep the policy in force during the Minimum Guaranteed Period. If the Minimum 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 Minimum Premium requirement. Money sufficient to meet the Minimum Premium requirement must accompany the application and must continue to be paid until the 1035 exchange is received.
Minimum Guaranteed Period	The Minimum Guaranteed Period allows a policy to remain in force during the first ten years after issue, regardless of the cash surrender value, if the cumulative premiums paid to date (less any partial cash surrenders or policy debt) equal or exceed the minimum monthly premium multiplied by the number of policy months since the policy date.
Lapse and Grace Period	If the policyowners do not give notice of termination to the company and further premiums are not paid, insurance on the primary insured and 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 (less any loan and loan interest) 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. If the premium is not paid within the grace period, all insurance lapses. If the insured dies during the grace period, the death benefit is paid but reduced by the past due monthly deductions. During the first ten 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 up to age 85. 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 lapse date.
Partial Withdrawals	Policyowners may make partial withdrawals at any time 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 than the minimum specified amount of the policy.
Full Cash Surrenders	Policyowners may make cash surrenders at any time by submitting written notice to the company. The amount that policyowners will receive if both insureds choose to make a full surrender is the total cash value, less any outstanding loans, less any unpaid interest on outstanding loans.

Loans

The cash surrender value may be borrowed any time except during the grace period. There is no minimum loan amount. 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.

The maximum policy loan interest rate is 4% during policy years 1 through 5 and 3.5% after the fifth policy year. The loaned portion of the account value will be credited with interest at the guaranteed rate of 3%.

A loan may be repaid in full or in part at any time during the life of the policy. Any policy debt will be deducted from the death benefit. Future payments will be applied as premium unless otherwise indicated.

Termination

Policies may be terminated at any time by sending written notice to the company. Account value (less any loan, loan interest and applicable surrender charge) will be paid to the policyholders.

death benefit options

Option A (Level)
The death benefit payable is the specified amount of insurance. The net amount at risk decreases as the Account Value increases. The cost of insurance rate is only applied to the difference between the specified amount and the Account Value.

Option B (Increasing)
The death benefit payable is the specified amount of insurance plus the Account Value. This is a greater death benefit than Option A. A higher Planned Periodic Premium is required to accumulate the same cash value as in Option A, since the net amount at risk remains constant.

Option C (Return of Premium)
The death benefit payable is the specified amount of insurance plus the excess of premiums paid over any partial withdrawals, less any loan balance. An illustration is always required at time of application when Option C is selected. Applications with Option C cannot be underwritten without an illustration.

Changes in Death Benefits

The amount of coverage and death benefit options can be changed within the stated guidelines. When a change is made, a supplementary policy schedule page is processed indicating the new specified amount and/or death benefit option. Changes can be made any time after the first policy year.
A change in death benefit from Option A to Option B may require proof of insurability if the net amount at risk is increased. It is possible to change from Option A to Option B without proof of insurability if the specified amount is reduced by the Account Value. A change from Option A to Option C is not permitted.

A change in death benefit from Option B to Option A may require proof of insurability if the net amount at risk is increased. It is possible to change the death benefit option from Option B to Option A without providing proof of insurability, if the death benefit is reduced by the Account Value. A change from Option B to Option C is not permitted.

A change in death benefit from Option C to Option A may require proof of insurability if the new specified amount is increased by net premiums. It is possible to change from Option C to Option A without proof of insurability if the death benefit is reduced by net premiums. **A change in death benefit from Option C to Option B** may require proof of insurability if the death benefit and net amount at risk increase. It is possible to change from Option C to Option B without proof of insurability if the death benefit and net amount at risk remain unchanged.

policy riders

Care4Life (form DBAR, in New York forms CRIAR 3-15 NY, CHIAR 3-15 NY, TIAR 3-15 NY)

Available in approved states on policies issued after June 28, 2015 and in New York on policies issued after October 25, 2015.

Provides an accelerated death benefit if the second insured faces a serious medical hardship such as a critical, chronic or terminal illness after the death of the first insured. The eligible amount is the specified amount at the time of the first accelerated benefit request, and will be reduced by any subsequent partial surrenders. The advanced payment plus a $150 administrative fee plus accrued interest (maximum 8%) is treated as a lien against death benefit proceeds; the balance of the death benefit (less the lien) is paid to the beneficiary upon the second insured's death.

In the event of a critical illness up to 25% of the eligible amount with a maximum of $125,000 can be accelerated as a one-time payment if second insured experiences open heart surgery, angioplasty or myocardial infarction, life threatening cancer, stroke, major transplant or end-stage renal failure after the death of the first insured. One claim maximum. A $150 administrative fee will be added to the lien. In New York, up to 25% of the eligible amount with a maximum of $50,000 can be accelerated. Also in New York, this option cannot be exercised if the policy is a modified endowment contract at the time of the acceleration request.

In the event of a chronic illness where the second insured is unable to perform two of the six activities of daily living (dressing, toileting, transferring, continence, eating, bathing) for 90 days or is diagnosed with a severe cognitive impairment up to 50% of the eligible amount up to $1 million can be advanced after the death of the first insured. Choose from annual payments up to HIPAA limits or monthly 2% installments paid over 50 months or monthly 1% installments paid over 100 months. The chronic illness payment option is elected at the time of the first chronic illness acceleration request and may not be changed. Certification of the chronic illness is required every 12 months to receive benefit payments. A $150 administrative fee will be added to the lien.

In the event of a terminal illness receive up to 75% of eligible amount with a maximum of $1 million as one-time payment if the second insured has a life expectancy of 12 months or less after the death of the first insured. One claim maximum. A $150 administrative fee will be added to the lien.

After the Care4Life rider is exercised, the remaining death benefit will be reduced by the lien. In New York and Pennsylvania, this may cause the policy to eventually be paid in full. In other approved states, a residual death benefit of at least 10% of the eligible amount up to $100,000, reduced by any loans and partial surrenders, will be paid as a death benefit upon the death of the surviving insured.

The maximum lifetime accelerated benefit payments on the insured across all policies may not exceed 75% of the eligible amount with a maximum of $1 million.

The rider is subject to underwriting and is not available on facultative cases and is not available to foreign nationals. To be eligible for this rider, one insured must have an underwriting class of Table B or better and no temporary or permanent flat extras. Policies that do not qualify for the Care4Life rider will receive the Terminal Illness Acceleration rider if it is approved in the state.

There is no elimination period for a critical and terminal illness. The definition of a chronic illness requires an elimination period of 90 days for a chronic illness. In New York, benefits will be paid retroactively for the 90 day elimination period. There is no waiting period for a critical, chronic or terminal illness.

There is no additional cost for the rider until an accelerated benefit is paid. Cost of insurance and monthly charges continue to be assessed after an accelerated benefit has been paid. The policy owner must continue to pay the minimum amount to keep the base policy and all riders in force. No policy changes are permitted after an accelerated benefit has been paid.

Estate Protection (form AEPRO1, in New York form FEPR)

The rider provides an additional amount of level term insurance for the first four years of the policy up to 122% of the base specified amount and is payable at the time of second death. It is available at issue and is not available when the mortality rating of either insured exceeds Table F.

The rider will terminate when the policy terminates or on the first Monthly Date after the policyowners give written notice or n the anniversary date four years after the original issue date.

There is an additional premium required for this rider.

Policy Split (form APSR01, in New York form FPSR)

The policy split rider allows the policyowners to split the policy into two individual policies under certain conditions including dissolved marriage or IRS Code is amended to eliminate the Federal Estate Tax Marital Deduction or maximum federal estate tax rate under the IRS Code is reduced to 25% or less. Each new policy will be issued with one half of the total amount in force, including riders. The specified amount of the Estate Protection Rider is not included.

No evidence of insurability is required. Available to all underwriting classes up to Table F.

The rider will terminate when the policy terminates or on the first Monthly Date after the policyowners give written notice or on the death of the first insured or on the anniversary when the older insured reaches attained age 85.

There is an additional premium required for this rider.

Term Insurance (form ATIR01, in New York FTIRO1)	Provides additional insurance on either or both of the base insureds. Amount of additional coverage is $50,000 for Nontobacco and Tobacco underwriting classes and $100,000 for Preferred Plus Nontobacco, Preferred Nontobacco, Select Nontobacco, Preferred Tobacco underwriting classes. Minimum specified amount of permanent policy is $50,000. Full underwriting is required for each insured covered under this rider. Coverage is renewable to age 100 or to age 70 if substandard underwriting class. All rate classes are available up to Table F. Rider may be converted to permanent coverage prior to the annual date nearest insured's age 75. The rider will terminate when the base policy terminates or on the first Monthly Date after the policyowners give written notice or when there is no insured person covered by this rider (each insured's coverage terminates at death). There is an additional premium required for this rider.
Terminal Illness Acceleration (form TIAR)	Provides an advance of up to 50 percent of the policy's eligible amount up to $500,000 if the second insured has less than 12 months to live after the death of the first insured. The eligible amount is the specified amount at the time of the accelerated benefit request, and will be reduced by any subsequent partial surrenders. The advanced payment plus a $150 administrative fee plus accrued interest (maximum 8%) is treated as a lien against death benefit proceeds; the balance of the death benefit (less the advanced payment, $150 administrative fee, and accrued interest) is paid to the beneficiary upon the second insured's death. The accelerated benefit will be paid in a lump sum. There is no additional cost for the rider until an accelerated benefit is paid. Cost of insurance and monthly charges continue to be assessed after an accelerated benefit has been paid. The policy owner must continue to pay the minimum amount to keep the base policy and all riders in force. No policy changes are permitted after an accelerated benefit has been paid. A residual death benefit of at least 10% of the eligible amount up to $100,000, reduced by any loans and partial surrenders, will be paid as a death benefit upon the death of the second insured. Rider expires at age 110. This rider is only available for insureds who do not qualify for the Care4Life rider and in states where it is approved.

Total Disability Benefit (form ATDB01, in New York FTDBUL)

The benefits of this rider are established at issue and credited as premium payments during continued covered disability. The company must receive proof that the insured is totally disabled and that the disability began while the policy was inforce and has continued for six months. The rider does not pay the cost of insurance charges, but instead pays the monthly benefit amount which, if sufficient, can increase the account value. The benefit amount is selected by the policyowners. The policyowners may choose to pay additional premiums while the insured is disabled. The maximum monthly benefit is 1% of the specified amount. This rider is available for one or both of the primary insureds up to age 55.

Benefits begin on the monthly date after the six month waiting period. For disabilities that occur prior to age 60, the benefit will be credited during that disability. For disabilities occurring on or after age 60, but before age 63, the benefit will be credited only toward premium due before age 65 and during disability. For disabilities occurring on or after age 63, but before age 65, the benefit will be credited only during the two year period after that disability begins and while it continues.

Total disability is defined as that which results from bodily injury or disease, lasts for at least six months, begins before age 65, and continuously prevents the insured from engaging in “an occupation for pay or profit.” After the first 24 months of disability, “an occupation” means any occupation for which the insured is or becomes reasonably suited by education, training or experience. “Occupation for pay or profit” includes being a full-time student or a homemaker, if that was the insured’s regular occupation at the time disability began. Total disability also includes the total and irrevocable loss of sight and the use of limbs as provided in the rider.

Notice and proof of the insured’s total disability must be given to the company, during the life of the insured, within one year after disability begins and while the insured is totally disabled. Proof of continuance of total disability must be provided as often as reasonably required.

No benefit is payable on account of intentionally self-inflicted injuries or an act of declared or undeclared war while the insured is a member of the armed forces. Please refer to the rider itself for a complete listing of risks not assumed.

The rider will terminate when the policy terminates, on the first Monthly Date after the policyowners give written notice or at age 65 of the insured.

There is an additional premium required for this rider.

Waiver of Premium (form WPR 11-10, in New York form FA 8664 NY)

This rider will pay for the monthly insurance and expense charges if the insured is disabled. The company must receive proof that the insured is totally disabled and that the disability began while the policy was inforce and has continued for six months. Benefits begin on the monthly date after the six-month waiting period. For disabilities occurring after age 59, the benefit will cease at the later of age 65 or two years after disability begins. This rider is available for one or both of the primary insureds up to age 55.

Total disability is that which results from bodily injury or disease, lasts for at least six months, begins before age 65, and continuously prevents the insured from engaging in "an occupation for pay or profit." After the first 24 months of disability, "an occupation" means any occupation for which the insured is or becomes reasonably suited by education, training or experience. "Occupation for pay or profit" includes being a full-time student or a homemaker, if that was the insured's regular occupation at the time disability began. Total disability also includes the total and irrevocable loss of sight and the use of limbs as provided in the rider.

Notice and proof of the insured's total disability must be given to the company within one year after disability begins and while the insured is totally disabled. Proof of continuance of total disability must be provided as reasonably required.

No benefit is payable on account of intentionally self-inflicted injuries or an act of declared or undeclared war while the insured is a member of the armed forces. If the benefit amount would disqualify the policy as life insurance, or if the policy has been terminated, the benefit will be paid directly to the policyholder.

The rider will terminate when the policy terminates or on the first Monthly Date after the policyholder gives written notice or at age 65 of the insured, but will not affect an eligible claim for disability that occurred before age 65.

There is an additional premium required for this rider.

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Application

The application requests the information needed to issue the policy and is the basis upon which a policy is issued. Be sure to use the correct state variation and indicate on the application what product the client is applying for.

All forms necessary for these policies are available on Producer Workbench. Delays and withholding or reversal of commission can be avoided by giving attention to detail when completing the application. Approximately 60 percent of amendments are due to: unanswered questions, incomplete information about the plan, incomplete information about the amount of insurance and lack of detail regarding consultations with attending physicians.

Risk amendments

Used when there is no risk to the company until the amendment is signed. For example, risk amendments are needed for rated policies and benefit amounts different from that shown on the application. Commissions may be restricted until the amendment is signed and received in the company. To facilitate this process, please return the amendment through the Secure Messaging System, fax or mail.

Nonrisk amendments	Used for such things as clarification of beneficiary or date of birth. Commissions will be paid on nonrisk amendments. However, it is important the agent have the amendment: (1) signed at the time of delivery and (2) promptly returned to the company. Remember, signing the amendment completes the contract.
Illustrations	All applications must be accompanied by an illustration signed by the client. The signed illustration must reflect values consistent with those in the policy for which the client has applied. When a signed illustration agreeing to the policy applied for is not available, an unsigned illustration must be submitted with the Policy Illustration Certification UN 0008 (not available in MI and NY). This certification does not replace a signed sales illustration. At time of policy delivery, you must present to and have the client sign an illustration consistent with the policy being delivered. The signed illustration must then be returned to the company within 30 days to complete the underwriting process and to avoid commission being withheld or reversed. This requirement also applies in the case of rated policies. Illustrations should be prepared using the same premium mode as the policy.
Underwriting	A complete set of underwriting guidelines may be requested from the Underwriting Department.
Rating Classifications	Preferred Plus Nontobacco, Preferred Nontobacco and Select Nontobacco rating classifications are available and based on mortality that is anticipated to be better than standard mortality. To qualify the insured must not only be a standard risk, but must also meet additional selection criteria designed to achieve the improved mortality.
Rated Policies	You will be informed when a policy is approved with a rating and the policy will not be issued until you approve it. You are uniquely equipped, through contact with the prospective owner, to redesign the presentation in light of the rating. The illustration program includes the ability to reflect ratings.
Delivery of the Policy	Policy delivery should take place immediately after you receive the policy.
Delivery Receipt	Delivery receipt is included with each policy. It must be completed and returned to the company. This is important because the delivery receipt establishes the date on which the free-look period begins.
Change of Insurability	A policy should not be delivered if the proposed insured's insurability changes after the date of the application, even if the premium has been collected and a conditional receipt has been given. Hold the policy and immediately contact the underwriter.

client communication and rights

Annual Report	We will send the policyowner an annual report shortly after each policy anniversary. The report will show the current cash value of the policy, the premium and the death benefit for the base policy and riders; the dividend, death benefit and cash value of any paid-up additions purchased with dividends; and the amount of any loans.
Free Look Period	If policyowner is not satisfied with a policy, it may be canceled during the free look period, which expires 20 days after the policyowner receives the policy. Depending on the issue state, if the policy is a replacement, the free-look period may expire in 30 days. If the policyowner cancels the policy, any premiums paid minus any partial withdrawals will be refunded within 10 calendar days. The policyowner must return the policy to the company or its representative, and the policy will be deemed void from the beginning.
Suitability Guidelines	You must have reasonable grounds for believing that this product is suitable for your client based on the facts disclosed by your client about the client's investments, other insurance products, financial situation and needs. You shall make reasonable efforts to obtain information concerning: (1) the client's financial status, (2) the client's tax status, (3) the client's investment objectives and (4) such other information used or considered to be reasonable by an agent in making recommendations to the client.

income tax considerations

Generally, life insurance death proceeds are free of federal income tax. When a policy is surrendered, the gain (usually the difference between the cash value and premiums as reduced by dividends) is subject to income tax. When the policy values are annuitized, the gain is spread over the annuity period. Under current tax law, annual increases in the cash surrender value of life insurance policies are not considered taxable income until they are distributed.

In order for these tax benefits to be available, the policy must qualify as life insurance under the law. If the policy passes either the Guideline Premium Test (GPT) or the Cash Value Accumulation Test (CVAT), the policy qualifies as a life insurance contract. 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 surrender value at any time. The percentage depends upon the younger insured's attained age. The CVAT places no tax law limit on the amount of premium that can be paid. The CVAT accommodates clients who have large premiums or deposits. The CVAT method ensures that a minimum amount is "at risk" between the death benefit and the Account Value.

The policy complies with these guidelines. For this reason, 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.

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 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 policyowners' 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 including if the taxpayer is at least age 59 ½ or the taxpayer has become disabled or 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.

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