

## **PAYMENT OF DEATH BENEFIT**

### **Payment of Death Benefit**

The Death Benefit of this Policy will be paid, in accordance with its terms, upon receipt of due proof, satisfactory to Us, at Our Administrative Office that the Insured has died. We may require that the Policy be returned to Us before We make any payment, which will be in a single sum. The Company retains its right to conduct an investigation before benefits are paid.

Interest on the Death Benefit will accrue from the date of death to the date of payment at a rate equal to the rate for proceeds left on deposit with Us or if We have not established a rate for funds left on deposit, at the Two Year Treasury Constant Maturity Rate as published by the Federal Reserve. In determining the effective annual rate, we will use the rate in effect on the date of death. Additional interest, at a rate of 10% will be paid if the death benefit is not paid within 31 days from the latest of: (1) Our receipt of Satisfactory Proof of Insured's Death, (2) Our receipt of sufficient information to determine the extent of liability and payee; and (3) removal of any legal impediments to payment of proceeds that were dependent upon parties other than Us.

### **Death Benefit**

The Death Benefit payable at the death of the Insured is:

1. The Face Amount; plus
2. Any premium paid for a period after the end of the Policy month in which the Insured dies; less
3. The amount of premium due to the end of the Policy month in which the Insured dies

## **OWNERSHIP AND BENEFICIARY**

### **Owner**

The Owner is the person named on the Policy Specifications page or in any subsequent changes shown in Our records. If an Owner is not named on the Policy Specifications page, the Insured is the Owner. In the event that more than one Owner is named, all elections and other actions that may be taken by the Owner pursuant to the terms of the Policy require joint action of all such persons.

### **Rights of the Owner**

While the Insured is living, You may exercise all rights allowed in this Policy. These rights include, but are not limited to:

1. Changing the beneficiary;
2. Transferring ownership or assigning this Policy;
3. Receiving benefits; and
4. Reinstating this Policy.

The consent of any irrevocable beneficiary needs to be obtained to change a beneficiary.

### **Transfer of Ownership**

If You transfer ownership of this Policy, Your ownership rights terminate and the new Owner will be entitled to all rights available under this Policy. To transfer ownership, we must receive a written request from You on a form satisfactory to Us during the lifetime of the Insured. Your written request, unless specified by You, will not be effective until it is recorded in our Administrative Office. Once recorded it will be effective as of the date You signed the request whether or not You or the Insured are alive on the date we record the request. A transfer of ownership will not apply to any actions, including payments, taken by Us before the transfer has been recorded by Us.

### **Beneficiary**

The Primary Beneficiary(ies) or any contingent beneficiary(ies) are named in the Application or last beneficiary designation filed with Us. If more than one Primary Beneficiary is named, death benefits will be paid in equal shares to the Primary Beneficiaries who survive the Insured unless the Owner has provided otherwise in the application or last designation. If no Primary Beneficiary is living when the Insured dies, death benefits will be paid in equal shares to the contingent

beneficiaries who survive the Insured unless the Owner has provided otherwise in the application or last designation. If no Beneficiary is living when the Insured dies, death benefits will be paid to You, if You are living, otherwise to Your estate.

### **Change of Beneficiary**

To change a beneficiary we must receive a written request from You on a form satisfactory to Us during the lifetime of the Insured. The written consent of any irrevocable beneficiary on a form satisfactory to Us is also required. Your written request, unless specified by the owner, will not be effective until it is recorded in our Administrative Office. Once recorded it will be effective as of the date You signed the request whether or not You or the Insured are alive on the date we record the request. A change of beneficiary will not apply to any actions, including payments, taken by Us before the change has been recorded by Us.

## **PREMIUMS**

### **Premiums**

Premiums are payable in the amount and frequency shown on the Policy Specifications page. You may change the frequency of the premium payment subject to Our approval. If premiums are paid more frequently than on an annual basis, their sum total will be more than the annual premium for the same time period.

### **When Premiums Are Due**

The first premium is due as of the Policy Date. Subsequent premiums are payable at Our Administrative Office. Each subsequent premium, after the first premium, is due on the first day following the period covered by the preceding premium.

To keep this contract in full force, all premiums must be paid when due, or before the end of the 31-day period after the due date of an unpaid premium, as described in the Grace Period provision.

### **Yearly Renewable**

Following the Initial Term Period, the Policy may be renewed. Evidence of insurability is not required. Premiums will increase on Renewal Dates as shown in the Renewal Table. Renewal premiums must be paid as described in When Premiums Are Due. The Policy will no longer be renewable at the Expiry Date.

### **Grace Period**

A Grace Period of 31 days will be allowed for payment of a premium after its due date. The Grace Period does not apply to the first premium. Your Policy will continue in force during the Grace Period.

If the Insured dies during the Grace Period, We will deduct from the proceeds of the Policy, the past premiums due from the due date up to the last day of the Policy month in which the Insured dies.

### **Nonpayment of Premiums**

If any premium is not paid when due and if such premium is not paid within the Grace Period, such premium shall be in default. If this happens, this Policy shall immediately terminate without value. Termination of this Policy for nonpayment of premium is referred to as a lapse and the insurance provided under this Policy will end.

### **Reinstatement**

If this Policy Lapses, the Owner may reinstate it within three years of the due date of the first unpaid premium, and prior to the Expiry Date, by providing the following:

1. A written application for reinstatement on a form provided by Us to You upon written request to Our Administrative Office;
2. Evidence of insurability satisfactory to Us; and

3. During the Initial Term Period, payment of all overdue premiums with 6% interest compounded annually. After the Initial Term Period, payment of the premium for the Grace Period with 6% interest compounded annually. Compounding of interest means that each year interest is added to the amount owed and begins to bear interest itself.

The suicide provision does not begin anew after reinstatement. We may contest a reinstated Policy for a period of two years from the reinstatement date. Thereafter, the reinstated Policy is incontestable. We may contest the reinstated Policy with respect to representations made in the application for reinstatement.

## **GENERAL PROVISIONS**

### **Contract and Representations**

This Policy is a legal contract. It is between You and Us. It consists of:

1. The Policy, endorsements and attachments, if any; and
2. Any Application attached to the Policy.

This Policy constitutes the entire contract between You and Us.

Statements in any Application, in the absence of fraud, are representations, not warranties.

Unless a part of the Policy, no statement by You or the Insured will:

1. Reduce benefits; or
2. Be used as a defense to a claim.

### **Changes**

The terms of the Policy may be altered only by written agreement signed by Our President or a Vice President. This authority cannot be delegated.

### **Incontestability**

Except after reinstatement, we cannot contest this Policy after it has been in force during the Insured's lifetime for a period of two years from the Issue Date except for failure to pay premiums or fraud (if permitted by the jurisdiction in which this Policy is delivered). Any addition of a rider after the Issue Date shall be incontestable, after it has been in force during the Insured's lifetime for 2 years after the effective date of such addition of rider, except as to fraud (if permitted by the jurisdiction in which this Policy is delivered). We may contest this Policy on the basis of any misrepresentation in the Application, supplemental application, reinstatement application or other document signed by You that becomes part of the Policy.

### **Suicide**

If the Insured dies by suicide, whether sane or insane within two years from the Issue Date, the only amount payable by Us will be the premium paid for the Policy.

### **Misstatement of Age or Sex**

If the Insured's Age or Sex has been misstated in the Application, the Face Amount will be that which the most recent premium paid would have bought for correct Age or Sex. If, because of an Insured's Age, the Policy would not have been issued:

1. There will be no insurance; and
2. We will refund all premiums.

### **Termination**

This Policy will terminate on the earliest of:

1. The date We receive a written request from the Owner to terminate the Policy;
2. The date the Insured dies;
3. The Expiry Date; or
4. The end of the Grace Period, if a past due premium remains unpaid.

**Conformity with Interstate Insurance Product Regulation Commission Standards** – This Policy was approved under the authority of the Interstate Insurance Product Regulation Commission Standards (IIPRC) and issued under the commission standards. Any provision within this Policy on the Issue Date that is in conflict with the IIPRC standards for this product type is hereby amended to conform to the IIPRC standards for this product type as of the Policy's Issue Date.

**Nonparticipating**

This Policy does not share in Our earnings.

**Claims of Creditors**

All payments under this Policy are exempt from the claims of creditors to the fullest extent permitted by law. Payments may not be assigned without Our consent.

**Assignment**

This policy may be assigned. No assignment will be recognized by Us unless a copy is filed with Us. We are not responsible for the validity of any assignment. Any claim by an assignee is subject to proof of the validity and extent of the assignee's interest in the Policy. Assignments, unless otherwise specified by You, shall take effect on the date You signed the assignment, subject to any payments made or actions taken by Us prior to the receipt of this notice.

**ARBITRATION**

This provision applies to any dispute arising out of the formation, acceptance and construction, interpretation, performance, breach or validity of this Policy by or among, the Owner, or Beneficiary and the Company.

The Owner or Beneficiary may elect voluntary post-dispute binding Arbitration.

The Owner or Beneficiary can start arbitration by sending a written demand to the Company.

Arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA"), before a panel of 3 neutral arbitrators who are knowledgeable in the field of life insurance and appointed from a panel list provided by the AAA. The Owner or Beneficiary and the Company shall each appoint one arbitrator and the two appointed arbitrators shall appoint the third arbitrator.

The proceedings will be conducted in the city or county of residence of the Owner or Beneficiary.

The Company will pay for the cost of the arbitration. The Company will pay the arbitrators fees including any deposits or administrative fees, but will not be responsible for any costs or fees for the Owner's or Beneficiary's legal representation.

If there is any inconsistency between this provision and AAA rules, this provision shall control.