



LifeBuilder Procedures

Version 2.0
April 2012

National Life Group

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Overview

LifeBuilder is a whole life policy that allows extra money to be “dumped” into the policy. Paying extra money into a policy will: build up early cash value, reduce the minimum Required premium due, and Pay Up the policy earlier.

At the end of each policy year, all of the extra money, and the interest it has earned will be converted to Internal Paid-Up insurance, another type of dividend adds. The amount of Internal Paid Up insurance that is bought with excess, automatically reduces the base face by the same amount, resulting in the total of the base face and IPU equals the original base face amount. By reducing the base face, there is less base coverage to pay premiums on so the minimum required premium is reduced. Due to this process, Life Builder policies cannot be off anniversary.

LIFEBUILDER QUICK REFERENCE			
ADVI	•Inquiry screen shows the Annual Planned Premium and Commission information.		
ADVC	•Change screen used to change the Annual Planned Premium, team leaders and managers have access.		
Annual Planned Premium	<ul style="list-style-type: none"> •The total modal Planned Premiums expected to be paid in the first year. •Annual Adds Riders are not included in this amount, modal adds riders are. •Planned cannot be lower than required. If Required will be lower after the anniversary, and Planned is to equal the new Required, Planned cannot be changed to the lower amount until after the anniversary. As a result, the bill must be manually produced. 		
ASTI	• Inquiry screen reflects before and after information for Annual Statements		
ASTC	• Change screen if held info needs correction for Annual Statements.		
Cornerstone	<ul style="list-style-type: none"> •The name for series of products LifeBuilder was to be a part of. •Other products for this series have been postponed. 		
Excess	<ul style="list-style-type: none"> •Extra premium used to purchase Internal Paid Up insurance. •The difference between Required and Planned •Extra money "dumped" into the policy. •Purchase IPU dividends. •7% load. •Available for refund until the anniversary. After anniversary, value must be withdrawn under Option 1, or 2 (AX) •Policies with PPFT <ul style="list-style-type: none"> ○ Excess is used to pay up PPFT ○ At anniversary, all Excess will be used to fund PPFT. ○ Until PPFT is fully funded, no excess funds will be used for IPU. 		
Excess Interest	<ul style="list-style-type: none"> •Interest earned on Excess payments until the anniversary. •The interest rate: <ul style="list-style-type: none"> 2006-2011 = 6% Oct 2011 = 5.75% •Only available to the owner upon termination of the contract. 		
Excess Payments	TRX	Reason	Eff Dt.
	EY	Dump In	<ul style="list-style-type: none"> •Issue Date until acceptance date. •Deposit Date.
	ET	Reserve Transfer	Issue Date
Excess Removal	EYR	Returned Check or Error	Original EY Date
	EW	Refund of Excess	Current
	EP	Excess used to pay the premium due.	Paid to Date
	ETR	Reverse excess from Reserve Transfer	Original ET Date
	WTHD	Remove value from excess (IPU) after anniv.	Anniv Date.
Internal Paid Up (IPU)	<ul style="list-style-type: none"> •New dividend option. •Specific name given to dividend additions that are used to reduce the face amount of the policy. •Combined with the lowered face, maintains the original base coverage amount. 		
Level Outlay	•Planned must equal Required.		
Mode Changes	<ul style="list-style-type: none"> •Commissions are based on the current mode of the policy at the time of payment. •There are commission Target fields that change as the mode changes. Amounts paid up to the target get the regular rate, and payments over the target get the excess commission rate. 		

Pd-Up	<ul style="list-style-type: none"> •Policies with premium paying riders will continue to have a Paid To Date and be billed for only those riders: ACR/CCP, Term, and APARs. •Planned premium is removed automatically, there will not be any excess credited to a policy even if there is a premium paying rider.
Planned Premium	<ul style="list-style-type: none"> •The amount the owner plans to pay •This amount is optional. •The amount can be equal to or greater than the Required premium, the difference will be credited as Excess. •The amount is <u>not</u> modalized. •Equals the Annual Planned Premium (ADVI) divided by the mode. •Decreases in the Required premium, the Planned Premium does not change. •Increases in Required premiums as a result of term rider, or end of 2nd yr discount, the Planned premium will automatically increase if Required becomes greater than Planned. Billing will adjust automatically. •Once the base policy is PdUp, the Planned Premium is removed automatically.
Pre-Anniversary Payment	<ul style="list-style-type: none"> •Planned Premiums due on or after the anniversary, and paid within 30 days prior to the anniversary. •Does not earn interest until the cycle date equals the premium due date. •Will not be converted to IPU until the following anniversary.
Required Premium	<ul style="list-style-type: none"> •The minimum premium required to keep the policy inforce.
Scheduled Payment	<ul style="list-style-type: none"> •The Excess portion of the Planned premium, the difference between Required and Planned.
Single Premium	<ul style="list-style-type: none"> •One time payment that will pay up the policy, so no additional premiums are due. •The policy will not show as Paid Up until anniversary work processes, Excess must purchase IPU, resulting in the base face going to 0. •The RCVI screen will confirm the policy will be paid up before the anniversary. •Any premium paying riders, will be billed, if the base policy is PaidUp. •A bill will not go out if the policy is going PdUp and there are no premium paying riders.
Slot 1	<ul style="list-style-type: none"> •The current year's worth of Excess activity. •Found on page 3 of the status.
Slot 2	<ul style="list-style-type: none"> •The historical record of the prior year's Excess activity. •Found on page 3 of the status.
Target	<ul style="list-style-type: none"> •Amount the 1st year commissions will be paid on, any over this amount is paid at the Excess rate. •The Target changes as mode changes. The more premium we receive on the base policy, the higher the amount we pay commissions on.
Unscheduled Payment	<ul style="list-style-type: none"> •refers to "dump in" or Excess payments. •Paid as EY or ET.
VLRI	<ul style="list-style-type: none"> •Inquiry screen reflects the dividends to earn in the upcoming year.
Withdrawal Option 1	<ul style="list-style-type: none"> •Converts IPU back to base face, and value is removed. •Premiums go up. •A PdUp policy, would change back to premium paying if this option is selected.
Withdrawal Option 2	<ul style="list-style-type: none"> •Surrender Adds (AX) •Could reduce original coverage, if IPU is surrendered.
XEXI	<ul style="list-style-type: none"> •Inquiry screen that reflects excess activity and commission information for current year and last year. Year 1 = XEXI XXXXXXXX,1 Year 2 = XEXI XXXXXXXX,2
XEXC	<ul style="list-style-type: none"> •Change screen used by Contract Change to move Prior year's information (Slot 2) to current year (Slot 1)

Illustrations

Usually the first illustration in the file is the one presented to the owner from the agent. During the underwriting process the underwriting classes may change, money received may be different than what was anticipated. Therefore, the contract as issued, maybe different than what was originally illustrated.

There are various sources where illustrations can be run:

- Standard-run by the agent
- Batch Illustration produced overnight at issue
- Manual Illustration generated by someone at the HO.

Illustrations do not describe the options selected, you need to gather the information from the various fields and sections in the illustration.

In an unusual situation, an illustration was run , so the dump in is being used to pay the balance of the monthly COM. The illustration states the **Initial** COM premium is equal to Required Premium, however, it doesn't say anything about the rest of the year. The agent reduced the total amount of excess by the difference between the COM premium they wanted to pay and Required. This would work for Universal Life, but not for LifeBuilder. An EP to remove money from excess each month would be necessary to pay the Required premium, see your Manager to coordinate the agent's intent, and to determine the best approach to processing unusual requests.

Discrepancies between the agent's original illustration and how it was issued, causing premium changes can be attributed to:

Underwriting Classifications:

Smoker Class (see chart below)

Age (rounding up by 6 mo)

Sex

State

Benefits

Face Amount

Riders & Rider Amounts

WP stipulated premium amount

Premium Mode

Amount of Excess

Dividend Options

Illustration version #

Interest rates on Excess -The interest rate changed from 6.0 to 5.75 in 2011 Dividend Lock

Interest rates on loans

Dividend Rate change

- Plan codes can be found on the bottom of the RQTI, and the Smoker Class next to the product name on inquiry screens.

RNVI 2438621

INS: (OWNER)

OWN: CHAD M WEST

266 STEGAI

ELLIJAY GA

SSN: 254-57-916

DATES ARE YYYY-MM-DD

STATUS: I/F PAID TO: 12-04

ISSUED: 011-01-24 AGE: 37

LAST ACTION

N 973-10-27

CHG: 12-01-24 A: 0000

ACT: 12-03-21 B:

AGENCY: 009 DIV: 12-01-24 O: 1101

OWN DIV: IPU

PL: 00-00-00 APL 0000

LN RTE: 5.0V

Smoker Class
P=Preferred NonSmoker

BENEFITS	AMOUNT	CS	PREMS:
LIFEBLDR	41118	534.78 74 A	1099.31
INTERNAL PD-UP	8882	S	560.65
WP-DIS	690.72	20.03 39 Q	285.82
NL GL20/M RD P (44)	450000	459.00 69 M	98.94
RDR-WP		85.50 39	
ACCEL BEN 4 5			
COM 2826547 SP MO PREM		96.74	
SP MO PLANNED PREM		105.95	

CAP	AGENT: ANNLD COM
0.0	43625-20 A
	82039-00 A
	43625-20 A

PLAN CODES & SMOKER CLASS CODES										
	Smoker		NonSmoker		Preferred Smoker		Preferred NonSmoker		Elite Preferred Nonsmoker	
Male		400305400	NS	400605400	R	403305400	P	403605400	E	406605400
Female		401305400	NS	401605400	R	404305400	P	404605400	E	407605400
Unisex	/U	402705400	/U NS	402805400	/U R	405705400	/U P	405805400	/U E	408805400

- Note: Smokers are given the non-smoker rate for two years. After two years the premiums increase to the smoker rate. The Plan Code remains the same, it can be found on the RQTI and the rates can be found on IPRS.

RQTI 2432340

INS: ZELLMAN HANNAH E STATUS: I/F PAID TO: 12-05
 OWN: MICHAEL D ZELLMAN ISSUED: 010-04-01 **AGE: 28** MEC: LAST ACTION
 1600 HAGYS FORD RD #10X FEMALE BORN 982-01-15 NON-FORF AT CHG: 12-04-01
 PENN VALLEY PA DIV OPT: ADDS ACT: 12-04-06
 DIV: 12-04-01
 PL: 00-00-00
 SSN: 184-32-7946 ZIP: 19072
 12 DIVD 6.55 SIG: OWNER
 AGY: 052 NOT TO: NM3 SVC: GREGORY L PAULMAN LUTCF CASH VALUES ON 12-05-01
 GRP: S 0001215 IRS: T-COST AGENT COM WITH PREM PD TO 12-05-01
 BENEFITS AMOUNT CS 34626-22 N POLICY 4.50
 LIFEBLDR 50000 500.00 82 38213-04 N TOTAL ADDS 44.51
 INTERNAL PD-UP DTO
 ADDITIONS 285 82 DEPOSITS
 WP-DIS 540.00 21.60 47 DEP INT
 ACCEL BEN 3 4 5 LNS AT 5.0V
 SP MO PREM 45.90 LN INT
 SP MO PLANNED PREM 45.90 SUSP ()
 FREQ: SP MO REFUND GROSS
 CURR CAP: 0.0 **PLAN 401305400** GR PRO-RAT-DV 1.09
 BILL ANV 04-01 NT TERM DIV
 UN TOTAL 84.90
 ABR: MED: C DATES: YYMMDD EXCPT BILL ANV'S MMDD X676HB3658 BEC04191214502301
 -VLR/DR POL-ASSUMED INT RATE OR DIV USED

Plan Code Issue Age**IPRS I40130540027,1**

LN/PLANAGE I40130540027 PER:PRM 073 COV 073 CONV 000 ACCUM YR 000 COMM GRP 001
 & CD Y UNT AMT 0100000 POL FEE 05000 BND DIFFS: 000 000 000 LDG:FEE 470 BND 470
 SURR CHGS:FEE 00352 00000 00000 00000 00000 00000 00000 00000 00000 00000 00000
 00000 00000 00000 BND 00352 00000 00000 00000 00000 00000 00000 00000 00000
 00000 00000 00000 00000 00000 00000 00000 00000 00000 00000 00000
 WPI 00000 000 000 WIE 78 043 043 AIO 00116 013 013
 AIO/WPP 039 GA1ST 050 INIT NSP 0013999 C 0 S 0 F 0 D 0
 DEFADS PUDV/
 DUR M GROSS F GROSS E TRMLDV NSP ADDS DV INIT RES
 001 0000617 0000617 00000000 00000000 0014517 00211 0000000
 002 0000617 0000617 0000456 00014 0000000 00000 0015033 00218 0000808
 003 0000861 0000861 0000654 00020 0000077 00000 0015571 00226 0001427
 004 0000861 0000861 0000654 00020 0000077 00000 0016131 00234 0002059
 005 0000861 0000861 0000654 00020 0000077 00000 0016713 00242 0002815
 006 0000861 0000861 0000756 00016 0006341 00000 0017319 00251 0003598
 007 0000861 0000861 0000756 00016 0006341 00000 0017950 00260 0004404
 008 0000861 0000861 0000756 00016 0006341 00000 0018586 00269 0005230
 009 0000861 0000861 0000756 00016 0006341 00000 0019248 00279 0006085
 010 0000861 0000861 0000756 00016 0006341 00000 0019937 00289 0006963
 011 0000861 0000861 0000780 00135 0007180 00000 0020654 00299 0007888
 012 0000861 0000861 0000780 00160 0008030 00000 0021381 00310 0008845
 PFKEYS: 7 PAGE BWD 8 PAGE FWD 9 1ST PG 10 LAST PG X676HB3658 BEC04191214535301
 PAGE 1 MORE

First two years the premium rate is the same.

Year 3 the premium rate goes up.

Standard ICS Illustrations

"Presented by" located top left: agent's name

"Prepared for" located top middle: the insured

Underwriting info is located on the top right

"Benefit": Lists Product, all riders, the face amounts, and corresponding premium amount.

Extra Annual Premium = APAR

Extra Single Premium = CSPAR

Excess Premium = Excess

The base and rider premium amounts are modalized. (Required COM x 12 = Annual Premium)

- The date located on the bottom left is the date the illustration was generated.

- The version number is located on the bottom right of the illustration.

ICS Illustrations are usually updated once per quarter. We are currently running on v11.4, v12.1 pending.

A Life Insurance Illustration
NL LifeBuilder - Whole Life - Policy Form Series 8310(0306)
Statement of Policy Cost and Benefit Information

Presented by Jim Huff

Prepared for Marie Hodges Muncy

Age 39
Elite Preferred Non-Smoker
Female
State - VA

Benefit \$25,000	NL LifeBuilder Extra Annual Premium ABR - Terminal ABR - Chronic ABR - Critical	Annual Premium \$320.28 429.84
Total		\$750.12

Agent address:
5514 Medmont Circle SW
Roanoke, Virginia 24018
540 989-1796

NL LifeBuilder is an individual whole life insurance policy with premiums payable to age 100.

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown.

Extra Annual Premium is a rider that uses additional premiums to purchase paid-up life insurance. This increases the policy death benefit and cash value.

ABR - Terminal rider allows for the payment of a portion of an insured's death benefit if the insured has an illness or chronic condition which can reasonably be expected to result in death in 24 months or less. There is no premium for this rider. However, the actual payment will be less than the portion of the death benefit accelerated because the benefits are paid prior to death.

ABR - Chronic Rider allows for the payment of a portion of an insured's death benefit if the insured is Chronically Ill. There is no premium for this rider. However, the actual payment will be less than the portion of the death benefit accelerated because the benefits are paid prior to death.

ABR - Critical Rider allows for the payment of a portion of an insured's death benefit if the insured is Critically Ill. There is no premium for this rider. However, the actual payment will be less than the portion of the death benefit accelerated because the benefits are paid prior to death.

Definitions of key terms and column headings:

Age - The insured's age at nearest birthday.

Policy Year - The year of the policy for which information is being illustrated.

December 9, 2011

NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604

This illustration is not complete without all pages.

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Page 1 of 15
v11.4

Page 3 (page # varies):

Current Loan Rate

Premium Mode, and the Planned Premium for that mode.

VARIABLE POLICY LOAN (VLR) RATE:

The variable policy loan interest rate for the first policy year is stated in the policy data pages. The actual VLR depends on the month a policy is issued and is subject to change annually based on the then current Moody's Corporate Bond Index. The VLR for policies issued in the month of this illustration is 5.00%, applied in arrears.

This illustration assumes premiums are paid on a check-o-matic basis, with an initial planned payment of \$62.51. Premium payments made on any other basis could potentially affect this policy's Modified Endowment status.

December 16, 2011 NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604
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Page 3 of 14
v11.4

Page 5, (Page #'s vary), reflects premiums based on Guaranteed Rates which is different than current rates. Compared to the current rates you will see the Guaranteed Cash Value and Death Benefit are less.

A Life Insurance Illustration					
NL LifeBuilder - Whole Life - Policy Form Series 8310(0306)					
Statement of Policy Cost and Benefit Information					
Prepared for					
Marie Hodges Muncy					
Presented by Jim Huff			Age 39		
			Elite Preferred Non-Smoker		
			Female		
			State - VA		
Benefit			Annual Premium		
\$25,000	NL LifeBuilder		\$320.28		
	Extra Annual Premium		429.84		
	ABR - Terminal				
	ABR - Chronic				
	ABR - Critical				
Total			\$750.12		
Policy Year	Contract Premium	Guaranteed Annual Cash Flow	End Year Guaranteed Cash Value	Guaranteed Death Benefit	
1	\$ 750	\$ (750)	\$ 408	\$26,846	
2	750	(750)	832	28,630	
3	750	(750)	1,155	30,414	

Page 10 (page # varies) after the Guarantees, is the illustration based on current rates.

"Planned Premium" is the total amount expected to be received each year, and the values are assuming the payments were made on the mode as indicated in the illustration. Policies illustrated on an annual mode, but were changed to monthly later during the year, the value would be less since the system assumes the full year's worth of premium was paid at issue.

- Just above the valuation columns is the **dividend option** for the first year.

Dividend Description in the Illustration	Div Opt
Dividends purchase additions.	Adds
Dividends are applied to premiums.	Applied
Internal paid up dividends are used to convert ordinary life insurance to paid-up life insurance.	Internal PdUp
Dividends purchase a combination of one year term insurance and additions.	PPFT
Dividends are held to accumulate at interest.	Deposits

- Unless it clearly states: "Dividends are used to convert ordinary life insurance to paid-up life insurance to year X, then are used to purchase additions." , the dividend option is assumed unchanged for all years.

Dividend Additions

Presented by Jim Huff		NL LifeBuilder Prepared for Marie Hodges Muncy		Age 39 Elite Preferred Non-Smoker Female State - VA	
Benefit		Annual Premium			
\$25,000	NL LifeBuilder	\$320.28			
	Extra Annual Premium	429.84			
	ABR - Terminal				
	ABR - Chronic				
	ABR - Critical				
	Total	\$750.12			

Dividends purchase additions.

Policy Year	Planned Premium	Annual Dividend*	End Year Total Cash Value Increase*	End Year Total Cash Value*	End Year Total Death Benefit*
1	\$ 750	\$ 7	\$ 416	\$ 416	\$ 26,854
2	750	14	438	854	28,679
3	750	23	647	1,502	30,474

Applied Dividends

Dividends are applied to premiums.

Policy Year	Annual Contract Premium	Applied Dividend*	Net Premium*	End Year Net Cash Value Increase*	End Year Total Cash Value*	End Year Total Death Benefit*
1	\$ 544	\$ 0	\$ 544	\$ 2	\$ 2	\$25,002
2	544	2	542	2	5	25,005
3	544	5	539	353	358	25,009
4	544	9	535	413	771	25,015

Deposits

Presented by ROBERT A HARNED

Benefit		Annual Premium	Age Ma State - M
\$25,000	NL LifeBuilder	\$125.50	
25,000	Additional Insurance Option	13.50	
	Waiver of Premiums	7.88	
	ABR - Terminal		
	ABR - Critical		

Dividends are held to accumulate at interest.

Policy Year	Contract Premium	Annual Dividend	End Year Dividends Held*	End Year Total Cash Value Increase*	End Year Total Cash Value*	End Year Total Death Benefit*
1	\$ 146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,000
2	146	0	0	0	0	25,000
3	146	0	0	0	0	25,000
4	146	0	1	0	1	25,001
5	146	0	1	3	4	25,001

"Batch" Illustrations

- run overnight when the policy is issued.

The New Business Rep's who code and policy number are on the header.

- there are no variations for anything after year 1.


NL LifeBuilder Prepared for PATRICIA SHURE NL244285100-UAZ 3WD			Age 56 Preferred Non-Smoker Female State - NM	
Presented by WASDEN ASSOCIATES INC				
Benefit		Annual Premium		
\$716,423	NL LifeBuilder	\$17,573.71		
	ABR - Terminal			
	ABR - Chronic			
	ABR - Critical			
	Excess Premium	281,896.25		
	Total	\$299,469.96		

Manual Illustrations provided by Marketing or Product Mgt.

•Presented by: "Sample Agent" or "National Life" maybe illustrating something out of the ordinary.

The samples below show Level Outlay and the other PdUp and paying the Term rider from loan value.

A Life Insurance Illustration
NL Life Builder - Whole Life - Policy Form 8310(0306)
Statement of Policy Cost and Benefit Information
Prepared for
Ehsam M. Shahmir

Presented by  National Life

Age 53
Preferred Non-smoker
Male
State - CA

Benefit		Annual Premium
\$147,500	NL Life Builder	\$4,049.64
	Extra Annual Premium	37,728.22

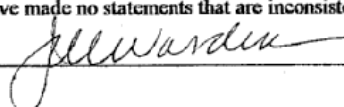
Dividends purchase additions.

Policy Year	Annual Outlay#*	Annual Dividend*	Annual Surrender*	End Year Total Cash Value*	End Year Total Death Benefit*
1	39,425	871	2,352	37,381	240,211
2	1,697	862	2,352	37,292	236,476
3	1,697	940	2,352	40,132	232,920
4	1,697	1,048	2,352	43,097	229,689
5	1,697	1,150	2,352	46,178	226,798

Signed Illustration-The last page of the illustration signed by the agent and the owner is required by New Business. Note the date of the illustration on the bottom left and the type of Illustration, did they sign the Agent's Illustration, the manual illustration, or the Batch Illustration?

Date 10/7/2011 Applicant By 
PATRICIA SHURE

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

Date Oct 7, 2011 Agent 

September 2, 2011

NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604

This illustration is not complete without all pages.

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v11.2

FINP + PdUp Term premiums are to be paid by loan.

This illustration shows the base is going to be Paid up after year 1, the Term rider is still due, but the "Electing Paid Up at the beginning of year 2", indicates no more cash will be submitted.

- The "Annual Loan" column indicates the balance is to be paid by taking out a loan.

Note: Under Annual Loan, the amount of loan they take out each year increases, this means the loan interest will capitalize each year.

		Electing Paid Up at the beginning of year 2	
		NL LifeBuilder	
		Prepared for	
		Robert Aguilar	
Presented by Sample Agent			
		Age 49	
		Male	
		Preferred Smoker	
		State - NJ	
		Term Rider - Preferred Smoker	
Benefit		Annual Premium	
\$197,375	NL LifeBuilder	\$4,167.24	
290,000	NL GL15 Term	1,711.00	
	Extra Annual Premium	14,093.75	
	ABR - Terminal		
	ABR - Chronic		
	Excess Premium	70,028.01	
	Total	\$90,000.00	

Dividends purchase additions.

Policy Year	Annual Outlay#	Annual Dividend*	Annual Loan	Beginning Year Loan Interest	End Year Net Cash Value*	End Year Net Death Benefit*
1	\$90,000	\$ 729	\$ 0	\$ 0	\$ 83,885	\$528,481
2	0	1,498	1,711	0	86,339	529,531
3	0	1,549	1,805	94	88,871	531,825
4	0	1,609	1,904	193	91,471	534,029
5	0	1,662	2,009	298	94,130	536,141

Underwriting smoker class change sample

Based on the who code at the top under "Prepared for" the Signed Illustration is from the Illustration provided at issue. Compare the benefits and underwriting information to on-line and the original Illustration.

This example shows, in the Original Illustration, the smoker class is Non Smoker, on line and the signed Illustration below is Preferred Non-Smoker, everything else is the same including the Face Amount. As a result of the more favorable rate class, the premium for the base policy is less. We received 300,000. The signed illustration shows we only need 299,469 and the original shows 300,000. As a result, there should be an overpayment of 531. If you look at the suspense field on the RCVI, the "X" indicated there is an overpayment of Excess money. Contract Change will refund this money after the policy anniversary, once the base is paid up and they confirm the funds are not to be used to pay up any riders.

- The Signed Illustration is the Batch Illustration, and not the original Agent's Illustration.
Generated September 2, 2011

Policy Cost and Benefit Summary

Prepared for

PATRICIA SHURE NL244285100-UAZ 3WD

Presented by WASDEN ASSOCIATES INC

 Age 56
 Preferred Non-Smoker
 Female
 State - NM

\$716,423 NL LifeBuilder with benefits previously described.

Policy Year	Contract Premium	End Year Guaranteed Cash Value	Guaranteed Death Benefit	Averaged Total Cash Value End Year*	Averaged Total Death Benefit End Year*	End Year Total Cash Value*	End Year Total Death Benefit*
5	\$ 0	\$312,159	\$716,423	\$ 327,395	\$ 746,455	\$ 343,192	\$ 777,419
10	0	358,354	716,423	399,011	792,896	443,730	876,541
15	0	407,895	716,423	482,885	843,620	570,530	991,535
20	0	459,377	716,423	579,325	899,378	728,571	1,126,036

 Date 10/7/2011 Applicant By PATRICK SHURE
 PATRICIA SHURE

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with the illustration.

 Date Oct 7, 2011 Agent Jill Warden

September 2, 2011

NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604

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v11.2

- Original Illustration.
Produced by the HO
Generated June 2, 2011

Electing Paid Up at the beginning of year 2			Age 56 Non-Smoker Female State - NM
NL LifeBuilder			
Prepared for			
Patricia Shure			
Presented by	Valued Agent		
Benefit		Annual Premium	
\$716,423	NL LifeBuilder	\$18,103.86	
	AER - Terminal		
	AER - Chronic		
	AER - Critical		
	Excess Premium	281,896.14	
	Total	<u>\$300,000.00</u>	

Dividends purchase additions.

Policy Year	Planned Premium	Annual Dividend*	End Year Total Cash Value Increase*	End Year Total Cash Value*	End Year Total Death Benefit**
1	\$300,000	\$ 644	\$ 278,537	\$ 278,537	\$ 717,067
2	0	6,189	14,555	293,093	724,275
3	0	6,550	15,236	308,330	740,128
4	0	6,917	15,956	324,287	756,419
5	0	7,321	16,725	341,012	773,160
6	0	7,724	17,539	358,551	790,367
7	0	8,198	18,317	376,869	808,073
8	0	8,626	19,206	396,075	826,289
9	0	9,127	20,069	416,145	844,995
10	0	9,614	20,946	437,091	864,227
	\$300,000	\$ 70,916	\$ 437,091		
11	0	10,066	21,819	458,911	883,900

*Some of the illustrated benefits and values are derived from dividends and are not guaranteed. The assumptions on which they are based are subject to change by the Company. Actual results may be more or less favorable than illustrated.

If death occurs in the first year the total death benefit paid will be \$994,316 due to the excess premium balance.

This policy becomes a modified endowment at year 1.

See previous pages of the illustration for guaranteed values and benefits.

Standard

June 2, 2011
NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604
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- **Detail of the signed Illustration.**
Generated September 2, 2011

NL LifeBuilder Prepared for PATRICIA SHURE NL244285100-UAZ 3WD			Age 56
Presented by WASDEN ASSOCIATES INC			Preferred Non-Smoker
Benefit		Annual Premium	Female
\$716,423	NL LifeBuilder	\$17,573.71	State - NM
	ABR - Terminal		
	ABR - Chronic		
	ABR - Critical		
	Excess Premium	281,896.25	
	Total	\$299,469.96	

Dividends purchase additions.

Policy Year	Planned Premium	Annual Dividend*	End Year Total Cash Value Increase*	End Year Total Cash Value*	End Year Total Death Benefit*
1	\$299,469	\$ 737	\$ 278,631	\$ 278,631	\$ 995,054
2	0	6,608	14,977	293,608	724,933
3	0	7,025	15,726	309,334	741,891
4	0	7,444	16,512	325,847	759,387
5	0	7,895	17,345	343,192	777,419
6	0	8,364	18,241	361,434	796,008
7	0	8,901	19,101	380,535	815,206
8	0	9,403	20,087	400,622	835,021
9	0	9,984	21,052	421,674	855,447
10	0	10,573	22,056	443,730	876,541
	\$299,469	\$ 76,939	\$ 443,730		
11	0	11,142	23,073	466,804	898,248
12	0	11,732	24,146	490,951	920,531
13	0	12,382	25,324	516,275	943,431
14	0	13,145	26,500	542,775	967,074
15	0	13,930	27,754	570,530	991,535

*Some of the illustrated benefits and values are derived from dividends and are not guaranteed. The assumptions on which they are based are subject to change by the Company. Actual results may be more or less favorable than illustrated.

This policy becomes a modified endowment at year 1.

See previous pages of the illustration for guaranteed values and benefits.

September 2, 2011
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- The signed 9/2 illustration shows Required as 17,573.71, equal to the policy..
- The 6/2 illustration the Required is 18,103.86.
- The P in Admin indicates Preferred Non-Smoker, the 6/2 illustration is for a Non-Smoker, which explains the difference in premium.

```

RNVI 2442851

INS: (OWNER)
OWN: PATRICIA SHURE
    PO BOX 205
    EL RITO NM

DATES ARE YYYY-MM-DD
STATUS: I/F PAID TO: 12-07
ISSUED: 011-07-19 AGE: 56
FEMALE BORN 955-01-17
ANIV YR: 11

LAST ACTION
CHG: 11-11-16 A: 0000
ACT: 11-09-01 B:

AGENCY: 3WD DIV: 00-00-00 O: 1107
SSN: 320-52-5410 ZIP: 87530 NOTICE TO: OWN DIV: ADDS PL: 00-00-00 APL 0000
SIGNATURE: OWNER LNRTE: 5.6V

BENEFITS AMOUNT CS PREMS:
LIFEBLDR P 716423 17573.71 55 A 17573.71
INTERNAL PD-UP S 8962.59
ACCEL BEN 3 4 5 Q 4569.16
ANNL PREM 17573.71 M 1581.63
ANNL PLANNED PREM 300000.00

CAP AGENT: ANNLD COM
0.0 71172-20 N
80839-50 N

NONFOR: AT ACCEPT DATE: 00-00-00
SVC AGT WASDEN ASSOCIATES INC

```

- The difference in Smoker Class will cause an overpayment when the policy goes PdUp on the policy anniversary.

RCV1 2442851 **HIT PF8 FOR ADDITIONAL INFO**
INS: (OWNER) **STATUS:** I/F **PAID TO: 12-07**
OWN: PATRICIA SHURE **ISSUED:** 011-07-19 **AGE:** 56 **MEC:** M **CHG:** 11-11-16
PO BOX 205 **FEMALE BORN** 955-01-17 **ACT:** 11-09-01
EL RITO NM **DIV OPT:** ADDS **DIV:** 00-00-00
PL: 00-00-00
AGY: 3WD **NOT TO:** OWN 87530 **SIG:** OWNER
FREQUENCY: ANNUAL **FACE AMOUNTS**
SVC AGT WASDEN ASSOCIATES INC **CASH VALUES ON** 12-07-19 **BASE**
RATES: POL YR 11 DIV YR 11 **WITH PREM PD TO PAID-UP** PD UP 716423
DURATION 00 01 02 **POLICY (054)** RDR1
CV BASE 13.85- **ADDS (MPR)** 737.77 RDR2
CV RIDER1 **DTO** ADDS 1902
CV RIDER2 **DEPOSITS** DTO
DEP INT COL
LNS AT 5.6 V **UNIT AMOUNTS**
SENT **BASE** 1000.00
SUSPENSE (X) 561.85 RDR1
REFUND GROSS RDR2
PRO-RATA DIV **UNEARNED**
TERMIN DIV **GROSS**
TOTAL 279192.94 **NET**
DATES ARE YYYY-MM-DD, YY-MM-DD & YY-MM **X561HB3658** **BEC03081216495801**
-SURR **REQUIRES CALC OF TAXABLE GAIN+GIVEN PD-TO MODIFIED**

Policies issued below the 25,000 minimum face. (QPEP)

- Pension policies can be issued as low as 5,000.
- Under the AIO (Additional Insurance Option) we are obligated to issue a policy, if the new policy is less than the minimum face, the only way it can make it through the new business system is if they issue it as a QPEP (Qualified Plan Exchange Rider, pension rider).
- Policies under 25,000 will not have the annual 50.00 policy fee.

Electing Paid Up at the beginning of year 2
A Life Insurance Illustration
NL LifeBuilder - Whole Life - Policy Form Series 8310(0306)
Statement of Policy Cost and Benefit Information
Prepared for
Thomas Collins

Presented by National Life Group

Age 34
Non-smoker
Male
State - VA

Benefit		Annual Premium
\$5,000	NL LifeBuilder	\$103.60
	ABR - Terminal	
	ABR - Chronic	
	ABR - Critical	
	Qualified Plan Exchange Rider	
	Excess Premium	1,068.75
	Total	<u>\$1,172.35</u>

Agent address:
One National Life Drive
Montpelier, Vermont 05604
800 906-3310

NL LifeBuilder is an individual whole life insurance policy with premiums payable to age 100.

This illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown.

Initial Premiums

- The owner has until the acceptance date to pay the Required Premium.
- Excess payments received before the Acceptance Date should have the Issue Date for the effective date of the EY, whether it is part of the Planned Premium or Unscheduled.
- Policies issued with Insufficient Cash (IC).
 - Send an IC e-mail, be sure to pick up the Planned Premium amount and not Required Premium in your e-mail (WorkFlow has not been adjusted to pick up the Planned Premium).
 - If the agency instructs you to pay Required only, you can do so.
- Upon request, policies can be put in force by paying only the Required Premium.
 - On the FRAM, enter a "R" in the description field so only the Required premium is paid.
- Do not credit money to excess unless the initial premium is paid.

Cash Overpayments of Initial Prem	Trx
Overpayment to be applied to next premium due.	Auto-B2X
CSPAR	DVPI
Excess for IPU	EY
Reserve Transfer	ET
Refund overpayment	PX - or EW
Applied to wrong policy	PX - or EYR

CREDITING OVERPAYMENTS

Be cautious of overpayments and unscheduled payments. As with any case, the funds could be intended for premiums on another policy, credited to the wrong policy, or for a CSPAR. The LCQR New Business screen, batch the money came in with, the application, and the original illustrations are resources you should use to research the funds.

B2X If the mode is Quarterly or Semi Annual and there is an overpayment, the system will automatically put it in suspense as E B2X money, it should not be assumed it's OK to be applied to the next bill.

Single Premium Adds Riders

- A SPAR will not appear in the Benefit section of the RNVI until it is paid.
- To determine if there is a SPAR:
 Status – see the Adds Rider Trailer
LCQR screen - NLXXXXXX.
- Once it is paid you will see the Adds Rider face amount with "blank" for premium. Non-commissionable SPARs are not available. Rollover Adds Riders are available.
- Load: SPAR 3%
 CSPAR 7%
 ROAR no load (Rollover adds rider paid from values from another NL policy)

Deposit Date of CSPAR money	Effective Date	Effect on dividends purchased
30 days from date issued	Issue Date	No reduction in dividends
31+ days from date issued	Deposit Date	Reduction in Dividends purchased

- Note: The rule for effective dates is different between Excess and CSPARs.

LCQR NL244375600,I INSURANCE PLAN COVERAGE DATA

INSURED GABRIEL B ONOFRIO INCOME 120 OCC 98
 PROD IND
 PLAN LIFEBLDR/M SMOKER E AMOUNT 39147 FEE Y BAND 0
 REQ PREM 478.00 PP-PYMT 478.00
 NONFORFEITURE OPTION 1 3 EXCHANGE TO NEW INS'D
 ABR(3,4,5,7) 3 4 5 WP-CI WP-PREM WAIVED
 ACR AMT ACR % NFO CCP AMT CCP IP
 ACR/CCP QUAL/NON-QUAL
 DIV OPT B FLX IND K FLX TRM AMT 60853 TERM CONV

LEVEL ANNL AMOUNT START YEAR YYYY DURATION YEARS

RIDER BILLING ANNUAL FOR ADDS RIDER
 BILL ADDS
 GI/AI PREMIUM AMOUNT LATER COMM

MODAL ADDS
 VLR CAP **SINGLE PREM ADDS 7995.24 39147 Y**
 ROLLOVER ADDS

•The Y under the COMM field on the LCQR indicates it's commissionable. you'll need to pay commissions manually on AMS and notify FMG-Reporting and Analysis.

TO	REASON	DATE	P	S	T	PAID TO LAST ACCOUNTING	BATCH
B21	PXPXOE	1111221		2	120811-11-22	NEWB	ACCTING AFTER EFF. DATE

NUMBER	POLICY VALUES ON:	11-08-17*
NUMBER	WITH PREM. PD. TO:	12-08-17
3-2868	POLICY	
ATURE	DIVIDEND ADDITIONS	
NER	D. T. O.	
	DIVIDEND DEPOSITS	
	DEPOSIT INTEREST	
	DEPOSIT INT. WITH	
	POLICY LOAN	
AW OWN	LOAN INTEREST (VLR)	
118	SUSPENSE	11466.85

ADD RDR	TOTAL MPR ADDS	DIVIDEND REDUCTION	PREMIUM CONTROL
PLAN	ISS YR	RATE	ANNUAL PREMIUM
PAID TO CHASE	ISS YR	RATE	CURRENT ADDS
PLAN	ISS YR	RATE	SINGLE PREMIUM
406921011			799524
PLAN	ISS YR	RATE	ROLLOVER PREMIUM

- If the 4th digit of the plan code is a "9" on the status, then it means the rider is commissionable. If it's not a "9" then it is non-commissionable.

Step 1: Pay the CSPAR with the DVPI transaction.

"EFFECTIVE DATE" is the Issue Date.

"MONEY RECEIPT DATE"

-If the money is received within 30 days from the date the policy was physically issued (not the issue date), use the Issue Date.

-Money received more than 31 days after the issue date use the deposit date. This will reduce the amount of dividends the SPAR premium will purchase.

-Premium received in multiple payments, use the date the last amount was received.

"Amount" is the CSPAR Premium.

-Pay exactly the amount indicated in the "Single Premium" field on the status.

-A negative will be created if the funds are not in suspense.

-Premiums received in multiple payments, pay as one lump sum.

"COMMISSIONABLE ADDS RIDER (Y/N)" enter "Y" for a CSPAR. If you enter the wrong code, the system will automatically change the plan code of the SPAR.

Enter, a warning will come back asking you to confirm whether this is a commissionable SPAR or not.

Once you've determined it is correct, hit PF5 as indicated.

Step 2: Pay commissions manually on AMS.

Servicing Agent 3%

GA 1%

Standard First N/A

Step 3: Notify FMG-Reporting and Analysis.

CSPAR over 9,999,999.

CSPAR over 9,999,999 cannot be issued through New Business, it can be added after the policy is issued. The problem is, the Total Adds trailer cannot hold more than 9,999,999. If a CSPAR were to purchase 10,759,595, the system would truncate the 1 and drop the 0, so all screens and output would reflect a face amount of only 759,595 and drop the 10 million. Values would need to be calculated and statements adjusted manually for the life of the contract. As long as the values exceed 9,999,999, none of the online screens should be used. B&D currently has a small group of policies with this same value problem, Lynda B has agreed to manual processing should one of these cases arise.

- New Business would need to issue the case without the CSPAR, Data Pages and Illustrations would need to be stopped and produced manually.
- Do not credit CWA for amounts 1 million dollars or more, the system will truncate the amount at issue.
- Contract Change would process a DVPI to add and pay the CSPAR. Either CC or B&D would notify the area for Production Credits and pay commissions manually (this happens today), if it's a CSPAR, and not a ROAR. The MEC trailer would need to be adjusted manually, see Product for assistance.
- B&D would put a Danger in the policy with a notation in OnBase that all values and annual statements need to be calculated manually. They would also put in a Sp Bill code so annual statements would be stopped from going out automatically.

Previous research had determined it would be an extremely large undertaking to expand the adds field, and all related fields, as well as creating a large risk that something may get missed, so it has not been pursued. COBOL defines field sizes, this field is a "variable" field, so all variable fields could be impacted.

1035 Payments After Issue

When the MOQN screen in New Business is coded for the amount of 1035 money, Internal or External, the MEC trailer will automatically be updated correctly, regardless of when the payment arrives. Payments received after issue, the amount must be added to the 1035 Exchange field and deducted from the Cumulative Premium Paid field manually in the MEC trailer.

- This is only applicable for Trad policies, not Vantage.
- The New Business money screen was not coded at issue with the "ES" money code.
- Send an E-Mail to Contract Change, notifying them you have paid the 1035, and to update the MEC trailer.

This is an example of a case where the MEC trailer does not need to be updated manually.

MOQN NL244502900,I MONEY SCREEN
INSURED REE D DAVIS

MONEY B RECEIPT B SUSPEND DATE WHO
YYMMDD

MONEY	SOURCE	AMOUNT	POLICY	POLICY FACE	INT EFF DATE
1	CC	\$ 1,762.00	<	\$	< YYMMDD
2	ES	\$ 3,768.84	<	\$	<
3		\$	<	\$	<
4		\$	<	\$	<
5		\$	<	\$	<

ISSUE DATE 111103 LAST ACCTING DATE 0111130
CWA SUSPENSE \$

S U S P E N S E	TENT DAY DATE				WHO	AMOUNT	NOT I F Y	DATE				WHO	REASON	PREM CHG	GROSS				FEMALE				NET				CEASE				GROSS				FEMALE				NET				CEASE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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Paying Excess

- Confirm funds are for the correct policy.
- Confirm funds are not for a CSPAR.
- On a P9 Transaction, enter EY or ET under Account.

TRX	Reason	Eff Dt.
EY	Dump In	•Issue Date until acceptance date. •Deposit Date.
ET	Reserve Transfer	Issue Date

Removing Excess

- Excess needs to be removed before the anniversary, otherwise it will be automatically converted to IPU Adds on the anniversary.
- Once a policy crosses an anniversary, excess is converted to IPU. Therefore, the EYR, EW, and EP will not work since it all has been withdrawn from the excess trailer.
- On the P9 entry of your transaction, under Account, enter the transaction code for the excess piece, do not put in a negative sign.

REASON TO REMOVE EXCESS	TRX	EFF DT
Returned Check or Error	EYR	Original Date
Refund Excess	EW	Current
Excess used to pay the Premium due.	EP	Paid to Date
Reverse Excess paid from Internal Reserve Transfer.	ETR	Original Date
Remove value from excess (IPU) after the anniv.	WTHD	Anniv Date

EYR is to remove money from excess that was credited as Excess in **error** or due to a **returned check**.

- Remove the funds using the same effective date as it went in.
- Interest on the piece of money that was removed would have earned interest, once removed with the EYR interest not be retained and will not be converted to IPU.
- The full amount does not need to be removed.
- To remove multiple excess amounts, remove them line by line, do not total them.
- This transaction will update the Gain trailer so it will remove the amount from the TOT PREMS. PAID field automatically.

EW use to **refund** Excess once it is considered to be part of the contract.

- Current date should be used when removing excess.
- Interest on the excess will be retained by the system and will be used to purchase IPU on the policy anniversary.
- The TOT DIVS. PAID field on the Gain Trailer will be increased by the amount of the excess withdrawn.
- It's particularly important the EW is used when withdrawing excess that was from a 1035 exchange. Since the GAIN trailer is updated correctly, appropriate tax reporting will automatically occur.

EP remove excess to **pay premium**.

- Use the Paid To Date as an effective date.
- Interest on the excess will be retained by the system and the interest will be used to purchase IPU on the policy anniversary.
- The TOT DIVS PAID will increase in the Gain trailer, when the premium is paid the TOT DIVS PAID field will increase.

ETR Automatically reverses Excess payments paid from Internal Reserve Transfers.

WTHD Transaction is used to process Withdrawal Option 1 requests by Contract Change.

Withdrawal Option 1

- The system will convert the stipulated amount of IPU back to base face.
- The face increases, so the premium increases.
- The value from excess is removed, but an actual "E" type transaction is not processed.
- To process this request, you will need a signed request.
- Under extenuating circumstances this transaction may be used to correct an error where excess was allowed to purchase IPU. Although the transaction is not a "reversal" the end result would be the same.
- In many instances this activity will result in the base face being greater than the original base face of the contract.
- Shows on HIST as WD transaction.

Withdrawal Option 2 AX

- Requires a signed request from the owner requesting the Adds be withdrawn (surrender adds).
- Contract change can project how the transaction will affect the policy with the WTHD transaction. The WTHD is for inquiry use.
- Total death benefit decreases by more than twice the withdrawal amount when choosing Withdrawal Opt 2.
- Error: +P9 EFF DT2 INVALID - If field changes done to change Base to 0, the PTD must be changed to 9999 first. The next day the PTD should be PdUp, then process the AX.

WTHD transaction

BEFORE				AFTER			
BENEFITS		AMOUNT		BENEFITS		AMOUNT	
LIFEBLDR P		84997	1309.66	LIFEBLDR P		97362	1492.90
INTERNAL PD-UP		3		INTERNAL PD-UP			
ADDITIONS		831		ADDITIONS		831	
WP-DIS		1414.44	47.38	WP-DIS		1612.32	54.01
NL GL10/M RD P (35)	725000	456.75		NL GL10/M RD P (35)	725000	456.75	
RDR-WP			253.75	RDR-WP			253.75
ADDS RIDER ADDS		41433		ADDS RIDER ADDS		24071	
ACCEL BEN 3 4 5				ACCEL BEN 3 4 5			
COM 2615090 SP MO PREM		181.94		COM 2615090 SP MO PREM		198.65	
SP MO PLANNED PREM		181.95		SP MO PLANNED PREM		181.95	

In this example the Base Face and premium went up, the IPU is the first to be reduced on WTH 1, the premium went up so the WP premium went up, the IPU was not sufficient to cover the withdrawal so the SPAR Adds were reduced, the difference is the 5000.00 withdrawal amount. Since the Required Premium went up it is now greater than the Planned Premium, CC will need to increase the Annual Planned Premium so it equals the new Required Premium.

Reversing Premiums

- LifeBuilder policies cannot be off anniversary.
This is due to the potential of Excess processing that may need to occur on the policy anniversary.

Future dated mode changes can occur only if the eff date is equal to the anniv or if the mode is going from a higher mode to a lower mode. Mid year mode changes (lower to higher, monthly to qtrly), even though on anniversary, will not process, this is constant with whole life policies, Term does not have these stipulations.

- COM the XANH and XAPH will reverse the Planned Premium, do not reverse Excess separately.
- Term riders having a separate commission rate than the base and other riders, therefore the premium on the Term needs to be reversed as Term (T in the FT field), including the WP premium for the Term segment. Otherwise, you will be reversing commissions at the base rate and not the rider rate, as a result more commissions will be reversed than what was paid.

- PPFT premiums do not need to be split from the base, there is internal processing that processes the Flex Premium and commissions correctly.
- When reversing the planned Premium with a PP transaction, Excess needs to be reversed separately on the P9 entry and not as part of the Base premium.

Manual Reversal with PP transaction.

Step 1 Pull up an **RNVI** screen.

RNVI 2436513

```

INS: (OWNER)
OWN: ETHAN ALLEN
    1 MAIN ST
    BARRE VT

SSN: 008-64-8559    ZIP: 05641

BENEFITS          AMOUNT
LIFEBLDR          P      249810
INTERNAL PD-UP      190
WP-DIS            3105.00
NL L15/M RD P (44) 250000
RDR-WP
ADDS RIDER ADDS    11073
ACCEL BEN 3 4 5

COM 2133017 SP MO PREM      274.76
    SP MO PLANNED PREM      386.46

DATES ARE YYYY-MM-DD
STATUS: I/F PAID TO: 12-04
ISSUED: 010-11-17 AGE: 36
MALE BORN 974-06-22
ANIV YR: 11

LAST ACTION
CHG: 12-01-13 A: 0000
ACT: 12-02-29 B:
AGENCY: 052 DIV: 11-11-17 O: 1011
PL: 00-00-00 APL 0000
LNRTE: 5.0V

CS PREMS:
2872.85 74 A 4389.39
S 2238.59
89.42 39 Q 1141.24
69 M 395.05
39
CAP AGENT: ANNLD COM
0.0 34626-22 A
54727-02 A
34626-22 A
54727-02 A

NONFOR: AT
SVC AGT WILLIAM T HINMAN JR CHFC

PDR: I ABR: MED: P

```

Step 2 Calculate all premiums that must be reversed separate from the base:

Term and Term WP
Annual Adds Riders
Confirm Excess on HIST

Note: On inquiry screens, the APAR premium is not included in the Required premium unless the Paid To Date equals the anniversary date. However, internally the system does recognize the APAR as being due.

Step 3 Confirm Amounts on **HIST**.

(Base 2872.85 + 89.42WP-DIS)x.088 modal factor=	260.68	→	274.76
(Term 117.50 + Rdr-WP 42.50) x.088 modal factor=	14.08		
APAR 1267.12 x .088 =	111.51		
Excess	<u>.19</u>		
	386.46		

In this example, if you didn't review HIST you may have assumed excess was the difference between Required and Planned, 117.70 instead of .19, and not taken into account the APAR.

HIST

```

PHT3          POLICY HISTORY ACCOUNTING          PAGE: 1 OF 1
PREP  TRAN  EFFECT  LAST  BATCH
DATE  CODE  DATE    ACTIVITY  DESCRIPTION  NO  ACCOUNT  AMOUNT
12/02/29 I P0 12/03/17 12/01/30 POLICY SUSPENSE 1001 0192862 111.51-
12/02/29 I P0 12/03/17 12/02/29 RENEWAL PREMIUMS 1001 0103021 274.76-
12/02/29 I P0 12/03/17 12/02/29 EXCESS PREMIUM 1001 0103031 .19-
12/02/29 I P0 12/03/17 12/02/29 PREMIUM CLEARING 1001 0002863 386.46

```

STEP 4 PGAM, PGNM, or PGLM**PP transaction Codes for NL Trad policies:**

Field Name	Variable	Description
DUE		
	YYMM	•Paying premiums-current Paid to Date •Reversing premium-date you are reversing back to.
APP DIV/ABC COPP		
	Amount	•Applied dividend to be used (no negative sign for SN) •Applied dividend to be replaced (neg under SN field) •B2X overpayment to be removed (no neg.)
SN		
	“-“	To reverse
	Blank	To pay
FT		
	Blank	Base (&PPFT if applicable)
	G	ACR only (should not need, for Contract Chg)
	H	ACR WP-CI only (should not need, for Contract Chg)
	I	CCP only (should not need, for Contract Chg)
	P	PPFT only (should not need, for Contract Chg)
	R	Reserve Transfer (Internal 1035)
	T	Term Rider There is not a FT code for Term Riders paid from reserve transfers . Split the Term Rider out with the T code, so commissions are OK, work with FMG to correct the reserve accounting. Or Include the Term in with the base using the R in the FT field, but notify commissions they need to adjust commissions and update the trailers accordingly.
	Y	Base only (should not need, for Contract Chg)
CODES		
1 st character	Y	Yes, pay commissions •Do not use a Y if commissions are annualized. Day 1 Deannualize/ Day 2 reannualize
	A	If reversing initial premium and commissions are annualized. This will deannualize and change the ANNLD CODE on the RNVI from A to blank.
	N	No, do not reverse commissions. Use when the policy is in the first year, a premium is being reversed and commissions are to remain annualized.
	R	Adds Rider •Initial APAR reversal, put in an Acceptance Date before reversal or else a DV will process and double the Adds.
2 nd character	C	Change Paid to Date Do not use a C on more than one line other than for the Adds Rider.
	N	Do not change the Paid to Date.
3 rd & 4 th character	Two digits	The number of months you want the PTD to change (01=1month). If the line has a N for don't change the PTD, you need to enter the two digits, use the same number of months as the line you are change the PTD on.

P9 transactions:

Reverse Excess	TRX	EFF DT
Reverse Excess before anniversary	EYR	Original Date
Reverse Excess paid from Internal Reserve Transfer.	ETR	Original Date

PGAM

PGCM I243651300

-PP ENTRIES-

SYS	POL #	DUE	APP DIV/	PREMIUM	SN	T	CODES	DESC	-ABC/PBC ONLY-	
			ABC COPP						INT EFF	LOADING
i	2436513	1203		260.68	-		YC01	Base		
i	2436513	1203		14.08	-	T	YN01	Term Rider		
i	2436513	1203		111.51	-		RC01	Adds Rider		

-P9 ENTRIES-

SYS	POLICY NO	EFF DATE	ACCT NO	AMOUNT	DESCRIPTION	LOAN MODE
i	2436513	120317	EYR	.19	Rev Excess	
i	2436513	120317	0002877	386.46	Ret Ck	

- Reversing anniversary work:
 - Reverse dividend accounting and adds.
 - In addition to the adds/IPU, the base face will need to be increased to what it was prior to the anniversary. Depending on the case, the WTHD opt 1 maybe used or Contract Change may decide to do it with field changes.
 - Review the before and after anniversary status' in OnBase.
 - The excess trailer for the prior year must be repopulated to the current year(Slot 1), and the prior year moved back to Slot 2.
 - Review with Contract Change.
 - Only the excess payment fields should be left in Slot 1, all the anniversary processing should be deleted from the trailer.
 - All accounting related to excess accounting and IPU needs to be done with pass through accounting, do not use EY or EYR.

COM Reversals

Step 1: XANH or XAPH

- Change the mode to quarterly if the policy is on anniversary. **(end)**
- Change mode to monthly if policy is off anniversary proceed to **Step 2**.

Step 2: Resulting Paid to Date is:

- 1 or 2 months from the anniversary date.
Enter the future dated mode change with the PRMF,CM **(end)**
- Mid year mode changes (PRMF,CM will not work)
Monthly bills will go out in regular order, proceed to **Step 3**.

Step 3: Put in a notify for a date greater than 30 days prior to the paid to date that will put the policy back on anniversary.

Step 4: Change the mode when the notify comes out and if the Paid to Date has reached a modal boundary.

Anniversary

- Excess will convert to IPU and lower the base face by the same amount keeping the original Total Death Benefit. As a result of the premium paying base coverage going down, the Required Premiums are reduced.

Note: If a policy has PPFT all excess will be used to fund PPFT premium until the rider premium is paidup. Therefore, the premiums will not reduce.

- IPU dividends that earn will also reduce the base face further, maintaining the original face.
- Interest on the Excess will convert to IPU.

INS

Page 1

L	POLICY NO.	SUF	AGCY	ISSUE DATE	ISS
I	2438 621		0090110	12437	

TO	REASON	DATE
B8Z	EXCRXE	1201241

S	PAID TO	LAST ACCOUNTING	BATCH
2	120212	-01-23	

1	INSURED'S NAME	OWN	S.S. NUMBER
2	OWNER'S NAME		S.S. NUMBER
3	NAME AND ADDRESS		S.S. NUMBER
4	NAME AND ADDRESS		S.S. NUMBER

CHAD M WEST			
CHAD M WEST			
266 STEGALL DR			
ELLIJAY GA			

254-57-9169			
30536			
111			

POLICY VALUES ON:	
WITH PREM. PD. TO:	
POLICY	
DIVIDEND ADDITIONS	
D. T. C.	
DIVIDEND DEPOSITS	
DEPOSIT INTEREST	
DEPOSIT INT. WITH	
POLICY LOAN	
LOAN INTEREST	
SUSPENSE	
REFUND OF GROSS	
PRO-RATA DIVIDEND	

RESIDENCE

STATE / CITY

14/297

P. D. F. TO

BENEFITS	AMOUNT	C.Y.	UNEARNED GROSS	UNEARNED NET
LIFE BLDR	50000	639.50	74	
INTERNAL PD-UP				
ADDITIONS				
WP-DIS	690.72	20.03	33	
NL GL20/M RD P	(44) 450000	459.00	63	
RDR-WP		85.50	33	
ACCEL BEN 4 5				
COM 2826547 SP MO PREM		105.95		
PLANNED SP MO PREM		105.95		

MPR

ADDS

C

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4030

PLAN

PREVIO

01

02

03

04

EXTEN

TOTAL ADDS

LEVEL

OUTL

Base coverage before the anniversary.

Required Premium before the anniversary.

National Life Insurance Company
Montpelier, Vermont 05604

INS	POLICY NO.	SUP ACY	ISS DATE	POLICY STATUS	DATE	PAID TO LAST ACCOUNTING	BATCH
I	2438 621	009010	12/4/37	B8Z EXCRCE	1201241	2	120212-01-24
Page 1							

1	INSURED'S NAME	DWNS	S.S. NUMBER	POLICY VALUES ON:		
CHAD M WEST				WITH PREM. PD TO:		
2	OWNER'S NAME	C	S.S. NUMBER	POLICY		
CHAD M WEST			254-57-9169	DIVIDEND ADDITIONS		
266 STEGALL DR			SIGNATURE	D. T. O.		
ELLIJAY GA			OWNER	DIVIDEND DEPOSITS		
			30536	DEPOSIT INTEREST		
3	NAME AND ADDRESS	C	S.S. NUMBER	DEPOSIT INT. WITH		
				POLICY LOAN		
			ADD LAW OWN	LOAN INTEREST		
4	NAME AND ADDRESS	C	S.S. NUMBER			

After the anniversary, the base face went down, and purchased IPU. The total of the two equal the original face amount.

RESIDENCE STATE / CITY	P.O.F. TO	TOTAL
14/297		
BENEFITS	AMOUNT	(CY)
LIFELDR _ P	41118	534.78 74
INTERNAL PD-UP	8882	
WP-DIS	690.72	20.03 39
NL GL20/M RD P (44)	450000	459.00 69
RDR-WP		85.50 39
ACCEL BEN 4 5		
COM 2826547 SP MO PREM		96.74
PLANNED SP MO PREM		105.95
TOT. LOAN VAL. ON		
QUOTATION SUBSTANTION		
C.W. BASIC POLICY		

Lower Required Premium after the anniversary.

National Life Insurance Company
Montpelier, Vermont 05604

STATU

INS		POLICY NO. 2438 621		ISSUE DATE 009011012437		POLICY STATUS B8Z EXCRXE		DATE 1201241		PAID TO LAST ACCOUNTING BATCH 2 120212-01-23																																																																																																																																																																																																																																									
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U=Unscheduled. Excess (ET/EY), not part of Planned.

Pre-anniversary payment. Excess from Planned premium paid before the anniversary.

National Life Insurance Company
Montpelier, Vermont 05604

STATU

INS		POLICY NO. 2438 621		ISSUE DATE 009011012437		POLICY STATUS B8Z		DATE 1201241		PAID TO LAST ACCOUNTING BATCH 2 120212-01-23																																																																																																																																																																																																																																									
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2011 info moved to 2nd Slot, and 2012 is in 1st Slot for current year.

I=Excess removed to purchase IPU
J=Excess Interest earned, and used to purchase internal PdUp.

Excess from pre-anniversary payment moved to Slot 1.

- The annual statement will show the amount of dividends earned and that were used to convert premium paying base to Internal Paid Up insurance (IPU)

Dividend Information

The policy dividend of \$1.00 has been used to convert \$4 of Premium Paying Life Insurance to Paid-Up Life.

- The Premium Information section reports the amount of Excess, the interest earned on Excess, and the amount used to convert premium paying base coverage to PaidUp Insurance (IPU).

Premium Information*(This is not a bill)*

Required Minimum Premium (annualized basis):	January 24, 2012
Policy Required Minimum Premium:	\$564.84
Term Rider Premium:	\$574.92
Other Rider Premiums:	\$21.12
Total Required Minimum Premium:	\$1,160.88
Planned Excess:	\$110.52
Planned Periodic Premium:	\$1,271.40

The actual Excess Premium plus interest of \$2,233.11 was used to convert \$8,878.00 of Premium Paying Life Insurance to Paid-Up Life Insurance.

- Excess, and Excess Interest Earned, converting to IPU or being applied to PPFT will be reflected in the Excess trailer. The various codes next to the amounts indicate what was earned and how it was applied to the policy.

EXCESS TRAILER

EXCESS MONEY CODES	
Code	Description of codes in the Excess Trailer (XEXI)
Space	Planned periodic premium paid as billed.
P	Pay required Premium
W	Withdrawal "AX or WD"
B	Back out (reversal due to bad check or entry made in error "EYR")
U	Unscheduled payment "EY"
D	Death Claim
E	Excess interest for Death Claim
I	Internal Paid-Up (used to convert ordinary insurance to internal PdUp)
J	Excess Interest for Internal PdUp
F	Flex Term (buying One Year Term & Adds)
G	Excess Interest for Flex Term
R	Refund of excess once the policy is fully PdUp
S	Excess Interest for Refund
N	Non-Forfeiture (reduced PdUp)
O	Excess Interest for Non-Forfeiture (reduced PdUp or ETI)
V	EVP (going to EVP div opt 7 –reduced PdUp kind code)May use N
X	Excess Interest for going to EVP div opt May use O

- Below is the accounting that occurs when at anniversary for Excess. Not all accounting has a code associated to it.

PHT3			POLICY HISTORY ACCOUNTING				PAGE: 1 OF 1		
PREP	TRAN	EFFECT	LAST	BATCH					
DATE	CODE	DATE	ACTIVITY	DESCRIPTION	NO	ACCOUNT	AMOUNT		
12/01/23	I P0	12/01/24	11/12/21	RENEWAL PREMIUMS	1004	0103021	96.74-		
12/01/23	I P0	12/01/24	11/12/21	EXCESS PREMIUM	1004	0103031	9.21-		
12/01/23	I P0	12/01/24	12/01/23	PREMIUM CLEARING	1004	0002863	105.95		
12/01/24	I AN	12/01/24	12/01/24	EXC PURCHASE PAIDUP		0103034	2114.91- I		
12/01/24	I AN	12/01/24	12/01/24	RMV EXC ANNV OR PDUP		0103035	2114.91		
12/01/24	I AN	12/01/24	12/01/24	EXC INTEREST EARNED		0105091	118.20		
12/01/24	I AN	12/01/24	12/01/24	EXC INTEREST APPLIED		0105092	118.20- J		
12/01/24	I DA	12/01/24	12/01/23	DIVIDEND ADDITIONS		0115110	1.00		
12/01/24	I DA	12/01/24	12/01/24	SINGLE PREM REG ADDS		0123014	1.00-		
12/01/24	I DA	12/01/24	00/00/00	DIV REG					
12/02/21	I P0	12/02/24	12/01/24	RENEWAL PREMIUMS	1004	0103021	96.74-		
12/02/21	I P0	12/02/24	12/02/21	EXCESS PREMIUM	1004	0103031	9.21-		
12/02/21	I P0	12/02/24	12/02/21	PREMIUM CLEARING	1004	0002863	105.95		
12/03/21	I P0	12/03/24	12/02/21	RENEWAL PREMIUMS	1004	0103021	96.74-		
12/03/21	I P0	12/03/24	12/03/21	EXCESS PREMIUM	1004	0103031	9.21-		
12/03/21	I P0	12/03/24	12/03/21	PREMIUM CLEARING	1004	0002863	105.95		
POL:		I243862100							
BEGIN DATE:		120123							
END DATE:		000000		ALL DATES ARE YYMMDD		X791HB3658		BEC04201210283900	

XEXI 242957300,1

INS ELVIRA F SALINDONG SIG OWNER STATUS I/F PDTO 201202 ISSDT 20100310
 ANNL PLANNED PRM: 16205.88 ANNL WAIVED PRM: 0.00 LTC PDUP IND: DV I
 ORIG:XAMT 250000 TRGPRM 16156.80 INT PDUP:FROM EXC 00 DIV 4828

YEAR TOTALS: CURR POLYR 2011

POL INT END EXC

YR RATE EXC&INT INTR

2011 0.0600 0.00 0

B=Backed out.
 Excess was reversed.

Blank=Excess part of Planned
 Premium

PYMNT:POLYR 2011 CURR TARG

EFF DTE EXC PRM IND

01 20110310 25.92 0

02 20110410 25.92

03 20110410 25.92- B

04 20110410 25.92

05 20110510 25.92

06 20110610 25.92

07 20110710 103.68- P

08 20111010 30.01

P=Excess was used to
 pay a Premium.

PRE-ANNPY:PYR 2012 CURR TAG

1 2

0.00 EXC 0.00
 56HB3658 BEC03091217562501

XEXI 242957300,1

INS ELVIRA F SALINDONG SIG OWNER STATUS I/F PDTO 201204 ISSDT 20100310
 ANNL PLANNED PRM: 16205.88 ANNL WAIVED PRM: 0.00 LTC PDUP IND: DV I
 ORIG:XAMT 250000 TRGPRM 16156.80 INT PDUP:FROM EXC 454 DIV 9506

YEAR TOTALS: CURR POLYR 2012

POL INT END EXC&INT TO

YR RATE EXC&INT INTRNL PDUP

2012 0.0575 0.00 0.00

NET TO

PDUP

0.00

DIV TO

PDUP

0.00

PDUP AMT

WITH EXC

00

PDUP AMT

WITH DIV

00

PYMNT:POLYR 2012 CURR TARG

EFF DTE EXC PRM IND

01 20120410 28.17 U 09

02 YYYYMMDD 10

03 11

04 12

05 13

06 14

07 15

08 16

16524.00 PRM COMM:TRG

EFF DTE EXC PRM IND

17

18

19

20

21

22

23

24

25

PRE-ANNPY:PYR 2013 CURR TAG

1 2

16524.00 PRM COMM:TARG

EFF DTE EXC PRM IND

25

0.00 EXC 0.00

X676HB3658 BEC04191217323000

INQUIRY COMPLETE

Level Outlay

- Planned must equal the Required Premium.
- IPU dividend option on Level Outlay is not available. The reason for not allowing IPU, the Required Premium would reduce annually, planned would stay the same, leaving the difference to be paid as Excess. It would not be appropriate to surrender adds to purchase Excess which would convert to Adds again on the next anniversary.
- **The order adds are surrendered:**
 1. APAR
 2. SPAR
 3. ROAR
 4. Adds
 5. Current Adds
 6. IPU
- Level Outlay is not available in the first year, however, it can be processed as long as there is a ROAR or CSPAR on the policy.
- There is currently an outstanding SR for Level Outlay to surrender IPU automatically, the AX works correctly, however, the system currently does not recognize IPU as adds for Level Outlay processing. As long as there are sufficient Adds other than IPU, Level Outlay processing works correctly.

Example

- The 1st year premium is 6833.00, the illustration shows 27,059.00 of excess, we only received 26925.77. Any difference between what we have and what was illustrated affects the performance of the policy.
- This illustration shows the Dividend Option as IPU. Therefore, the dividend option for the first year is IPU, this illustration does not show a change in the dividend option. The illustration may indicate IPU at issue. However, where the dividend option is listed, unless it clearly states: "Dividends are used to convert ordinary life insurance to paid-up life insurance to year X, then are used to purchase additions." , dividends are assumed unchanged.

Notify the agent the dividend option needs to change year two to Level Outlay, we do not offer Level Outlay with the dividend option of IPU. (The IPU would reduce the face and we would need to bill and pay manually each year the new Required premium,)
- The 4th column shows an annual amount to be surrendered every year, not necessarily the Level Outlay option.
- Inforce Illustration tool will not work for policies on Level Outlay, you need to send a request to Product.

Year 1

- Required equals the illustration of 6833.00.

Montpelier, Vermont 05604

INS		POLICY NO. 1		ISSUE DATE: 10/1		POLICY STATUS: 1		DATE: 10/1		BATCH: 1	
Page 1		1 2437 895		08/10/10 10759		B2Z EXCRXE		1201081		2 12/12-01-06	

1	INSURED'S NAME	OWN	S.S. NUMBER	POLICY VALUES ON:	
2	CHARLES A NEISLER JR			WITH PREM. PD. TO:	
3	OWNER'S NAME	9	S.S. NUMBER	POLICY	
4	CHARLES A NEISLER JR		239-76-2821	DIVIDEND ADDITIONS	
5	701 LITTLE CREEK DR		SIGNATURE	D. T. C.	
6	KINGS MOUNTAIN NC		OWNER	DIVIDEND DEPOSITS	
7			28086	DEPOSIT INTEREST	
8	NAME AND ADDRESS	9	S.S. NUMBER	DIVIDEND INT. WITH	
9				POLICY LOAN	
10			ADD LAW OWN	LOAN INTEREST	
11			111	SUSPENSE	
12				REFUND OF GROSS	
13				PRO-RATA DIVIDEND	
14	NAME AND ADDRESS	9	S.S. NUMBER	TERMINAL DIVIDEND	
15				EXCESS W/INTEREST	
16			SEND TO		
17			JAL, RUE		
18			2		

RESIDENCE	P. R. F. TO	
STATE / CITY		
39		

BENEFITS	AMOUNT	CY
IFEBLR NS	100000	52
INTERNAL PD-UP		
ADDITIONS		52
NL GL15/M RD NS (22)	400000	57
ACCEL BEN 3 4 5		
ANNUAL PREM	6833	00
PLANNED ANNUAL PREM	6833	00

TOT. LOAN VAL ON	
DEFERRED	
PORTION	
C.Y. BASIC POLICY	19.21
C.Y. TERM RGR	
ADDS REP	
DIV. BASIC POLICY	2.94
DIV. TERM RGR 1	
DIV. TERM RGR 2	
TERMINAL DIVIDEND	
DIV. ON ADDS REBS	
D. T. D. COST	4.77
FIRST OUTSTANDING	2.05
PREMIUM D.E.	
12/01/07	FOR 12 MON
LOAN INTEREST	
APPLIED DIVIDEND	

[illegible]

- Excess does not equal the Illustration.

דעם זעלבן טאג, ווען ער האט זיך געפונען אין דעם

INS	POLICY NO.	SUF	AGY	ISSUE DATE	USE VR MD DAY/AGE	POLICY STATUS		P	S		BATCH
	1	2437 895		081011	1010759	B8Z	EXCRXE		1201081	2	
PAGE 3											

EXCESS PREMIUM (EXCX)											
ANLN PLAN PREM	ANLN WAIVED PREM	ORIGINAL XAMT	ORIG TARG PREM	INT PDOP FROM EXC	INT PDOP FROM DIV						
683300		100000	377700								
YEARS TOTALS				YEARS TOTALS							
PREMIUM REFUND	POLICY YEAR	INTEREST RATE	PREMIUM REFUND	POLICY YEAR	INTEREST RATE						
END EXC & INT	2011	0.0600	END EXC & INT	2011	0.0600						
PAID TO PAID UP		NET L&A AMT TO PAID UP	PAID TO PAID UP		NET L&A AMT TO PAID UP						
EXC & INT TO PAID UP		EXC & INT TO PAID UP		NET EXC & INT TO PAID UP							
PAID UP AMT WITH EXC		PAID UP AMT WITH EXC		PAID UP AMT WITH DIVIDEND							
PAID UP AMT WITH EXC		PAID UP AMT WITH EXC		PAID UP AMT WITH DIVIDEND							

2011 PAYMENT DETAILS									
SUR TARGET PREM	PREM FOR COM/STARG	PREM FOR COM/EXC	CURR TARGET PREM	PREM FOR COM/STARG	PREM FOR COM/EXC				
377700	377700	2692577	377700	377700	2692577				
PREMIUM DATE	EXCESS PREMIUM	USE IND	PREMIUM EFF DATE	EXCESS PREMIUM	USE IND				
20110207	26925.77	U							

POLICY VALUES ON:		POLICY
WITH PREM. PD. TO:		
POLICY		
PAID UP		
EXCESS		
EXCESS INTEREST		

2011 PAYMENT DETAILS		PAYMENT DETAILS	
SUR TARGET PREM	PREM FOR COM/STARG	PREM FOR COM/EXC	PREM FOR COM/EXC
377700	377700	2692577	2692577
PREMIUM DATE	EXCESS PREMIUM	USE IND	USE IND
20110207	26925.77	U	

PRODUCT IND:	RELATED NO:

POLICY YEAR	ANNUAL
PREM PAYING AMT	
INTERNAL PDOP AMT	
EXTERNAL PDOP AMT	
TOTAL L&A AMT	

POLICY VALUES BREAKDOWN		
POLICY VALUES ON:		
WITH PREM. PD. TO:		
POLICY		
PAID UP		
EXCESS		
EXCESS INTEREST		

PRODUCT IND:	RELATED NO:
--------------	-------------

ANNUAL STATEMENT VALUES (XAST)		
POLICY YEAR		
PREM PAYING AMT		
INTERNAL PDUP AMT		
EXTERNAL PDUP AMT		
TERM INS. AMT		

Year 2

The illustration shows the cash Premium Outlay of 4500.00 with 243.00 surrendered each year so the premium should be 4743.00, however, in admin the premium is 4763.58. The difference in premium is due to the difference in Excess. Excess was illustrated as 27059.00, 26,925.77 was applied, so the premium did not go down as much as anticipated. Therefore, more adds will be surrendered than were illustrated.

National Life Insurance Company
Montpelier, Vermont 05604

INS Page 1		POLICY NO.	SUF	ACQY	ISSUE DATE YR MO DAY AGE	ISS	POLICY STATUS TO REASON CODE DATE	S T PAID TO LAST ACCOUNTING BATCH	
		I	2437	895	081011010759		BJA PXPXE	1201101	2 130112-01-10U191
ACCTING AFTER EF									

1	INSURED'S NAME		OWN	C S.S. NUMBER
2	CHARLES A NEISLER JR			
	OWNER'S NAME		C	S.S. NUMBER
	CHARLES A NEISLER JR			239-76-2821
	701 LITTLE CREEK DR			SIGNATURE
	KINGS MOUNTAIN NC			OWNER
				28086
3	NAME AND ADDRESS		C	S.S. NUMBER
				ADD LAW OWN
				111
4	NAME AND ADDRESS		C	S.S. NUMBER
				SEND TO TAXPAYER
				2

RESIDENCE STATE / CITY		P. D. F. TO
39		
BENEFITS	AMOUNT	C.Y.
LIFE BDR NS	44475	1707.58
INTERNAL PD-UP	55525	52
ADDITIONS	64	52
NL GL15/M RD NS (22)	400000	47
ACCEL BEN 3 4 5		
ANNUAL PREM	4763.58	
PLANNED ANNUAL PREM	4763.58	

POLICY VALUES ON:		12-01-07*
WITH PREM. PD. TO:		13-01-07
POLICY		26416.02
DIVIDEND ADDITIONS		30.45
D. T. O.		
DIVIDEND DEPOSITS		
DEPOSIT INTEREST		
DEPOSIT INT. WITH.		
POLICY LOAN		
LOAN INTEREST (VLR)		
SUSPENSE		
REFUND OF GROSS		4763.58
PRO-RATA DIVIDEND		
TERMINAL DIVIDEND		
EXCESS W/INTEREST		
SURR. REQUIRES CALC OF TAXABLE GAIN		
TOTAL		31210.05
UNEARNED GROSS		
UNEARNED NET		
TOT. AMT. OF ADDS		64.00
TOT. AMT. OF D.T.O.		
TOT. AMT. OF C.O.L.		
TOT. LOAN VAL. ON		
QUOTATION DURATION	1	2
C.V. BASIC POLICY	2	26
	2	29.48
	3	

NL LifeBuilder
Prepared for
CHARLES A. NEISLER, JR.

Presented by Lee Neisler

Benefit		Annual Premium
\$100,000	NL LifeBuilder	\$3,777.00
400,000	NL GL15 Term	3,056.00
	ABR - Terminal	
	ABR - Chronic	
	ABR - Critical	
	Excess Premium	27,059.00
	Total	<u>\$33,892.00</u>

Age 59
Non-smoker
Male
State - NC

Dividends are used to convert ordinary life insurance to paid-up life insurance.

Policy Year	Annual Outlay#*	Annual Dividend*	Annual Surrender*	End Year Total Cash Value*	End Year Total Death Benefit*
1	\$ 33,892	\$ 294	\$ 0	\$ 26,968	\$526,968
2	4,500	730	243	28,330	500,837
3	4,500	788	243	30,867	501,890
4	4,500	865	243	33,503	503,050
5	4,500	953	243	36,246	504,339

6	4,500	1,032	243	39,377	505,754
7	4,500	1,111	243	42,629	507,279
8	4,500	1,187	243	46,012	508,907
9	4,500	1,275	243	49,545	510,641
10	4,500	1,366	243	53,236	512,488
	\$ 74,392	\$ 9,604	\$2,189		
11	4,500	1,461	243	56,652	514,448
12	4,500	1,559	243	60,209	516,521
13	4,500	1,661	243	63,912	518,706

*Some of the illustrated benefits and values are derived from dividends and are not guaranteed. The assumptions on which they are based are subject to change by the Company. Actual results may be more or less favorable than illustrated.

See previous pages of the illustration for guaranteed values and benefits.

#Contract premiums are due in every year of the premium paying period as defined on the first page of the illustration.

Standard

December 8, 2010

NATIONAL LIFE INSURANCE COMPANY, MONTPELIER, VT 05604

This illustration is not complete without all pages.

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Page 10 of 14
v10.2

- VLRI screen shows there is going to be sufficient Adds next year to cover the difference between Required and the 4500.00 annual cash outlay illustrated.
- Due to the outstanding SR, currently only IPU adds are available so the system is not recognizing those adds and allowing the policy to go on COM. However, 2013 if dividends are changed to Adds, there will be sufficient Adds to put the policy on Level Outlay.

VLRI 243789500

INS: (OWNER) STATUS: I/F CHG: 120110
OWN: CHARLES A NEISLER JR PAID TO: 13-01 ACT: 120110
701 LITTLE CREEK DR DIV OPT: A-PV NON-FORF: AT DIV: 120110
KINGS MOUNTAIN NC BILL ANN: 01-07 MM-DD PL: 000000
ISSUED: 011-01-07 AGE 59 ADD:
SS#: 239-76-2821 ZIP: 28086 MALE BORN: 952-02-02 BEN:
SIG: OWNER NOTICE TO: OWN BASE PLAN: 400605400 OWN:
AGENCY 081 FLAG: APL:

VARIABLE LOAN RATE / DIRECT RECOGNITION INFO

YEAR	RATE	BILLED INT	INTEREST ADJ	DIV COEF	DIVIDEND ADJ	CAP
12-13	5.0	.00	.00	.20000000-	.00	0.0
11-12	5.0	.00	.00	.20000000-	.00	0.0
00-00	.0	.00	.00	.00000000	.00	0.0
00-00	.0	.00	.00	.00000000	.00	0.0

THE 2013 DIVIDEND WILL BE **654.95** CURRENT LOAN BAL: .00
CURRENT YEAR CAP: 0.0% LOAN INT NEXT: .00
VLR MINIMUM: 8.0% LOAN INT-DUE DATE: 00-00-00
DATES ARE YYYY-MM-DD,YY-MM-DD & YY-MM UNLESS NOTED X566HB3658 BEC03091214280600

Mode Changes

LifeBuilder has a "Target Premium" for commissions. This amount is based on the Required premium, riders, and the mode. The lower the mode, the greater the commissions are that get paid. Once the Target amount has been met, the remainder of the premiums are paid at the excess rate.

- PPG-Commissions currently annualized, the mode is to be changed, but commissions are to remain annualized.
Step 1: Day 1-Deannualize commissions
Step 2: Day 2-Change the mode.
Step 3: Day 3-Reannualize with PCFI

Higher mode to lower and the case is annualized, commissions would be under paid.

Lower mode to higher mode, commissions would be overpaid.

PRMF, CM problem

-CM: VLR/COL MUST BE PAID ON ANNIV ERROR
 -PFT EXISTS CHG TO OFF ANNIV NOT ALLOWED

There is a problem with a calculation used for date validation. The incorrect calculation is used to determine the number of months between the mode change effective date and the anniversary. The calculation will work when the effective month is greater than or equal to the anniversary month. It does not work when the effective month is less than the anniversary month. (ie: the effective month is Jan and the anniversary month is July.) There are a few other factors used to determine whether or not the date validation should be done at all, such as does the VLR or COL trailer exist and will the number of months between bills increase. "The last factor listed seems curious to me."-SM You may not have gotten the error before since the calculation works under some conditions and is not even done for all mode changes.

This logic appears to be unchanged since Y2K and those changes did not impact the logic flow. We can not say with 100% certainty that unrelated code changes or policy values somehow contributed to this problem. We can say the date calculation is definitely incorrect.

The problem is with date logic. Remedy 88198 was marked resolved, per permission of the client, as there was a work around.

Term policies do not have a VLR or COL trailer, this prevents them from falling into the bad logic. IT would also like to note this is not the only bad date calculation in the code. The bad date calculation occurs in batch and produces a CM2 HOSR, along with another date validation. However, for some reason the batch validation only checks for the VLR trailer, it does not check for the COL trailer.

Billing

- Can not bill for Excess only. i.e.: Pay annual Required and expect to go on COM for Excess only.
- When the Base policy is **Paid Up**, the system will continue to bill for any premium paying riders that are due such as APAR or Term Riders.
- As **premiums decrease** due to IPU, the Planned Premium and amount billed will not change resulting in more funds going to Excess.
- **Premium Increases**, Planned will remain the same until the Required exceeds Planned. The system will automatically bill for the increased amount. The inquiry screens will remain not show the new Required or Planned Premium until the policy anniversary.
- To view any changes to the Required premium before the anniversary date, see the RMPI,P3.

This examples reflect the **rating coming off** the policy when it hits it's cease year of 2012 and the RMPI shows the decreased Required due to automatic removal of the rating and the IPU decreasing the face.

RNVI 2431835 MORE
 DATES ARE YYYY-MM-DD
 INS: (OWNER) STATUS: I/F PAID TO: 12-05
 OWN: THOMAS E COLLETT ISSUED: 010-05-06 AGE: 62 LAST ACTION
 7206 ADENA CT MALE BORN 948-09-01 CHG: 12-04-13 A: 0000
 WEST CHESTER OH ANIV YR: 11 ACT: 12-02-02 B:
 AGENCY: 071 DIV: 11-07-10 O: 1005
 SSN: 290-46-0591 ZIP: 45069 NOTICE TO: OWN DIV: IPU PL: 00-00-00 APL 0000
 SIGNATURE: OWNER LNRTE: 5.0V
 BENEFITS AMOUNT CS PREMS:
 LIFEELDR NS 9519 471.03 48 A 2843.63
 INTERNAL PD-UP 34986 S 1450.25
 EX PREM 5.00/M 47.60 12 Q 739.34
 NL GL15/M RD NS (18) 150000 1575.00 43 M 255.93
 RDR-EX PREM 750.00 12 NOTIFY: CAP AGENT: ANNLD COM
 ACCEL BEN 4 5 120706 BKM CHG 0.0 43812-20 N
 QTRLY PREM 739.34 120706 BKM PREM 59293-02 N
 QTRLY PLANNED PREM 1276.83 120706 BKM 600. 56737-02 N
 77209-50 N
 NONFOR: P MORE
 SVC AGT ANDREW M STAMAS
 PDR: I ABR: MED: P X676HB3658 BEC 041912 13425601

RMPI 243183500,P3 RMPI 243183500,P3
 INS: (OWNER) PREM A: 2046.03
 OWN: THOMAS E COLLETT S: 1043.48 NF OPT: P ADD: 0000
 7206 ADENA CT Q: 531.97 * DIV OPT: IPU BEN:
 WEST CHESTER OH M: 184.14 DIV O RID CASH OWN: 1005
 1/6: 180.05 ISS DATE: 100506 APL: 0000
 MMDD INT NEXT:
 ZIP: 45069
 ASD: BILL ANNIV: 0506 LN BALANCE @ 5.0 V
 AGY: 071 SIG: OWNER MEC:
 AGT: ANDREW M STAMAS
 AD'L INFO EFF: 12/05/06 DATES ARE YYMMDD & YYMM
 SUSP: UNLESS NOTED
 TP DATE WHO AMOUNT DEP:
 DEP INT: AMOUNT DUE: 12/05/06
 EX PREM: PREMIUM 472.56
 DEP TOT: LOAN INT .00
 NP ADDS FACE: APPL DIV .00
 NP ADDS LV:
 NP ADDS CV: NET DUE 472.56
 TOT LV: 18979.89 P3 VALUE 18979.89
 120413 W/INT ASD: SUFF BY 18507.33

PDF

- PDF is available for this product.
- The premium should be based on the Planned Premium for simplification rather than Required.
 - In the event the dividend option is IPU and requested with a Required premium, it will be difficult to project the annual premiums. See *Product Mgt.*

Internally Fund (Vanish)

- Available
- Planned must equal Required
- Annual and modal adds riders must be terminated.

Excess Interest Rate

- The XEXI shows the interest rate on Excess funds for the current year.
- Interest earned on Excess payments until the anniversary.
- The interest rate on Excess Payments:
2006-2011 = 6%
Oct 2011 = 5.75%
- Only available to the owner upon termination of the contract.

```

XEXI 242957300,1
  INS ELVIRA F SALINDONG      SIG OWNER   STATUS I/F PDTO 201202 ISSDT 20100310
  ANNL PLANNED PRM: 16205.88  ANNL WAIVED PRM: 0.00 LTC PDUP IND: DV I
  ORIG:XAMT 250000 TRGPRM 16156.80 INT PDUP:FROM EXC 00 DIV 4828

YEAR TOTALS: CURR POLYR 2011
POL INT END EXC&INT TO NET TO DIV TO PDUP AMT PDUP AMT
YR RATE EXC&INT INTRNL PDUP PDUP PDUP WITH EXC WITH DIV
2011 0.0600 0.00 0.00 0.00 0.00 0.00 00 00

PYMNT:POLYR 2011 CURR TARG 16309.80 PRM COMM:TRG 13479.78 EXC 0.00
EFF DTE EXC PRM IND EFF DTE EXC PRM IND EFF DTE EXC PRM IND
01 20110310 25.92 09 20111110 30.01 17
02 20110410 25.92 10 20111210 25.92 U 18
03 20110410 25.92- B 11 20111110 30.01- B 19
04 20110410 25.92 12 20120203 49.51 U 20
05 20110510 25.92 13 20120228 79.51 U 21
06 20110610 25.92 14 YYYYMMDD 22
07 20110710 103.68- P 15 23
08 20111010 30.01 16 24
25
PRE-ANNPY:PYR 2012 CURR TAG 16524.00 PRM COMM:TARG 0.00 EXC 0.00
1 2 X566HB3658 BEC03091217562501
INQUIRY COMPLETE

```

Loan Value

- Excess is not included in loan value.
- Before the anniversary Excess can be withdrawn, EW, this amount would not be converted to IPU, but the interest would.
- After anniversary, Excess is converted to IPU. The value is increased, either a loan or a withdrawal can be taken, AX or WTHD.

B6H

- Excess is not to be used to pay loan interest unless the owner gives us instruction to do so.
- On the 70th day, during non-forfeiture processing, the premium will be paid from excess. Interest will either capitalize or a B6H status generated.
- Include any Excess in B6H letter.

Dividend Options

- New Dividend Option
IPU – Internal Pd-Up, dividend addss earned will be used to reduce the ordinary insurance face amount and purchase paid up, reducing the required premium.
- When the policy goes PdUp, the dividend automatically changes to ADDS
- PRMF, CD the IPU dividend option code is “I”, do not put in an effective date

Dividend Option #	Dividend Option Name
1	Cash
2	Applied to Premium
3	Purchase Paid-Up Additions
3V	Internally Funded by Additions
3P	Partial Internal Funded by Additions
4	Held on Deposit @ Interest
4V	Internally Funded by Deposits
7	One Year Term and Additions- Red PdUp only
8	Applied to Loan Principle
9	Applied to Loan Interest
B	Flex 1 – Additions and term
BP	Flex 1 Partial Internal Funded, Term and Addition
BV	Flex 1 Internally Funded, Term and Additions
I (new)	Internal Paid Up-LifeBuilder only

Calc Notes

- Interest on Excess is used to purchase PdUp
- $EY \times 6\%$, divide by 365 days, times the number of days = interest on the excess.
- The amount of interest to be paid on excess. If there is an overpayment of excess, then the interest will be split between the amount paid on the policy and the amount to be refunded.
- When a policy goes paid up, in the new trailer there is a field called END EXC & INT, this is the Gross used to purchase paid up, the net is this amount $\times 7\%$ load = Net Exc & INT to PAID UP”. The Net Exc & Int divided by the rate = Pd Up face excess and interest bought.
- ETI/PDU use up all excess, do not refund.
- ETI can have cash value.
- IPU with adds from a SPAR is a problem.
- Fractional dollars have to round to whole dollars, increase in CV to the ordinary.
- Face amounts go out to .xxxxxx.
- AX transactions should continue to not be processed on the policy anniversary.
- If a value is requested with a future date the system reflects increased face amounts of any adds and when the policy has PPFT it reflects the increased OYT amount.
- If the policy has PPFT the cash value is reduced by the amount of the unpaid PPFT premium.
- The face amount of the PdUp portion of the Planed premium (excess) this is to purchase PdUp at anniversary time is reflected on the value screens.

RRVI Gift Tax Value Inquiry Screen/ Unisex Reprice

- The rates will not match IPRS because of the Reprice. The system picks up the current rate instead of the rate for the particular policy. The RRVI will be wrong on for Unisex Smoker policies in years 1&2 starting June '09. The RRVI interpolates values differently than all the other screens for Gift & Estate Tax reporting, all other value screens are OK. Rates are used on this screen , only RRVI is wrong because the RRVI is not guaranteed cash value

Refund of Gross

RCVI/RQTI/PQTI/TFFI,sc

- Value screens do not reflect excess beyond the effective date. So any excess effective beyond the entered effective date, Ref of Gross must include the excess beyond the effective date and without interest.

- GAIN uses effective date. Includes excess + interest (-) Ref of Gross.
- RCVI assumes the modal Planned premium is paid.

Surrender

- The owner is entitled to interest the excess earned if the policy is being surrendered (not in the case of refunds).
- Surrender in **first year** or when there is **no guaranteed cash value** in the "POLICY", and excess exists, the RQTI will not work since there is no value in the base Policy field. You will receive the following error:

RQCI 243957100,110914,0000000000.00,SC,Z,

-NCV NOT > 0 AND EFF DATE NOT = PDTO

Step 1: •Pull up an **RQTI** screen with the effective date.

- The interest is the difference between the Cash Value on the RQTI and the Excess. Page 2 of the RQTI shows the breakdown of Excess and Excess Interest.
- Your check is the total of these two amounts, and should equal the total Cash Value on Page 1 of the RQTI.

RQTI 2439571,110924 HIT PF8 FOR ADDITIONAL INF

INS: OWNER STATUS: I/F PAID TO: 11-09 SUSPEND Y BEA 110922

OWN: SANDRA L FRANCIS ISSUED: 010-09-25 AGE: 49 MEC: LAST ACTION

10135 DIVING DUCK AVE FEMALE BORN 961-03-26 NON-FORF AT CHG: 11-09-23

LAS VEGAS NV DIV OPT: FLX1 ACT: 11-06-07

SSN: 568-13-7298 ZIP: 89117 DIV: 00-00-00

10 DIVD PL: 00-00-00

AGY: 042 NOT TO: OWN SVC: RICHARD W KEAL SIG: OWNER

CASH VALUES ON 11-09-24

AGENT COM WITH PREM PD TO 11-09-25

BENEFITS	AMOUNT	CS	79986-28 N	POLICY
LIFEBLDR	50000	918.50	61	56302-02 N TOTAL ADDS
INTERNAL PD-UP				DTO
ADDITIONS			61	DEPOSITS
ACCEL BEN 3 4 5				DEP INT
PPFT	450000	2677.50	61	LNS AT 5.5V
	ANNL PREM	3596.00		LN INT
	ANNL PLANNED PREM	6948.70		SUSP ()
	FREQ: ANNUAL			REFUND GROSS
	CURR CAP: 0.0 PLAN 401305400 GR		9.99	PRO-RAT-DV
	BILL ANV 09-25 NT			TERM DIV
	DTO UN			TOTAL 22000.07

ABR: MED: N DATES: YYMMDD EXCPT BILL ANV'S MMDD X785HB3658 BEC09261115123101

-VLR/DR POL-ASSUMED INT RATE OR DIV USED

RQTI 2439571,110924 HIT PF7 FOR ADDITIONAL INF

INS: OWNER STATUS: I/F PAID TO: 11-09 SUSPEND Y BEA 110922

OWN: SANDRA L FRANCIS ISSUED: 010-09-25 AGE: 49 MEC: LAST ACTION

BENEFITS AMOUNT CS CASH VALUES ON 11-09-24

WITH PREM PD TO 11-09-25

INTL/ND PDUP: 0.00

EXCESS: 20758.00

EXCESS INT: 1242.07

Step 2: Enter a **NGLM** transaction:

- Process an EW to remove all excess.
- Debit the 0105091 Excess Earned account for the interest earned on the excess.
- Credit 0002869.

NGDM I243957100

-P9 ENTRIES-						LOAN
SYS	POLICY NO	EFF DATE	ACCT NO	AMOUNT	DESCRIPTION	MODE
i	2439571	110924	EW	20758.00	Excess	
i	2439571	110924	0105091	1242.07	Excess Int	
i	2439571	110924	0002869	22000.07-	Surr ck	

Step 3: Order a status, RHCI ,C**Step 4: Day 2, send the status to Contract Change and have them change the status to T-5 manually.****Important-If you do not, the policy will remain inforce. Due to the excess interest, the policy may go through non-forfeiture processing or dividends will earn and anniversary work will process.**

- The only value left in the policy is the interest on the excess. This amount does not appear on the XEXI, on the RQTI, unless anniversary work processes.

RQTI 2439571,110914,OVD HIT PF8 FOR ADDITIONAL INF

INS: OWNER STATUS: I/F PAID TO: 11-09 SUSPEND Y BEA 110922

OWN: SANDRA L FRANCIS ISSUED: 010-09-25 AGE: 49 MEC: LAST ACTION

10135 DIVING DUCK AVE FEMALE BORN 961-03-26 NON-FORF AT CHG: 11-09-23

LAS VEGAS NV DIV OPT: FLX1 ACT: 11-09-26

SSN: 568-13-7298 ZIP: 89117 DIV: 00-00-00

10 DIVD PL: 00-00-00

AGY: 042 NOT TO: OWN SVC: RICHARD W KEAL SIG: OWNER

AGENT COM WITH PREM PD TO 11-09-25 CASH VALUES ON 11-09-14

BENEFITS AMOUNT CS 79986-28 N POLICY

LIFEBLDR 50000 918.50 61 56302-02 N TOTAL ADDS

INTERNAL PD-UP DTO

ADDITIONS 61 DEPOSITS

ACCEL BEN 3 4 5 DEP INT

PPFT 450000 2677.50 61 LNS AT 5.5V

ANNL PREM 3596.00 LN INT

ANNL PLANNED PREM 6948.70 SUSP ()

FREQ: ANNUAL REFUND GROSS

CURR CAP: 0.0 PLAN 401305400 GR 109.88 PRO-RAT-DV

BILL ANV 09-25 NT TERM DIV

DTO UN TOTAL 1207.95

ABR: MED: N DATES: YYMMDD EXCPT BILL ANV'S MMDD X741HB3658 BEC09271117042401

-VLR/DR POL-ASSUMED INT RATE OR DIV USED MORE

- Page 2 of the RQTI**

RQTI 2439571,110914,OVD HIT PF7 FOR ADDITIONAL INF

INS: OWNER STATUS: I/F PAID TO: 11-09 SUSPEND Y BEA 110922

OWN: SANDRA L FRANCIS ISSUED: 010-09-25 AGE: 49 MEC: LAST ACTION

BENEFITS AMOUNT CS CASH VALUES ON 11-09-14

WITH PREM PD TO 11-09-25

INTL/ND PDUP: 0.00

EXCESS: 0.00

EXCESS INT: 1207.95

X741HB3658 BEC09271117011200

-VLR/DR POL-ASSUMED INT RATE OR DIV USED MORE

Death Benefit

In addition to the Death Benefit of the Base and riders, Excess, Excess Interest, and the unused portion of the gross premium from the effective date to the Paid To date, the (GR) amount on the RQTI, are included in the Death Benefit. As a result, a single pay policy with an insured that died before the first anniversary, would get the Base plus the large amount of excess, almost doubling the death benefit. However, once the policy reaches it's first anniversary, the excess is converted to IPU, so only the original death benefit would be eligible.

In this example the base death benefit is 252527, however, due to the excess and effective date, the resulting Death Benefit is 441,308.16.

```

RQTI 2441877,111108          HIT PF8 FOR ADDITIONAL INF
INS: OWNER                     STATUS: I/F PAID TO: 11-12
OWN: GEORGE N WEISGERBER      ISSUED: 010-12-19 AGE: 74 MEC: M LAST ACTION
    1251 BRAEWOOD AVE          MALE BORN 936-06-19 NON-FORF T CHG: 11-06-24
    HIGHLANDS RANCH CO        DIV OPT: ADDS          ACT: 11-06-24
                                DIV: 00-00-00
SSN: 544-34-1224 ZIP: 80129    PL: 00-00-00
                                SIG: OWNER
                                10 DIVD
AGY: 091 NOT TO: OWN SVC: DENNIS S MCMILLAN CASH VALUES ON 11-11-08
                                AGENT COM WITH PREM PD TO 11-12-19
BENEFITS AMOUNT CS 38801-21 N POLICY
LIFEBLDR NS 252527 23282.48 36 53911-10 N TOTAL ADDS
INTERNAL PD-UP DTO
ADDITIONS 36 DEPOSITS
ACCEL BEN 3 4 5 DEP INT
                ANNL PREM 23282.48 LNS AT 5.0V
                ANNL PLANNED PREM 200000.00 LN INT
                SUSP ( )
                REFUND GROSS
                CURR CAP: 0.0 PLAN 400605400 GR 2651.62 PRO-RAT-DV
                BILL ANV 12-19 NT TERM DIV
                UN TOTAL 186129.54
ABR: MED: N DATES: YYMMDD EXCPT BILL ANV'S MMDD X723HB3658 BEC11091113073000
-VLR/DR POL-ASSUMED INT RATE OR DIV USED MORE

```

```

RQTI 2441877,111108          HIT PF7 FOR ADDITIONAL INF
INS: OWNER                     STATUS: I/F PAID TO: 11-12
OWN: GEORGE N WEISGERBER      ISSUED: 010-12-19 AGE: 74 MEC: M LAST ACTION
    BENEFITS AMOUNT CS          CASH VALUES ON 11-11-08
                                WITH PREM PD TO 11-12-19
                                INTL/ND PDUP: 0.00
                                EXCESS: 176717.52
                                EXCESS INT: 9412.02

```

ERROR STATUS

ALN **EXCSL** There are more transactions than slots in the excess trailer. Product will need to contact Contract Change to combine & clear records in the trailer, taking into account interest, and effective dates.

B2U **EXC22** There are more transactions than slots in the excess trailer. Anniversary processing could require up to 4 lines, for converting excess and interest. Product will need to contact Contract Change to clean up the trailer and possibly combine excess amounts together, taking into account interest, and effective dates. If there are excess payments that have been paid and reversed (wash) with the same effective date, the lines can be deleted. If there are multiple excess payments with the same effective date, they can be combined, and the extra lines deleted. In these instances it is not necessary to contact Product. However, excess lines after the blanked out lines must be moved up and the blank lines filled in. On the anniversary, the system will read only excess lines up to the first blank line, nothing after.

• EXC22 Status

INS		POLICY NO.		SUF	AGCY	ISSUE DATE	ISS	POLICY STATUS		PAID TO LAST ACCOUNTING		BATCH																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
PAGE 3		I 2426 928				052010030262		B2U EXC22E 1101101		2 110110-12-21																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
<table border="1"> <thead> <tr> <th colspan="6">EXCESS PREMIUM (XEXC)</th> <th colspan="7">POLICY VALUES BREAKDOWN</th> </tr> <tr> <th>ANNUAL PLAN PREM</th> <th>ANNUAL WAIVED PREM</th> <th>ORIGINAL XAMT</th> <th>ORIG TARG PREM</th> <th>INT PDUP FROM EXC</th> <th>INT PDUP FROM DIV</th> <th colspan="2">POLICY VALUES ON:</th> <th colspan="5"></th> </tr> </thead> <tbody> <tr> <td>225792</td> <td></td> <td>35000</td> <td>211332</td> <td></td> <td></td> <td colspan="2">WITH PREM. PD. TO:</td> <td colspan="5"></td> </tr> <tr> <td colspan="6">YEARS TOTALS</td> <td colspan="2">POLICY</td> <td colspan="5"></td> </tr> <tr> <td colspan="6">PREMIUM REFUND</td> <td colspan="2">PAID UP</td> <td colspan="5"></td> </tr> <tr> <td colspan="6">POLICY YEAR</td> <td colspan="2">EXCESS</td> <td colspan="5"></td> </tr> <tr> <td colspan="6">INTEREST RATE</td> <td colspan="2">EXCESS INTEREST</td> <td colspan="5"></td> </tr> <tr> <td colspan="6">END EXC & INT</td> <td colspan="2"></td> <td colspan="5"></td> </tr> <tr> <td colspan="6">EXC & INT TO PAID UP</td> <td colspan="2"></td> <td colspan="5"></td> </tr> <tr> <td colspan="6">DIV TO PAID UP</td> <td colspan="2"></td> <td colspan="5"></td> </tr> <tr> <td colspan="6">PAID UP AMT WITH EXC</td> <td colspan="2"></td> <td colspan="5"></td> </tr> <tr> <td colspan="6">PAID UP AMT WITH DIVIDEND</td> <td colspan="2"></td> <td colspan="5"></td> </tr> <tr> <td colspan="13"> <table border="1"> <thead> <tr> <th colspan="6">2010 PAYMENT DETAILS</th> <th colspan="7">ANNUAL STATEMENT VALUES (XAST)</th> </tr> <tr> <th>CURR TARGET PREM</th> <th>PREM FOR COM-TARG</th> <th>PREM FOR COM-EXC</th> <th>CURR TARGET PREM</th> <th>PREM FOR COM-TARG</th> <th>PREM FOR COM-EXC</th> <th>POLICY YEAR</th> <th colspan="6"></th> </tr> </thead> <tbody> <tr> <td>211332</td> <td>211332</td> <td>3043548</td> <td></td> <td></td> <td></td> <td>PREM PAYING AMT</td> <td colspan="6"></td> </tr> <tr> <td>PREMIUM EFF DATE</td> <td>EXCESS PREMIUM</td> <td>USE IND</td> <td>PREMIUM EFF DATE</td> <td>EXCESS PREMIUM</td> <td>USE IND</td> <td>INTERNAL PDUP AMT</td> <td colspan="6"></td> </tr> <tr> <td>01 20100302</td> <td>3786.85</td> <td>U</td> <td>01</td> <td></td> <td></td> <td>EXTERNAL PDUP AMT</td> <td colspan="6"></td> </tr> <tr> <td>02 20100302</td> <td>6702.10</td> <td>U</td> <td>02</td> <td></td> <td></td> <td>TERM INS AMT</td> <td colspan="6"></td> </tr> <tr> <td>03 20100302</td> <td>17746.32</td> <td>U</td> <td>03</td> <td></td> <td></td> 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National Life Insurance Company
Montpelier, Vermont 05604

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- After Anniversary-Anniversary work could use up to 4 lines.

CURR TARGET PREM FOR COM.TARG PREM FOR COM.EXC				CURR TARGET PREM FOR COM.TARG PREM FOR COM.EXC				PRODUCT IND:	RELATED NO:
211332				211332			3081180		
PREMIUM EFF DATE	EXCESS PREMIUM	USE IND		PREMIUM EFF DATE	EXCESS PREMIUM	USE IND		ANNUAL STATEMENT VALUES (XAST)	
01				01	20100302	30679.25	U	POLICY YEAR	2010
02				02	20100402	12.05		PREM PAYING AMT	35000
03				03	20100502	12.05		INTERNAL PDUP AMT	
04				04	20100602	12.05		EXTERNAL PDUP AMT	597.19
05				05	20100702	12.05		TERM INS AMT	5281
06				06	20100802	12.05		NET CASH VALUE	30522.52
07				07	20100902	12.05		BASE REQ MIN PREM	1599.24
08				08	20101002	12.05		ADDS RIDER PREM	
09				09	20101102	12.05		TERM RIDER PREM	
10				10	20101202	12.05		PFT PREM	514.08
11				11	20110102	12.05		OTHER RIDER PREM	
12				12	20110202	12.05		ANNUAL PLANNED PREM	2257.92
13				13	20110302	30811.80	F	WITHDRAWAL AMT OPT1	
14				14	20110302	1844.72	G	FROM INT PDUP AMT OPT1	
15				15				FROM EXT ADDS AMT OPT1	

B2U **EXPTD** There is excess in the policy, but the initial premium is not paid. Either remove the excess or pay the premium. These status' will be produced daily until the situation has been resolved.

- If an EYR is processed, the negative and positive entries are on the record. Eventhough Excess nets to 0, for the status' to stop, you need to contact Contract Change to clear the trailer.

National Life Insurance Company
Montpelier, Vermont 05604

INS		POLICY NO. I 2445 222		SUP AGCY 052011121630		ISSUE DATE ISS YR MO DAY AGE		POLICY STATUS		P		S T PAID TO LAST ACCOUNTING BATCH	
PAGE 3								B2U EXPTDE 1202131				2 111212-02-12	

EXCESS PREMIUM (XEXCI)						POLICY VALUES BREAKDOWN					
ANNUAL PLAN PREM	ANNUAL WAIVED PREM	ORIGINAL XAMT	ORIG TARG PREM	INT PDUP FROM EXC	INT PDUP FROM DIV	POLICY VALUES ON:					
720000	444420	500000	423722			WITH PREM. PD. TO:					
YEARS TOTALS						POLICY					
PREMIUM REFUND	POLICY YEAR	INTEREST RATE	PREMIUM REFUND	POLICY YEAR	INTEREST RATE	PAID UP					
	2011	0.0600				EXCESS					
END EXC & INT	EXC & INT TO PAID UP	NET EXC & INT TO PAID UP	END EXC & INT	EXC & INT TO PAID UP	NET EXC & INT TO PAID UP	EXCESS INTEREST					
DIV TO PAID UP	PAID UP AMT WITH EXC	PAID UP AMOUNT WITH DIVIDEND	DIV TO PAID UP	PAID UP AMT WITH EXC	PAID UP AMOUNT WITH DIVIDEND						
2011 PAYMENT DETAILS						PAYMENT DETAILS					
CURR TARGET PREM FOR COM.TARG PREM FOR COM.EXC						CURR TARGET PREM FOR COM.TARG PREM FOR COM.EXC					
423722											
PREMIUM EFF DATE	EXCESS PREMIUM	USE IND	PREMIUM EFF DATE	EXCESS PREMIUM	USE IND	ANNUAL STATEMENT VALUES (XAST)					
01	20111216	2557.78	01			POLICY YEAR					
02	20111216	2557.78	02			PREM PAYING AMT					
03			03			INTERNAL PDUP AMT					
04			04			EXTERNAL PDUP AMT					
05			05			TERM INS AMT					

PRODUCT IND:	RELATED NO:
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B4Z **EXCS\$** When there is too much money in excess and the base policy goes PdUp on the policy anniversary, the overpayment and the interest it earned will go to suspense under the who code B4Z with the Type code of X. Contract Change will receive these errors and either refund the funds or offer to use it to pay up the riders.

Montpelier, Vermont 05604

STATUS

F1	POLICY NO. 011022040060540034	ISSUE DATE 01/10/22	PLAN 040060540034	ISS. AGE 4	AMOUNT OF INSURANCE 1000002252	UNIT VALUE 1M9770318	RESIDENCE ST. CITY IN. 5000050	INSURANCE PROOF TOTAL 5000050	FLAG S	NUMBER 048326DAVID M JACKSON	SERVICING AGENT NAME	AMOUNT 3										
F2	211032499991102	11723512120220120220000000120220	5360CAT	433 66 66	110353																	
F3	12	2	2	050500	100	050054	400	5000	0000													
TRM	PLAN	AGE	ISSUE	AMOUNT	NUMBER OF UNITS	LDC	GROSS PREMIUM	FEMALE REDUC. 1	PREMIUM REDUC. 2	CONV. CEASE	CONV. DURN	GROSS PREMIUM	FEMALE REDUC. 2	PREMIUM REDUC. 2	CONV. CEASE	CONV. DURN	W. F. PREMIUM	SUB-STANDARD	C. D. I. S.	RIDER	DIVIDEND	
PURE	AMOUNT OR CASH OPTION	FINAL EXPIRY	REINS	POLICY NUMBER	AMOUNT	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE	NEW ISSUE
BILL	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	MO. ANN. PREM	
PDF	PLAN	ISSUE	AGE	ISSUE	AMOUNT	PREMIUM	RTG	LDC	W. F. PREMIUM	SUB	CLASS	C. P. PREMIUM	LDC	PREMIUM	CONV. CEASE	CONV. DURN	W. F. PREMIUM	SUB-STANDARD	C. D. I. S.	RIDER	DIVIDEND	
EXT	PLAN	ISSUE	AGE	ISSUE	AMOUNT	PREMIUM	RTG	LDC	W. F. PREMIUM	SUB	CLASS	C. P. PREMIUM	LDC	PREMIUM	CONV. CEASE	CONV. DURN	W. F. PREMIUM	SUB-STANDARD	C. D. I. S.	RIDER	DIVIDEND	
BEN	PLAN	ISSUE	AGE	ISSUE	AMOUNT	PREMIUM	RTG	LDC	W. F. PREMIUM	SUB	CLASS	C. P. PREMIUM	LDC	PREMIUM	CONV. CEASE	CONV. DURN	W. F. PREMIUM	SUB-STANDARD	C. D. I. S.	RIDER	DIVIDEND	
DIV	DIVIDEND	INTEREST	DEPOSIT ACCUMULATION	INTEREST NEXT ANNUITY	IRS 1099 INTEREST	ADDS	CURRENT	COST	TOTAL ADDS	DTO	T. R. P. T.	SUB	DURN	FREEZE AMOUNT	COST							
POL	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	LOAN	
LOAN	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	REPAY	
SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	SPD	
SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	SUS	
AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	AG	

B8Z **WDOP1** Withdrawal Option 1 is processed a before and after status is electronically sent to OnBase.

B8Z **WDOP2** Withdrawal Option 2 is processed a before and after status is electronically sent to OnBase. This will occur for any LifeBldr AX transaction. Produced for historical purposes.

B8Z **EXCRXA** "before" status is sent electronically to OnBase for every LifeBldr policy that crosses an anniversary. This is for historical purposes should anniversary work need to be reversed and the new trailers on Page 3 need to be restored. In On Base under E595 Status Report.

Note: This status does not reflect any manual policy changes that may have occurred on the anniversary, such as removing a rider from the policy.

B8Z **EXCRC** An "after" status is sent electronically to OnBase for every LifeBldr policy that crosses an anniversary. In OnBase under E595 Status Report.

User **EYNSF** There is not sufficient excess money to process the EY amount in the P9 transaction. This error can occur when more than one person is taking the funds out of excess in the same cycle. Due to the processing order of the EY and the point where the system checks for the funds, accounting will be out of balance for this error. Check the 266100 account for the debit and credit the appropriate clearing account.

B2F **PPPP6** For LifeBuilder, the commission accumulators were not automatically updated with the processed transaction. As a result, the commission accumulator fields will need to be updated manually with an XEXC transaction, and a manual commission adjustment will be necessary. Please review with the commission area. The cause of most PPPP6 errors is the fact that Term riders must be paid separately on the PP transactions and marked as a T in the FT field.

The Target premium can be found on the XEXI screen, this is only the target on the base.

B2F **BABAG** The policy is off anniversary. The status will be produced daily until the policy is fixed. Billing is stopped.

B2F **FLXMD** Off anniversary. LifeBuilder uses the same edits as policies with PPFT, even if the policy does not have PPFT, the same errors are applicable, this product cannot be off anniversary.

GAIN

Activity	TRX	d/c	G/L Acct	Definition	GAIN Trlr	Exce s Trlr
Excess only	EY	c	3031	Excess Premium	PREM	U
Anniversary	AN	d	5091	excess interest earned	-	-
	AN	d	3035	removal excess for anniv or PdUp	DIV	-
	AN	c	5092	credit for the interest calculated on the excess (no prem taxes paid, no GAIN impact)	-	J
	AN	c	3034	Excess used to purchase Internal PdUp (appears to inflate PREM, however, the entry to DIV offsets it to make it a "wash"	PREM	I
Anniversary Adds dends	DA	d	5110	Reg adds earned, dividend opt ADDS	-	-
	DA	c	3014	Adds purchased	-	-
Anniversary SPAR	DA	d	3015	19 APAR Adds Production 2410988	PREM	-
	DA	c	2862	19 Premium Control Field	-	-
Anniversary Base goes to PdUp	AN	d	5091	excess interest earned	-	-
	AN	d	3035	removal excess for anniv or PdUp	DIV	-
	AN	c	5092	credit for the interest calculated on the excess (no prem taxes paid, no GAIN impact)	-	J
	AN	c	3034	Excess used to purchase Internal PdUp (appears to inflate PREM, however, the entry to DIV offsets it to make it a "wash"	PREM	I
	AN	d	5041	Withdrawal of excess to be refunded (overpayment of excess needed to make the policy PdUp).	DIV	R
	AN	d	5091	Excess interest earned (for amount to be refunded)	-	S
	AN	c	2862	Total of overpayment of excess and interest on that piece of excess to be refunded will go to suspense as "X" type under the who code of B4Z.	-	-
Anniversary PPFT	DA	d	5111	Divid Adds DTO	-	-
	DA	c	3016	Single Prem DTO Adds	-	-
Level Outlay						
Vanish	PA					
Withdrawal Opt 1/AX	AX	d	5140	Surrender value from Adds	DIV	-
	AX	d	5120	ProRata Dividend	DIV	-
Withdrawal Opt2/WTHD	WD	d	5040	019 Value surrendered from base.	DIV	-
	WD	c	5040	011 or 05 Adds converted to Ordinary Face, this entry is to true up the difference in that cash value.	n/a	-
	WD	d	5120	ProRata dividend value	DIV	-
NonForf paid from excess	FN	c	3021	Required Premium paid	PREM	-
	FN	d	3033	Excess used internally to pay the premium due.	DIV	P
Non-Forfeiture				5091 d debit account for interest on excess 3036 d debit for removal of excess premium for non-forfeiture 5092 c credit for the interest calculated on the excess (no prem taxes paid) (no GAIN impact) 3034 c credit for excess		