

FORETHOUGHT LIFE INSURANCE COMPANY

Actuarial Memorandum

Policy Forms P08WLBA-GEN01, et al

*Whole Life Insurance
Premiums Payable for Life
Limited Death Benefit
Nonparticipating*

Description

All-inclusive premiums, which pay for a Basic Death Benefit, an Accidental Death Benefit, an Accelerated Death benefit, and a Grandchildren's Benefit, are required while the insured survives. All benefits are provided only while the Insured survives. Premium payments not made by the end of the grace period will be automatically paid by making a loan against the policy's cash value, unless a different option is elected.

The Basic Death Benefit provides for a benefit in Years 1 and 2 of 110% of premiums paid. In Years 3 and later the benefit is 100% of the Face Amount. If death is due to an accident, the Face Amount is payable at any policy duration.

The Grandchildren's Benefit pays an amount equal to the lesser of \$5,000 or the Face Amount on the first death of all Eligible Grandchildren (whose issue ages are between 6 months and 18 years of age and attained ages are less than 22).

Reserves

Basic Death Benefit - Reserves are based on the Commissioners Reserve Valuation Method, Commissioners 2001 Standard Ordinary Composite Ultimate Mortality Table E (Age Last Birthday), immediate payment of claims and premiums, but with a curtate expense allowance, and interest rates not greater than the maximum allowed by the Standard Valuation Law. Reserves currently use 4.00% per annum interest. We will adjust interest rates in the future in accordance with maximum valuation rates to keep reserves equal to or greater than the minimum required by law. For attained ages greater than 120, reserves will equal the death benefit.

If EA_x^{CRVM} is the expense allowance for a policy issued at age x under the Commissioners Reserve Valuation Method, where

$$EA_x^{CRVM} = \frac{MDB_{x+1}}{N_{x+1}} - \frac{CDB_x}{D_x}$$

$$CDB_{x+t-1} = DB_t \times \bar{C}_{x+t-1}$$

$$MDB_{x+t} = \sum_{k=t}^{100-x} CDB_{x+k}$$

$$DB_t = 1.10 \times \text{cumulative premiums paid to date of insured's death, for } t=1 \text{ and } 2$$

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$DB_t = 1,000$, for all $t > 2$

$$\beta_x = \frac{MDB_x + D_x \times EA_x^{CRVM}}{N_x}$$

$$\alpha_x = \frac{MDB_x}{D_x} - \beta_x \cdot a_x$$

x = issue age, last birthday, and

t = policy duration in years.

Then terminal and mean reserves are

$${}_tV_x = \frac{MDB_{x+t} - \beta_x \cdot N_{x+t}}{D_{x+t}}$$

$${}_1M_x = \frac{\alpha_x + {}_1V_x}{2} \quad \text{for } t = 1$$

$${}_tM_x = \frac{{}_{t-1}V_x + \beta_x + {}_tV_x}{2} \quad \text{for } t \geq 1.$$

Reserves are rounded to the next cent. Terminal reserves equal or exceed cash values.

Grandchildren's Benefit – Due to the low expected incidence of Eligible Grandchildren's deaths, the reserves for this benefit are minimal. The Company will monitor the experience of this benefit and, if the incidence is such that reserves become necessary, appropriate reserves will be determined and held.

Nonforfeiture Values

Basic Death Benefit - Cash values are based on the Commissioners Reserve Valuation Method, Commissioners 2001 Standard Ordinary Composite Ultimate Mortality Table E (Age Last Birthday), immediate payment of claims and premiums, but with a curtate expense allowance, and interest rates not greater than the maximum allowed by the Standard Nonforfeiture Law. Cash values currently use 5.00% per annum interest. We will adjust interest rates in the future in accordance with maximum nonforfeiture rates in order to keep cash values equal to or greater than the minimum required by law. For attained ages greater than 120, cash values will equal the death benefit.

If EA_x^{SNFL} is the expense allowance for a policy issued at age x under the Standard Nonforfeiture Law, where

$$EA_x^{SNFL} = 0.01 \times ADB + 1.25 \times \text{Min} \left[0.04 \times ADB, \frac{MDB_x}{N_x} \right]$$

ADB = average death benefit, per \$1,000 face amount, during the first 10 policy years

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MDB_x = same calculation as used for reserves, but using the nonforfeiture basis

$$P_x^{Adj} = \frac{MDB_x + D_x \times EA_x^{SNFL}}{N_x}$$

Then terminal cash values are

$${}_t CV_x = \frac{MDB_{x+t} - P_x^{Adj} \cdot N_{x+t}}{D_{x+t}}$$

Grandchildren's Benefit – There are no cash values associated with these benefits.

SAMPLE CALCULATIONS

The following are for a non-smoking, male insured, issue age 50, duration 5.

For reserves (4.00%):

$$EA_{50}^{CRVM} = \frac{MDB_{51}}{N_{51}} - \frac{CDB_{50}}{D_{50}} = \frac{326.174}{16.545} - \frac{0.763}{1.000} = 19.714 - 0.763 = 18.951$$

$$\beta_{50} = \frac{MDB_{50} + D_{50} \times EA_{50}^{CRVM}}{N_{50}} = \frac{326.937 + 1.000 \times 18.951}{17.545} = 19.714$$

$${}_5 V_{50} = \frac{MDB_{55} - \beta_{50} \cdot N_{55}}{D_{55}} = \frac{312.319 - 19.714 \cdot 12.950}{0.80431} = 70.900$$

$${}_5 M_{50} = \frac{{}_4 V_{50} + \beta_{50} + {}_5 V_{50}}{2} = \frac{53.250 + 19.714 + 70.900}{2} = 71.932$$

For cash values (5.00%):

$$\begin{aligned} EA_{50}^{SNFL} &= 0.01 \times ADB + 1.25 \times \text{Min}\left[0.04 \times ADB, \frac{MDB_{50}}{N_{50}}\right] \\ &= 0.01 \times 866.50 + 1.25 \times \text{Min}[0.04 \times 866.50, 257.419/15.630] \\ &= 8.67 + 1.25 \times \text{Min}[34.66, 16.47] \\ &= 29.26 \end{aligned}$$

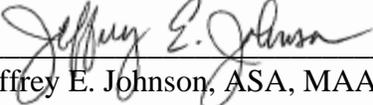
$$P_{50}^{Adj} = \frac{MDB_{50} + D_{50} \times EA_{50}^{SNFL}}{N_{50}} = \frac{257.419 + 1.000 \times 29.26}{15.630} = 18.342$$

$${}_5 CV_{50} = \frac{MDB_{55} - P_{50}^{Adj} \cdot N_{55}}{D_{55}} = \frac{243.234 - 18.342 \cdot 11.117}{0.76673} = 51.30$$

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The attached Exhibit A shows year-end Basic Death Benefit reserves and nonforfeiture values for the first 20 policy years for an insured issue age 50.

I hereby certify to the best of my knowledge that reserves and nonforfeiture factors for all ages are correctly calculated and comply with their respective regulations.



Jeffrey E. Johnson, ASA, MAAA
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July 24, 2008

EXHIBIT A

WHOLE LIFE INSURANCE
PREMIUMS PAYABLE FOR LIFE
LIMITED DEATH BENEFIT

Reserves & Nonforfeiture Values
Issue Age 50

Duration	Terminal Reserve	Cash Value
1	0.00	0.00
2	18.83	4.61
3	35.88	19.81
4	53.25	35.38
5	70.90	51.30
6	88.81	67.54
7	106.98	84.11
8	125.43	101.04
9	144.21	118.37
10	163.30	136.10
11	182.67	154.19
12	202.26	172.59
13	222.06	191.29
14	242.03	210.25
15	262.19	229.50
16	282.55	249.05
17	303.12	268.92
18	323.91	289.12
19	344.93	309.64
20	366.14	330.48