

Pacific Life Insurance Company, 45 Enterprise, Aliso Viejo, CA 92656

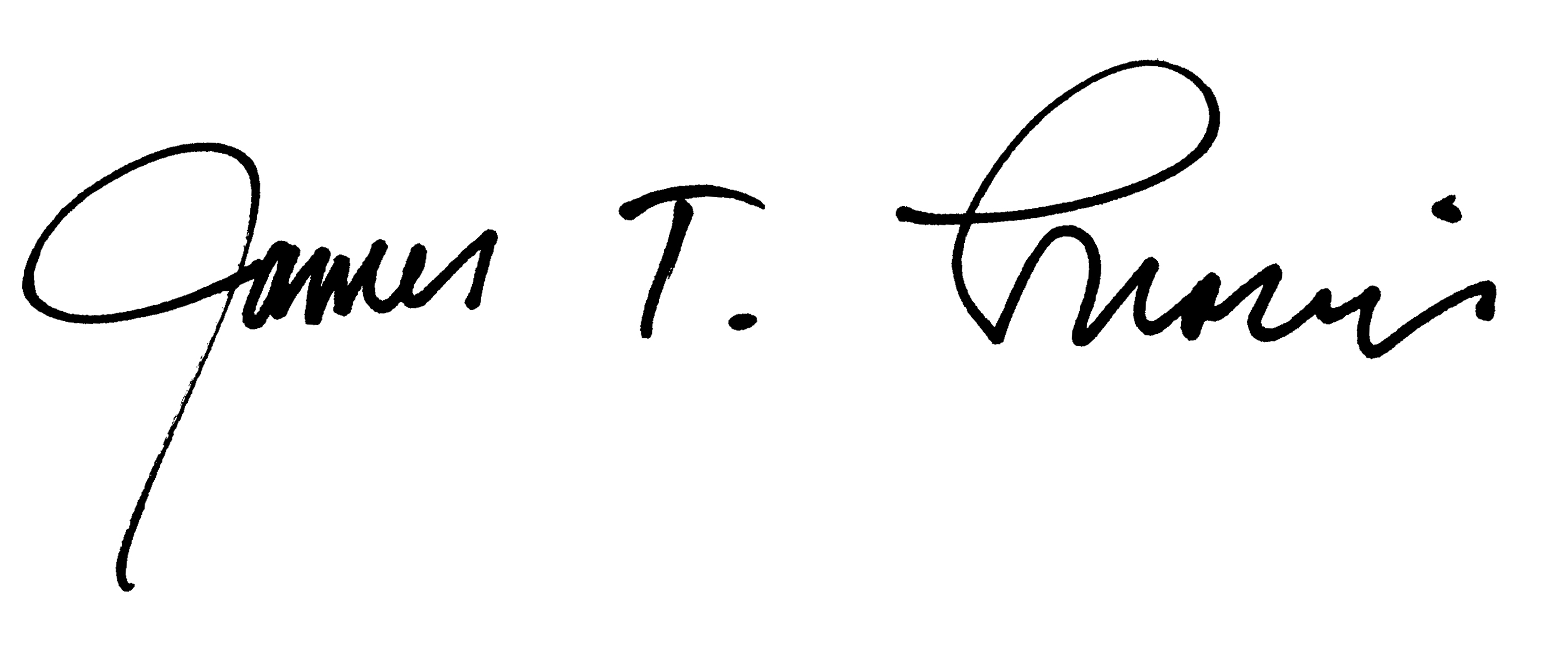
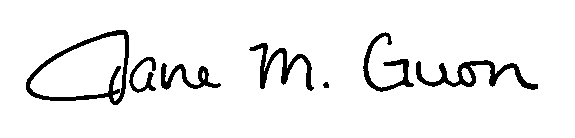
[**www.PacificLife.com**](http://www.PacificLife.com) **(800) 347-7787**

**READ YOUR POLICY CAREFULLY.** This is a legal contract between you, the Owner, and us, Pacific Life Insurance Company, a stock insurance company. We agree to pay the benefits of this policy according to its provisions. The consideration for this policy is the application for it, a copy of which is attached, and payment of the initial and subsequent premiums.

**The method for determining the Death Benefit is described in the Death Benefit section of this policy. The amount of the Death Benefit may be fixed or variable depending on the Death Benefit option elected and may increase or decrease.**

Premiums are flexible, subject to minimums required to keep the policy In Force. Even if Planned Premiums are paid, it is possible that, due to changes in interest credited, and policy charges, the Policy may not continue In Force; that is, it may lapse before any death benefit is payable on the death of the Insured. Additionally, loans, withdrawals, and Death Benefit Option changes will affect the length of time the Policy stays In Force.

Signed for Pacific Life Insurance Company,

**** 

Chairman, President and Chief Executive Officer Secretary

INDEXED UNIVERSAL LIFE INSURANCE

* **Death Benefit Payable On The Death Of The Insured**
* **Net Cash Surrender Value Payable Upon Surrender**
* **Optional Indexed Feature**
* **Adjustable Face Amount**
* **Flexible Premiums**
* **Non-Participating**
* **Terminal Illness Benefit (Accelerated Living Benefit)**

|  |  |  |  |
| --- | --- | --- | --- |
| INSURED: | LELAND STANFORD |  |  |
| SEX AND AGE: | MALE 35 |  |  |
| RISK CLASS: | STANDARD NONSMOKER |  |  |
| POLICY NUMBER: | VF99999990 | TOTAL FACE AMOUNT: | $50,000 |
| POLICY DATE: | November 1, 2011 | OWNER: | LELAND STANFORD |

**Free Look Right - You may return this policy within 30 days after you receive it. To do so, deliver it or mail it to us or to the Producer/Representative who delivered it to you. This policy will then be deemed void from the beginning and we will refund any premium paid**.

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# POLICY SPECIFICATIONS

|  |  |  |  |
| --- | --- | --- | --- |
| BASE POLICY: | INDEXED UNIVERSAL LIFE INSURANCE | | |
| PREMIUMS: | PLANNED ANNUAL PREMIUM | = | $ 1,983.92 |
|  | 7 PAY PREMIUM | = | 3,351.05 |
|  |  |  |  |
|  |  |  |  |

DEATH BENEFIT QUALIFICATION TEST: CASH VALUE ACCUMULATION TEST

(THIS ELECTION IS IRREVOCABLE FOR THE LIFE OF THE CONTRACT)

|  |  |
| --- | --- |
| DEATH BENEFIT OPTION: | A |
| FIXED ACCOUNT GUARANTEED INTEREST RATE, POLICY YEAR 1: | 5.00% |
| FIXED ACCOUNT GUARANTEED INTEREST RATE, POLICY YEARS 2+: | 2% |
| NET AMOUNT AT RISK FACTOR: | 1.0016516 |
| MONTHLY DEDUCTION END DATE: | POLICY ANNIVERSARY WHEN THE INSURED ATTAINS AGE 121 |
| MAXIMUM PREMIUM LOAD RATE: | 7.6% |
| ADMINISTRATIVE CHARGE PER MONTH: | $7.50 |
| GUARANTEED MINIMUM ANNUAL INTEREST RATE: |  |

TABLE OF SURRENDER CHARGE FACTORS

|  |  |  |
| --- | --- | --- |
| INITIAL AMOUNT: | $921.00 |  |
| REDUCTION FACTOR: | $92.10 |  |
| END YEAR: | 10 YEARS |  |

|  |  |
| --- | --- |
| INDEXED ACCOUNT TRANSFER DATES: | THE 15TH DAY OF EACH CALENDAR MONTH |
| (SEE INDEXED ACCOUNTS SECTION FOR ADDITIONAL INFORMATION) | |

[STATE] DEPARTMENT OF INSURANCE: [(XXX) XXX-XXXX]

SUMMARY OF COVERAGES EFFECTIVE ON THE POLICY DATE

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| P11P1I | BASIC LIFE COVERAGE |  |
|  |  |  |
|  | FACE AMOUNT: | $50,000 |
|  | INSURED: | LELAND STANFORD |
|  | SEX AND AGE: | MALE 35 |
|  | RISK CLASS: | STANDARD NONSMOKER |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

R03FNL FLEXIBLE DURATION NO-LAPSE GUARANTEE RIDER

MAXIMUM NO-LAPSE GUARANTEE PERIOD: [LIFETIME or XX YEARS or TO AGE YY]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| R08OLP | OVERLOAN PROTECTION II RIDER |  |
|  |  |  |
|  | MINIMUM FIVE-YEAR PREMIUM: | $4,586.58 |
|  | EARLIEST EXERCISE DATE: | 02-01-2048 |
|  |  |  |
|  |  | OVERLOAN |
|  | AGE AT | PROTECTION |
|  | EXERCISE | RATE |
|  | 75 | 0.0380 |
|  | 76 | 0.0375 |
|  | 77 | 0.0369 |
|  | 78 | 0.0362 |
|  | 79 | 0.0355 |
|  | 80 | 0.0348 |
|  | 81 | 0.0340 |
|  | 82 | 0.0331 |
|  | 83 | 0.0321 |
|  | 84 | 0.0310 |
|  | 85 | 0.0297 |
|  | 86 | 0.0283 |
|  | 87 | 0.0267 |
|  | 88 | 0.0248 |
|  | 89 | 0.0226 |
|  | 90 | 0.0200 |
|  | 91 | 0.0170 |
|  | 92 | 0.0145 |
|  | 93 | 0.0126 |
|  | 94 | 0.0115 |
|  | 95 | 0.0114 |
|  | 96 | 0.0114 |
|  | 97 | 0.0113 |
|  | 98 | 0.0113 |
|  | 99 to 120 | 0.0112 |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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TABLE OF COST OF INSURANCE RATES

FOR BASIC LIFE COVERAGE

INSURED: LELAND STANFORD

MAXIMUM MONTHLY COST OF INSURANCE RATES PER $1000.00 OF NET AMOUNT AT RISK APPLICABLE TO THIS COVERAGE.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | | POLICY  YEAR | | MONTHLY  RATE | |  | |  | |
|  | |  | | 1 | | 0.10090 | |  | |  | |
|  | |  | | 2 | | 0.10670 | |  | |  | |
|  | |  | | 3 | | 0.11170 | |  | |  | |
|  | |  | | 4 | | 0.12010 | |  | |  | |
|  | |  | | 5 | | 0.12840 | |  | |  | |
|  | |  | | 6 | | 0.13760 | |  | |  | |
|  | |  | | 7 | | 0.14930 | |  | |  | |
|  | |  | | 8 | | 0.16350 | |  | |  | |
|  | |  | | 9 | | 0.17930 | |  | |  | |
|  | |  | | 10 | | 0.19940 | |  | |  | |
|  | |  | | 11 | | 0.22110 | |  | |  | |
|  | |  | | 12 | | 0.24200 | |  | |  | |
|  | |  | | 13 | | 0.26460 | |  | |  | |
|  | |  | | 14 | | 0.27790 | |  | |  | |
|  | |  | | 15 | | 0.29380 | |  | |  | |
|  | |  | | 16 | | 0.31390 | |  | |  | |
|  | |  | | 17 | | 0.33900 | |  | |  | |
|  | |  | | 18 | | 0.37330 | |  | |  | |
|  | |  | | 19 | | 0.41180 | |  | |  | |
|  | |  | | 20 | | 0.45950 | |  | |  | |
|  | |  | | 21 | | 0.51560 | |  | |  | |
|  | |  | | 22 | | 0.57510 | |  | |  | |
|  | |  | | 23 | | 0.63890 | |  | |  | |
|  | |  | | 24 | | 0.69180 | |  | |  | |
|  | |  | | 25 | | 0.75230 | |  | |  | |
|  | |  | | 26 | | 0.82540 | |  | |  | |
|  | |  | | 27 | | 0.91630 | |  | |  | |
|  | |  | | 28 | | 1.02660 | |  | |  | |
|  | |  | | 29 | | 1.14970 | |  | |  | |
|  | |  | | 30 | | 1.27900 | |  | |  | |
|  | |  | | 31 | | 1.41510 | |  | |  | |
|  | |  | | 32 | | 1.55240 | |  | |  | |
|  | |  | | 33 | | 1.68980 | |  | |  | |
|  | |  | | 34 | | 1.83930 | |  | |  | |
|  | |  | | 35 | | 1.99170 | |  | |  | |
|  | |  | | 36 | | 2.17330 | |  | |  | |
|  | |  | | 37 | | 2.37670 | |  | |  | |
|  | |  | | 38 | | 2.64820 | |  | |  | |
|  | |  | | 39 | | 2.93180 | |  | |  | |
|  | |  | | 40 | | 3.23010 | |  | |  | |
|  | |  | | 41 | | 3.56140 | |  | |  | |
|  | |  | | 42 | | 3.92360 | |  | |  | |
|  | |  | | 43 | | 4.34570 | |  | |  | |
|  | |  | | 44 | | 4.84010 | |  | |  | |
|  | |  | |  | |  | |  | |  | |
| TABLE OF COST OF INSURANCE RATES  FOR BASIC LIFE COVERAGE  CONTINUED  INSURED: LELAND STANFORD    MAXIMUM MONTHLY COST OF INSURANCE RATES PER $1000.00 OF NET AMOUNT AT RISK APPLICABLE TO THIS COVERAGE. | | | | | | | | | | | |
|  | |  | | POLICY  YEAR | | MONTHLY  RATE | |  | |  | |
|  | |  | | 45 | | 5.41330 | |  | |  | |
|  | |  | | 46 | | 6.04180 | |  | |  | |
|  | |  | | 47 | | 6.76170 | |  | |  | |
|  | |  | | 48 | | 7.51460 | |  | |  | |
|  | |  | | 49 | | 8.33040 | |  | |  | |
|  | |  | | 50 | | 9.24140 | |  | |  | |
|  | |  | | 51 | | 10.27540 | |  | |  | |
|  | |  | | 52 | | 11.43490 | |  | |  | |
|  | |  | | 53 | | 12.71510 | |  | |  | |
|  | |  | | 54 | | 14.10520 | |  | |  | |
|  | |  | | 55 | | 15.59360 | |  | |  | |
|  | |  | | 56 | | 17.17060 | |  | |  | |
|  | |  | | 57 | | 18.67330 | |  | |  | |
|  | |  | | 58 | | 20.26540 | |  | |  | |
|  | |  | | 59 | | 21.97380 | |  | |  | |
|  | |  | | 60 | | 23.81220 | |  | |  | |
|  | |  | | 61 | | 25.79270 | |  | |  | |
|  | |  | | 62 | | 27.64150 | |  | |  | |
|  | |  | | 63 | | 29.65380 | |  | |  | |
|  | |  | | 64 | | 31.85100 | |  | |  | |
|  | |  | | 65 | | 34.25960 | |  | |  | |
|  | |  | | 66 | | 36.90860 | |  | |  | |
|  | |  | | 67 | | 39.06360 | |  | |  | |
|  | |  | | 68 | | 41.41760 | |  | |  | |
|  | |  | | 69 | | 43.99540 | |  | |  | |
|  | |  | | 70 | | 46.82420 | |  | |  | |
|  | |  | | 71 | | 49.93700 | |  | |  | |
|  | |  | | 72 | | 53.37330 | |  | |  | |
|  | |  | | 73 | | 57.18460 | |  | |  | |
|  | |  | | 74 | | 61.42910 | |  | |  | |
|  | |  | | 75 | | 66.18210 | |  | |  | |
|  | |  | | 76 | | 71.53880 | |  | |  | |
|  | |  | | 77 | | 77.62690 | |  | |  | |
|  | |  | | 78 | | 83.33330 | |  | |  | |
|  | |  | | 79 | | 83.33330 | |  | |  | |
|  | |  | | 80 | | 83.33330 | |  | |  | |
|  | |  | | 81 | | 83.33330 | |  | |  | |
|  | |  | | 82 | | 83.33330 | |  | |  | |
|  | |  | | 83 | | 83.33330 | |  | |  | |
|  | |  | | 84 | | 83.33330 | |  | |  | |
|  | |  | | 85 | | 83.33330 | |  | |  | |
|  | |  | | 86 | | 83.33330 | |  | |  | |
|  | |  | | |  | | --- | | 87+ | | | 0 | |  | |  | |

TABLE OF MAXIMUM MONTHLY COVERAGE CHARGES

FOR BASIC LIFE COVERAGE

INSURED: LELAND STANFORD

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | | POLICY  YEAR | | COVERAGE  CHARGE | |  | |  | |
|  | |  | | 1 | | $26.00 | |  | |  | |
|  | |  | | 2 | | 26.00 | |  | |  | |
|  | |  | | 3 | | 26.00 | |  | |  | |
|  | |  | | 4 | | 26.00 | |  | |  | |
|  | |  | | 5 | | 26.00 | |  | |  | |
|  | |  | | 6 | | 26.00 | |  | |  | |
|  | |  | | 7 | | 26.00 | |  | |  | |
|  | |  | | 8 | | 26.00 | |  | |  | |
|  | |  | | 9 | | 26.00 | |  | |  | |
|  | |  | | 10 | | 26.00 | |  | |  | |
|  | |  | | 11 | | 15.60 | |  | |  | |
|  | |  | | 12 | | 15.60 | |  | |  | |
|  | |  | | 13 | | 15.60 | |  | |  | |
|  | |  | | 14 | | 15.60 | |  | |  | |
|  | |  | | 15 | | 15.60 | |  | |  | |
|  | |  | | 16 | | 15.60 | |  | |  | |
|  | |  | | 17 | | 15.60 | |  | |  | |
|  | |  | | 18 | | 15.60 | |  | |  | |
|  | |  | | 19 | | 15.60 | |  | |  | |
|  | |  | | 20 | | 15.60 | |  | |  | |
|  | |  | | 21 | | 15.60 | |  | |  | |
|  | |  | | 22 | | 15.60 | |  | |  | |
|  | |  | | 23 | | 15.60 | |  | |  | |
|  | |  | | 24 | | 15.60 | |  | |  | |
|  | |  | | 25 | | 15.60 | |  | |  | |
|  | |  | | 26 | | 15.60 | |  | |  | |
|  | |  | | 27 | | 15.60 | |  | |  | |
|  | |  | | 28 | | 15.60 | |  | |  | |
|  | |  | | 29 | | 15.60 | |  | |  | |
|  | |  | | 30 | | 15.60 | |  | |  | |
|  | |  | | 31 | | 15.60 | |  | |  | |
|  | |  | | 32 | | 15.60 | |  | |  | |
|  | |  | | 33 | | 15.60 | |  | |  | |
|  | |  | | 34 | | 15.60 | |  | |  | |
|  | |  | | 35 | | 15.60 | |  | |  | |
|  | |  | | 36 | | 15.60 | |  | |  | |
|  | |  | | 37 | | 15.60 | |  | |  | |
|  | |  | | 38 | | 15.60 | |  | |  | |
|  | |  | | 39 | | 15.60 | |  | |  | |
|  | |  | | 40 | | 15.60 | |  | |  | |
|  | |  | | 41 | | 15.60 | |  | |  | |
|  | |  | | 42 | | 15.60 | |  | |  | |
|  | |  | | 43 | | 15.60 | |  | |  | |
|  | |  | | 44 | | 15.60 | |  | |  | |

# TABLE OF MAXIMUM MONTHLY COVERAGE CHARGES

FOR BASIC LIFE COVERAGE

CONTINUED

INSURED: LELAND STANFORD

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  | | POLICY  YEAR | | COVERAGE  CHARGE | |  | |  | |
|  | |  | | 45 | | $15.60 | |  | |  | |
|  | |  | | 46 | | 15.60 | |  | |  | |
|  | |  | | 47 | | 15.60 | |  | |  | |
|  | |  | | 48 | | 15.60 | |  | |  | |
|  | |  | | 49 | | 15.60 | |  | |  | |
|  | |  | | 50 | | 15.60 | |  | |  | |
|  | |  | | 51 | | 15.60 | |  | |  | |
|  | |  | | 52 | | 15.60 | |  | |  | |
|  | |  | | 53 | | 15.60 | |  | |  | |
|  | |  | | 54 | | 15.60 | |  | |  | |
|  | |  | | 55 | | 15.60 | |  | |  | |
|  | |  | | 56 | | 15.60 | |  | |  | |
|  | |  | | 57 | | 15.60 | |  | |  | |
|  | |  | | 58 | | 15.60 | |  | |  | |
|  | |  | | 59 | | 15.60 | |  | |  | |
|  | |  | | 60 | | 15.60 | |  | |  | |
|  | |  | | 61 | | 15.60 | |  | |  | |
|  | |  | | 62 | | 15.60 | |  | |  | |
|  | |  | | 63 | | 15.60 | |  | |  | |
|  | |  | | 64 | | 15.60 | |  | |  | |
|  | |  | | 65 | | 15.60 | |  | |  | |
|  | |  | | 66 | | 15.60 | |  | |  | |
|  | |  | | 67 | | 15.60 | |  | |  | |
|  | |  | | 68 | | 15.60 | |  | |  | |
|  | |  | | 69 | | 15.60 | |  | |  | |
|  | |  | | 70 | | 15.60 | |  | |  | |
|  | |  | | 71 | | 15.60 | |  | |  | |
|  | |  | | 72 | | 15.60 | |  | |  | |
|  | |  | | 73 | | 15.60 | |  | |  | |
|  | |  | | 74 | | 15.60 | |  | |  | |
|  | |  | | 75 | | 15.60 | |  | |  | |
|  | |  | | 76 | | 15.60 | |  | |  | |
|  | |  | | 77 | | 15.60 | |  | |  | |
|  | |  | | 78 | | 15.60 | |  | |  | |
|  | |  | | 79 | | 15.60 | |  | |  | |
|  | |  | | 80 | | 15.60 | |  | |  | |
|  | |  | | 81 | | 15.60 | |  | |  | |
|  | |  | | 82 | | 15.60 | |  | |  | |
|  | |  | | 83 | | 15.60 | |  | |  | |
|  | |  | | 84 | | 15.60 | |  | |  | |
|  | |  | | 85 | | 15.60 | |  | |  | |
|  | |  | | 86 | | 15.60 | |  | |  | |
|  | |  | | 87+ | | 0 | |  | |  | |
|  | |  | |  | |  | |  | |  | |

**1 YEAR INDEXED ACCOUNT**

Segment Term: 1 Year

Segment Guaranteed Interest Rate: 0.00%

Cumulative Segment Guaranteed Interest Rate: 0.00%

Guaranteed Minimum Participation Rate: 100% for the Segment Term

Guaranteed Minimum Growth Cap: 3% for the Segment Term

Overview – This describes the elements and method used in calculating Segment Indexed Interest for each Segment of this Indexed Account. Also, see Indexed Accounts.

Index – The Index is the Standard & Poor’s 500® Composite Stock Price Index, excluding dividends. If the Standard & Poor’s 500® Composite Stock Price Index is discontinued, or if we are unable to use it for reasons beyond our control, we will substitute a successor index of our choosing. In such case, we will notify you of the change at your last known address.

Segment Indexed Interest – At Segment Maturity, Segment Indexed Interest will be credited to the Segment and is equal to the Segment Indexed Interest Rate multiplied by the average of all Segment Monthly Balances over the entire Segment Term.

Segment Monthly Balance – The Segment Monthly Balance is, as of the end of any Segment Month, the amount initially transferred to the Segment on the Segment Date minus all Segment Deductions, excluding any interest that may have been credited to the Segment.

Segment Indexed Interest Rate – The Segment Indexed Interest Rate reflects any growth in the Index multiplied by the Participation Rate, subject to the Growth Cap, that exceeds the Cumulative Segment Guaranteed Interest Rate. The Segment Indexed Interest Rate is equal to [the lesser of (a x b) and c] - d, such result being not less than zero, where:

a = Index Growth Rate

b = Participation Rate

c = Growth Cap

d = Cumulative Segment Guaranteed Interest Rate

Index Growth Rate – In calculating the Segment Indexed Interest, the Index Growth Rate for that Segment Term is first calculated, as (b ÷ a) – 1, where:

a = the Closing Value of the Index as of the day before the beginning of the Segment Term; and

b = the Closing Value of the Index as of the day before the end of the Segment Term.

Participation Rate *–* This is the percentage of the Index Growth Rate that is used in calculating the Segment Indexed Interest Rate. The Guaranteed Minimum Participation Rate is shown above. We may declare a higher Participation Rate, which will be shown in your Annual Report.

Growth Cap *–* This is the maximum total interest rate for a Segment over the Segment Term, including both the Cumulative Segment Guaranteed Interest Rate and the Segment Indexed Interest Rate. The Guaranteed Minimum Growth Cap is shown above. We may declare a higher Growth Cap, which will be shown in your Annual Report.

Cumulative Segment Guaranteed Interest Rate – The Cumulative Segment Guaranteed Interest Rate is the Segment Guaranteed Interest Rate compounded annually for the number of years of the Segment Term.

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**1 YEAR INDEXED ACCOUNT 2**

Segment Term: 1 Year

Segment Guaranteed Interest Rate: 0.00%

Cumulative Segment Guaranteed Interest Rate: 0.00%

Guaranteed Minimum Participation Rate: 100% for the Segment Term

Guaranteed Minimum Growth Cap: 3% for the Segment Term

Overview – This describes the elements and method used in calculating Segment Indexed Interest for each Segment of this Indexed Account. Also, see Indexed Accounts.

Index – The 1 Year Indexed Account 2 provides returns based in part on the returns of three Indexes (Index A, B and C below), excluding dividends. We reserve the right in our sole discretion to substitute any of the Indexes, including if an Index is discontinued or no longer published. In such case, we will notify you of the change at your last known address.

Index A – MSCI Emerging Markets Index (published under the ticker symbol “MXEF”)

Index B – Hang Seng Index (published under the ticker symbol “HSI”)

Index C – EURO STOXX 50® Index, a registered trademark of STOXX Limited (published under the ticker symbol “SX5E”)

Segment Indexed Interest – At Segment Maturity, Segment Indexed Interest will be credited to the Segment and is equal to the Average Segment Indexed Interest Rate multiplied by the average of all Segment Monthly Balances over the entire Segment Term.

Segment Monthly Balance – The Segment Monthly Balance is, as of the end of any Segment Month, the amount initially transferred to the Segment on the Segment Date minus all Segment Deductions, excluding any interest that may have been credited to the Segment.

Average Segment Indexed Interest Rate – The Average Segment Indexed Interest Rate is the average of each Index’s Segment Indexed Interest Rate for each Index, we calculate the Segment Indexed Interest Rate as described below.

Segment Indexed Interest Rate – With regard to each Index, the Segment Indexed Interest Rate reflects any growth in the Index multiplied by the Participation Rate, subject to the Growth Cap, that exceeds the Cumulative Segment Guaranteed Interest Rate. The Segment Indexed Interest Rate is equal to [the lesser of (a x b) and c] – d, such result being not less than zero, where:

a = Index Growth Rate of the Index

b = Participation Rate

c = Growth Cap

d = Cumulative Segment Guaranteed Interest Rate

Index Growth Rate – In calculating the Segment Indexed Interest, the Index Growth Rate for that Segment Term is first calculated separately with regard to each Index, as (b ÷ a) – 1, where:

a = the Final Value of the Index as of one calendar day before the beginning of the Segment Term, provided the New York Stock Exchange is open that day, and if it is not then as of the next day that the New York Stock Exchange is open; and

b = the Final Value of the Index as of one calendar day before the end of the Segment Term provided the New York Stock Exchange is open that day, and if it is not then as of the next day that the New York Stock Exchange is open.

The Final Value of any particular Index on any calendar day used in calculating the Index Growth Rate as provided above means the value determined by that Index’s provider as the Index’s final value for that calendar day.  If no Final Value is determined for any Index as of the day the New York Stock Exchange is open as provided above, then we will use the Final Value for the most recent preceding calendar day for which a Final Value was determined for that Index.

Participation Rate *–* This is the percentage of the Index Growth Rate of the Index that is used in calculating the Segment Indexed Interest Rate. The Guaranteed Minimum Participation Rate is shown above. We apply the same Participation Rate to each Index. We may declare a higher Participation Rate, which will be shown in your Annual Report.

Growth Cap *–* This is the maximum total interest rate for each Index over the Segment Term, including both the Cumulative Segment Guaranteed Interest Rate and the Segment Indexed Interest Rate. The Guaranteed Minimum Growth Cap is shown above. We apply the same Growth Cap to each Index. We may declare a higher Growth Cap, which will be shown in your Annual Report.

Cumulative Segment Guaranteed Interest Rate – The Cumulative Segment Guaranteed Interest Rate is the Segment Guaranteed Interest Rate compounded annually for the number of years of the Segment Term.

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# SUMMARY DESCRIPTION

This is a flexible premium universal life insurance policy with an optional feature linking interest to an outside index (“Index”). Provided the policy is in force, a death benefit is payable upon the death of the Insured. Premiums, net of Premium Load, are credited to an account earning a fixed rate of interest (”Fixed Account”) at a rate not less than the Fixed Account Guaranteed Interest Rate shown in the Policy Specifications. Then, according to your instructions, a portion of the premium may be transferred to one or more Indexed Accounts that earn interest, based in part, on the growth rate of the Index. The growth rate of each Indexed Account has an upper limit (the Growth Cap), and a lower limit (the Segment Guaranteed Interest Rate) as shown in the Policy Specifications. Policy charges are deducted from the policy’s Accumulated Value. Diagrams are included as a general representation of how the policy works. A detailed explanation of how the Indexed Accounts work is contained in the Indexed Accounts section. Additional information, key definitions, and the various policy provisions are included in this contract. Please read your policy carefully. It is a legal contract between you and Pacific Life Insurance Company.

**HOW YOUR POLICY ACCUMULATED VALUE WORKS**

**\*\***All Monthly Deductions, Withdrawals and Loans from the Accumulated Value are taken from the Fixed Account, then from the Indexed Accounts.

Transfers occur at least

once a quarter\*

**Your premium**

You make a

premium payment

We deduct a premium load

**Net premium**

is applied to the Fixed Account

**Indexed Account(s)**

Each comprised of Segments, with each Segment earning interest based, in part, on the Index.

We deduct:

1. Cost of Insurance
2. Coverage Charge
3. Administrative Charge
4. Rider Charges, if any

We deduct:

1. Any applicable

withdrawal charge

We deduct:

1. Any Policy Debt
2. Any applicable

Surrender Charge

**Loan Account**

The portion of Accumulated Value set aside to secure any policy loan

We make monthly deductions**\*\***

If you make a withdrawal**\*\***

If you surrender your policy\*\*

**\***Subject to transfer rules

**Accumulated Value**

Reallocations occur at

Segment Maturity\*

**Fixed Account**

Earns interest at a rate no less than the Fixed Account Guaranteed Interest Rate.

# DEFINITIONS

In this section, we define certain terms used throughout this policy. Other terms may be defined in other parts of the policy. Defined terms are usually capitalized to provide emphasis.

Accounts **–** consist of the Fixed Account (see **Accumulated Value**) and the Indexed Accounts (see **Indexed Accounts**), each of which may be referred to as an Account.

**Account Deduction -** will reduce the Fixed Account Value and the Indexed Accumulated Value. A Deduction is any of the following:

1. Monthly Deductions under the policy;
2. Any withdrawal from the policy, including the withdrawal fee;
3. Policy loans;
4. Any distribution in order to maintain compliance under Definition of Life Insurance or Modified Endowment Contract status;
5. Any Terminal Illness Benefit payment, according to the Requested Percentage;
6. Payments under certain riders; and
7. Any charge, fee, or distribution that reduces the policy’s Accumulated Value.

Accumulated Value **–** is the sum of Net Premiums and credited interest less withdrawals, monthly deductions, and any reductions due to the Terminal Illness Benefit payment or benefit payments under certain riders. See the Accumulated Value and Policy Loan sections for details.

Administrative Office **–** is the office that administers your policy. The mailing address of the Administrative Office at the time you applied for this policy is shown in the heading of the Application. If the address changes, we will send you written notice of the new address.

Age **–** means the Insured’s Age to the nearest birthday as of the Policy Date, increased by the number of complete policy years elapsed.

Application **–** consists of the application for this policy, including any Certificate of Health, Statement of Good Health and Insurability, amendments, and endorsements, and any application for reinstatement.

Basic Life Coverage **–** is insurance coverage on the Insured provided by this policy as shown in the Policy Specifications, rather than coverage provided by certain riders.

Business Day **–** is a day when both we and the New York Stock Exchange are open for business.

Class **–** is used in determining policy charges and interest credited, and depends on a number of factors, including (but not limited to) the Death Benefit, Face Amount, Policy Date, policy duration, the Insured’s Age and Risk Class, and the presence of optional riders and benefits.

Code **–** is the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations issued thereunder.

Evidence of Insurability **–** is information, including medical information, that is used to determine insurability and the Insured’s Risk Class, subject to our approval.

Face Amount **–** is the Face Amount of Basic Life Coverage as shown in the Policy Specifications.

Insured **–** is the person insured under this policy, as shown in the Policy Specifications.

In Force – means a policy is in effect and provides a death benefit on the Insured.

Monthly Deduction End Date **–** is shown in the Policy Specifications and is the date when Monthly Deductions end.

Monthly Payment Date **–** is the same day in each month as the Policy Date and is the date on which certain policy charges are deducted from the Accumulated Value. The first Monthly Payment Date is the Policy Date.

Net Accumulated Value **–** is the Accumulated Value less any Policy Debt.

Net Amount at Risk **–** is the difference between the Death Benefit and the Accumulated Value.

Net Premium **–** is the premium we receive reduced by any Premium Load.

**Owner, you, or your –** refers to the Owner of this policy.

Policy Date **–** is shown on the Cover Page and means the date the policy and associated riders become effective. Policy months, quarters, years and anniversaries are measured from this date.

Policy Debt **–** is the sum of all outstanding policy loans plus accrued Loan Interest Charge.

Policy Specifications **–** is a section of the policy that shows information specific to your policy.

Risk Class **–** is used in determining policy charges and is determined by us during the underwriting process. Risk Class depends on the Insured’s gender, health, tobacco use, and other factors. The Risk Class of the Insured is shown in the Policy Specifications. Risk Class may also be referred to as Risk Classification.

Systematic Distribution Program **–** is a program of periodic distribution of policy values that we designate as a Systematic Distribution Program. We reserve the right to discontinue such a program at any time. The program includes periodic distribution to you of a portion of the policy’s Accumulated Value through policy loans and withdrawals while the Insured is alive and the policy is in force. Contact the Company for details of how this program works.

Total Face Amount **–** is the sum of the Face Amount of Basic Life Coverage and the Face Amounts of any rider providing coverage on the Insured. The Total Face Amount is used in determining the Death Benefit under this policy and is shown in the Policy Specifications.

**We, our, ours,** and **us –** refer to Pacific Life Insurance Company.

Written Request **–** is your signed request in writing, or on a form we provide, and received by us at our Administrative Office, containing information we need to act on the request.

# DEATH BENEFIT

When the Policy is In Force **–** This policy is In Force as of the Policy Date, subject to your acceptance of the delivered policy and payment of the initial premium. The policy remains In Force until the earliest of the following:

* Surrender, as described in the Surrender and Withdrawal of Values provision;
* Lapse, as described in the Policy Lapse and Reinstatement section; or
* The death of the Insured.

Coverage under this policy is subject to any changes we have made to the policy at your request, and may include increases or decreases in Total Face Amount, as described in later sections of this policy.

Death Benefit **–** This policy provides a Death Benefit on the death of the Insured while this policy is In Force. This section describes how the Death Benefit is calculated. The Death Benefit is the larger of:

* The Total Face Amount reflecting any reductions as a result of withdrawals, any Terminal Illness Benefit Payment, or certain rider benefits paid; or
* The Minimum Death Benefit specified below, calculated under the Death Benefit Qualification Test that applies to your policy.

The Death Benefit as calculated above is subject to any increase required by the minimum death benefit provisions set out in General Provisions to satisfy certain federal tax qualification requirements.

Death Benefit Options **–** You elected the Death Benefit Option in the Application. The initial Death Benefit Option appears in the Policy Specifications. Some changes in Death Benefit Option are allowed (see Change of Death Benefit Option).  The Death Benefit according to each of the Death Benefit Options is explained below.

* Option A – The Death Benefit equals the Total Face Amount.
* Option B – The Death Benefit equals the Total Face Amount plus the Accumulated Value.
* Option C – The Death Benefit equals the Total Face Amount plus the sum of the premiums paid minus the sum of any withdrawals taken and any other distribution that reduces the Accumulated Value, provided that such result is limited to the amount shown in the Policy Specifications as the “Option C Death Benefit Limit”. Under this option, the Death Benefit may be less than the Total Face Amount.

If at the time of death the Alternate Accumulated Value is higher than the Policy’s Accumulated Value, we will use the Alternate Accumulated Value in determining the Policy’s death benefit. This only affects policies that have chosen Death Benefit Option B, or those policies subject to the Minimum Death Benefit.

Death Benefit Qualification Test **–** In order for your policy to qualify as a life insurance contract under the Code, it must at all relevant times satisfy one of two Death Benefit Qualification Tests. The policy provides a minimum death benefit amount, as needed, for the policy to qualify under either of the Tests. Unless you elected otherwise in the application, the Death Benefit Qualification Test that is specified for this policy is the Guideline Premium Test. The Death Benefit Qualification Test that this policy is designed to satisfy appears in the Policy Specifications. You may not change your policy’s specified Death Benefit Qualification Test without our written consent. The two Death Benefit Qualification Tests and the Minimum Death Benefit amounts applicable to each are explained in this subsection.

1. Cash Value Accumulation Test **–** If this test applies to your policy, the Minimum Death Benefit at any time will be the minimum amount required for this policy to qualify as a life insurance contract under the Code, but not less than 101% of the Accumulated Value.

1. Guideline Premium Test **–** If this test applies to your policy, the Minimum Death Benefit at any time will be minimum amount required for this policy to qualify as a life insurance contract under the Code, but not less than the Accumulated Value multiplied by the Death Benefit Percentage for the Age of the Insured as shown in the following table.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Death Benefit |  | Death Benefit |  | Death Benefit |  | Death Benefit |
| Age | Percentage | Age | Percentage | Age | Percentage | Age | Percentage |
| 0-40 | 250% | 50 | 185% | 60 | 130% | 70 | 115% |
| 41 | 243 | 51 | 178 | 61 | 128 | 71 | 113 |
| 42 | 236 | 52 | 171 | 62 | 126 | 72 | 111 |
| 43 | 229 | 53 | 164 | 63 | 124 | 73 | 109 |
| 44 | 222 | 54 | 157 | 64 | 122 | 74 | 107 |
| 45 | 215 | 55 | 150 | 65 | 120 | 75-90 | 105 |
| 46 | 209 | 56 | 146 | 66 | 119 | 91 | 104 |
| 47 | 203 | 57 | 142 | 67 | 118 | 92 | 103 |
| 48 | 197 | 58 | 138 | 68 | 117 | 93 | 102 |
| 49 | 191 | 59 | 134 | 69 | 116 | Over 93 | 101 |

**Change of Death Benefit Option** **–** The Death Benefit Option may be changed to Option A or B upon Written Request no more than once per policy year. Changes to Option C from either Option A or B are not permitted. The Total Face Amount will be adjusted, if necessary, so that the Death Benefit immediately after the change of Death Benefit Option will be equal to the Death Benefit immediately before the change. The change will be effective on the Monthly Payment Date on or next following the day we receive your Written Request.

Unless you specify otherwise by Written Request, any request for a Death Benefit Option change will not take effect if the requested change would cause the policy to be classified as a Modified Endowment Contract under the Code.

Death Benefit Proceeds **–** The Death Benefit Proceeds (“Proceeds”) are the actual amount payable if the Insured dies while this policy is In Force. The Proceeds are equal to the Death Benefit, as of the date of death, less any Policy Debt and less any Monthly Deductions that may be due and unpaid if death occurs during a Grace Period.

We will pay the Proceeds after we receive, at our Administrative Office:

* Due proof of the Insured’s death, consisting of a certified copy of the death certificate for the Insured or other lawful evidence providing equivalent information.
* Proof of the claimant’s legal interest in the proceeds.
* Sufficient evidence that any legal impediments to payment of Proceeds that depend on parties other than us have been resolved. Legal impediments to payment include, but are not limited to (a) the establishment of guardianships and conservatorships; (b) the appointment and qualification of trustees, executors and administrators; (c) submission of information required to satisfy state and federal reporting requirements; and (d) conflicting claims.

Proceeds paid are subject to the conditions and adjustments defined in other policy provisions, such as General Provisions, withdrawals, Policy Loans, and Timing of Payments.  We will pay interest on the Proceeds from the date of death at a rate not less than the rate payable for funds left on deposit (see the Income Benefits section). If payment of Proceeds is delayed more than 31 calendar days after we receive the above requirements needed to pay the claim, we will pay additional interest at a rate of 10% annually beginning with the 31st calendar day referenced above. Proceeds are paid as a lump sum unless you choose another payment method, as described in the Income Benefits section.

Face Amount Decrease **–** You may request a decrease in the Total Face Amount of the policy by providing a written request. A decrease in Face Amount is subject to these limits:

* Only one decrease per policy year is allowed.
* A decrease during the first policy year is not allowed.
* The Face Amount remaining after a decrease must be at least $1000.

The effective date of the decreased Face Amount will be the first Monthly Payment Date on or next following the date we approved your Written Request.

Unless and until you specify otherwise by Written Request, any request for a decrease in Total Face Amount will not take effect if the requested change would cause the policy to be classified as a Modified Endowment Contract under the Code. We recommend you consult your tax advisor before requesting a decrease in Total Face Amount. Upon approval of any decrease, we will send you a Supplemental Schedule of Coverage to reflect the decrease.

The request for a decrease in the Total Face Amount will be subject to the Guideline Premium Limit (if applicable to your policy) as defined in the Code. This may result in one or more refunds of premiums or required distributions of Accumulated Value in order to maintain compliance with such limit, in accordance with the Tax Qualification as Life Insurance section of this policy. Such request will not be allowed to the extent the resulting Guideline Premium limit would cause an amount in excess of the Net Cash Surrender Value to be distributed from the policy.

**Change in Benefits –** Under the Guideline Premium Test or the Cash Value Accumulation Test, whichever is specified for your policy, any change in policy or rider benefits or certain other factors may require an adjustment to the policy’s tax qualification limits.

# PREMIUMS

Premiums **–** The initial premium is payable either at our Administrative Office or to our authorized representative before we can place your policy In Force. At your request, a premium receipt signed by one of our officers will be given to you. Additional premiums are optional and may be payable to us at our Administrative Office. Any premium paid after the initial premium, whether delivered to an independent producer or otherwise, will be considered “received” when it is delivered to our Administrative Office. Except for the initial premium, we bear no responsibility for any premium unless it has been received by us. We reserve the right to reject premium payments less than $50 unless such premium is required to keep the policy In Force. Premiums may be paid at any time before the Monthly Deduction End Date, subject to the premium limits below. Any payment we receive from you while you have a loan will be first considered a loan repayment, unless you tell us by Written Request it is a premium payment.

Planned Premium **–** The Planned Premium is the amount of premium you have told us you intend to pay and is shown in the Policy Specifications. We will send you Planned Premium Reminder Notices for as long as premiums can be paid. You may change the Planned Premium by Written Request. Payment of the Planned Premium does not guarantee that the policy will continue In Force.

**Premium Processing –** We deduct the Premium Load at the time we receive the premium payment. Then the resulting Net Premium will be applied to the Fixed Account. Subject to the Automatic Transfers provision, we will thereafter process a transfer to the Indexed accounts. See the Indexed accounts section for details.

Premium Load **–** The Premium Load is equal to the premium paid multiplied by the Premium Load Rate. The Premium Load Rate we use will not exceed the Maximum Premium Load Rate shown in the Policy Specifications.

Premium Limitation **–** We reserve the right to require Evidence of Insurability for any premium payment that would result in an increase in the Net Amount at Risk. If such Evidence of Insurability is not approved by us we may limit or refuse the premium payment.

Guideline Premium Limit **–** This subsection applies only if the Guideline Premium Test is the Death Benefit Qualification Test specified in the Policy Specifications. In order for this policy to qualify as a life insurance contract under Section 7702 of the Code, the sum of the premiums paid less a portion of any withdrawals, as defined in the Code, may not exceed the Guideline Premium Limit, which is the greater of:

* The Guideline Single Premium; or
* The sum of the annual Guideline Level Premiums to the earlier of the date of payment or the Insured’s Age 100.

The Guideline Premiums are shown in the Policy Specifications. The Guideline Premiums may change whenever there is a change in the Total Face Amount of insurance or other certain policy benefits or factors. Any such Guideline Premium change will be shown in a supplemental schedule that we will send to you at the time of the change. The Guideline Premiums are used to determine the premium limits beyond which this policy would fail to qualify as a life insurance contract under the Code. Payment of the Guideline Premiums does not guarantee that the policy will never lapse and additional premiums may be necessary to prevent the policy from lapsing in the future.

The Guideline Premiums are determined by the rules that apply to this policy as set forth in the Code. The Guideline Premiums will be adjusted to conform to any changes in the Code. To the extent that a premium payment would exceed such revised limits, we will refund the excess payment to you in accordance with the Tax Qualification as Life Insurance section of this policy, provided that we may not refuse any premium payment necessary to keep this policy In Force. Further, we reserve the right to make distributions from the policy to the extent we deem it necessary to continue to qualify this policy as life insurance under the Code, in accordance with the Tax Qualification as Life Insurance section of this policy.

**Modified Endowment Contract** Premium Limit – In order that this policy not be classified as a Modified Endowment Contract under Section 7702A of the Code, the sum of premiums paid less a portion of any withdrawals may not exceed the 7-Pay limit as defined in the Code. The 7-Pay limit is the cumulative sum of the 7-Pay Premiums during the applicable 7-Pay testing period. In the event that a premium payment would cause the 7-Pay limit to be exceeded, we will refund the excess payment to you, unless you have provided a Written Request in which you accept your policy being classified as a Modified Endowment Contract and indicate that we may accept such payments and apply them to the policy, in accordance with the Modified Endowment Contract Tax Status section of this policy.

The 7-Pay premium may change whenever there is a change in the Total Face Amount of insurance or in other certain policy benefits or factors. The 7-Pay Premiums are determined according to the rules applicable to this policy set forth in the Code. The 7-Pay Premium will be adjusted to conform to any changes in the Code. To the extent that a premium payment would cause such limits to be exceeded, we will refund the excess payment to you, in accordance with the Modified Endowment Contract Tax Status section of this policy. Further, as indicated in that section, we will increase the Death Benefit to the extent we deem necessary to continue to classify this policy as a non-Modified Endowment Contract under the Code.

TERMINAL ILLNESS BENEFIT (ACCELERATED LIVING BENEFIT)

**Terminal Illness Benefit –** Also known as Accelerated Living Benefit. If the Insured has been diagnosed with a terminal illness, you may elect to receive a portion of the Death Proceeds (“Proceeds”) while the Insured is still living. This is called a Terminal Illness Benefit. A "terminal illness" means an illness causing the Insured to have a life expectancy of 12 months or less.

**Eligible Coverage –** is the portion of the Total Face Amount that will qualify for determining the Terminal Illness Benefit at the time the benefit is exercised.

**Requested Portion –** is the amount of the Proceeds you request in a Written Request on a form provided by us. The Requested Portion cannot exceed the lesser of 75% of the Eligible Coverage or $500,000.

**Requested Percentage –** is the Requested Portion divided by the Eligible Coverage.

**Terminal Illness Benefit Payment –** isthe actual dollar amount of benefit you will receive as a Terminal Illness Benefit. The Terminal Illness Benefit Payment will be determined as of the date we approve your Written Request for a Terminal Illness Benefit. Your Terminal Illness Benefit Payment will equal your Requested Portion less the following adjustments:

* 1. A reduction rate will apply to the Requested Portion, and reflects the early payment of the Requested Portion of your policy. The reduction rate will be based on the12 month life expectancy of the insured at an annual interest rate declared by us. The reduction rate shall be no greater than the greater of the following rates in effect on the date of your written request for a Terminal Illness Benefit:
     1. the yield on ninety-day treasury bills; or
     2. the maximum statutory adjustable policy loan interest rate.
  2. If there is a Policy Loan on your policy as of the date we approve your Written Request, we will reduce the Requested Portion in order to repay a portion of the Policy Loan equal to the Requested Percentage times the outstanding loan.
  3. A processing charge deducted from the Terminal Illness Benefit, not to exceed $150.

We will refund the amounts discussed in a) and c) above should the death of the Insured occur within 30 days of the Terminal Illness Benefit Payment.

The Terminal Illness Benefit will be paid as a lump sum. The minimum Terminal Illness Benefit Payment amount is $500. We place no restrictions on how you use any Terminal Illness Benefit that may be paid under this provision. We will pay the Terminal Illness Benefit amount only once per Insured, even if such person may be insured under more than one policy with us.

This Terminal Illness Benefit is not meant to cause involuntary access to proceeds payable to the beneficiary on the death of the Insured. Therefore, this benefit is not available if either you or the Insured:

1. is required by law to use this benefit to meet the claims of creditors, whether in bankruptcy or otherwise; or
2. is required by a government agency to use this benefit in order to apply for, obtain or keep a government benefit or entitlement.

**Effect of Terminal Illness Benefit Payment on Policy and Riders –** After a Terminal Illness Benefit Payment is made, the policy and certain riders will remain In Force subject to the following adjustments. The Total Face Amount and any Accumulated Value will be reduced by the Requested Percentage. Any outstanding Policy Loan balance will be reduced as specified in the Terminal Illness Benefit Payment Section. A statement demonstrating how the Terminal Illness Benefit impacts your policy values will be sent with the Terminal Illness Benefit Payment.

**Eligibility –** The following conditions must be met before any Terminal Illness Benefit Payment is made:

* The policy must be In Force on the date the Terminal Illness Benefit Payment is approved;
* We must receive written proof that the life expectancy of the Insured is 12 months or less from the date of the Written Request. Proof will include the certification by a licensed physician. Such person may not be you or a member of your family. Such proof should include clinical, radiological or laboratory evidence of the condition. We reserve the right to obtain a second medical opinion from a physician of our choice at our expense. In the case of conflicting opinions, eligibility for benefits shall be determined by a third medical opinion, at our expense, that is provided by a physician that is acceptable to you and to us.
* The owner or legal guardian must make the Written Request; and
* Written consent from any irrevocable beneficiary and any assignee is also required.

**Expiration Date –** Your right to exercise the Terminal Illness Benefit will end when the policy is no longer In Force or when a Terminal Illness Benefit is paid.

**Disclosure –** The following should be taken into consideration before you exercise your option to receive the Terminal Illness Benefit:

* Policy Death Benefits and Accumulated Value will be reduced if a Terminal Illness Benefit is paid.
* This Terminal Illness Benefit is NOT health, nursing home or long-term care insurance, and it is not intended or designed to eliminate the need for such coverage.
* Receipt of the Terminal Illness Benefit Payment may affect Medicaid, Medicare, and/or Supplemental Security Income (SSI) eligibility. Exercising the option to accelerate and receive benefits before you apply for these programs, or while you are receiving government benefits, may affect your initial or continued eligibility.

# ACCUMULATED VALUE

Accumulated Value **–** The Accumulated Value equals the sum of the values of the Fixed Account, the Indexed Accounts, and the Loan Account.

**Fixed Account Value –** The value of the Fixed Account as of the Policy Date is equal to the initial Net Premium less the first Monthly Deduction. On any day following the Policy Date, the value of the Fixed Account is equal to:

1. The value of the Fixed Account as of the prior day;
2. Plus interest earned on such amount since the prior day;
3. Plus the amount of any Net Premiums or policy loan repayment applied since the prior day;
4. Plus the amount of any transfer from the Indexed accounts since the prior day (such transfer is allowed only at Segment Maturity);

* Less reduction for benefits paid since the prior day as described in certain riders attached to this policy;

1. Less reduction for the Requested Portion for any Terminal Illness Benefit since the prior day as described in the Terminal Illness Benefit section;
2. Less the amount of any Account Deductions from the Fixed Account since the prior day;
3. Less the amount of any transfer from the Fixed Account since the prior day (such transfers include transfers to the Indexed accounts to create a new Segment and transfers to the Loan Account to secure any policy loan).

We credit interest on a daily basis using a 365-day year at an annual rate not less than the Fixed Account Guaranteed Interest Rate shown in the Policy Specifications. At our discretion, we may credit additional interest. Any such additional interest may be adjusted to reflect expenses, taxes, profit, or sources of earnings other than investment earnings. Once credited, the additional interest is nonforfeitable except indirectly due to the surrender charge.

Indexed Account Value **–** See the Indexed Accounts section.

Loan Account **–** See the Policy Loans section.

**Deductions from the Accumulated Value –**Deductions from the Accumulated Value will be taken first from the Fixed Account, then from the Indexed Accounts, in order from the Indexed Account with the shortest Segment Term to the Indexed Account with the longest Segment Term.

Deductions from the Accumulated Value *–* If there is more than one Indexed Account with the same Segment Term, deductions from each such Indexed Account will occur in numeric order according to the number designation at the end of the name of the Indexed Account, provided that deductions from any Indexed Account without such a number designation will occur before deductions from any Indexed Account with a number designation.

**ALTERNATE ACCUMULATED VALUE**

The Alternate Accumulated Value (AAV) is used to determine your Death Benefit at the date of death, your Net Cash Surrender Value at the time you request a full surrender of the policy, and the time in which your policy enters its Grace Period.

The Alternate Accumulated Value (AAV) is calculated as follows:

* The value of the AAV as of the prior day;
* Plus an interest credit on the AAV since the prior day;
* Plus the amount of any Net Premiums or policy loan repayment since the prior day;
* Minus Account Deductions from the Fixed and Indexed Account Values

In determining the AAV, we credit interest on a daily basis using a 365 day year at an annual rate not less than 2%. There are no excess interest or segment indexed interest credits payable on the AAV.

**INDEXED ACCOUNTS**

Indexed Accounts **–** You may allocate all or a portion of your policy’s Accumulated Value to one or more policy accounts, each referred to as an “Indexed Account”, for which values will vary over time based, in part, on the change in value of an external index (“Index”). The Indexed Accounts available as of the Policy Date, as well as how credits based on the Index are calculated, are shown in the Policy Specifications. We reserve the right to add additional Indexed Accounts or to cease offering one or more of the Indexed Accounts at any time. In such case, we will notify you of the change at your last known address.

Closing Value **–** By Closing Value of the Index, we mean the value of the Index as of the close of the New York Stock Exchange, which is usually 4:00 p.m. Eastern time. If no Closing Value is published for a given day, we will use the Closing Value for the next day for which the Closing Value is published. In calculating the change in value of the Index, we use the Closing Value of the Index.

**SEGMENT OVERVIEW**

**Segments** **–** Your policy’s value in an Indexed Account is divided into Segments. Each Segment represents a transfer of policy value from the Fixed Account to the Indexed Account.

Segments are credited with interest and comprise a portion of the policy’s Accumulated Value. This is a summary of how Segments work:

* Segment Creation – A new Segment is created when there is a transfer to an Indexed Account. The Segment will continue until the end of the Segment Term.
* Segment Value Change - Over the Segment Term, the Segment will grow with the Segment Guaranteed Interest and be reduced by Segment Deductions.
* Segment Deductions – Over the Segment Term, money may be transferred out of the Segments for Account Deductions.
* Segment Indexed Interest – Based on the performance of the Index, additional interest may be credited to the Segment at the end of the Segment Term.
* Segment Maturity – At the end of a Segment Term, the Segment Value is either transferred to a new Indexed Account Segment, or to the Fixed Account.

**SEGMENT CREATION AND TRANSFERS**

Segment Creation **–** A new Segment is created if there is a transfer to an Indexed Account. The date of the transfer is called the Segment Start Date or Segment Date. Segment Months and Segment Years are measured from this date. Each Segment in each Indexed Account will have its own Growth Cap and Participation Rate. These values for a particular Segment are the values in effect on the Segment Date. The values in effect on the Policy Date are shown in the Policy Specifications. If these values change, you will be notified in the Annual Report or other written notice.

Transfer Dates **–** Transfer Dates are the dates as of which transfers into the Indexed Account may occur. The Transfer Dates as of the issue of the policy are shown in the Policy Specifications. We reserve the right to change the Transfer Dates and to limit transfers into the Indexed Account, but these will occur not less frequently than once per calendar quarter. If we change the Transfer Dates, you will be notified in the Annual Report or other written notice. There are two types of Transfers: Automatic Transfers and Transfers by Written Request.

Automatic Transfers **–** Automatic Transfers will be based on your latest instructions on file with us. There are two types of transfer instructions that result in Automatic Transfers.

1. Payment Instructions: These are your instructions to us to transfer an amount from the Fixed Account to the Indexed Account, following a premium or loan repayment. The amount transferred to the Indexed Account can never exceed the value in the Fixed Account at the time of the transfer. If you have given us no instructions or if your policy is in a Lockout Period (see **Lockout Period**), then no transfer to the Indexed Account will occur.
2. Reallocation Instructions: At the end of the Segment Term, if a Segment has a Segment Value other than Segment Guaranteed Interest and Segment Indexed Interest, the Segment Value can be reallocated to any Account.

Transfers by Written Request **–**Transfers by Written Request consist of:

* Your Written Request to transfer to an Indexed Account on a Transfer Date; and
* Your Written Request to transfer a particular Segment to the Fixed Account at Segment Maturity.

**Cut-Off Date –** To be effective on a given Transfer Date, each of the following must be received at our Administrative Office by 4:00 p.m. Eastern time of the Cut-Off Date, which is two Business Days prior to the Transfer Date:

* Any instructions for Automatic Transfers,
* Any instructions for Transfers by Written Request, and
* Any premium payment or loan repayment intended to result in a transfer to an Indexed Account.

**Order of Processing Transfers –** Transfers among the Accounts on a given Transfer Date will be processed in the following order:

* First, any transfer to the Fixed Account of a Segment at Segment Maturity will occur;
* Then, any transfer from the Fixed Account will occur.

**GROWTH OF SEGMENT VALUE DURING THE SEGMENT TERM**

Segment Term **and** Segment Maturity **–** The Segment Term is the total length of time that a particular Segment can exist. The Segment Term begins on the Segment Date and ends at Segment Maturity, which is the Transfer Date corresponding to the end of the Segment Term. On that date, we calculate any Segment Indexed Interest and credit it to the Segment (see **Segment Indexed Interest**).

**Indexed Account Value –** Your policy’s value in an Indexed Account is equal to the sum of the Segment Values for all Segments in the Indexed Account.

Segment Value **–** The Segment Value on the Segment Date is equal to the amount transferred to the Indexed Account at such time. At any later date, the Segment Value is equal to:

* The Segment Value as of the prior day;
* Plus the Segment Guaranteed Interest since the prior day;
* Minus any Segment Deductions since the prior day;
* Plus, at Segment Maturity only, any Segment Indexed Interest credited.

Segment Guaranteed Interest Credit **–** We credit interest on a daily basis to each Segment from the Segment Date to Segment Maturity, using a 365-day year, at an annual rate equal to the Segment Guaranteed Interest Rate shown in the Policy Specifications. The amount of such interest is called the Segment Guaranteed Interest Credit (“Segment Guaranteed Interest”).

**Segment Deductions** **–** Within each Indexed Account, deductions are made from all Segments, proportionate to Segment Value. For each Segment, the deduction is taken first from the Segment Monthly Balance, then from the Segment Guaranteed Interest.

Lockout Period **–** This is a 12 month period of time during which no transfers from the Fixed Account to the Indexed Accounts will be allowed. A Lockout Period will begin any time there is a deduction from an Indexed Account as a result of a loan or withdrawal that is not part of a Systematic Distribution Program.

**SEGMENT MATURITY VALUE AND REALLOCATION**

Segment Indexed Interest Credit **–** At Segment Maturity, the Segment Indexed Interest Credit (“Segment Indexed Interest“) is calculated, as described in the Policy Specifications, and credited to the Segment, resulting in the Segment Maturity Value. At Segment Maturity the maturing Segment ends and the Segment Maturity Value is reallocated, according to your instructions on file with us, in any of the Accounts, except that if the Segment Maturity Value consists only of the Segment Guaranteed Interest and the Segment Indexed Interest, we will transfer such value into the Fixed Account. If you reallocate any portion of the Segment Maturity Value in an Indexed Account, a new Segment will be created at that time.

POLICY CHARGES

Monthly Deduction **–** The Monthly Deduction provides coverage for the policy month following the Monthly Payment Date and is deducted from the Accumulated Value on each such date before the Monthly Deduction End Date. It is equal to the sum of the following items:

* The Cost of Insurance Charge;
* The Administrative Charge;
* The Coverage Charge;
* Rider or benefit charges, if any.

The maximum for each such charge is described below or in the rider or benefit forms. We may charge less than such maximum charge. Any lesser charge will apply uniformly to all members of the same Class.

Coverage Charge **–**This charge is based on the Face Amount of the policy and will not exceed the Maximum Monthly Coverage Charge shown in the Policy Specifications. The Coverage Charge will not decrease even if you decrease the Face Amount of the policy.

Administrative Charge **–** The Administrative Charge is shown in the Policy Specifications.

**Rider Charges** **–** Any rider or benefit charges are described in the rider or benefit forms.

Cost of Insurance Charge **–** The Cost of Insurance Charge is equal to (1) multiplied by (2), where:

(1) is the Monthly Cost of Insurance Rate divided by 1000 as shown in the Policy Specifications; and

(2) is the Death Benefit divided by the Net Amount at Risk Factor shown in the Policy Specifications, reduced by the Accumulated Value as of the beginning of the policy month before the Monthly Deduction is assessed.

Cost of Insurance Rates **–** The Maximum Monthly Cost of Insurance Rates for initial coverage is shown in the Policy Specifications. We may use Cost of Insurance Rates less than the maximum rates.

Tax-Related Charges – In addition to the charges described in this policy, we reserve the right to make a charge for federal, state or local taxes generated by this policy, or generated by our operations with respect to this policy, to the extent such tax was not applicable to the policy or our operations at the time of policy issuance.

# POLICY LAPSE AND REINSTATEMENT

Grace Period **–** We will use the higher of the Alternate Accumulated Value and the Policy’s Accumulated Value, each reduced by Policy Debt, to determine if the Policy will lapse. If the higher of these two values is not sufficient to provide for the Policy’s Monthly Deductions, the Policy will enter the Grace Period. A Grace Period of 61 days will be allowed for the payment of sufficient loan repayment or premium to keep your policy In Force. The Grace Period begins on the Monthly Payment Date on which the insufficiency occurred and ends 61 days thereafter. At the start of the Grace Period, we will provide a Grace Notice to you, any assignee of record, and any additional person designated to receive notice of lapse or termination. There is no penalty for paying a premium during the Grace Period. Your policy will remain In Force during the Grace Period.

**Notification of Termination for Non-Payment (Grace Notice) –** Thirty days after the Monthly Payment Date on which the insufficiency occurred, we will provide a notification of termination for non-payment to you, any assignee of record, and any additional person designated to receive notice of lapse or termination. The notice will be provided to each person at their last known addresses by first class United States mail, postage prepaid and will state the due date and the amount of loan repayment or premium required for your policy to remain In Force. A minimum of the monthly charges not deducted plus three times the monthly deduction due when the insufficiency occurred, plus any applicable Premium Load, must be paid.

**Lapse –** If sufficient loan repayment or premium is not paid by the end of the Grace Period, a lapse will occur. If the Insured dies during the Grace Period, the Death Benefit will be equal to the Death Benefit as of the beginning of the Grace Period reduced by any overdue charges. Upon lapse, the policy will terminate with no value.

Reinstatement **–** If it has not been surrendered, this policy may be reinstated within five years after the end of the Grace Period. To reinstate this policy you must provide us with the following:

* A written application;
* Evidence of Insurability;
* Sufficient premium, after reduction by any Premium Load, to cover all Monthly Deductions and policy Loan Interest Charges due and unpaid during the Grace Period; and
* Sufficient premium, after reduction by any Premium Load, to keep the policy In Force for three months after the date of reinstatement; and
* Sufficient premium to cover any negative Accumulated Value if there was a policy loan or other outstanding Policy Debt at the time of lapse.

The effective date of the policy reinstatement will be the Monthly Payment Date on or next following the date we approve your reinstatement application.  At reinstatement:

* The Net Accumulated Value will be the same as it was at the beginning of the Grace Period.
* The Surrender Charges and policy charges (other than Cost of Insurance Charges) for Basic Life Coverage under this policy will resume on their schedule as of the Monthly Payment Date when lapse occurred.
* Cost of Insurance Charges will be calculated using Cost of Insurance Rates that resume their original schedule as if lapse had never occurred, reflecting the Insured’s Age at reinstatement and policy duration measured from the original Policy Date.
* If there was a policy loan at time of lapse, upon reinstatement we will eliminate the loan by deducting any Policy Debt from the Accumulated Value. Any negative Accumulated Value will be due in addition to sufficient premium at time of reinstatement.

After the reinstatement premium has been applied, regular policy processing will occur for the period of time when coverage was provided during the Grace Period.  There will be no Monthly Deductions between the time of lapse and reinstatement.

# SURRENDER AND WITHDRAWAL OF VALUES

Surrender **–** Upon Written Request while the Policy is In Force, you may surrender this policy for its Net Cash Surrender Value. The policy will terminate on the date the Written Request is received at our Administrative Office. The policy cannot be surrendered during the Grace Period.

Cash Surrender Value **–** The Cash Surrender Value is the Accumulated Value less any Surrender Charge.

**Net Cash Surrender Value –** If you request a full surrender of the Policy, the Net Cash Surrender Value will be the higher of the Accumulated Value under the Policy or the Alternate Accumulated Value less Policy Debt and less Surrender Charges.

Surrender Charge **–** If you surrender this policy, there may be a Surrender Charge deducted from the Accumulated Value. During the first policy month, the Surrender Charge is equal to the Initial Amount reduced by one-twelfth of the Reduction Factor. After the first policy month, the Surrender Charge decreases on each Monthly Payment Date by one-twelfth of the Reduction Factor until it becomes zero after the End Year. The Initial Amount, Reduction Factor and End Year are shown in the Table of Surrender Charge Factors in the Policy Specifications.

Withdrawals **–** Upon Written Request on or after the first policy anniversary, you may withdraw a portion of the Net Cash Surrender Value of this policy. Such withdrawal will be deducted from the Accumulated Value. We reserve the right to charge a fee not to exceed $25 for each withdrawal. There is no Surrender Charge imposed for a withdrawal, even if the Total Face Amount is reduced as a result of the withdrawal. Withdrawals will be subject to the following conditions:

* The amount of each withdrawal must be at least $200;
* The Net Cash Surrender Value remaining after a withdrawal must be at least $500; and
* We reserve the right to disallow any withdrawal that would result in a Total Face Amount of less than $1,000 after the withdrawal.

If Death Benefit Option A is in effect at the time of a withdrawal, and if a requested withdrawal would increase the Net Amount at Risk, we will decrease the Total Face Amount by the minimum amount necessary to prevent the Net Amount at Risk from increasing as a result of the withdrawal, except:

1. During the first 15 policy years, but only in the case of the first withdrawal of a given policy year, the Total Face Amount will be decreased only to the extent that the withdrawal exceeds the lesser of $10,000 or 10% of the Net Cash Surrender Value, or
2. In any policy year, but only if both:

(a) the Death Benefit Qualification Test for your Policy is the Guideline Premium Test, and

(b) the Guideline Premium Limit, as determinable at the time of the decrease in Total Face Amount, would, as a result of the current withdrawal, fail to remain greater than zero at all times prior to Age 100, we will decrease the Total Face Amount as follows:

1. If cumulative withdrawals for the 12-month period ending on the date of the current withdrawal do not exceed 15% of the Total Face Amount, we will limit the Total Face Amount decrease so that the Guideline Premium Limit, as determinable at the time of the decrease in Total Face Amount, would remain greater than zero at all times prior to Age 100.
2. If cumulative withdrawals for the 12-month period ending on the date of the current withdrawal exceed 15% of the Total Face Amount, we will decrease the Total Face Amount to the extent of such excess in addition to the Total Face Amount decrease calculated per i. above on the cumulative withdrawals of 15% of the Total Face Amount.
3. For the purpose of the 15% test in i. and ii. above, the Total Face Amount will be the highest Total Face Amount in effect during the current policy year through the date of the withdrawal.

In any instance where both exceptions 1. and 2. above apply, we will decrease the Total Face Amount by the lesser of the two decrease amounts.

If such a reduction in Total Face Amount would cause the policy to become a Modified Endowment Contract, we will not process your withdrawal request unless and until we receive your Written Request to have your policy classified as a Modified Endowment Contract.

If Death Benefit Option B is in effect at the time of a withdrawal, the withdrawal will not reduce the Total Face Amount. The withdrawal will reduce both the Accumulated Value and the Alternate Accumulated Value, which has the effect of reducing the Death Benefit that would be payable (see the Death Benefit section for details).

If Death Benefit Option C is in effect at the time of a withdrawal, the withdrawal will not reduce the Total Face Amount, but it will increase the sum of the withdrawals, which has the effect of reducing the Death Benefit (see the Death Benefit section for details).

If the Insured dies after the request for a withdrawal is received by us and prior to the withdrawal being processed, the withdrawal, if allowed under the provision, will be processed and paid to the owner, or the owner’s estate, before the Death Benefit Proceeds are determined and paid to the beneficiary.

# INCOME BENEFITS

Income Benefits **–** All or part of any policy proceeds may, instead of being paid in a lump sum, be left with us under any one, or a combination of the income benefit plans available, subject to our minimum amount requirements on the date of election. If the payee is not a natural person, the choice of a payment option will be subject to our approval. We guarantee that the income benefit will not be less than the income that would be provided by the immediate annuity purchase rates we offer at the time. We guarantee that we will have at least the following income benefit plans available.

**Fixed Income** **–** Equal payments of the amount chosen with interest of not less than 2% per year until the funds left on deposit are exhausted.

**Life Income** **–** Monthly income will automatically be guaranteed to continue for at least ten years. If the payee dies before the end of the ten-year period, payments will continue to the end of the ten-year period to a person designated in writing by that payee. The purchase rates for the monthly income for a male or female income recipient bought by each $1,000 of benefits are shown below.

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Age | Monthly Income | Age | Monthly Income | Age | Monthly Income | Age | Monthly Income | Age | Monthly Income |
| 0-30 | 2.38 | 40 | 2.63 | 50 | 3.00 | 60 | 3.60 | 70 | 4.63 |
| 32 | 2.42 | 42 | 2.69 | 52 | 3.10 | 62 | 3.76 | 72 | 4.92 |
| 34 | 2.47 | 44 | 2.76 | 54 | 3.20 | 64 | 3.94 | 74 | 5.26 |
| 36 | 2.52 | 46 | 2.83 | 56 | 3.32 | 66 | 4.14 | 75+ | 5.45 |
| 38 | 2.57 | 48 | 2.91 | 58 | 3.45 | 68 | 4.37 |  |  |

# Monthly income amounts for ages not shown are halfway between the two amounts for the nearest two ages that are shown. Amounts shown are based on an annual interest rate of 2% and the Annuity 2000 female mortality table with five-year age setback. We may require evidence of survival for incomes that last more than ten years.

# POLICY LOANS

Policy Loans **–** You may obtain policy loans by Written Request after the Free Look Period, on the sole security of the Loan Account of this policy. We recommend you consult your tax advisor before requesting a policy loan.

**Loan Account –** When a policy loan is taken, an amount equal to the loan will be transferred from the Fixed Account and, if necessary, from the Indexed accounts, to the Loan Account to secure the loan,

**Loan Account Value –** The Loan Account Value is a portion of the Accumulated Value set aside to secure the Policy Debt. The Loan Account Value is equal to the Loan Account plus Loan Interest. Such interest is based on the balance in the Loan Account, and accrues daily on a simple interest basis, using the Loan Account Interest rate, which is an annual interest rate not less than 2.00%. The corresponding daily interest rate is equal to the annual rate divided by 365.

Loan Amount Available **–** The amount of the loan must be at least $200. The maximum amount available for a loan on any date is equal to the Accumulated Value less:

* Three times the most recent Monthly Deduction;
* Any Surrender Charge; and
* Any existing Policy Debt.

Loan Interest **Charge –** Interest will accrue daily based on the balance in the Loan Account and will be due on each policy anniversary. Such interest is calculated using the simple interest method and is based on the balance in the Loan Account, using a maximum annual interest rate of 2.25%. We may use a lower loan interest rate. The corresponding daily interest rate is equal to the annual rate divided by 365. If the policy terminates before a policy anniversary, the Loan Interest Charge will be due at such time.

**Loan Processing on Policy Anniversary –** On each policy anniversary we will adjust the values of the Policy Debt, Loan Account and Loan Account Value so that they are equal to each other. To do this, we calculate the difference between the Policy Debt and the Loan Account Value. If the Policy Debt is greater than the Loan Account Value, which is generally the case when the policy loan interest has not been paid, a new loan will be taken for the excess and will be added to the Loan Account. If the Loan Account Value is greater than the Policy Debt, which is generally the case when the policy loan interest has been paid, the excess will be transferred into the Fixed Account.

Loan Repayment **–** You may make loan repayments at any time prior to lapse of this policy. Any payment we receive from you while you have a loan will be first considered a loan repayment, unless you tell us by Written Request it is a premium payment.

**Policy Debt –** The Policy Debt is the amount necessary to repay the Policy Loan in full and is equal to the Loan Account plus any accrued Loan Interest Charge. The Policy Debt reduces any amount otherwise payable under the policy.

# OWNER AND BENEFICIARY

Owner **–** The Owner of this policy is as shown in the Policy Specifications or as later changed by Written Request. If you change the Owner, the change is effective on the date the Written Request is signed, subject to our receipt of it and subject to any action taken or payment made by us prior to its receipt. If there are two or more Owners, they will own this contract as joint tenants with right of survivorship, unless otherwise provided by Written Request.

Assignment **–** You may assign this policy by Written Request. An assignment must be recorded at our Administrative Office. When received, the assignment will take effect as of the date the Written Request was signed. Any rights created by the assignment will be subject to any payments made or actions taken by us before the change is recorded. We will not be responsible for the validity of any assignment.

Beneficiary **–** The beneficiary is named by you in the application to receive the Death Benefit proceeds. You may name one or more beneficiaries. If you name more than one beneficiary, they will share the Death Benefit proceeds equally or as you may otherwise specify by Written Request. If you have named a contingent beneficiary, that person becomes the beneficiary if the beneficiary dies before the Insured. A beneficiary may not, at or after the Insured’s death, assign, transfer or encumber any benefit payable. To the extent allowed by law, policy benefits will not be subject to the claims of any creditor of any beneficiary.

You may make a change of beneficiary by Written Request on a form provided by us while the policy is In Force. The change will take place as of the date the request is signed. Any rights created by the change will be subject to any payments made or actions taken by us before we have received the Written Request. You may designate a permanent beneficiary whose rights under the policy cannot be changed without his or her written consent.

The interest of a beneficiary who does not outlive the Insured will be divided pro rata among the surviving beneficiaries. If no beneficiaries survive the Insured, the Death Benefit Proceeds will pass to the Owner, or the Owner’s estate if the Owner does not survive the Insured. In the event of a simultaneous death of the Insured and a beneficiary such that it cannot be determined who died first, it will be assumed, unless proof to the contrary is provided, that the beneficiary died last.

# GENERAL PROVISIONS

Entire Contract **–** This policy is a contract between you and us. This policy, the attached copy of the initial Application, including any amendments and endorsements to the Application, any applications for reinstatement, any endorsements, benefits, or riders, and all additional policy information sections added to this policy are the entire contract. Only our president, chief executive officer or secretary is authorized to change this contract or extend the time for paying premiums. Any such change must be in writing.

All statements in the application shall, in the absence of fraud, be deemed representations and not warranties. We will not use any statement to contest this policy or defend a claim on grounds of misrepresentation unless the statement is in an application.

Incontestability **–** We will not contest this policy unless there was a material misrepresentation in the Application. If we determine that the Application contains a material misrepresentation, we will rescind the policy and return to you the premiums paid less any policy loans and any withdrawals taken. No Death Benefit will be paid. Unless you fail to pay required premiums, this policy cannot be contested, except as provided below, after it has been in force for two years during the Insured’s lifetime.

If this policy lapses and is later reinstated, we will not contest the reinstated policy unless there was a material misrepresentation in the Application required for reinstatement. If we determine that such Application contains a material misrepresentation, we will rescind the reinstated policy as of the reinstatement date and return to you the premiums paid after the reinstatement date less any policy loans and any withdrawals taken after the reinstatement date. No Death Benefit will be paid. We will not contest the reinstated policy after it has been in force for two years following such reinstatement during the Insured’s lifetime.

If there has been a change to the policy for which we required the Insured to submit Evidence of Insurability, we will not contest such a change unless there was a material misrepresentation in the Application required for the change. If we determine that such Application contains a material misrepresentation, we will rescind the policy change and all policy charges made after the change will be reversed and corrected charges applied so that the policy’s Accumulated Value will be unaffected by the change. Any Death Benefits or other benefits that become payable will be determined as though the policy change had never been requested. We will not contest any such change after two years following the effective date of the change during the Insured’s lifetime.

Non-Participating **–** This policy will not share in any of our surplus earnings.

Suicide Exclusion **–** If the Insured dies by suicide, while sane or insane, within two years of the Policy Date, the Death Benefit Proceeds will be limited to an amount equal to the sum of the premiums paid, less the sum of any policy loans and withdrawals. If this policy has been reinstated and the Insured dies by suicide, while sane or insane, within two years of the latest reinstatement date, the Death Benefit Proceeds will be limited to an amount equal to the sum of the premiums paid less the sum of any policy loans and withdrawals taken since such date.

If the Insured dies by suicide, while sane or insane, after two years from the Policy Date but within two years after the effective date of any increase in the Total Face Amount the Death Benefit Proceeds will be limited by the following adjustments:

1. Any such increase in Total Face Amount will be excluded;
2. Refund of the portion of Monthly Deductions associated with any such increase will be included; and
3. Premium Load associated with the portion of Monthly Deductions referred to in 2) above will be included.

Misstatement **–** If the Insured’s sex or birth date is misstated in the application and it is discovered on or after the death of the Insured, the Death Benefit shall be the Minimum Death Benefit for the correct sex and birth date, or if greater, a Death Benefit based on a Net Amount at Risk adjusted by the ratio of the incorrect Cost of Insurance Rate to the correct Cost of Insurance Rate. The adjusted Net Amount at Risk will result in an adjusted Death Benefit, since the Death Benefit depends on the Net Amount at Risk.

If the Insured’s sex or birth date is misstated in the application and it is discovered before the death of the Insured, we will not recalculate the Accumulated Value, but we will use the correct sex and birth date of the Insured in calculating future Monthly Deductions.

###### **Evidence of Insurability** – We reserve the right to require Evidence of Insurability for any policy change or any premium payment that would result in an increase in Net Amount at Risk.

Maturity **–** This policy does not mature, but will continue In Force so long as the Insured is alive and the policy has not been surrendered and lapse has not occurred.

After the Monthly Deduction End Date **–** Provided the Policy is still In Force, coverage will continue on and after the Monthly Deduction End Date, subject to all policy provisions, with these exceptions and clarifications:

* Monthly Deductions will cease;
* Premiums will not be accepted, except amounts required to keep the policy In Force;
* Loans will be allowed;
* Loan repayments will be permitted;
* Loan interest will continue to accrue; and
* Withdrawals will not be allowed.

Timing of Payments **–** We may defer payments of any Net Cash Surrender Value, withdrawal or loan (except for loans to pay a premium on any policy issued by us) for up to six months after we receive your request. If we defer any such payment for more than 30 days after we receive your request, we will pay interest at the rate required by the state in which this policy is delivered, and such rate will be at least equal to the Guaranteed Minimum Annual Interest Rate shown in the Policy Specifications.

Annual Report **–** A report will be mailed to your last known address no less frequently than annually. This report will show:

* The beginning and end dates of the reporting period;
* The Accumulated Value at the beginning and end of the reporting period;
* Amounts that have been credited or debited to the Accumulated Value during the reporting period, identified by type;
* The Death Benefit at the end of the reporting period on each life covered by the policy;
* The Net Cash Surrender Value at the end of the reporting period;
* Any Policy Debt outstanding at the end of the reporting period;
* A notice if the Net Cash Surrender Value will not be sufficient to keep the policy in force until the end of the next reporting period, unless further premium payments are made;
* Any other information required by law.

Policy Illustrations **–** Upon request we will give you a hypothetical illustration of the future benefits under this policy based upon both guaranteed and current cost factor assumptions. Such illustrations reflect assumptions about the policy's non-guaranteed elements and about how you will use the policy's options.  Over time the policy's actual non-guaranteed elements, and your actual use of the policy's options, are likely to vary from the assumptions used in such illustrations.  For these reasons, actual policy values will likely be more or less favorable than shown in such illustrations. We reserve the right to charge a fee not to exceed $25 for each illustration in excess of one per policy year.

Juvenile Insured **–** This provision only applies if the Insured was under Age 20 on the Policy Date. Beginning when the Insured attains Age 20, you will have an opportunity to improve your Policy’s Risk Class as compared with the Risk Class that applied prior to Age 20. This may reduce the actual Cost of Insurance Charge that is deducted from your Policy’s Accumulated Value. At least 60 days prior to the Insured’s Age 20, we will send to your last known address a notice of your right to apply for an improved Risk Class for the Insured of “Nonsmoker”. In order to qualify for such improved Risk Class, you will be required to supply Evidence of Insurability satisfactory to us. In order for such improved Risk Class to take effect at Age 20, you must make the Written Request prior to Age 20. If you do not request an improved Risk Class for the Insured, a Risk Class of “Smoker” will be assigned.

Basis of Values **–** All nonforfeiture values for this policy will be at least equalto the minimums required by the Uniform Standards and Operating Procedures adopted by the Interstate Insurance Product Regulation Commission. A detailed statement showing how such values are determined has been filed with the Interstate Insurance Product Regulation Commission. To calculate the minimum required nonforfeiture values, we use the Fixed Account Guaranteed Interest Rate shown in the Policy Specifications or the rate required by your State and mortality rates from the 2001 CSO mortality tables using age nearest birthday. The rates we use are the same for both smokers and nonsmokers and are sex-distinct unless this policy is issued on a unisex basis, in which case gender-blended rates are used (80% male, 20% female).

Cash values available under the policy are not less than the minimum values and benefits required by or pursuant to the NAIC Universal Life Insurance Regulation, model #585.

Tax Qualification as Life Insurance **–** This policy is intended to qualify as a life insurance contract for federal tax purposes, and the Death Benefit under this policy is intended to qualify for federal income tax exclusion. The policy, including any rider, benefit or endorsement that does not specifically override this tax qualification provision, shall be interpreted to ensure and maintain such tax qualification, despite any other provision to the contrary. At no time shall the amount of Death Benefit under this policy ever be less than the minimum amount needed to ensure or maintain such tax qualification. If need be, the Death Benefit shall be increased retroactively and prospectively to the minimum extent necessary to accomplish that purpose. In addition, the Accumulated Value will be reduced to reflect the increased Monthly Deductions that result from such Death Benefit increase(s), starting on the date that each increase is effective. **As of the effective date of the filing of this policy in the state in which it was delivered, the Internal Revenue Service has not published final guidance on all aspects of the tax treatment of life insurance policies that continue coverage beyond Age 100. You should consult your tax advisor, as there may be tax consequences**.

We will not accept a premium payment that would cause the policy to fail to qualify as a life insurance contract for federal tax purposes. If at any time the premiums paid under the policy exceed the amount allowable for such tax qualification, the excess amount, including any interest as determined under federal tax law, shall be removed from the policy as of the date of its payment, and any appropriate adjustments in the Death Benefit and/or Accumulated Value shall be made as of such date. This excess amount, including such interest, shall be refunded no later than 60 days after the end of the applicable contract year, as determined under federal tax law.

If this excess amount is not refunded by the end of such 60-day period, the Death Benefit shall be increased retroactively and prospectively to the minimum extent necessary so that at no time is the Death Benefit ever less than the minimum amount necessary to ensure or maintain such tax qualification. In addition, the Accumulated Value will be reduced to reflect the increased Monthly Deductions that result from such Death Benefit increase, starting on the date that the increase is effective.

If you request a decrease in policy or rider benefits, it may cause a reduction in any applicable tax limits on premiums or cash values for the policy to maintain such tax qualification. Such a reduction in these limits may require us to make a distribution from the policy equal to the greatest amount by which the premiums paid or cash values for the policy, exceed any such reduced limits, as determined under federal tax law, in order to maintain the policy’s tax qualification. If such a distribution is made, the distribution will be paid to you and the Accumulated Value will be reduced by the amount of the distribution. However, no request for a decrease in policy or rider benefits will be allowed to the extent that we determine that the resulting reduction in such tax limits would require us to distribute more than the Net Cash Surrender Value for the policy.

Modified Endowment Contract **Tax Status** **–** Unless and until you have given us a Written Request to accept a Modified Endowment Contract (“MEC”) classification for your policy, the provisions of this Modified Endowment Contract Tax Status subsection apply to your policy.

Under federal tax law, if the funding of a life insurance contract occurs too rapidly, it becomes a MEC and fails to qualify for certain favorable tax treatment as a result. This policy is intended to qualify as a life insurance contract that is not a MEC for federal tax purposes. To achieve these purposes, the provisions of this policy (including any rider or endorsement that does not specifically override this tax qualification provision) shall be interpreted to prevent this policy from being subject to such MEC treatment, despite any other provision to the contrary. If and while the provisions of this subsection apply to your policy, at no time shall the amount of death benefit under this policy ever be less than the minimum amount needed to avoid such MEC treatment.

We will not accept a payment as premium or otherwise which would cause the policy to become a MEC. The 7-Pay Premium, shown on Page 3.0, is used solely to determine the policy’s premium limits to avoid MEC treatment. Payment of one or more 7-Pay Premium amounts does not guarantee that the policy will never lapse, and additional premiums may be necessary to prevent the policy from lapsing in the future.

If at any time the amounts paid under the policy exceed the limit for avoiding such MEC treatment, this excess amount, including any interest as determined under federal tax law, shall be removed from the policy as of the date of its payment, and any appropriate adjustment in the death benefit and/or Accumulated Value shall be made as of such date. This excess amount, including any interest, shall be refunded no later than 60 days after the end of the applicable contract year, as determined under federal tax law.

If this excess amount is not refunded by the end of such 60-day period, the Death Benefit shall be increased retroactively and prospectively to the minimum extent necessary (e.g., to the end of any MEC 7-year test period) so that at no time is the Death Benefit ever less than the minimum amount necessary to avoid Modified Endowment Contract classification. In addition, the Accumulated Value will be reduced to reflect the increased Monthly Deductions resulting from such Death Benefit increase, starting on the date that the increase is effective.

Any request that would change the Death Benefit or any other benefit or rider under the policy will not be processed if the change would cause the policy to be classified as a Modified Endowment Contract. Requested changes that could cause the policy to be classified as a Modified Endowment Contract include, but are not limited to, an elective reduction in the Total Face Amount, a Death Benefit Option change that would cause a reduction in the Total Face Amount, and a withdrawal that would cause a reduction in the Total Face Amount.

**Other Distributions of Accumulated Value** **–** If the Net Amount at Risk ever exceeds three times the original Total Face Amount, we reserve the right to make a distribution of Accumulated Value to make the Net Amount at Risk equal three times the original Total Face Amount. In such case, the distribution will be treated as a premium refund. Note that while such a distribution will be treated as a premium refund for certain contract purposes, normal tax rules will apply in determining the amount of such a distribution, if any, which is taxable.

**Additional Services –** While this policy is In Force, we may, either directly or through a third party service provider, provide you with access to independent living-related resources and discounted independent living-related goods and services.

**Compliance –** We reserve the right to make any change to the provisions of this policy to comply with, or give you the benefit of, any federal or state statute, rule, or regulation, including but not limited to requirements for life insurance contracts under the Code or of any state. We will provide you with a copy of any such change, and file such a change with the insurance supervisory official of the state in which this policy is delivered. You have the right to refuse any such change.

**[Conformity with IIPRC Standards** **–** This contract was approved under the authority of the IIPRC and issued under the IIPRC standards.  If there is any contract provision that is in conflict with any IIPRC standards applicable to this Contract when this Contract was issued, the provision is amended to conform to that standard.  Any such amendment is effective on the Contract Date.]

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INDEXED UNIVERSAL LIFE INSURANCE

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