

SERFF Tracking Number: NALF-127345577 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 49496  
Company Tracking Number: 8973(0911)  
TOI: L09I Individual Life - Flexible Premium Sub-TOI: L09I.101 External Indexed - Single Life  
Adjustable Life  
Product Name: LSW FlexLife IUL  
Project Name/Number: LSW FlexLife IUL/8973(0911)

## Filing at a Glance

Company: Life Insurance Company of the Southwest

Product Name: LSW FlexLife IUL SERFF Tr Num: NALF-127345577 State: Arkansas  
TOI: L09I Individual Life - Flexible Premium SERFF Status: Closed-Approved- State Tr Num: 49496  
Adjustable Life Closed  
Sub-TOI: L09I.101 External Indexed - Single Life Co Tr Num: 8973(0911) State Status: Approved-Closed  
Filing Type: Form Reviewer(s): Linda Bird  
Authors: Susan Carey, Michelle Goodwin, Susan Sawyer Disposition Date: 09/01/2011  
Date Submitted: 08/08/2011 Disposition Status: Approved-Closed  
Implementation Date Requested: Implementation Date:  
State Filing Description:

## General Information

Project Name: LSW FlexLife IUL  
Project Number: 8973(0911)  
Requested Filing Mode: Review & Approval

Explanation for Combination/Other:  
Submission Type: New Submission  
Overall Rate Impact:

Deemer Date:  
Submitted By: Susan Sawyer  
Filing Description:  
Life Insurance Company of the Southwest  
NAIC No. 0634-65528  
FEIN No. 75-0953004

Status of Filing in Domicile: Pending  
Date Approved in Domicile:  
Domicile Status Comments: Domicile state of Texas is part of the Interstate Insurance Product Regulation Commission.  
Market Type: Individual  
Individual Market Type:  
Filing Status Changed: 09/01/2011  
State Status Changed: 09/01/2011  
Created By: Susan Sawyer  
Corresponding Filing Tracking Number:

Form Numbers:

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8973AR(0911), Indexed Flexible Premium Adjustable Benefit Life Insurance. Sex Distinct Version.  
8974AR(0911), Indexed Flexible Premium Adjustable Benefit Life Insurance. Unisex Version.  
8989AR(0911), Additional Protection Benefit Rider.  
8990AR(0911), Additional Protection Benefit Rider. Unisex Version.  
8991(0911), Death Benefit Protection Rider.  
8992(0911), Systematic Allocation Rider.  
8993(0911), Interest Crediting Strategies Rider.  
8994(0911), Other Insured Rider. Sex Distinct Version.  
8995(0911), Other Insured Rider. Unisex Version.  
8996(0911), Waiver of Monthly Deductions Rider. Sex Distinct Version.  
8997(0911), Waiver of Monthly Deductions Rider. Unisex Version.  
20015(0911), Balance Sheet Benefit Rider.  
8121AR(0911), Life Insurance Application

Today we submit for consideration two new Indexed Flexible Premium Adjustable Benefit Life Insurance policies, ten new riders and a revised application. The policies are identical, save that form 8974AR(0911) is a Unisex Version of the policy. This Unisex Version will be used exclusively when a unisex plan of insurance is required pursuant to the Norris decision and/or Title VII of the Civil Rights Act of 1964.

These policies and riders are new to our portfolio and will not replace any previously approved forms. We plan to implement these forms on or about September 26, 2011.

Form 8973AR(0911), Indexed Flexible Premium Adjustable Benefit Life Insurance Policy, is a non-participating single life policy which targets a general market. The policy will be marketed with an illustration by our licensed agents and will be available to Insureds ages 0 – 85. The minimum face amount is \$100,000, for individual issues; \$2,000 for standard rate classes in the pension marketplace; and \$25,000 for preferred rate classes in the pension marketplace. Insureds will be assigned to one of the following five rate classes: Preferred Non-tobacco, Standard Non-tobacco, Elite Non-tobacco, Preferred Tobacco, and Standard Tobacco. Flat extra substandard rating and percentage substandard ratings may be applied to the policies. The policy does not have a stated maturity date.

The policy provides two premium test options for qualification as life insurance for tax purposes under the Internal Revenue Code: Guideline Premium Test or Cash Value Accumulation Test. The premium test election is made at the time of application and cannot be changed after the policy is issued.

The policy provides for two Death Benefit Options prior to the date the Insured reaches Attained Age 121. Under Death Benefit Option A, the Death Benefit is equal to the Face Amount of the policy. Under Death Benefit Option B, the Death

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Benefit is equal to the Face Amount of the policy plus the Accumulated Value on the date of the Insured's death. The Death Benefit will be reduced by any monthly deductions then due and any debt owed to the Company on the policy. If the policy is still in force on the date the Insured reaches Attained Age 121, the Face Amount will be set equal to the Accumulated Value and the Death Benefit Option will automatically revert to Option A.

Additional Protection Benefit Rider, Forms 8989AR(0911) and 8990AR(0911)

The Additional Protection Benefit Rider provides for increased Face Amount by providing additional coverage. The Cost of Insurance charges assessed for this rider will be the same as those assessed on Base Coverage. The amount of Additional Protection Benefit that will be provided under this rider is capped at three times the Base Coverage amount, and must be at least \$100,000. This rider will be available both at and after issue. Form 8989AR(0911) is the sex distinct version of this rider; while form 8990AR(0911) is its unisex companion.

Balance Sheet Benefit Rider, form 20015(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. Use of the Balance Sheet Benefit Rider will allow a waiver of surrender charges on the policy to which this rider is attached. At time of application the policyholder will select a percentage of Surrender Charges that will be waived should a surrender be made within the policy. Once the percentage is elected, it cannot be changed. The policyholder may choose the percent of surrender charges to be waived between 1% and 100% in whole percentages. The percentage will apply to all increases in Face Amount. This rider is only available at time of policy issue.

Death Benefit Protection Rider, Form 8991(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. The policy to which this rider is attached will be guaranteed not to lapse during the death benefit protection period, provided all of the conditions of this rider are met. This rider will be made available at all issue ages of 0 – 64. The death benefit period for Issue Ages 0-29 is 30 years, for ages 30-39 is 25 years, ages 40-54 is 20 years and for ages 55-64 is 15 years. This rider will only be made available at policy issue. It will be available only on Option A policies. This rider will be made available on all pension plans except 412(e)(3) plans.

Interest Crediting Strategies Rider, Form 8993(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. This rider describes the elements and methods used in calculating Indexed Strategies for each Indexed Segment of an individual flexible premium adjustable benefit life insurance policy with index-linked interest options.

Other Insured Rider, Forms 8994(0911) and 8995(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. The Other Insured Rider provides low cost annually renewable term life insurance on an individual other than the Insured. Issue ages for these riders are 0 – 85. The minimum Face Amount is \$25,000; the maximum Face Amount is the policy's total Face Amount. A spouse

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or business partner may be designated as a primary Other Insured. This rider may be added at and after issue. Form 8994(0911) is the sex distinct version of this rider, while form 8995(0911) is its unisex companion.

#### Systematic Allocation Rider, Form 8992(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. The Systematic Allocation is a feature that allows premiums paid into the policy to be transferred automatically into an account that is specifically designated for Systematic Allocation use. This feature is intended to serve the purpose of allowing large premium amounts to be invested in smaller fixed dollar increments on a regular basis. The Owner may elect Systematic Allocations at or after issue of the policy. The Company must receive a completed allocation schedule that will show which strategies the Owner would like to participate in as well as show that the Owner has elected the Systematic Allocation option.

#### Waiver of Monthly Deductions Rider, Forms 8996(0911) and 8997(0911)

This is a new rider to our portfolio and will not replace any currently approved rider. This rider provides for the waiver of Covered Monthly Deductions on the contract should the Insured become totally disabled (as defined in the rider) and remain so for six consecutive months. A monthly deduction is made for this rider through attained age 64. Form 8996(0911) is the sex distinct version of this rider, while form 8997(0911) is its unisex companion. Issue ages for this rider are 0 – 55. This rider is only available at the time of policy issue.

#### Application for Life Insurance, Form 8121AR(0911)

We have revised the application to accommodate its use with the enclosed policy forms. It is our intent to use the revised application with today's submitted policies, as well as with all other life insurance products offered through our portfolio of products. Form 8121AR(0911) will replace the use of form 8121AR(0511) approved by your Department on 06/20/2011 under SERFF Tracking No: NALF-127066694. Differences between the previously approved application and the new application are as follows:

Part A, Question 8a & 8b – Replaced “Telephone #'s and best time to call” with “Telephone #'s & E-Mail”.

Part B – Added “Face Amount (OIR)\$” as item 3. Removed “Long Term Care”, “Extension of Benefits” and “w/Inflation Protection” riders and added “Waiver of Monthly Deductions” rider. Changed “LifeCycle Solution” to “LifeCycle”. Also added “FlexLife” to WSP, APB, DBP and BSB riders.

Part C – Added item 6 “6. E-Mail” line.

Part E, Question 10 – Revised “BASE or bungee cord jumping” with “BASE or bungee jumping”.

Part L – Signature section has been rearranged slightly and the signature “Signature of Second Proposed Insured (for LifeCycle Solution only)” has been replaced with “Signature of Primary Other/Second Proposed Insured”.

All other items of the application remain as previously approved.

<i>SERFF Tracking Number:</i>	<i>NALF-127345577</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Life Insurance Company of the Southwest</i>	<i>State Tracking Number:</i>	<i>49496</i>
<i>Company Tracking Number:</i>	<i>8973(0911)</i>		
<i>TOI:</i>	<i>L09I Individual Life - Flexible Premium Adjustable Life</i>	<i>Sub-TOI:</i>	<i>L09I.101 External Indexed - Single Life</i>
<i>Product Name:</i>	<i>LSW FlexLife IUL</i>		
<i>Project Name/Number:</i>	<i>LSW FlexLife IUL/8973(0911)</i>		

**General Information**

1. The attached Actuarial Memorandum for policies 8973AR(0911) and 8974AR(0911) describes the method of computation of rates and values, and provides information on all charges applicable to the form. We have also attached actuarial memoranda for each rider.

2. A "Statement of Variability" is enclosed.

3. Policies 8973AR(0911) and 8974AR(0911) will be sold with a sales illustration. We have attached the Illustration Actuary's Certification and sample illustrations.

4. We have attached a Flesh Score Certification for the forms.

5. Policies 8973AR(0911) and 8974AR(0911) will be applied for on application 8121AR(0911).

6. We are concurrently making a similar filing for our associate company, National Life Insurance Company. The product and riders are identical, varying only by form numbers and company information.

We would also like to extend the use of a number of other riders and endorsements, previously approved by your Department, for use with the policy submitted today. Those forms and their approval dates are presented in the table below:

Rider/Endorsement Name	-- Form Number	-- Approval Date
Accelerated Benefits Rider 1 (Terminal)	-- 8052(0798)	-- 09/01/1998
Accelerated Benefits Rider 2 (Cronic)	-- 8095AR(0399)	-- 04/04/2000
Accelerated Benefits Rider 3 (Critical)	-- 8165(0703)	-- 09/18/2003
Accidental Death Benefit Rider	-- 8050(0798)	-- 09/01/1998
Aircraft Limitation Rider	-- 8516(0707)	-- 09/24/2007
Aircraft Limitation Rider – Military	-- 8517(0707)	-- 09/24/2007
Children's Term Rider	-- 8056(0707)	-- 09/24/2007
Guaranteed Insurability Rider	-- 8051(0798)	-- 09/01/1998
Overloan Protection Rider	-- 8315(0206)	-- 01/19/2006
Qualified Plan Exchange Privilege Rider	-- 8518(0707)	-- 09/24/2007
Waiver of Specified Premium Rider	-- 8519(0707)	-- 09/24/2007
Waiver of Specified Premium Rider	-- 8520(0707)	-- 09/24/2007
Lifetime Income Benefit Rider	-- 8866(0910)	-- 08/25/2010
Foreign Travel Exclusion Endorsement	-- 9935(0305)	-- 10/12/2005

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 Adjustable Life  
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## Company and Contact

### Filing Contact Information

Susan Sawyer, Policy Forms Business Analyst SSawyer@NationalLife.com  
 One National Life Drive 802-229-7387 [Phone]  
 Montpelier, VT 05604

### Filing Company Information

Life Insurance Company of the Southwest CoCode: 65528 State of Domicile: Texas  
 15455 Dallas Parkway Group Code: 634 Company Type:  
 Suite 800 Group Name: National Life Group State ID Number: 1117  
 Addison, TX 75001 FEIN Number: 75-0953004  
 (214) 638-9316 ext. [Phone]

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## Filing Fees

Fee Required? Yes  
 Fee Amount: \$650.00  
 Retaliatory? No  
 Fee Explanation: \$50 per form filed, (13) forms filed.  
 Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Life Insurance Company of the Southwest	\$650.00	08/08/2011	50459570

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## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	09/01/2011	09/01/2011

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Linda Bird	08/15/2011	08/15/2011	Susan Sawyer	09/01/2011	09/01/2011

*SERFF Tracking Number:* NALF-127345577      *State:* Arkansas  
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*Company Tracking Number:* 8973(0911)  
*TOI:* L09I Individual Life - Flexible Premium      *Sub-TOI:* L09I.101 External Indexed - Single Life  
Adjustable Life  
*Product Name:* LSW FlexLife IUL  
*Project Name/Number:* LSW FlexLife IUL/8973(0911)

## **Disposition**

Disposition Date: 09/01/2011

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Health - Actuarial Justification		No
Supporting Document	Outline of Coverage		No
Supporting Document	Actuarial Memoranda		No
Supporting Document	Sample Illustration		Yes
Supporting Document	Illustration Actuary Certification		Yes
Supporting Document	Responsible Officer Certification		Yes
Supporting Document	Statement of Variability		Yes
Supporting Document	Indexed Investment Procedures		Yes
Supporting Document	Third Party Authorization		Yes
Supporting Document	Sample Annual Statement		Yes
Supporting Document	Certification with Reg 34		Yes
Supporting Document	Certification with Regs 19 and 49		Yes
Supporting Document	Consent to Submit Rates and/or Cost Bases for Approval		Yes
Supporting Document	Certificate of Compliance with External Index		Yes
Form	Indexed Flexible Premium Adjustable Benefit Life Insurance		Yes
Form	Indexed Flexible Premium Adjustable Benefit Life Insurance Unisex		Yes
Form	Additional Protection Benefit Rider		Yes
Form	Additional Protection Benefit Rider Unisex		Yes
Form	Balance Sheet Benefit Rider		Yes
Form (revised)	Death Benefit Protection Rider		Yes
Form	Death Benefit Protection Rider	Replaced	Yes
Form	Systematic Allocation Rider		Yes
Form	Interest Crediting Strategies Rider		Yes
Form	Other Insured Rider		Yes
Form	Other Insured Rider Unisex		Yes
Form	Waiver of Monthly Deductions Rider		Yes
Form	Waiver of Monthly Deductions Rider Unisex		Yes

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**Form** Life Insurance Application **Yes**

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## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 08/15/2011  
Submitted Date 08/15/2011  
Respond By Date 09/15/2011

Dear Susan Sawyer,

This will acknowledge receipt of the captioned filing.

### Objection 1

Comment: External Indexed contracts are subject to the External Indexed Guidelines. Please furnish certification that this filing is in compliance with these guidelines and certifications required by these guidelines.

Please feel free to contact me if you have questions.

Sincerely,

Linda Bird

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## Response Letter

Response Letter Status Submitted to State  
 Response Letter Date 09/01/2011  
 Submitted Date 09/01/2011

Dear Linda Bird,

### Comments:

#### Response 1

Comments: We certify that this filing is in compliance with the External-Indexed Contract Guidelines and have attached the certification required by these Guidelines. Please refer to the base actuarial memorandum for certification of compliance with Nonforfeiture laws and actuarial demo for reserves.

We are also submitting a revised form 8991(0911) as a typographical error was discovered during a recent review of the form. We apologize for any inconvenience.

#### Related Objection 1

Comment:

External Indexed contracts are subject to the External Indexed Guidelines. Please furnish certification that this filing is in compliance with these guidelines and certifications required by these guidelines.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Certificate of Compliance with External Index

Comment:

#### Form Schedule Item Changes

Form Name	Form Number	Edition Date	Form Type	Action	Action Specific Data	Readability Score	Attach Document
Death Benefit Protection Rider	8991(0911)	)	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	Initial		66.400	8991(0911).pdf

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**Previous Version**

Death Benefit	8991(0911	Policy/Contract/Fraternal Initial	66.400	8991(0911
Protection Rider	)	Certificate: Amendment, Insert Page, Endorsement or Rider		).pdf

No Rate/Rule Schedule items changed.

We appreciate your continued consideration of this filing submission. Thank you for your time.

Sincerely,  
Michelle Goodwin, Susan Carey, Susan Sawyer

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## Form Schedule

### Lead Form Number:

Schedule Item Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
	8973AR(0911)	Policy/Cont Indexed Flexible ract/Fratern Premium Adjustable Benefit Life Certificate Insurance	Initial		80.200	8973AR(0911).pdf
	8974AR(0911)	Policy/Cont Indexed Flexible ract/Fratern Premium Adjustable Benefit Life Certificate Insurance Unisex	Initial		80.200	8974AR(0911).pdf
	8989AR(0911)	Policy/Cont Additional Protection ract/Fratern Benefit Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		89.300	8989AR(0911).pdf
	8990AR(0911)	Policy/Cont Additional Protection ract/Fratern Benefit Rider Unisex al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		89.300	8990AR(0911).pdf
	20015(0911)	Policy/Cont Balance Sheet ract/Fratern Benefit Rider al Certificate:	Initial		89.200	20015(0911).pdf

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Policy/Cont	Initial	Value	Document
8991(0911) Policy/Cont Death Benefit ract/Fratern Protection Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	66.400	8991(0911).pdf
8992(0911) Policy/Cont Systematic Allocation ract/Fratern Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	63.800	8992(0911).pdf
8993(0911) Policy/Cont Interest Crediting ract/Fratern Strategies Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	77.600	8993(0911).pdf
8994(0911) Policy/Cont Other Insured Rider ract/Fratern al Certificate: Amendmen	Initial	84.000	8994(0911).pdf

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Policy/Cont	Other Insured Rider	Initial	84.000	8995(0911).pdf
8995(0911)	Policy/Cont Other Insured Rider ract/Fratern Unisex al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	84.000	8995(0911).pdf
8996(0911)	Policy/Cont Waiver of Monthly ract/Fratern Deductions Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	62.800	8996(0911).pdf
8997(0911)	Policy/Cont Waiver of Monthly ract/Fratern Deductions Rider al Unisex Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial	62.800	8997(0911).pdf
8121AR(0911)	Application/Life Insurance Enrollment Application Form	Initial	56.400	8121AR.pdf



We, Life Insurance Company of the Southwest (the Company), agree to pay the Death Benefit to the Beneficiary, subject to the terms of this policy, when we receive at our Administrative Office due proof that the Insured died while this policy was in force.

**Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option.** Flexible premiums are payable through the end of the Premium Payment Period or until the prior death of the Insured. The adjustable Death Benefit is payable upon the death of the Insured. This policy is nonparticipating. Although the policy values may be affected by an external index, the policy does not directly participate in any stock or equity investments.

**Right to Review Policy.** This policy, at any time within ten days after its receipt by the Owner, may be returned in person or by mail to us or to the agent through whom it was bought. Upon such return, the policy will be deemed void as of its Effective Date. We will then refund any premium paid.

Effective Date:	07/01/2011
Policy Number:	LS9876543
Face Amount:	\$200,000
Insured:	Ethan Allen
Issue Age:	35
Owner:	As stated in the application unless later changed
Beneficiary:	As stated in the application unless later changed.

The data and the terms on this and all following pages are part of this policy.

This policy is a legal contract between the policy Owner and Life Insurance Company of the Southwest. READ YOUR POLICY CAREFULLY.

Signed for Life Insurance Company of the Southwest at Addison, Texas, as of the Effective Date, by

*Mehran Assad*  
Chairman of the Board

*Walter H. Mayo*  
President  
*Jacque Crawford*  
Secretary

Home Office: 15455 Dallas Parkway, Suite 800, Addison TX 75001  
Administrative Office: One National Life Drive, Montpelier, VT 05604, Tel: 800-732-8939  
National Life Group® is a trade name representing various affiliates which offer a variety of financial service products.

DATA SECTION

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

ISSUE AGE: [35]

OWNER: [AS STATED IN THE APPLICATION UNLESS LATER CHANGED]

BENEFICIARY: [AS STATED IN THE APPLICATION UNLESS LATER CHANGED]

MONTHLY POLICY DATE: [15<sup>TH</sup>]

DEATH BENEFIT OPTION: [A]

FACE AMOUNT – BASE COVERAGE: [\$100,000.00]

FACE AMOUNT – ADDITIONAL PROTECTION BENEFIT: [\$100,000.00]

TOTAL FACE AMOUNT: [\$200,000.00]

MINIMUM MONTHLY PREMIUM: \$ [ 75.07]

[MONTHLY GUARANTEE PREMIUM:] \$ [ 91.46]

POLICY PROTECTION PERIOD: [JULY 1, 2011 - JUNE 30, 2021]

PLANNED PERIODIC PREMIUM: \$ [1,000.00] PAYABLE [ANNUALLY]

FOR PREMIUM PAYMENT PERIOD: [JULY 1, 2011 TO JULY 2, 2096]

THIS POLICY MAY TERMINATE PRIOR TO THE END OF THE PREMIUM PAYMENT PERIOD IF PREMIUMS PAID ARE INSUFFICIENT TO CONTINUE COVERAGE. PREMIUMS IN ADDITION TO THE PLANNED PERIODIC PREMIUM MAY BE NECESSARY TO KEEP THIS COVERAGE IN FORCE.

POLICY LOANS AND WITHDRAWALS WILL REDUCE THE CASH SURRENDER VALUE OF THIS POLICY AND MAY RESULT IN TERMINATION OF THIS POLICY PRIOR TO THE DEATH OF THE INSURED.

MINIMUM COVERAGE AMOUNT: [\$100,000.00]

MINIMUM FACE AMOUNT PER COVERAGE SEGMENT: [\$25,000.00]

MINIMUM WITHDRAWAL AMOUNT: \$500.00

MAXIMUM WITHDRAWAL FEE: \$25 FOR EACH WITHDRAWAL

ADDITIONAL BENEFIT RIDERS:

[ADDITIONAL PROTECTION BENEFIT RIDER]

[BALANCE SHEET BENEFIT RIDER]

[DEATH BENEFIT PROTECTION RIDER]

INTEREST CREDITING STRATEGIES RIDER

[OTHER INSURED RIDER (EDNA ALLEN)]

[SYSTEMATIC ALLOCATION RIDER]

MINIMUM ANNUAL DEPOSIT AMOUNT : \$3,000.00]

[WAIVER OF MONTHLY DEDUCTIONS RIDER]

THE LOAN INTEREST RATE IS VARIABLE. THE LOAN INTEREST RATE AT THE EFFECTIVE DATE IS [5.60%].

DATA SECTION

GUARANTEED BASIS OF CALCULATIONS

FACE AMOUNT: \$[100,000.00]  
EFFECTIVE DATE: [JULY 1, 2011]

ACCUMULATED VALUE INTEREST RATE: 0.20598% COMPOUNDED MONTHLY, WHICH IS  
EQUIVALENT TO 2.50% COMPOUNDED PER YEAR

MORTALITY TABLE: COMMISSIONERS 2001 CSO ULTIMATE, [MALE NON-SMOKER],  
AGE NEAREST BIRTHDAY

THE INSURED HAS BEEN CLASSIFIED [STANDARD NON-TOBACCO].

TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES  
(PER \$1,000 PER MONTH)

ATTAINED		ATTAINED		ATTAINED	
AGE	RATE	AGE	RATE	AGE	RATE
[35	0.09089	65	1.30009	95	26.24420
36	0.09589	66	1.43072	96	28.20561
37	0.10007	67	1.56327	97	30.35199
38	0.10758	68	1.70627	98	32.70866
39	0.11425	69	1.85467	99	35.30337
40	0.12176	70	2.03500	100	38.17512
41	0.13178	71	2.23720	101	40.53000
42	0.14430	72	2.50360	102	43.11768
43	0.15850	73	2.78562	103	45.96629
44	0.17520	74	3.08342	104	49.11195
45	0.19441	75	3.41024	105	52.54884
46	0.21279	76	3.76820	106	56.37067
47	0.23285	77	4.18587	107	60.64050
48	0.24455	78	4.67661	108	65.43820
49	0.25793	79	5.24717	109	70.86240
50	0.27717	80	5.87410	110	77.04001
51	0.29975	81	6.59415	111	83.33333
52	0.33071	82	7.35120	112	83.33333
53	0.36419	83	8.17591	113	83.33333
54	0.40691	84	9.09944	114	83.33333
55	0.45970	85	10.14422	115	83.33333
56	0.51338	86	11.31891	116	83.33333
57	0.57128	87	12.62238	117	83.33333
58	0.62083	88	14.04388	118	83.33333
59	0.67798	89	15.57220	119	83.33333
60	0.74695	90	17.19964	120	83.33333]
61	0.83114	91	18.76184		
62	0.93398	92	20.42406		
63	1.04963	93	22.21645		
64	1.17137	94	24.15514		

DATA SECTION

DEFINITION OF LIFE INSURANCE TEST: [GUIDELINE PREMIUM TEST]

GUIDELINE SINGLE PREMIUM: \$[ 32,631.00]  
 GUIDELINE LEVEL PREMIUM: \$[ 2,878.00]

TABLE OF DEATH BENEFIT STANDARD FACTORS

<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>	<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>	<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>
0 - 40	2.50	54	1.57	68	1.17
41	2.43	55	1.50	69	1.16
42	2.36	56	1.46	70	1.15
43	2.29	57	1.42	71	1.13
44	2.22	58	1.38	72	1.11
45	2.15	59	1.34	73	1.09
46	2.09	60	1.30	74	1.07
47	2.03	61	1.28	75 - 90	1.05
48	1.97	62	1.26	91	1.04
49	1.91	63	1.24	92	1.03
50	1.85	64	1.22	93	1.02
51	1.78	65	1.20	94+	1.01
52	1.71	66	1.19		
53	1.64	67	1.18		

DATA SECTION

FACE AMOUNT: \$[100,000.00]  
EFFECTIVE DATE: [JULY 1, 2011]

PERCENT OF PREMIUM EXPENSE CHARGE: 6%

MONTHLY PERCENT OF ACCUMULATED VALUE CHARGE: 0.03%

MONTHLY EXPENSE CHARGE PER THOUSAND: \$[0.198]

MONTHLY POLICY FEE: \$6.00

SURRENDER CHARGES

<u>TWELVE MONTH PERIOD</u> <u>BEGINNING</u>	<u>SURRENDER CHARGE</u>
[JUL 1, 2011	\$1,474.50
JUL 1, 2012	\$1,368.00
JUL 1, 2013	\$1,259.25
JUL 1, 2014	\$1,146.75
JUL 1, 2015	\$1,032.00
JUL 1, 2016	\$870.75
JUL 1, 2017	\$705.75
JUL 1, 2018	\$536.25
JUL 1, 2019	\$362.25
JUL 1, 2020	\$183.75
JUL 1, 2021 AND LATER	\$0.00]

DATA SECTION  
ADDITIONAL PROTECTION BENEFIT RIDER

SUM INSURED: [\$200,000.00]

POLICY NUMBER: [LS9876543]  
INSURED: [ETHAN ALLEN]  
RIDER EFFECTIVE DATE: [JULY 1, 2011]

MONTHLY EXPENSE CHARGE PER THOUSAND: [\$0.010]

GUARANTEED BASIS OF CALCULATIONS

ACCUMULATED VALUE INTEREST RATE: 0.20598% COMPOUNDED MONTHLY, WHICH IS  
EQUIVALENT TO 2.50% COMPOUNDED PER YEAR

MORTALITY TABLE: COMMISSIONERS 2001 CSO ULTIMATE [MALE NON-SMOKER]  
AGE NEAREST BIRTHDAY

THE INSURED HAS BEEN CLASSIFIED [STANDARD NON-TOBACCO]

POLICY YEARS FOR THIS RIDER ARE MEASURED FROM THE RIDER EFFECTIVE DATE.

DATA SECTION  
ADDITIONAL PROTECTION BENEFIT RIDER

SUM INSURED: [\$200,000.00]

POLICY NUMBER: [LS9876543]  
INSURED: [ETHAN ALLEN]  
RIDER EFFECTIVE DATE: [JULY 1, 2011]

TABLE OF GUARANTEED MAXIMUM  
COST OF ADDITIONAL PROTECTION BENEFIT RATES  
(PER \$1,000 OF NET AMOUNT OF RISK  
OF ADDITIONAL COVERAGE BENEFIT PER MONTH)

ATTAINED AGE	RATE	ATTAINED AGE	RATE	ATTAINED AGE	RATE
[35	0.09089	65	1.30009	95	26.24420
36	0.09589	66	1.43072	96	28.20561
37	0.10007	67	1.56327	97	30.35199
38	0.10758	68	1.70627	98	32.70866
39	0.11425	69	1.85467	99	35.30337
40	0.12176	70	2.03500	100	38.17512
41	0.13178	71	2.23720	101	40.53000
42	0.14430	72	2.50360	102	43.11768
43	0.15850	73	2.78562	103	45.96629
44	0.17520	74	3.08342	104	49.11195
45	0.19441	75	3.41024	105	52.54884
46	0.21279	76	3.76820	106	56.37067
47	0.23285	77	4.18587	107	60.64050
48	0.24455	78	4.67661	108	65.43820
49	0.25793	79	5.24717	109	70.86240
50	0.27717	80	5.87410	110	77.04001
51	0.29975	81	6.59415	111	83.33333
52	0.33071	82	7.35120	112	83.33333
53	0.36419	83	8.17591	113	83.33333
54	0.40691	84	9.09944	114	83.33333
55	0.45970	85	10.14422	115	83.33333
56	0.51338	86	11.31891	116	83.33333
57	0.57128	87	12.62238	117	83.33333
58	0.62083	88	14.04388	118	83.33333
59	0.67798	89	15.57220	119	83.33333
60	0.74695	90	17.19964	120	83.33333]
61	0.83114	91	18.76184		
62	0.93398	92	20.42406		
63	1.04963	93	22.21645		
64	1.17137	94	24.15514		

DATA SECTION

BALANCE SHEET BENEFIT RIDER

PERCENTAGE OF SURRENDER CHARGES TO BE WAIVED: [25]%\*

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

FACE AMOUNT: [\$100,000.00]

TABLE OF GUARANTEED MONTHLY BALANCE SHEET BENEFIT RIDER RATES  
(PER \$1000 OF FACE AMOUNT)

<u>ATTAINED AGES</u>	<u>RATE</u>
[ 35 - 44 ]	[\$0.43]

\*SEE SURRENDER CHARGE SCHEDULE FOR APPLICABLE CHARGE AMOUNT

DATA SECTION

DEATH BENEFIT PROTECTION RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

DEATH BENEFIT PROTECTION INTEREST RATE: 5.00%

THE DEATH BENEFIT PROTECTION PERIOD IS IN EFFECT THROUGH [JUNE 30, 2036]

DATA SECTION

INTEREST CREDITING STRATEGIES RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

AS OF THE EFFECTIVE DATE, THE FOLLOWING RATES ARE APPLICABLE TO INTEREST CREDITING STRATEGIES TO WHICH YOU MAY DIRECT YOUR PREMIUM. THESE RATES ARE IN EFFECT UNTIL FURTHER NOTICE.

FIXED-TERM STRATEGY

FIXED-TERM SEGMENT LENGTH:	1 YEAR
MINIMUM FIXED-TERM SEGMENT INTEREST RATE:	2.50% ANNUAL EFFECTIVE RATE
INITIAL FIXED-TERM SEGMENT INTEREST RATE:	[5.50]% ANNUAL EFFECTIVE RATE

INDEXED STRATEGY 1 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[100]%
GUARANTEED MINIMUM PARTICIPATION RATE:	100%
INITIAL INDEX EARNINGS CAP:	[13.50]%
GUARANTEED MINIMUM INDEX EARNINGS CAP:	3.1%

INDEXED STRATEGY 2 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[140]%
GUARANTEED MINIMUM PARTICIPATION RATE:	110%
INITIAL INDEX EARNINGS CAP:	[12.00]%
GUARANTEED MINIMUM INDEX EARNINGS CAP:	3.0%

INDEXED STRATEGY 3 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[65]%
GUARANTEED MINIMUM PARTICIPATION RATE:	25%
INITIAL INDEX EARNINGS CAP:	NO CAP

DATA SECTION

INTEREST CREDITING STRATEGIES RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

INDEXED STRATEGY 4 – POINT TO AVERAGE

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM	1 YEAR
INITIAL PARTICIPATION RATE:	[120]%
GUARANTEED MINIMUM PARTICIPATION RATE:	30%
INITIAL INDEX EARNINGS CAP	NO CAP

DEDUCTION HIERARCHY:

- FIXED-TERM STRATEGY
- INDEXED STRATEGY 4 – POINT TO AVERAGE
- INDEXED STRATEGY 1 – POINT TO POINT
- INDEXED STRATEGY 2 – POINT TO POINT
- INDEXED STRATEGY 3 – POINT TO POINT

INDEX-LINKED RETURNS DO NOT INCLUDE THE PORTION OF RETURNS GENERATED BY THE UNDERLYING INDEX THAT COMES FROM DIVIDENDS.

THE ELEMENTS USED IN DETERMINING THE CREDITED RATE FROM THE INDEX ARE NOT GUARANTEED AND CAN BE CHANGED BY THE COMPANY, SUBJECT TO THE GUARANTEES IN THE POLICY AND THAT ANY SUCH CHANGES CAN AFFECT THE RETURN.

DATA SECTION

OTHER INSURED RIDER

COVERAGE AMOUNT: [\$100,000.00]  
 POLICY NUMBER: [LS9876543]  
 INSURED: [EDNA ALLEN]  
 ISSUE AGE/SEX: [35 / FEMALE]  
 RATE CLASS: [NON-TOBACCO]  
 EFFECTIVE DATE: [JULY 1, 2011]  
 RIDER TERMINATION DATE: [JUNE 30, 2076]

TABLE OF MONTHLY GUARANTEED MAXIMUM COST OF INSURANCE RATES  
 (PER \$1,000 OF COVERAGE AMOUNT)

<u>ATTAINED</u> <u>AGE</u>	<u>RATE</u>	<u>ATTAINED</u> <u>AGE</u>	<u>RATE</u>	<u>ATTAINED</u> <u>AGE</u>	<u>RATE</u>
35	0.07417	64	0.85000	93	12.56500
36	0.07917	65	0.92083	94	14.13667
37	0.08583	66	0.99917	95	16.07667
38	0.08917	67	1.08500	96	17.91917
39	0.09417	68	1.18083	97	19.81583
40	0.10000	69	1.28583	98	20.14083
41	0.10583	70	1.40167	99	21.22833
42	0.11250	71	1.53500		
43	0.12083	72	1.68417		
44	0.13083	73	1.84583		
45	0.14250	74	2.02333		
46	0.15583	75	2.22000		
47	0.17250	76	2.43583		
48	0.19083	77	2.67333		
49	0.21083	78	2.93583		
50	0.23417	79	3.21917		
51	0.26000	80	3.53583		
52	0.28917	81	3.96583		
53	0.32083	82	4.45083		
54	0.35417	83	4.93417		
55	0.39000	84	5.46833		
56	0.43167	85	6.07000		
57	0.47500	86	6.61583		
58	0.52167	87	7.43750		
59	0.56833	88	8.29583		
60	0.61667	89	9.21083		
61	0.66917	90	10.05417		
62	0.72667	91	10.48083		
63	0.78583	92	11.32000		

DATA SECTION

DATA SECTION

RIDER FOR WAIVER OF MONTHLY DEDUCTIONS

POLICY NUMBER: [LS9876543]  
INSURED: [ETHAN ALLEN]  
EFFECTIVE DATE: [JULY 1, 2011]

TABLE OF MONTHLY GUARANTEED MAXIMUM COST OF INSURANCE RATES  
(PER DOLLAR OF MONTHLY DEDUCTION)

ATTAINED	
<u>AGE</u>	<u>RATE</u>
[35	0.0704
36	0.0708
37	0.0712
38	0.0716
39	0.0720
40	0.0723
41	0.0730
42	0.0736
43	0.0743
44	0.0750
45	0.0750
46	0.0772
47	0.0809
48	0.0853
49	0.0895
50	0.0930
51	0.0973
52	0.1017
53	0.1074
54	0.1228
55	0.1416
56	0.1653
57	0.1844
58	0.2053
59	0.2279
60	0.0669
61	0.0613
62	0.0527
63	0.0509
64	0.0600]

# INDEX

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We, Life Insurance Company of the Southwest (the Company), agree to pay the Death Benefit to the Beneficiary, subject to the terms of this policy, when we receive at our Administrative Office due proof that the Insured died while this policy was in force.

## GENERAL TERMS OF THIS POLICY

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### CONSIDERATION

This policy is issued in consideration of the application and payment of the first premium. We will incur no liability if no premium is paid.

### ENTIRE CONTRACT

On the Effective Date the entire contract between the parties is this policy and a copy of the application and all riders and endorsements which are attached at issue. Any change of this contract must be written and may be made only by one of our authorized officers or registrars. We will send the Owner a copy of any application for a change which we approve. It and any additional Data Section shall become part of this contract on the effective date of such change.

### REPRESENTATIONS

Any statement made by or for the Insured shall be deemed a representation and not a warranty. Unless such statement is in the attached application or in any subsequent application, it shall not be used to:

1. make this policy void; or
2. make any increase in Face Amount void; or
3. make any Reinstatement void; or
4. defend any claim.

### INCONTESTABILITY

After this policy has been in force during the lifetime of the Insured for two years from the Effective Date of the policy, we will not contest it; however,

1. we may contest any increase in Face Amount for which an application is required until such increase has been in force during the lifetime of the Insured for two years from its Effective Date; and
2. we may contest any Reinstatement until such Reinstatement has been in force during the lifetime of the Insured for two years from its Effective Date.

The statement on which the contest will be based shall be material to the risk accepted or hazard assumed by the Company.

*Life Insurance Company of the Southwest*  
*Administrative Office: One National Life Drive \* Montpelier, Vermont 05604 \* (800) 732-8939*  
*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

Notwithstanding the above, we may contest your policy at any time if it was procured by fraud, as permitted by law of the state in which your policy was delivered.

#### POLICY EFFECTIVE DATES

The insurance coverage goes into effect on the Effective Date shown in the Data Section.

Any increase in Face Amount for which an application is required shall become effective on the Monthly Policy Date on or next following the date we approve the application for such increase in Face Amount.

Any increase in Face Amount for which an application is not required shall become effective on the Monthly Policy Date on or next following the date we receive the request for such increase unless otherwise provided by the policy.

Any decrease in Face Amount requested shall become effective on the Monthly Policy Date on or next following the date we receive the request for such decrease.

Any Reinstatement of this policy shall become effective on the Monthly Policy Date on or next following the date we approve the application for Reinstatement.

Any change of Death Benefit Option shall become effective on the Monthly Policy Date on or next following the date we receive the request for such change.

#### POLICY MONTHS, YEARS AND ANNIVERSARIES

Policy Months, Years and Anniversaries shall be measured from the Effective Date. The Monthly Policy Date shown in the Data Section occurs on the same day each month or on the last day of any month having no such date. The Effective Date is the first Monthly Policy Date.

*Life Insurance Company of the Southwest*

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MISSTATEMENT OF  
AGE OR SEX

The Issue Age shown in the Data Section is the age of the Insured on his or her birthday nearest to the Effective Date. It is based on the date of birth shown in the application.

If the age or sex of the Insured has been misstated, we will adjust the Death Benefit to be the amount it would have been purchased at the correct age or sex in consideration of the most recent Monthly Cost of Insurance by adjusting the Net Amount at Risk by the ratio of the incorrect Monthly Cost of Insurance Rate to the correct Monthly Cost of Insurance Rate. The adjustment shall take effect on the Monthly Policy Date on or next following the date we receive proof to our satisfaction of such misstatement. If the Insured has died, we will adjust the Death Benefit as of the last Monthly Policy Date prior to the Insured's death.

ATTAINED AGE

The Attained Age of the Insured on any date is the Issue Age shown in the Data Section plus the number of Policy Years and Months which have passed since the Effective Date.

PAYMENT OF  
BENEFITS

We will pay all benefits under this policy at our Administrative Office. Before payment of any Death Benefit we may investigate the death.

POSTPONEMENT OF  
BENEFITS

We may delay payment of any amounts which are payable as a result of Cash Surrender or Withdrawal for up to six months after we receive written request in a form satisfactory to us. If we defer such payment for more than 30 days, we will pay interest at a rate not less than the Accumulated Value Interest Rate as shown in the Data Section or as mandated by state law, from the date we receive such request to the date of payment.

We may also delay payment of any amounts which are payable as a result of a Policy Loan, except for loans used to pay premiums into this policy, for up to six months after we receive written request in a form satisfactory to us.

We have the right to postpone payment which is derived from any amount recently paid to us by check or draft, until we are satisfied the check or draft has been paid by the bank or other financial institution on which it is drawn.

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*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

## DEFINITION OF LIFE INSURANCE

In order for the Owner and the Beneficiary to receive the tax treatment accorded to life insurance contracts by Federal law, this policy must initially qualify and continue to qualify as life insurance under Section 7702 of the Internal Revenue Code of 1986 (the Code), as amended, and its rules and regulations. The definition of life insurance test shown in the Data Section is the specific method by which we determine whether your policy meets the definition of life insurance.

We have designed your policy to qualify as a life insurance contract under the Code. We reserve the right to make any reasonable adjustments to the terms or conditions of this policy if it becomes necessary to allow it to qualify as life insurance.

## BASIS OF VALUES

The Cash Surrender Values for this policy are greater than or equal to those required by or pursuant to the NAIC Universal Life Insurance Regulation, model #585. A detailed statement of the method of computing values has been filed in the state in which this policy is delivered.

The Cash Surrender Values are based on the Accumulated Value Interest Rate and Mortality Table shown in the Data Section. For issue ages up to 15, we use guaranteed mortality rates from the Composite tables until Attained Age 15. When the Insured reaches Attained Age 16, we use guaranteed mortality rates from the Nonsmoker table.

The Paid Up Annuity Values, and all tabled values in Payment Options, are based on the 2000 Table for Individual Annuitant Mortality (IAM) and compound interest at a rate of 1.50% per year.

## NOTICES

Unless this policy provides otherwise, any requests for changes or notices:

1. from us to the Owner shall be sent to the last address known to us of the Owner; and
2. from us to an assignee shall be sent to the last address known to us of such assignee; and
3. from the Owner or an assignee to us must be in writing and received by us at our Administrative Office in Montpelier, Vermont.

*Life Insurance Company of the Southwest*

*Administrative Office: One National Life Drive \* Montpelier, Vermont 05604 \* (800) 732-8939*

*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

## ANNUAL REPORT

At least once each Policy Year we will send a report to the Owner without charge. The report will show, as of its date:

1. the beginning and ending dates of the reporting period; and
2. the Accumulated Value at the beginning and ending of the reporting period; and
3. the Transaction Summary for the reporting period; and
4. the Cash Surrender Value; and
5. any debt to us on this policy; and
6. the current Death Benefit; and
7. a disclosure notice if the policy will not maintain insurance in force until the end of the next reporting period unless further premiums are made.

The report will also show a summary of transactions of the previous year and any information required by law.

## PROJECTION REPORT

The Owner may request, in writing, a report which projects future values and future Death Benefits for this policy. The report will also show any information required by law. One such report will be made available free of charge each year. We may charge a fee for any additional reports requested during that year, such charge not to exceed \$25. The Projection Report will be based on:

1. data the Owner gives us as to Face Amount and premiums; and
2. such assumptions as either the Owner or we specify.

## ROLES IN THIS POLICY

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### OWNER

The Owner may:

1. exercise the rights under this policy; and
2. assign the policy; and
3. release or discharge the policy; and
4. change the policy if we agree to such change; and
5. enjoy the benefits under this policy.

These actions may be taken without the consent and against the interest of any Beneficiary and any contingent owner. If the Owner cannot change the Beneficiary, these actions may be taken only by the Owner and the Beneficiary jointly. These actions may be taken only while the Insured is alive.

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Changes to Owner designation, unless otherwise specified by the Owner, shall take effect on the date the notice of change is signed by the Owner, subject to any payments made or action taken by us prior to receipt of the notice.

#### BENEFICIARY

The Owner has the right to change the Beneficiary which shall take effect on the date the notice of change is signed by the Owner, subject to any payments made or action taken by the Company prior to receipt of this notice. If the Owner expressly waives this right, no change can be made. Unless later changed, the Beneficiary shall be as stated in the application. The interest of any Beneficiary who dies before the Insured shall vest in the Owner unless otherwise stated.

If used, the term "children" of any person shall include only lawful children born to or legally adopted by that person.

We may rely on an affidavit by any person who in our judgment knows the facts to identify any Beneficiary or payee not specified by name. All our liability shall cease when we pay on the basis of such affidavit.

#### TRUST BENEFICIARY

Unless an authorized officer or registrar of the Company explicitly agrees in writing, the following provision shall apply when a trust is named as Beneficiary.

In no event is the Company responsible for the application or disposition of any proceeds it pays to a Trust Beneficiary. Payment to a Trust Beneficiary is a full discharge of the liability of the Company. If a designated trust provides for successor trustees, the designation in this policy includes successor trustees. Likewise, if the trust allows amendments, the trust, if so amended, remains as a designated Beneficiary.

A Trust Beneficiary is considered to be a Beneficiary who did not survive the Insured if:

1. the trust has been terminated; or
2. the specified testamentary trust does not qualify as such; or
3. for any other reason a Trust Beneficiary is not entitled to any proceeds.

## CHANGE OF BENEFICIARY

If the Owner has the right, a new Beneficiary may be named from time to time during the life of the Insured by filing at our Administrative Office written notice in such form as we may require. When notice is received at our Administrative Office, the change shall take effect on the date the notice is signed by the Owner whether or not the Insured is living at the time of receipt, subject to any payments made or actions taken by the Company prior to receipt of this notice. We will not be liable for any payment we make before receipt of the written notice at our Administrative Office.

## ASSIGNMENTS

We are not responsible for the validity or effect of any assignment of this policy. We will not recognize any assignment until it has been filed at our Administrative Office. When notice is received at our Administrative Office, the change shall take effect on the date the notice is signed by the Owner whether or not the Insured is living at the time of receipt, subject to any payments made or actions taken by the Company prior to receipt of this notice. The interest of any Beneficiary whom the assignor can change and of any contingent owner shall be transferred to the assignee by the terms of any assignment. If the assignee acquires a right to proceeds, they shall be paid in one sum even though a Payment Option may be in effect at the time the assignment was signed.

## SPENDTHRIFT PROVISION

If we receive at our Administrative Office written request by the Owner for this Spendthrift Provision, then, to the extent allowed by law:

1. only the Owner may transfer, anticipate, commute, or encumber the proceeds of this policy; and
2. only legal process against the Owner may affect the proceeds of this policy.

Any proceeds payable after this request is withdrawn by the Owner shall not be affected by this provision.

## PREMIUMS

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### POLICY PROTECTION PERIOD

The Policy Protection Period is shown in the Data Section. An increase in coverage does not initiate a new Policy Protection Period.

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## PAYMENT OF PREMIUMS

The first premium is due on or before the date of issue. This first premium cannot be less than the Minimum Monthly Premium shown in the Data Section.

During the Policy Protection Period the payment of cumulative premiums, in excess of withdrawals and loans, at least equal to the Minimum Monthly Premiums payable since the Effective Date of the policy will keep the policy in force to the next Monthly Policy Date, as long as the Accumulated Value is sufficient to provide for Monthly Deductions. Otherwise, this policy will remain in force as long as the Cash Surrender Value is sufficient to provide for Monthly Deductions.

The Planned Periodic Premiums are the premiums the Applicant has chosen to pay. Planned Periodic Premiums may be paid on an annual, semi-annual, quarterly, or monthly basis. The Owner may change the amount or frequency of such premiums at any time by sending a written notice to us at our Administrative Office. However, we may limit any increase in either amount or frequency.

Premiums in addition to the Planned Periodic Premiums may be necessary to keep this policy and the coverages provided by this policy and any additional benefit riders in force.

We will accept *Unscheduled Premiums*, which are premiums in addition to the Planned Periodic Premiums. We may limit the number and amount of *Unscheduled Premiums* if payment of the premium results in more than a dollar for dollar increase in the Death Benefit.

All premiums are limited by a minimum and a maximum. The minimum is \$25 per premium. The maximum is the greater of:

1. the limit imposed by the Internal Revenue Code for qualifying the policy as Life Insurance for Federal Income Tax purposes; or
2. the amount necessary to keep the policy in force.

We will not accept any premium in excess of the maximum. We will return any premiums not accepted and any interest credited to such premiums to the Owner within 60 days after the end of the Policy Year in which the premiums were received.

The first premium may be paid to us either through our duly authorized agent in exchange for a receipt signed by that agent or at our Administrative Office. All later premiums must be paid to us at our Administrative Office.

## NET PREMIUM

A Net Premium is determined by multiplying a premium received times the difference of 1 minus the Percent of Premium Expense Charge stated in the Data Section.

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## GRACE PERIOD

If on any Monthly Policy Date the Cash Surrender Value is less than the Monthly Deduction on such date, a Grace Period shall start, unless:

1. the policy is within the Policy Protection Period; and
2. the Accumulated Value less any debt to us on this policy is greater than the Monthly Deduction on that date; and
3. the cumulative premiums paid since the policy's Effective Date, less any withdrawals and less any debt to us on this policy, are greater than or equal to the cumulative Minimum Monthly Premiums due since the policy's Effective Date.

A Grace Period shall be 61 days. During a Grace Period this policy shall remain in force.

The premium needed to keep the policy in force beyond a Grace Period which ends during the Policy Protection Period shall equal the greater of (a) or (b) where:

- a) equals the sum of the Minimum Monthly Premiums in effect on the policy over all of the months from the Effective Date of the policy to the start of the Grace Period, plus all withdrawals, plus three times the Minimum Monthly Premium in effect at the beginning of the Grace Period, plus any debt to us on this policy, less all premiums paid; and where
- b) equals the premium which will be sufficient to produce an Accumulated Value, net of policy debt, equal to two times the Monthly Deduction due on the date the Grace Period began.

The premium needed to keep the policy in force beyond a Grace Period which ends after the Policy Protection Period shall be the premium sufficient to produce a Cash Surrender Value equal to three times the Monthly Deduction due on the date the Grace Period began.

We will mail notice of the premium needed to the last known address of the Owner or any assignee of record at least 30 days prior to the termination of coverage. The Owner has the entire Grace Period within which to remit the necessary premium. Any premium sent by U.S. mail shall be postmarked within the Grace Period. If such premium is unpaid on the later of:

1. the first day following the 61-day Grace Period; or
2. the 31<sup>st</sup> day after such notice is sent;

then this policy shall terminate without value.

A Grace Period will not begin solely because payments of Planned Periodic Premiums are discontinued. Whether or not premiums are paid, Monthly Deductions will be made from the Accumulated Value. The terms of this Grace Period provision will determine if and when a Grace Period starts.

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## REINSTATEMENT

If this policy terminates after the end of a Grace Period, it may be reinstated. It must be reinstated on a Monthly Policy Date within five years from the start of such Grace Period and prior to the end of the Premium Payment Period.

For Reinstatement we will require:

1. an application for Reinstatement; and
2. proof to our satisfaction that the Insured is insurable; and
3. payment of an amount determined as follows:
  - a) If Reinstatement occurs during a Policy Protection Period the required payment shall be an amount equal to the premium which will be sufficient to produce an Accumulated Value, net of policy debt, four times the Monthly Deduction due on the date the Grace Period began, or, if greater:
    - i. the sum of the Minimum Monthly Premiums in effect on the policy over all the months from the Effective Date of this policy to the start of the Grace Period; plus
    - ii. all withdrawals; plus
    - iii. three times the Minimum Monthly Premium in effect at the beginning of the Grace Period; plus
    - iv. any debt to us on this policy; less
    - v. all premiums paid.

The above amount not to exceed the premium required to make the Cash Surrender Value sufficient to provide:

- i. two times the Monthly Deduction due on the date the Grace Period began; plus
    - ii. three times the Monthly Deduction due on the date of Reinstatement.
- b) If Reinstatement occurs after the Policy Protection Period or during the Policy Protection Period but the Owner chooses not to reinstate the Policy Protection Period, the required payment shall be a premium which will make the Cash Surrender Value sufficient to provide:
  - i. two times the Monthly Deduction due on the date the Grace Period began; plus
  - ii. three times the Monthly Deduction due on the date of Reinstatement.

We will send the Owner notice of the required payment upon request.

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In the event of Reinstatement:

1. the Accumulated Value of the policy at the time of final lapse will be restored along with the Cash Value available for deductions at the time that the Grace Period began; and
2. the schedule of Surrender Charges for the policy months following the date the Grace Period began shall become the schedule of Surrender Charges for the policy months following the date of Reinstatement; and
3. the schedule of Monthly Expense Charges per Thousand for the policy months following the date the Grace Period began shall become the schedule of Monthly Expense Charges per Thousand for the policy months following the date of Reinstatement; and
4. any Policy Loan that was in force at the time that the Grace Period began may be repaid or may be reinstated.

## DEATH BENEFIT AND POLICY CHANGES

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### DEATH BENEFIT

We will pay the Death Benefit to the Beneficiary when we receive at our Administrative Office due proof that the Insured died while this policy was in force. We will pay the Death Benefit in one sum unless a Payment Option is chosen. If the Death Benefit is paid in one sum, it shall be increased by interest from the date of the Insured's death to the date of payment. We will set the rate of interest at not less than the rate applicable for the funds left on deposit. If the Death Benefit is not paid within 30 days after we receive at our Administrative Office due proof that the Insured died while this policy was in force, the rate of interest shall be 8.00% per year.

### COVERAGE AT AND AFTER AGE 121

If your policy is in force at Attained Age 121, the Face Amount of this policy will be set equal to the Accumulated Value, and the Death Benefit Option will automatically revert to Option A. The Death Benefit Option may not thereafter be changed, and no additional premium will be accepted on this policy. All Monthly Deductions on this policy will cease. The Owner may, however, continue to access the Cash Surrender Value and to make or repay Policy Loans.

You may surrender your policy if you do not want coverage to continue past Attained Age 121.

**Continuing coverage beyond Attained Age 121 may cause your policy to fail to qualify as life insurance under the Internal Revenue Code and you may be subject to adverse tax consequences. You should consult a tax advisor before you choose to continue your policy after Attained Age 121.**

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DEATH BENEFIT  
OPTIONS

The Owner may elect either of two Death Benefit Options, Option A or Option B, for the period prior to the Insured's Attained Age 121. The Death Benefit Option is stated in the Data Section.

**Option A.** Under Option A, the Death Benefit is equal to the greater of:

1. the Face Amount of the policy on the date of the Insured's death; or
2. the Death Benefit Factor shown in the Data Section multiplied by the Accumulated Value on the date of the Insured's death;

less the amount of any Monthly Deductions then due and any debt to us on this policy.

**Option B.** Under Option B, the Death Benefit is equal to the greater of:

1. the Face Amount plus the Accumulated Value of the policy on the date of the Insured's death; or
2. the Death Benefit Factor shown in the Data Section multiplied by the Accumulated Value on the date of the Insured's death;

less the amount of any Monthly Deductions then due and any debt to us on this policy.

CHANGES IN FACE  
AMOUNT AND  
DEATH BENEFIT  
OPTION

The Owner may request any of the following changes. We will make a change subject to the conditions stated. These changes may be made only while the Insured is living and after the first Policy Anniversary. We will send the Owner a revised or additional Data Section if any of these changes is made.

**Face Amount Increases.** We will require an application from the Owner and proof to our satisfaction that the Insured is then insurable. An increase in Face Amount must satisfy the Minimum Coverage Amount requirements of the policy and must be initiated before the end of Attained Age 85 and shall be effective upon the Monthly Policy Date on or next following our approval.

Each increase in Face Amount will have its own coverage segment that has its own Monthly Cost of Insurance charges, Monthly Expense Charge Per Thousand, and Surrender Charges, as well as new incontestability and suicide exclusion periods.

**Face Amount Decreases.** We will require a written request from the Owner. A decrease in Face Amount shall be effective upon the Monthly Policy Date on or next following our receipt of the request.

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Decreases shall not be permitted which would reduce the sum of the Face Amount plus the Sums Insured of any riders for Additional Protection Benefit attached to this policy to less than any of the following:

1. the minimum insurance amount for which the policy would qualify as "Life Insurance" for Federal Income Tax purposes under the Internal Revenue Code; or
2. the Minimum Coverage Amount shown in the Data Section; or
3. 75% of the largest sum of the Face Amount plus the Sums Insured of any Riders for Additional Protection Benefit attached to this policy in force at any time in the twelve policy months prior to our receipt of the request. This restriction applies only during the first nine Policy Years.

A decrease in total insurance coverage shall apply in the following order:

1. first, to any increases in Face Amount or to the addition of any rider for Additional Protection Benefit providing coverage on the life of the Insured, in the reverse order in which they were made;
2. second, to the Face Amount on the Date of Issue.

If both an increase in Face Amount and the addition of a rider for Additional Protection Benefit providing coverage on the life of the Insured became effective on the same date, a decrease in total insurance coverage made effective on that date shall apply in the following order:

1. first, to any increase in total insurance coverage resulting from the addition of a Rider for Additional Protection Benefit providing coverage on the life of the Primary Insured;
2. second, to any increase in Face Amount;
3. third, to the Face Amount on the Date of Issue.

**Death Benefit Option Changes.**The Death Benefit Option may be changed once each Policy Year after the first Policy Anniversary prior to the Insured's Attained Age 121. We will require a written request from the Owner. A change will be effective on any Monthly Policy Date requested. The change may be made only if after such change the policy would qualify as "Life Insurance" for Federal Income Tax purposes under the Internal Revenue Code. The Minimum Monthly Premium will be recomputed to reflect the change in Options.

1. Upon a change from Option A to Option B, the Face Amount shall decrease by an amount equal to the Accumulated Value of the policy just prior to the Effective Date of the change. However, the change may be made only if after such change the Face Amount would not be less than the Minimum Coverage Amount shown in the Data Section.
2. Upon a change from Option B to Option A, the Face Amount shall increase by an amount equal to the Accumulated Value just prior to the Effective Date of the change. No additional Surrender Charges shall be imposed solely because of this change.

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## SUICIDE LIMITATION

If the Insured dies within two years of the Effective Date as the result of suicide, while sane or insane, we will pay only a sum equal to:

1. the premiums paid; less
2. any withdrawals made; less
3. any debt to us on this policy.

A similar two-year period shall apply to any increase in Face Amount for which an application is required. Such period shall begin on the Effective Date of any such increase. During such period if the Insured dies as the result of suicide, while sane or insane, we will pay, in lieu of any such increase in Face Amount, only a sum equal to the Cost of Insurance that we have deducted from the Accumulated Value for such increase.

This policy shall immediately terminate on such death by suicide. Payment will be made to the Beneficiary.

## INTEREST CREDITING STRATEGIES

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Accumulated Value in this policy is apportioned into one or more segments distinguished by their interest crediting strategies. Interest is nonforfeitable after crediting except indirectly due to surrender charges. The rates of interest will never be less than the Accumulated Value Interest Rate shown in the Data Section.

Interest crediting strategies are discussed in the rider that is attached to this policy which is entitled "Interest Crediting Strategies Rider."

## POLICY VALUES

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### ACCUMULATED VALUE

The Accumulated Value on the policy Effective Date is the initial Net Premium minus the initial Monthly Deduction.

The Accumulated Value on any other date is equal to the sum of the values in all interest crediting strategies and the value of any loan collateral account. Upon termination of the policy, however, the Accumulated Value will be no less than the accumulation at the Accumulated Value Interest Rate shown in the Data Section of Net Premiums minus Monthly Deductions minus Withdrawals.

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## MONTHLY DEDUCTION

The Monthly Deduction due on a Monthly Policy Date shall be the Monthly Cost of Insurance, plus the Monthly Expense Charge Per Thousand, plus the Monthly Policy Fee, plus the Monthly Percent of Accumulated Value Charge, plus the monthly cost of any additional benefit riders in force on this policy.

Monthly Deductions will be taken from the Accumulated Value on the Monthly Policy Date.

## MONTHLY COST OF INSURANCE

The Monthly Cost of Insurance shall be based on the risk classification and duration of this policy, and the Insured's sex and Issue Age.

The Monthly Cost of Insurance for a given policy is equal to the applicable Monthly Cost of Insurance Rate multiplied by the Net Amount at Risk.

The Net Amount at Risk is the excess of:

1. the Death Benefit plus any debt to us on such date, divided by the sum 1 plus the monthly Accumulated Value Interest Rate shown in the Data Section; over
2. the Accumulated Value of this policy on such date.

We may change the Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to, investment earnings, mortality, persistency, taxes and expenses. Any change in the Cost of Insurance rates shall apply to all policies of the same size and duration, insuring persons of the same sex, Issue Age, and risk classification as the Insured. The Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the Data Section. These rates are based on the Mortality Table named in the Data Section.

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## CASH SURRENDER AND WITHDRAWALS

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### CASH SURRENDER VALUE

The Owner may, by written request to us, surrender this policy while the Insured is living for its Cash Surrender Value. We may require that the policy be returned to us. When this policy has been surrendered, it shall be null and void and all rights shall cease.

The Cash Surrender Value on any day shall be equal to:

1. the Accumulated Value on such day; less
2. any Surrender Charge which applies on such day; less
3. any debt to us on this policy.

The Surrender Charges are shown in the Data Section.

### WITHDRAWALS

After the first Policy Anniversary and prior to the last day of the Premium Payment Period, the Owner may make withdrawals by written request to us. Withdrawals shall be subject to all of the following terms.

1. Withdrawals may be made only on a Monthly Policy Date which follows receipt of such request.
2. The amount withdrawn may not be less than the Minimum Withdrawal Amount shown in the Data Section.
3. For each withdrawal made, a Withdrawal Fee may be assessed not to exceed the Maximum Withdrawal Fee shown in the Data Section.
4. The amount withdrawn may not exceed the Cash Surrender Value on the Monthly Policy Date less three times the Monthly Deduction due on the most recent policy Date.
5. If Death Benefit Option A is in effect on the date of the withdrawal, the Face Amount of the policy will be reduced by an amount equal to the amount of the withdrawal plus the Withdrawal Fee.
6. A withdrawal will not be allowed if it will reduce the Face Amount below the minimum Face Amount for the policy or if it would cause the policy to no longer qualify as Life Insurance for Federal Income Tax purposes.
7. The Accumulated Value will be decreased by the amount of the withdrawal plus the Withdrawal Fee from the interest crediting strategies as described in the Interest Crediting Strategies Rider attached to this policy.

Withdrawals, including the Withdrawal Fee, are subtracted from the Accumulated Value.

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GENERAL CASH  
SURRENDER VALUE  
AND WITHDRAWAL  
TERMS

We may delay payment of any amounts which are payable as a result of Cash Surrender or Withdrawal. Please refer to the Postponement of Benefits provision.

## POLICY LOANS

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### POLICY LOANS

We will loan an amount up to the Loan Value of the policy less the amount of any outstanding debt, at any time after the first Policy Year. At the time of the loan the policy must be in force. The policy shall be the sole security for the loan and must be duly assigned to us.

Two policy loan options are available with this policy: a Fixed Net Cost Loan and a Variable Net Cost Loan. The loan option is selected at the time a loan is taken, and all outstanding loans must use the same loan option. The Owner may change the loan option only on a Policy Anniversary.

### LOAN VALUE

The Loan Value on any day is equal to:

1. the Accumulated Value on such day; less
2. the Surrender Charge on such day, if applicable; less
3. three times the Monthly Deductions due on the most recent prior Monthly Policy Date.

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## LOAN INTEREST RATE

Any loan shall bear interest from the date the loan is made. The Loan Interest Rate may change from Policy Year to Policy Year.

The Loan Interest Rate on the Effective Date of the policy is stated in the Data Section. Such rate shall apply to any debt to us on this policy until the rate is changed by us. We may change the Loan Interest Rate only on a Policy Anniversary, after which the changed rate will apply to any new or existing debt to us on the policy. The Loan Interest Rate is subject to a minimum annual interest rate of 3.00% and shall not exceed the Maximum Rate allowed. The Maximum Rate allowed is the greater of:

1. the Published Monthly Average for the calendar month ending two months before the calendar month in which the Policy Anniversary occurs; or
2. the yearly Accumulated Value Interest Rate shown in the Data Section plus 1%.

The Published Monthly Average shall be the Moody's Corporate Bond Yield Average - Monthly Average Corporates, as published by Moody's Investors Service, Inc., or any successor to it. If at any time that Published Monthly Average is no longer published, a substantially similar average, established under the law of the state where this policy was delivered, shall be used.

If on any Policy Anniversary the Maximum Rate then allowed is at least 0.50% per year less than the Loan Interest Rate in effect for this policy during the prior Policy Year, we will decrease the Loan Interest Rate for this policy. If on any Policy Anniversary the Maximum Rate then allowed is at least 0.50% per year more than the Loan Interest Rate in effect on this policy during the prior Policy Year, we may increase such Loan Interest Rate. If increased, it shall be increased to a rate not greater than the Maximum Rate then allowed.

We will give to the Owner:

1. notice of the Loan Interest Rate in effect for this policy at the time a loan is made; and
2. at least 30 days' advance notice of any increase in the Loan Interest Rate, if there is any debt to us on this policy.

In no event shall the Loan Interest Rate exceed the highest loan interest rate allowed by law of the state in which this policy is delivered.

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## FIXED NET COST LOAN

Accumulated Value in the amount of the Fixed Net Cost Loan plus any unpaid loan interest will be removed from the interest crediting strategies as described in the Interest Crediting Strategies Rider attached to this policy.

The Accumulated Value removed from the interest crediting strategies to establish a Loan Collateral Account will be held apart from other Accumulated Value in this policy and may be credited interest at a different rate than that of other Accumulated Value in the policy. For the first ten Policy Years it will be credited interest at a rate 1.25% lower than the Loan Interest Rate. In the eleventh and later Policy Years the interest rate charged for a Fixed Net Cost Loan and the interest rate credited to the Loan Collateral Account will be equal and the same as the Loan Interest Rate.

Repayments of the loan, including payments of loan interest, will be applied to the outstanding loan balance, and the amount repaid will be deposited into the Basic Strategy. The Basic Strategy is described in the Interest Crediting Strategies Rider attached to this policy. The amount of Accumulated Value held in the Loan Collateral Account will be reduced by the amount of the repayment.

## VARIABLE NET COST LOAN

Accumulated Value is not removed from the interest crediting strategies if a Variable Net Cost Loan is taken. All Accumulated Value in this policy will continue to earn interest or Index Earnings as stated in the Interest Crediting Strategies Rider attached to this policy.

A Variable Net Cost Loan will be charged interest at the Loan Interest Rate. There is no fixed relationship between the interest credited to Accumulated Value in this policy and the interest assessed on a Variable Net Cost Loan.

## GENERAL LOAN TERMS

After the loan is made, loan interest shall be due on the next and all later Policy Anniversaries. If any interest is not paid when due, it shall be added to the loan and bear interest on the same terms.

The debt secured by this policy includes loans, unpaid loan interest and accrued loan interest not otherwise due.

All or any part of the debt may be paid to us at any time prior to:

1. the death of the Insured; and
2. surrender of the policy.

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However, during a Grace Period the debt may not be repaid. Unless the Owner specifies, any payment to us shall be deemed a premium payment and not payment of the debt. At the death of the Insured or upon the surrender of the policy, all debt shall become due at once. It shall be paid from the policy values.

We may delay payment of any amounts which are payable as a result of a Policy Loan. Please refer to the Postponement of Benefits provision.

## PAYMENT OPTIONS

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In lieu of a lump sum settlement, all or part of the proceeds of this policy may be applied under a Payment Option. When proceeds are applied under a Payment Option, all other rights and benefits under this policy shall cease.

In addition to the following options, other payment options may be available.

### OPTION EFFECTIVE DATE

The Option Effective Date is the date the proceeds become payable.

### GENERAL PAYMENT OPTION TERMS

If the proceeds to be placed under a Payment Option are less than \$5,000, we may pay them in one sum to the payee who otherwise would receive the first payment under the option. If any payments would be less than \$100, we will change the frequency to provide payments of at least \$100.

If the proceeds are assigned on the Option Effective Date, we will pay the assignee's share in one sum and place only the balance under the option. After the Option Effective Date neither the payments nor the remaining value may be assigned or encumbered. To the extent the law permits, they are not subject to any claims against the payee.

We may require proof to our satisfaction that any payee is alive on the date any payment is due.

CHOICE OF  
OPTION

Choice of an option may be made:

1. by the Owner if the Insured is living; or
2. by the Beneficiary if the Insured is not living and if no option is in effect.

Equivalent payments for 12-, 6-, 3-, or 1-month intervals may be chosen. The options are described in terms of monthly payments. We will quote the amount of other payments on request.

We may issue a document stating the terms of the option.

CHANGE OF  
PAYMENT OPTION

The right to change Payment Options exists under Options 1, 2, and 4. At the time of change the remaining value under the old option shall become the proceeds to be placed under the new option.

LUMP SUM  
REMOVAL OF  
PROCEEDS APPLIED  
UNDER A PAYMENT  
OPTION

Lump sum payments may be taken from the remaining proceeds placed under Payment Options 1, 2, and 4.

Under Options 1 and 4 all or any part of the remaining value may be taken at any time, though no more than four transactions may be made during any calendar year.

Under Option 2 the entire remaining value may be taken at any time.

No lump sum removal of proceeds may be made under Options 3, 5, 6, or 7.

*Life Insurance Company of the Southwest*

*Administrative Office: One National Life Drive \* Montpelier, Vermont 05604 \* (800) 732-8939*

*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

OPTION 1  
-PAYMENT OF  
INTEREST ONLY

Interest at a rate of 1.50% per year shall be paid either for:

1. the life of a chosen human being; or
2. a chosen period.

We may pay more interest in any given year. Upon the earlier of the death of the chosen human being or the end of the chosen period, any remaining value will be paid. The first payment shall be made one month after the Option Effective Date. If the payee is not a human being, payments may not continue for more than 30 years.

OPTION 2  
-PAYMENTS FOR A  
STATED TIME

Equal monthly payments shall be made for a stated number of years. The first payment shall be made on the Option Effective Date. The amount of each monthly payment is shown in the table. The monthly payments are based on an interest rate of 1.50% per year. We may pay more interest in any year.

Option 2 Table  
 Monthly Payments for Each \$1,000 of Proceeds

Stated Number of Years	Monthly Payments
5	17.28
6	14.51
7	12.53
8	11.04
9	9.89
10	8.96
11	8.21
12	7.58
13	7.05
14	6.59
15	6.20
16	5.85
17	5.55
18	5.27
19	5.03
20	4.81
21	4.62
22	4.44
23	4.28
24	4.13
25	3.99
26	3.86
27	3.75
28	3.64
29	3.54
30	3.44

OPTION 3  
 -PAYMENTS FOR  
 LIFE

Equal monthly payments shall be made for any guaranteed period chosen and thereafter during the life of a chosen human being. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the age and sex of the chosen human being on the Option Effective Date and on any guaranteed period chosen. We may require proof to our satisfaction of such age. We may require like proof that such human being is alive on the date any payment is due. The guaranteed period may be five or ten years or a Refund period. A Refund period extends until the sum of the payments is equal to the proceeds placed under the option. The monthly payments are based on an interest rate of 1.50% per year. We may pay more interest in any year during the guaranteed period. We will quote the amount of monthly payments for lower ages and guaranteed periods not shown in the Option 3 Table on request.

*Life Insurance Company of the Southwest*  
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 Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001

Option 3 Table  
Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Guaranteed Period

Age	Male			Female		
	None	10 Years	Refund	None	10 Years	Refund
50	\$3.24	\$3.22	\$3.02	\$3.00	\$2.99	\$2.86
51	3.31	3.29	3.08	3.06	3.05	2.91
52	3.39	3.36	3.13	3.13	3.11	2.96
53	3.47	3.44	3.19	3.19	3.18	3.02
54	3.55	3.51	3.25	3.26	3.25	3.07
55	3.63	3.60	3.31	3.34	3.32	3.13
56	3.73	3.68	3.38	3.41	3.39	3.19
57	3.82	3.77	3.45	3.50	3.47	3.26
58	3.92	3.87	3.52	3.58	3.56	3.32
59	4.03	3.97	3.60	3.68	3.64	3.39
60	4.15	4.07	3.67	3.78	3.74	3.46
61	4.27	4.19	3.76	3.88	3.83	3.54
62	4.40	4.30	3.84	3.99	3.94	3.62
63	4.54	4.42	3.93	4.11	4.05	3.70
64	4.69	4.55	4.02	4.23	4.16	3.79
65	4.85	4.69	4.12	4.37	4.28	3.88
66	5.02	4.83	4.23	4.51	4.41	3.98
67	5.20	4.98	4.33	4.66	4.55	4.08
68	5.39	5.13	4.45	4.83	4.69	4.19
69	5.60	5.29	4.57	5.00	4.84	4.30
70	5.82	5.45	4.70	5.19	5.00	4.43
71	6.05	5.62	4.82	5.39	5.17	4.55
72	6.30	5.79	4.96	5.61	5.34	4.68
73	6.57	5.96	5.11	5.85	5.52	4.82
74	6.85	6.14	5.25	6.11	5.71	4.98
75	7.15	6.32	5.41	6.39	5.91	5.13
76	7.47	6.51	5.59	6.69	6.11	5.30
77	7.82	6.69	5.75	7.01	6.31	5.47
78	8.19	6.87	5.93	7.36	6.52	5.66
79	8.59	7.05	6.14	7.74	6.73	5.85
80	9.01	7.22	6.34	8.16	6.93	6.04
81	9.47	7.39	6.55	8.60	7.13	6.29
82	9.95	7.56	6.77	9.09	7.33	6.50
83	10.47	7.71	7.00	9.61	7.52	6.76
84	11.02	7.86	7.25	10.18	7.69	7.00
85+	11.61	8.00	7.52	10.79	7.86	7.26

+ Higher ages the same

*Life Insurance Company of the Southwest*  
*Administrative Office: One National Life Drive \* Montpelier, Vermont 05604 \* (800) 732-8939*  
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OPTION 4  
-PAYMENTS OF A  
STATED AMOUNT

Equal monthly payments of a stated amount shall be made until the proceeds, with interest at 1.50% per year on the unpaid balance, are used up. The first payment shall be made on the Option Effective Date. The amount chosen must be at least \$10 per month for each \$1,000 of proceeds placed under this option. We may add more interest to the unpaid balance in any year, which will extend the number of payments. The last payment will be for the balance only.

OPTION 5 - LIFE  
ANNUITY

Equal monthly payments shall be made in the same manner as Option 3 except:

1. the amount of each payment shall be based on our current settlement rates on the Option Effective Date; and
2. no additional interest shall be paid.

OPTION 6 - JOINT  
AND TWO-THIRDS  
ANNUITY

Equal monthly payments shall be made while two chosen human beings are both living. Upon the death of either, two-thirds of the amount of such payments shall continue during the life of the survivor. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the ages and sexes of the chosen human beings on the Option Effective Date. We may require proof to our satisfaction of their ages. We may require like proof that any chosen human being is alive on the date any payment conditioned on the life of such human being is due. The initial amount of each monthly payment is shown in the table. We will quote the amount of monthly payments for any other age combination on request. The monthly payments are based on an interest rate of 1.50% per year. No additional interest shall be paid.

*Life Insurance Company of the Southwest*

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*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

Option 6 Table  
 Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Ages of Both	One Male and One Female	Ages of Both	One Male and One Female
50	\$2.97	68	\$4.72
51	3.03	69	4.89
52	3.09	70	5.06
53	3.16	71	5.25
54	3.22	72	5.46
55	3.29	73	5.68
56	3.37	74	5.91
57	3.45	75	6.16
58	3.53	76	6.43
59	3.62	77	6.72
60	3.72	78	7.04
61	3.82	79	7.37
62	3.92	80	7.74
63	4.04	81	8.12
64	4.16	82	8.54
65	4.28	83	8.99
66	4.42	84	9.48
67	4.57	85+	9.99

+ Higher ages the same

OPTION 7 - 50%  
 SURVIVOR  
 ANNUITY

Equal monthly payments shall be made during the life of the chosen primary human being. Upon the death of the chosen primary human being, 50% of the amount of such payments shall continue during the life of the chosen secondary human being. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the ages and sexes of the chosen human beings on the Option Effective Date. We may require proof to our satisfaction of their ages. We may require like proof that any chosen human being is alive on the date any payment conditioned on the life of such human being is due. The initial amount of each monthly payment is shown in the table. We will quote the amount of monthly payments for any other age combination on request. The monthly payments are based on an interest rate of 1.50% per year. No additional interest shall be paid.

*Life Insurance Company of the Southwest*  
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 Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001

Option 7 Table  
 Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Ages of Both	Male Primary Female Secondary	Female Primary Male Secondary	Ages of Both	Male Primary Female Secondary	Female Primary Male Secondary
50	\$2.96	\$2.85	68	\$4.67	\$4.44
51	3.01	2.90	69	4.83	4.60
52	3.07	2.96	70	5.00	4.76
53	3.14	3.02	71	5.19	4.93
54	3.20	3.08	72	5.38	5.12
55	3.27	3.15	73	5.59	5.32
56	3.35	3.22	74	5.82	5.53
57	3.43	3.29	75	6.06	5.77
58	3.51	3.37	76	6.31	6.01
59	3.60	3.45	77	6.59	6.28
60	3.69	3.53	78	6.88	6.57
61	3.79	3.62	79	7.20	6.89
62	3.89	3.72	80	7.54	7.22
63	4.00	3.82	81	7.90	7.59
64	4.12	3.93	82	8.29	7.98
65	4.24	4.05	83	8.71	8.40
66	4.38	4.17	84	9.16	8.86
67	4.52	4.30	85+	9.64	9.34

+ Higher ages the same

Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option. Flexible premiums are payable through the end of the Premium Payment Period or until the prior death of the Insured. The adjustable Death Benefit is payable upon the death of the Insured. This policy is nonparticipating. Although the policy values may be affected by an external index, the policy does not directly participate in any stock or equity investment.

## LIFE INSURANCE COMPANY OF THE SOUTHWEST

ADMINISTRATIVE OFFICE: ONE NATIONAL LIFE DRIVE, MONTPELIER, VERMONT 05604  
HOME OFFICE: 15455 DALLAS PARKWAY, SUITE 800, ADDISON, TEXAS, 75001



We, Life Insurance Company of the Southwest (the Company), agree to pay the Death Benefit to the Beneficiary, subject to the terms of this policy, when we receive at our Administrative Office due proof that the Insured died while this policy was in force.

**Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option. Unisex Version.** Flexible premiums are payable through the end of the Premium Payment Period or until the prior death of the Insured. The adjustable Death Benefit is payable upon the death of the Insured. This policy is nonparticipating. Although the policy values may be affected by an external index, the policy does not directly participate in any stock or equity investments.

**Right to Review Policy.** This policy, at any time within ten days after its receipt by the Owner, may be returned in person or by mail to us or to the agent through whom it was bought. Upon such return, the policy will be deemed void as of its Effective Date. We will then refund any premium paid.

Effective Date:	07/01/2011
Policy Number:	LS1234567
Face Amount:	\$200,000
Insured:	Ethan Allen
Issue Age:	35
Owner:	As stated in the application unless later changed
Beneficiary:	As stated in the application unless later changed.

The data and the terms on this and all following pages are part of this policy.

This policy is a legal contract between the policy Owner and Life Insurance Company of the Southwest. READ YOUR POLICY CAREFULLY.

Signed for Life Insurance Company of the Southwest at Addison, Texas, as of the Effective Date, by

*Mehran Assad*  
Chairman of the Board

*Walter H. Mayo*  
President

*Jacque Crawford*  
Secretary

DATA SECTION

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

ISSUE AGE: [35]

OWNER: [AS STATED IN THE APPLICATION UNLESS LATER CHANGED]

BENEFICIARY: [AS STATED IN THE APPLICATION UNLESS LATER CHANGED]

MONTHLY POLICY DATE: [15<sup>TH</sup>]

DEATH BENEFIT OPTION: [A]

FACE AMOUNT – BASE COVERAGE: [\$100,000.00]

FACE AMOUNT – ADDITIONAL PROTECTION BENEFIT: [\$100,000.00]

TOTAL FACE AMOUNT: [\$200,000.00]

MINIMUM MONTHLY PREMIUM: \$ [ 75.21]

[MONTHLY GUARANTEE PREMIUM:] \$ [92.45]

POLICY PROTECTION PERIOD: [JULY 1, 2011 – JUNE 30, 2021]

PLANNED PERIODIC PREMIUM: \$ [1,000.00] PAYABLE [ANNUALLY]

FOR PREMIUM PAYMENT PERIOD: [JULY 1, 2011 TO JULY 2, 2096]

THIS POLICY MAY TERMINATE PRIOR TO THE END OF THE PREMIUM PAYMENT PERIOD IF PREMIUMS PAID ARE INSUFFICIENT TO CONTINUE COVERAGE. PREMIUMS IN ADDITION TO THE PLANNED PERIODIC PREMIUM MAY BE NECESSARY TO KEEP THIS COVERAGE IN FORCE.

POLICY LOANS AND WITHDRAWALS WILL REDUCE THE CASH SURRENDER VALUE OF THIS POLICY AND MAY RESULT IN TERMINATION OF THIS POLICY PRIOR TO THE DEATH OF THE INSURED.

MINIMUM COVERAGE AMOUNT: [\$100,000.00]

MINIMUM FACE AMOUNT PER COVERAGE SEGMENT: [\$25,000.00]

MINIMUM WITHDRAWAL AMOUNT: \$500.00

MAXIMUM WITHDRAWAL FEE: \$25 FOR EACH WITHDRAWAL

ADDITIONAL BENEFIT RIDERS:

[ADDITIONAL PROTECTION BENEFIT RIDER]

[BALANCE SHEET BENEFIT RIDER]

[DEATH BENEFIT PROTECTION RIDER]

INTEREST CREDITING STRATEGIES RIDER

[OTHER INSURED RIDER (EDNA ALLEN)]

[SYSTEMATIC ALLOCATION RIDER

MINIMUM ANNUAL DEPOSIT AMOUNT : \$3,000.00]

[WAIVER OF MONTHLY DEDUCTIONS RIDER]

THE LOAN INTEREST RATE IS VARIABLE. THE LOAN INTEREST RATE AT THE EFFECTIVE DATE IS [5.60 %].

DATA SECTION

GUARANTEED BASIS OF CALCULATIONS

FACE AMOUNT: \$[100,000.00]  
EFFECTIVE DATE: [JULY 1, 2011]

ACCUMULATED VALUE INTEREST RATE: 0.20598% COMPOUNDED MONTHLY, WHICH IS  
EQUIVALENT TO 2.50% COMPOUNDED PER YEAR

MORTALITY TABLE: COMMISSIONERS 2001 CSO ULTIMATE, [NON-SMOKER],  
AGE NEAREST BIRTHDAY

THE INSURED HAS BEEN CLASSIFIED [STANDARD NON-TOBACCO].

TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES  
(PER \$1,000 PER MONTH)

ATTAINED		ATTAINED		ATTAINED	
AGE	RATE	AGE	RATE	AGE	RATE
35	0.08755	65	1.22385	95	22.59883
36	0.09256	66	1.34332	96	24.55392
37	0.09756	67	1.46638	97	26.70183
38	0.10424	68	1.59985	98	27.88683
39	0.11008	69	1.73866	99	29.59716
40	0.11759	70	1.90505	100	31.84722
41	0.12677	71	2.09235	101	34.04178
42	0.13762	72	2.33420	102	36.60255
43	0.15098	73	2.58974	103	39.60097
44	0.16601	74	2.86083	104	43.12057
45	0.18439	75	3.15805	105	47.20895
46	0.20110	76	3.48344	106	51.76130
47	0.22115	77	3.85838	107	56.82753
48	0.23369	78	4.29504	108	62.38782
49	0.24874	79	4.79624	109	68.68356
50	0.26880	80	5.34445	110	75.75322
51	0.29222	81	5.98839	111	83.33333
52	0.32234	82	6.67043	112	83.33333
53	0.35582	83	7.39888	113	83.33333
54	0.39686	84	8.20834	114	83.33333
55	0.44629	85	9.11819	115	83.33333
56	0.49744	86	10.09483	116	83.33333
57	0.55198	87	11.23311	117	83.33333
58	0.60151	88	12.45482	118	83.33333
59	0.65612	89	13.75173	119	83.33333
60	0.72087	90	15.06753	120	83.33333
61	0.79914	91	16.13555		
62	0.89266	92	17.38188		
63	0.99727	93	18.85740		
64	1.10709	94	20.57378		

DATA SECTION

DEFINITION OF LIFE INSURANCE TEST: [GUIDELINE PREMIUM TEST]

GUIDELINE SINGLE PREMIUM: \$[ 34,132.07]

GUIDELINE LEVEL PREMIUM: \$[ 3,026.90]

TABLE OF DEATH BENEFIT STANDARD FACTORS

<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>	<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>	<u>ATTAINED AGE</u>	<u>DEATH BENEFIT FACTOR</u>
0 - 40	2.50	54	1.57	68	1.17
41	2.43	55	1.50	69	1.16
42	2.36	56	1.46	70	1.15
43	2.29	57	1.42	71	1.13
44	2.22	58	1.38	72	1.11
45	2.15	59	1.34	73	1.09
46	2.09	60	1.30	74	1.07
47	2.03	61	1.28	75 - 90	1.05
48	1.97	62	1.26	91	1.04
49	1.91	63	1.24	92	1.03
50	1.85	64	1.22	93	1.02
51	1.78	65	1.20	94+	1.01
52	1.71	66	1.19		
53	1.64	67	1.18		

DATA SECTION

FACE AMOUNT: \$[100,000.00]  
EFFECTIVE DATE: [JULY 1, 2011]

PERCENT OF PREMIUM EXPENSE CHARGE: 6%

MONTHLY PERCENT OF ACCUMULATED VALUE CHARGE: 0.03%

MONTHLY EXPENSE CHARGE PER THOUSAND: \$[0.194]

MONTHLY POLICY FEE: \$6.00

SURRENDER CHARGES

<u>TWELVE MONTH PERIOD</u> <u>BEGINNING</u>	<u>SURRENDER CHARGE</u>
[JUL 1, 2011	\$1,452.00
JUL 1, 2012	\$1,347.00
JUL 1, 2013	\$1,239.75
JUL 1, 2014	\$1,129.50
JUL 1, 2015	\$1,016.25
JUL 1, 2016	\$858.00
JUL 1, 2017	\$695.25
JUL 1, 2018	\$528.00
JUL 1, 2019	\$356.25
JUL 1, 2020	\$180.75
JUL 1, 2021 AND LATER	\$0.00]

DATA SECTION  
ADDITIONAL PROTECTION BENEFIT RIDER

SUM INSURED: \$[200,000.00]

POLICY NUMBER: [LS9876543]  
INSURED: [ETHAN ALLEN]  
RIDER EFFECTIVE DATE: [JULY 1, 2011]

MONTHLY EXPENSE CHARGE PER THOUSAND: \$[0.010]

GUARANTEED BASIS OF CALCULATIONS

ACCUMULATED VALUE INTEREST RATE: 0.20598% COMPOUNDED MONTHLY, WHICH IS  
EQUIVALENT TO 2.50% COMPOUNDED PER YEAR

MORTALITY TABLE: COMMISSIONERS 2001 CSO ULTIMATE [NON-SMOKER]  
AGE NEAREST BIRTHDAY

THE INSURED HAS BEEN CLASSIFIED [STANDARD NON-TOBACCO]

POLICY YEARS FOR THIS RIDER ARE MEASURED FROM THE RIDER EFFECTIVE DATE.

DATA SECTION  
 ADDITIONAL PROTECTION BENEFIT RIDER

SUM INSURED: \$[200,000.00]

POLICY NUMBER: [LS9876543]  
 INSURED: [ETHAN ALLEN]  
 RIDER EFFECTIVE DATE: [JULY 1, 2011]

TABLE OF GUARANTEED MAXIMUM  
 COST OF ADDITIONAL PROTECTION BENEFIT RATES  
 (PER \$1,000 OF NET AMOUNT OF RISK  
 OF ADDITIONAL COVERAGE BENEFIT PER MONTH)

ATTAINED		ATTAINED		ATTAINED	
AGE	RATE	AGE	RATE	AGE	RATE
35	0.08755	65	1.22385	95	22.59883
36	0.09256	66	1.34332	96	24.55392
37	0.09756	67	1.46638	97	26.70183
38	0.10424	68	1.59985	98	27.88683
39	0.11008	69	1.73866	99	29.59716
40	0.11759	70	1.90505	100	31.84722
41	0.12677	71	2.09235	101	34.04178
42	0.13762	72	2.33420	102	36.60255
43	0.15098	73	2.58974	103	39.60097
44	0.16601	74	2.86083	104	43.12057
45	0.18439	75	3.15805	105	47.20895
46	0.20110	76	3.48344	106	51.76130
47	0.22115	77	3.85838	107	56.82753
48	0.23369	78	4.29504	108	62.38782
49	0.24874	79	4.79624	109	68.68356
50	0.26880	80	5.34445	110	75.75322
51	0.29222	81	5.98839	111	83.33333
52	0.32234	82	6.67043	112	83.33333
53	0.35582	83	7.39888	113	83.33333
54	0.39686	84	8.20834	114	83.33333
55	0.44629	85	9.11819	115	83.33333
56	0.49744	86	10.09483	116	83.33333
57	0.55198	87	11.23311	117	83.33333
58	0.60151	88	12.45482	118	83.33333
59	0.65612	89	13.75173	119	83.33333
60	0.72087	90	15.06753	120	83.33333
61	0.79914	91	16.13555		
62	0.89266	92	17.38188		
63	0.99727	93	18.85740		
64	1.10709	94	20.57378		

DATA SECTION

BALANCE SHEET BENEFIT RIDER

PERCENTAGE OF SURRENDER CHARGES TO BE WAIVED: [25]%\*

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

FACE AMOUNT: \$[100,000.00]

TABLE OF GUARANTEED MONTHLY BALANCE SHEET BENEFIT RIDER RATES  
(PER \$1000 OF FACE AMOUNT)

<u>ATTAINED AGES</u>	<u>RATE</u>
[35-44]	[\$[0.40]

\*SEE SURRENDER CHARGE SCHEDULE FOR APPLICABLE CHARGE AMOUNT

DATA SECTION

DEATH BENEFIT PROTECTION RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

DEATH BENEFIT PROTECTION INTEREST RATE: 5.00%

THE DEATH BENEFIT PROTECTION PERIOD IS IN EFFECT THROUGH [ JUNE 30, 2036]

DATA SECTION

INTEREST CREDITING STRATEGIES RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

AS OF THE EFFECTIVE DATE, THE FOLLOWING RATES ARE APPLICABLE TO INTEREST CREDITING STRATEGIES TO WHICH YOU MAY DIRECT YOUR PREMIUM. THESE RATES ARE IN EFFECT UNTIL FURTHER NOTICE.

FIXED-TERM STRATEGY

FIXED-TERM SEGMENT LENGTH:	1 YEAR
MINIMUM FIXED-TERM SEGMENT INTEREST RATE:	2.50% ANNUAL EFFECTIVE RATE
INITIAL FIXED-TERM SEGMENT INTEREST RATE:	[5.50]% ANNUAL EFFECTIVE RATE

INDEXED STRATEGY 1 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[100]%
GUARANTEED MINIMUM PARTICIPATION RATE:	100%
INITIAL INDEX EARNINGS CAP:	[13.50]%
GUARANTEED MINIMUM INDEX EARNINGS CAP:	3.1%

INDEXED STRATEGY 2 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[140]%
GUARANTEED MINIMUM PARTICIPATION RATE:	110%
INITIAL INDEX EARNINGS CAP:	[12.00]%
GUARANTEED MINIMUM INDEX EARNINGS CAP:	3.0%

INDEXED STRATEGY 3 – POINT TO POINT

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM:	1 YEAR
INITIAL PARTICIPATION RATE:	[65]%
GUARANTEED MINIMUM PARTICIPATION RATE:	25%
INITIAL INDEX EARNINGS CAP:	NO CAP

DATA SECTION

INTEREST CREDITING STRATEGIES RIDER

POLICY NUMBER: [LS9876543]

INSURED: [ETHAN ALLEN]

EFFECTIVE DATE: [JULY 1, 2011]

INDEXED STRATEGY 4 – POINT TO AVERAGE

INDEX:	STANDARD & POOR'S 500 INDEX
INDEXED TERM	1 YEAR
INITIAL PARTICIPATION RATE:	[120]%
GUARANTEED MINIMUM PARTICIPATION RATE:	30%
INITIAL INDEX EARNINGS CAP	NO CAP

DEDUCTION HIERARCHY:

- FIXED-TERM STRATEGY
- INDEXED STRATEGY 4 – POINT TO AVERAGE
- INDEXED STRATEGY 1 – POINT TO POINT
- INDEXED STRATEGY 2 – POINT TO POINT
- INDEXED STRATEGY 3 – POINT TO POINT

INDEX-LINKED RETURNS DO NOT INCLUDE THE PORTION OF RETURNS GENERATED BY THE UNDERLYING INDEX THAT COMES FROM DIVIDENDS.

THE ELEMENTS USED IN DETERMINING THE CREDITED RATE FROM THE INDEX ARE NOT GUARANTEED AND CAN BE CHANGED BY THE COMPANY, SUBJECT TO THE GUARANTEES IN THE POLICY AND THAT ANY SUCH CHANGES CAN AFFECT THE RETURN.

DATA SECTION

OTHER INSURED RIDER

COVERAGE AMOUNT: [\$100,000.00]  
 POLICY NUMBER: [LS9876543]

INSURED: [EDNA ALLEN]

ISSUE AGE: [35]  
 RATE CLASS: [NON-TOBACCO]

EFFECTIVE DATE: [JULY 1, 2011]  
 RIDER TERMINATION DATE: [JUNE 30, 2076]

TABLE OF MONTHLY GUARANTEED MAXIMUM COST OF INSURANCE RATES  
 (PER \$1,000 OF COVERAGE AMOUNT)

<u>ATTAINED AGE</u>	<u>RATE</u>	<u>ATTAINED AGE</u>	<u>RATE</u>	<u>ATTAINED AGE</u>	<u>RATE</u>
[35	0.08750	64	1.10000	93	17.96500
36	0.09250	65	1.21550	94	19.43067
37	0.09717	66	1.33383	95	21.02800
38	0.10383	67	1.45500	96	22.50317
39	0.11017	68	1.58617	97	24.06250
40	0.11733	69	1.72317	98	25.38683
41	0.12650	70	1.88700	99	26.94833]
42	0.13783	71	2.07100		
43	0.15083	72	2.30750		
44	0.16617	73	2.55783		
45	0.18383	74	2.82267		
46	0.20117	75	3.11267		
47	0.22050	76	3.42917		
48	0.23350	77	3.79400		
49	0.24817	78	4.21717		
50	0.26817	79	4.70183		
51	0.29133	80	5.23183		
52	0.32183	81	5.84917		
53	0.35483	82	6.49950		
54	0.39550	83	7.19283		
55	0.44467	84	7.96033		
56	0.49567	85	8.81867		
57	0.55033	86	9.74583		
58	0.59900	87	10.80350		
59	0.65367	88	11.93250		
60	0.71800	89	13.12550		
61	0.79517	90	14.34817		
62	0.88800	91	15.42483		
63	0.99117	92	16.62600		

DATA SECTION

RIDER FOR WAIVER OF MONTHLY DEDUCTIONS

POLICY NUMBER: [LS9876543]  
INSURED: [ETHAN ALLEN]  
EFFECTIVE DATE: [JULY 1, 2011]

TABLE OF MONTHLY GUARANTEED MAXIMUM COST OF INSURANCE RATES  
(PER DOLLAR OF MONTHLY DEDUCTION)

ATTAINED	
<u>AGE</u>	<u>RATE</u>
[35	0.0739
36	0.0746
37	0.0753
38	0.0760
39	0.0767
40	0.0774
41	0.0781
42	0.0788
43	0.0795
44	0.0802
45	0.0803
46	0.0825
47	0.0862
48	0.0908
49	0.0951
50	0.0986
51	0.1029
52	0.1074
53	0.1132
54	0.1292
55	0.1487
56	0.1729
57	0.1921
58	0.2131
59	0.2357
60	0.0689
61	0.0629
62	0.0539
63	0.0518
64	0.0608]

# INDEX

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We, Life Insurance Company of the Southwest (the Company), agree to pay the Death Benefit to the Beneficiary, subject to the terms of this policy, when we receive at our Administrative Office due proof that the Insured died while this policy was in force.

## GENERAL TERMS OF THIS POLICY

---

### CONSIDERATION

This policy is issued in consideration of the application and payment of the first premium. We will incur no liability if no premium is paid.

### ENTIRE CONTRACT

On the Effective Date the entire contract between the parties is this policy and a copy of the application and all riders and endorsements which are attached at issue. Any change of this contract must be written and may be made only by one of our authorized officers or registrars. We will send the Owner a copy of any application for a change which we approve. It and any additional Data Section shall become part of this contract on the effective date of such change.

### REPRESENTATIONS

Any statement made by or for the Insured shall be deemed a representation and not a warranty. Unless such statement is in the attached application or in any subsequent application, it shall not be used to:

1. make this policy void; or
2. make any increase in Face Amount void; or
3. make any Reinstatement void; or
4. defend any claim.

### INCONTESTABILITY

After this policy has been in force during the lifetime of the Insured for two years from the Effective Date of the policy, we will not contest it; however,

1. we may contest any increase in Face Amount for which an application is required until such increase has been in force during the lifetime of the Insured for two years from its Effective Date; and
2. we may contest any Reinstatement until such Reinstatement has been in force during the lifetime of the Insured for two years from its Effective Date.

The statement on which the contest will be based shall be material to the risk accepted or hazard assumed by the Company.

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Notwithstanding the above, we may contest your policy at any time if it was procured by fraud, as permitted by law of the state in which your policy was delivered.

#### POLICY EFFECTIVE DATES

The insurance coverage goes into effect on the Effective Date shown in the Data Section.

Any increase in Face Amount for which an application is required shall become effective on the Monthly Policy Date on or next following the date we approve the application for such increase in Face Amount.

Any increase in Face Amount for which an application is not required shall become effective on the Monthly Policy Date on or next following the date we receive the request for such increase unless otherwise provided by the policy.

Any decrease in Face Amount requested shall become effective on the Monthly Policy Date on or next following the date we receive the request for such decrease.

Any Reinstatement of this policy shall become effective on the Monthly Policy Date on or next following the date we approve the application for Reinstatement.

Any change of Death Benefit Option shall become effective on the Monthly Policy Date on or next following the date we receive the request for such change.

#### POLICY MONTHS, YEARS AND ANNIVERSARIES

Policy Months, Years and Anniversaries shall be measured from the Effective Date. The Monthly Policy Date shown in the Data Section occurs on the same day each month or on the last day of any month having no such date. The Effective Date is the first Monthly Policy Date.

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MISSTATEMENT OF  
AGE

The Issue Age shown in the Data Section is the age of the Insured on his or her birthday nearest to the Effective Date. It is based on the date of birth shown in the application.

If the age of the Insured has been misstated, we will adjust the Death Benefit to be the amount it would have been purchased at the correct age in consideration of the most recent Monthly Cost of Insurance by adjusting the Net Amount at Risk by the ratio of the incorrect Monthly Cost of Insurance Rate to the correct Monthly Cost of Insurance Rate. The adjustment shall take effect on the Monthly Policy Date on or next following the date we receive proof to our satisfaction of such misstatement. If the Insured has died, we will adjust the Death Benefit as of the last Monthly Policy Date prior to the Insured's death.

ATTAINED AGE

The Attained Age of the Insured on any date is the Issue Age shown in the Data Section plus the number of Policy Years and Months which have passed since the Effective Date.

PAYMENT OF  
BENEFITS

We will pay all benefits under this policy at our Administrative Office. Before payment of any Death Benefit we may investigate the death.

POSTPONEMENT OF  
BENEFITS

We may delay payment of any amounts which are payable as a result of Cash Surrender or Withdrawal for up to six months after we receive written request in a form satisfactory to us. If we defer such payment for more than 30 days, we will pay interest at a rate not less than the Accumulated Value Interest Rate as shown in the Data Section or as mandated by state law, from the date we receive such request to the date of payment.

We may also delay payment of any amounts which are payable as a result of a Policy Loan, except for loans used to pay premiums into this policy, for up to six months after we receive written request in a form satisfactory to us.

We have the right to postpone payment which is derived from any amount recently paid to us by check or draft, until we are satisfied the check or draft has been paid by the bank or other financial institution on which it is drawn.

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## DEFINITION OF LIFE INSURANCE

In order for the Owner and the Beneficiary to receive the tax treatment accorded to life insurance contracts by Federal law, this policy must initially qualify and continue to qualify as life insurance under Section 7702 of the Internal Revenue Code of 1986 (the Code), as amended, and its rules and regulations. The definition of life insurance test shown in the Data Section is the specific method by which we determine whether your policy meets the definition of life insurance.

We have designed your policy to qualify as a life insurance contract under the Code. We reserve the right to make any reasonable adjustments to the terms or conditions of this policy if it becomes necessary to allow it to qualify as life insurance.

## BASIS OF VALUES

The Cash Surrender Values for this policy are greater than or equal to those required by or pursuant to the NAIC Universal Life Insurance Regulation, model #585. A detailed statement of the method of computing values has been filed in the state in which this policy is delivered.

The Cash Surrender Values are based on the Accumulated Value Interest Rate and Mortality Table shown in the Data Section. For issue ages up to 15, we use guaranteed mortality rates from the Composite tables until Attained Age 15. When the Insured reaches Attained Age 16, we use guaranteed mortality rates from the Nonsmoker table.

The Paid Up Annuity Values, and all tabled values in Payment Options, are based on the 2000 Table for Individual Annuitant Mortality (IAM) and compound interest at a rate of 1.50% per year.

## NOTICES

Unless this policy provides otherwise, any requests for changes or notices:

1. from us to the Owner shall be sent to the last address known to us of the Owner; and
2. from us to an assignee shall be sent to the last address known to us of such assignee; and
3. from the Owner or an assignee to us must be in writing and received by us at our Administrative Office in Montpelier, Vermont.

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## ANNUAL REPORT

At least once each Policy Year we will send a report to the Owner without charge. The report will show, as of its date:

1. the beginning and ending dates of the reporting period; and
2. the Accumulated Value at the beginning and ending of the reporting period; and
3. the Transaction Summary for the reporting period; and
4. the Cash Surrender Value; and
5. any debt to us on this policy; and
6. the current Death Benefit; and
7. a disclosure notice if the policy will not maintain insurance in force until the end of the next reporting period unless further premiums are made.

The report will also show a summary of transactions of the previous year and any information required by law.

## PROJECTION REPORT

The Owner may request, in writing, a report which projects future values and future Death Benefits for this policy. The report will also show any information required by law. One such report will be made available free of charge each year. We may charge a fee for any additional reports requested during that year, such charge not to exceed \$25. The Projection Report will be based on:

1. data the Owner gives us as to Face Amount and premiums; and
2. such assumptions as either the Owner or we specify.

## ROLES IN THIS POLICY

---

### OWNER

The Owner may:

1. exercise the rights under this policy; and
2. assign the policy; and
3. release or discharge the policy; and
4. change the policy if we agree to such change; and
5. enjoy the benefits under this policy.

These actions may be taken without the consent and against the interest of any Beneficiary and any contingent owner. If the Owner cannot change the Beneficiary, these actions may be taken only by the Owner and the Beneficiary jointly. These actions may be taken only while the Insured is alive.

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Changes to Owner designation, unless otherwise specified by the Owner, shall take effect on the date the notice of change is signed by the Owner, subject to any payments made or action taken by us prior to receipt of the notice.

#### BENEFICIARY

The Owner has the right to change the Beneficiary which shall take effect on the date the notice of change is signed by the Owner, subject to any payments made or action taken by the Company prior to receipt of this notice. If the Owner expressly waives this right, no change can be made. Unless later changed, the Beneficiary shall be as stated in the application. The interest of any Beneficiary who dies before the Insured shall vest in the Owner unless otherwise stated.

If used, the term "children" of any person shall include only lawful children born to or legally adopted by that person.

We may rely on an affidavit by any person who in our judgment knows the facts to identify any Beneficiary or payee not specified by name. All our liability shall cease when we pay on the basis of such affidavit.

#### TRUST BENEFICIARY

Unless an authorized officer or registrar of the Company explicitly agrees in writing, the following provision shall apply when a trust is named as Beneficiary.

In no event is the Company responsible for the application or disposition of any proceeds it pays to a Trust Beneficiary. Payment to a Trust Beneficiary is a full discharge of the liability of the Company. If a designated trust provides for successor trustees, the designation in this policy includes successor trustees. Likewise, if the trust allows amendments, the trust, if so amended, remains as a designated Beneficiary.

A Trust Beneficiary is considered to be a Beneficiary who did not survive the Insured if:

1. the trust has been terminated; or
2. the specified testamentary trust does not qualify as such; or
3. for any other reason a Trust Beneficiary is not entitled to any proceeds.

## CHANGE OF BENEFICIARY

If the Owner has the right, a new Beneficiary may be named from time to time during the life of the Insured by filing at our Administrative Office written notice in such form as we may require. When notice is received at our Administrative Office, the change shall take effect on the date the notice is signed by the Owner whether or not the Insured is living at the time of receipt, subject to any payments made or actions taken by the Company prior to receipt of this notice. We will not be liable for any payment we make before receipt of the written notice at our Administrative Office.

## ASSIGNMENTS

We are not responsible for the validity or effect of any assignment of this policy. We will not recognize any assignment until it has been filed at our Administrative Office. When notice is received at our Administrative Office, the change shall take effect on the date the notice is signed by the Owner whether or not the Insured is living at the time of receipt, subject to any payments made or actions taken by the Company prior to receipt of this notice. The interest of any Beneficiary whom the assignor can change and of any contingent owner shall be transferred to the assignee by the terms of any assignment. If the assignee acquires a right to proceeds, they shall be paid in one sum even though a Payment Option may be in effect at the time the assignment was signed.

## SPENDTHRIFT PROVISION

If we receive at our Administrative Office written request by the Owner for this Spendthrift Provision, then, to the extent allowed by law:

1. only the Owner may transfer, anticipate, commute, or encumber the proceeds of this policy; and
2. only legal process against the Owner may affect the proceeds of this policy.

Any proceeds payable after this request is withdrawn by the Owner shall not be affected by this provision.

## PREMIUMS

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### POLICY PROTECTION PERIOD

The Policy Protection Period is shown in the Data Section. An increase in coverage does not initiate a new Policy Protection Period.

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## PAYMENT OF PREMIUMS

The first premium is due on or before the date of issue. This first premium cannot be less than the Minimum Monthly Premium shown in the Data Section.

During the Policy Protection Period the payment of cumulative premiums, in excess of withdrawals and loans, at least equal to the Minimum Monthly Premiums payable since the Effective Date of the policy will keep the policy in force to the next Monthly Policy Date, as long as the Accumulated Value is sufficient to provide for Monthly Deductions. Otherwise, this policy will remain in force as long as the Cash Surrender Value is sufficient to provide for Monthly Deductions.

The Planned Periodic Premiums are the premiums the Applicant has chosen to pay. Planned Periodic Premiums may be paid on an annual, semi-annual, quarterly, or monthly basis. The Owner may change the amount or frequency of such premiums at any time by sending a written notice to us at our Administrative Office. However, we may limit any increase in either amount or frequency.

Premiums in addition to the Planned Periodic Premiums may be necessary to keep this policy and the coverages provided by this policy and any additional benefit riders in force.

We will accept *Unscheduled Premiums*, which are premiums in addition to the Planned Periodic Premiums. We may limit the number and amount of *Unscheduled Premiums* if payment of the premium results in more than a dollar for dollar increase in the Death Benefit.

All premiums are limited by a minimum and a maximum. The minimum is \$25 per premium. The maximum is the greater of:

1. the limit imposed by the Internal Revenue Code for qualifying the policy as Life Insurance for Federal Income Tax purposes; or
2. the amount necessary to keep the policy in force.

We will not accept any premium in excess of the maximum. We will return any premiums not accepted and any interest credited to such premiums to the Owner within 60 days after the end of the Policy Year in which the premiums were received.

The first premium may be paid to us either through our duly authorized agent in exchange for a receipt signed by that agent or at our Administrative Office. All later premiums must be paid to us at our Administrative Office.

## NET PREMIUM

A Net Premium is determined by multiplying a premium received times the difference of 1 minus the Percent of Premium Expense Charge stated in the Data Section.

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## GRACE PERIOD

If on any Monthly Policy Date the Cash Surrender Value is less than the Monthly Deduction on such date, a Grace Period shall start, unless:

1. the policy is within the Policy Protection Period; and
2. the Accumulated Value less any debt to us on this policy is greater than the Monthly Deduction on that date; and
3. the cumulative premiums paid since the policy's Effective Date, less any withdrawals and less any debt to us on this policy, are greater than or equal to the cumulative Minimum Monthly Premiums due since the policy's Effective Date.

A Grace Period shall be 61 days. During a Grace Period this policy shall remain in force.

The premium needed to keep the policy in force beyond a Grace Period which ends during the Policy Protection Period shall equal the greater of (a) or (b) where:

- a) equals the sum of the Minimum Monthly Premiums in effect on the policy over all of the months from the Effective Date of the policy to the start of the Grace Period, plus all withdrawals, plus three times the Minimum Monthly Premium in effect at the beginning of the Grace Period, plus any debt to us on this policy, less all premiums paid; and where
- b) equals the premium which will be sufficient to produce an Accumulated Value, net of policy debt, equal to two times the Monthly Deduction due on the date the Grace Period began.

The premium needed to keep the policy in force beyond a Grace Period which ends after the Policy Protection Period shall be the premium sufficient to produce a Cash Surrender Value equal to three times the Monthly Deduction due on the date the Grace Period began.

We will mail notice of the premium needed to the last known address of the Owner or any assignee of record at least 30 days prior to the termination of coverage. The Owner has the entire Grace Period within which to remit the necessary premium. Any premium sent by U.S. mail shall be postmarked within the Grace Period. If such premium is unpaid on the later of:

1. the first day following the 61-day Grace Period; or
2. the 31<sup>st</sup> day after such notice is sent;

then this policy shall terminate without value.

A Grace Period will not begin solely because payments of Planned Periodic Premiums are discontinued. Whether or not premiums are paid, Monthly Deductions will be made from the Accumulated Value. The terms of this Grace Period provision will determine if and when a Grace Period starts.

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## REINSTATEMENT

If this policy terminates after the end of a Grace Period, it may be reinstated. It must be reinstated on a Monthly Policy Date within five years from the start of such Grace Period and prior to the end of the Premium Payment Period.

For Reinstatement we will require:

1. an application for Reinstatement; and
2. proof to our satisfaction that the Insured is insurable; and
3. payment of an amount determined as follows:
  - a) If Reinstatement occurs during a Policy Protection Period the required payment shall be an amount equal to the premium which will be sufficient to produce an Accumulated Value, net of policy debt, four times the Monthly Deduction due on the date the Grace Period began, or, if greater:
    - i. the sum of the Minimum Monthly Premiums in effect on the policy over all the months from the Effective Date of this policy to the start of the Grace Period; plus
    - ii. all withdrawals; plus
    - iii. three times the Minimum Monthly Premium in effect at the beginning of the Grace Period; plus
    - iv. any debt to us on this policy; less
    - v. all premiums paid.

The above amount not to exceed the premium required to make the Cash Surrender Value sufficient to provide:

- i. two times the Monthly Deduction due on the date the Grace Period began; plus
    - ii. three times the Monthly Deduction due on the date of Reinstatement.
- b) If Reinstatement occurs after the Policy Protection Period or during the Policy Protection Period but the Owner chooses not to reinstate the Policy Protection Period, the required payment shall be a premium which will make the Cash Surrender Value sufficient to provide:
  - i. two times the Monthly Deduction due on the date the Grace Period began; plus
  - ii. three times the Monthly Deduction due on the date of Reinstatement.

We will send the Owner notice of the required payment upon request.

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In the event of Reinstatement:

1. the Accumulated Value of the policy at the time of final lapse will be restored along with the Cash Value available for deductions at the time that the Grace Period began; and
2. the schedule of Surrender Charges for the policy months following the date the Grace Period began shall become the schedule of Surrender Charges for the policy months following the date of Reinstatement; and
3. the schedule of Monthly Expense Charges per Thousand for the policy months following the date the Grace Period began shall become the schedule of Monthly Expense Charges per Thousand for the policy months following the date of Reinstatement; and
4. any Policy Loan that was in force at the time that the Grace Period began may be repaid or may be reinstated.

## DEATH BENEFIT AND POLICY CHANGES

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### DEATH BENEFIT

We will pay the Death Benefit to the Beneficiary when we receive at our Administrative Office due proof that the Insured died while this policy was in force. We will pay the Death Benefit in one sum unless a Payment Option is chosen. If the Death Benefit is paid in one sum, it shall be increased by interest from the date of the Insured's death to the date of payment. We will set the rate of interest at not less than the rate applicable for the funds left on deposit. If the Death Benefit is not paid within 30 days after we receive at our Administrative Office due proof that the Insured died while this policy was in force, the rate of interest shall be 8.00% per year.

### COVERAGE AT AND AFTER AGE 121

If your policy is in force at Attained Age 121, the Face Amount of this policy will be set equal to the Accumulated Value, and the Death Benefit Option will automatically revert to Option A. The Death Benefit Option may not thereafter be changed, and no additional premium will be accepted on this policy. All Monthly Deductions on this policy will cease. The Owner may, however, continue to access the Cash Surrender Value and to make or repay Policy Loans.

You may surrender your policy if you do not want coverage to continue past Attained Age 121.

**Continuing coverage beyond Attained Age 121 may cause your policy to fail to qualify as life insurance under the Internal Revenue Code and you may be subject to adverse tax consequences. You should consult a tax advisor before you choose to continue your policy after Attained Age 121.**

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DEATH BENEFIT  
OPTIONS

The Owner may elect either of two Death Benefit Options, Option A or Option B, for the period prior to the Insured's Attained Age 121. The Death Benefit Option is stated in the Data Section.

**Option A.** Under Option A, the Death Benefit is equal to the greater of:

1. the Face Amount of the policy on the date of the Insured's death; or
2. the Death Benefit Factor shown in the Data Section multiplied by the Accumulated Value on the date of the Insured's death;

less the amount of any Monthly Deductions then due and any debt to us on this policy.

**Option B.** Under Option B, the Death Benefit is equal to the greater of:

1. the Face Amount plus the Accumulated Value of the policy on the date of the Insured's death; or
2. the Death Benefit Factor shown in the Data Section multiplied by the Accumulated Value on the date of the Insured's death;

less the amount of any Monthly Deductions then due and any debt to us on this policy.

CHANGES IN FACE  
AMOUNT AND  
DEATH BENEFIT  
OPTION

The Owner may request any of the following changes. We will make a change subject to the conditions stated. These changes may be made only while the Insured is living and after the first Policy Anniversary. We will send the Owner a revised or additional Data Section if any of these changes is made.

**Face Amount Increases.** We will require an application from the Owner and proof to our satisfaction that the Insured is then insurable. An increase in Face Amount must satisfy the Minimum Coverage Amount requirements of the policy and must be initiated before the end of Attained Age 85 and shall be effective upon the Monthly Policy Date on or next following our approval.

Each increase in Face Amount will have its own coverage segment that has its own Monthly Cost of Insurance charges, Monthly Expense Charge Per Thousand, and Surrender Charges, as well as new incontestability and suicide exclusion periods.

**Face Amount Decreases.** We will require a written request from the Owner. A decrease in Face Amount shall be effective upon the Monthly Policy Date on or next following our receipt of the request.

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Decreases shall not be permitted which would reduce the sum of the Face Amount plus the Sums Insured of any riders for Additional Protection Benefit attached to this policy to less than any of the following:

1. the minimum insurance amount for which the policy would qualify as "Life Insurance" for Federal Income Tax purposes under the Internal Revenue Code; or
2. the Minimum Coverage Amount shown in the Data Section; or
3. 75% of the largest sum of the Face Amount plus the Sums Insured of any Riders for Additional Protection Benefit attached to this policy in force at any time in the twelve policy months prior to our receipt of the request. This restriction applies only during the first nine Policy Years.

A decrease in total insurance coverage shall apply in the following order:

1. first, to any increases in Face Amount or to the addition of any rider for Additional Protection Benefit providing coverage on the life of the Insured, in the reverse order in which they were made;
2. second, to the Face Amount on the Date of Issue.

If both an increase in Face Amount and the addition of a rider for Additional Protection Benefit providing coverage on the life of the Insured became effective on the same date, a decrease in total insurance coverage made effective on that date shall apply in the following order:

1. first, to any increase in total insurance coverage resulting from the addition of a Rider for Additional Protection Benefit providing coverage on the life of the Primary Insured;
2. second, to any increase in Face Amount;
3. third, to the Face Amount on the Date of Issue.

**Death Benefit Option Changes.**The Death Benefit Option may be changed once each Policy Year after the first Policy Anniversary prior to the Insured's Attained Age 121. We will require a written request from the Owner. A change will be effective on any Monthly Policy Date requested. The change may be made only if after such change the policy would qualify as "Life Insurance" for Federal Income Tax purposes under the Internal Revenue Code. The Minimum Monthly Premium will be recomputed to reflect the change in Options.

1. Upon a change from Option A to Option B, the Face Amount shall decrease by an amount equal to the Accumulated Value of the policy just prior to the Effective Date of the change. However, the change may be made only if after such change the Face Amount would not be less than the Minimum Coverage Amount shown in the Data Section.
2. Upon a change from Option B to Option A, the Face Amount shall increase by an amount equal to the Accumulated Value just prior to the Effective Date of the change. No additional Surrender Charges shall be imposed solely because of this change.

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## SUICIDE LIMITATION

If the Insured dies within two years of the Effective Date as the result of suicide, while sane or insane, we will pay only a sum equal to:

1. the premiums paid; less
2. any withdrawals made; less
3. any debt to us on this policy.

A similar two-year period shall apply to any increase in Face Amount for which an application is required. Such period shall begin on the Effective Date of any such increase. During such period if the Insured dies as the result of suicide, while sane or insane, we will pay, in lieu of any such increase in Face Amount, only a sum equal to the Cost of Insurance that we have deducted from the Accumulated Value for such increase.

This policy shall immediately terminate on such death by suicide. Payment will be made to the Beneficiary.

## INTEREST CREDITING STRATEGIES

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Accumulated Value in this policy is apportioned into one or more segments distinguished by their interest crediting strategies. Interest is nonforfeitable after crediting except indirectly due to surrender charges. The rates of interest will never be less than the Accumulated Value Interest Rate shown in the Data Section.

Interest crediting strategies are discussed in the rider that is attached to this policy which is entitled "Interest Crediting Strategies Rider."

## POLICY VALUES

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### ACCUMULATED VALUE

The Accumulated Value on the policy Effective Date is the initial Net Premium minus the initial Monthly Deduction.

The Accumulated Value on any other date is equal to the sum of the values in all interest crediting strategies and the value of any loan collateral account. Upon termination of the policy, however, the Accumulated Value will be no less than the accumulation at the Accumulated Value Interest Rate shown in the Data Section of Net Premiums minus Monthly Deductions minus Withdrawals.

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## MONTHLY DEDUCTION

The Monthly Deduction due on a Monthly Policy Date shall be the Monthly Cost of Insurance, plus the Monthly Expense Charge Per Thousand, plus the Monthly Policy Fee, plus the Monthly Percent of Accumulated Value Charge, plus the monthly cost of any additional benefit riders in force on this policy.

Monthly Deductions will be taken from the Accumulated Value on the Monthly Policy Date.

## MONTHLY COST OF INSURANCE

The Monthly Cost of Insurance shall be based on the risk classification and duration of this policy, and the Insured's Issue Age.

The Monthly Cost of Insurance for a given policy is equal to the applicable Monthly Cost of Insurance Rate multiplied by the Net Amount at Risk.

The Net Amount at Risk is the excess of:

1. the Death Benefit plus any debt to us on such date, divided by the sum 1 plus the monthly Accumulated Value Interest Rate shown in the Data Section; over
2. the Accumulated Value of this policy on such date.

We may change the Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to, investment earnings, mortality, persistency, taxes and expenses. Any change in the Cost of Insurance rates shall apply to all policies of the same size and duration, insuring persons of the same Issue Age and risk classification as the Insured. The Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the Data Section. These rates are based on the Mortality Table named in the Data Section.

# CASH SURRENDER AND WITHDRAWALS

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## CASH SURRENDER VALUE

The Owner may, by written request to us, surrender this policy while the Insured is living for its Cash Surrender Value. We may require that the policy be returned to us. When this policy has been surrendered, it shall be null and void and all rights shall cease.

The Cash Surrender Value on any day shall be equal to:

1. the Accumulated Value on such day; less
2. any Surrender Charge which applies on such day; less
3. any debt to us on this policy.

The Surrender Charges are shown in the Data Section.

## WITHDRAWALS

After the first Policy Anniversary and prior to the last day of the Premium Payment Period, the Owner may make withdrawals by written request to us. Withdrawals shall be subject to all of the following terms.

1. Withdrawals may be made only on a Monthly Policy Date which follows receipt of such request.
2. The amount withdrawn may not be less than the Minimum Withdrawal Amount shown in the Data Section.
3. For each withdrawal made, a Withdrawal Fee may be assessed not to exceed the Maximum Withdrawal Fee shown in the Data Section.
4. The amount withdrawn may not exceed the Cash Surrender Value on the Monthly Policy Date less three times the Monthly Deduction due on the most recent policy Date.
5. If Death Benefit Option A is in effect on the date of the withdrawal, the Face Amount of the policy will be reduced by an amount equal to the amount of the withdrawal plus the Withdrawal Fee.
6. A withdrawal will not be allowed if it will reduce the Face Amount below the minimum Face Amount for the policy or if it would cause the policy to no longer qualify as Life Insurance for Federal Income Tax purposes.
7. The Accumulated Value will be decreased by the amount of the withdrawal plus the Withdrawal Fee from the interest crediting strategies as described in the Interest Crediting Strategies Rider attached to this policy.

Withdrawals, including the Withdrawal Fee, are subtracted from the Accumulated Value.

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GENERAL CASH  
SURRENDER VALUE  
AND WITHDRAWAL  
TERMS

We may delay payment of any amounts which are payable as a result of Cash Surrender or Withdrawal. Please refer to the Postponement of Benefits provision.

## POLICY LOANS

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### POLICY LOANS

We will loan an amount up to the Loan Value of the policy less the amount of any outstanding debt, at any time after the first Policy Year. At the time of the loan the policy must be in force. The policy shall be the sole security for the loan and must be duly assigned to us.

Two policy loan options are available with this policy: a Fixed Net Cost Loan and a Variable Net Cost Loan. The loan option is selected at the time a loan is taken, and all outstanding loans must use the same loan option. The Owner may change the loan option only on a Policy Anniversary.

### LOAN VALUE

The Loan Value on any day is equal to:

1. the Accumulated Value on such day; less
2. the Surrender Charge on such day, if applicable; less
3. three times the Monthly Deductions due on the most recent prior Monthly Policy Date.

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## LOAN INTEREST RATE

Any loan shall bear interest from the date the loan is made. The Loan Interest Rate may change from Policy Year to Policy Year.

The Loan Interest Rate on the Effective Date of the policy is stated in the Data Section. Such rate shall apply to any debt to us on this policy until the rate is changed by us. We may change the Loan Interest Rate only on a Policy Anniversary, after which the changed rate will apply to any new or existing debt to us on the policy. The Loan Interest Rate is subject to a minimum annual interest rate of 3.00% and shall not exceed the Maximum Rate allowed. The Maximum Rate allowed is the greater of:

1. the Published Monthly Average for the calendar month ending two months before the calendar month in which the Policy Anniversary occurs; or
2. the yearly Accumulated Value Interest Rate shown in the Data Section plus 1%.

The Published Monthly Average shall be the Moody's Corporate Bond Yield Average - Monthly Average Corporates, as published by Moody's Investors Service, Inc., or any successor to it. If at any time that Published Monthly Average is no longer published, a substantially similar average, established under the law of the state where this policy was delivered, shall be used.

If on any Policy Anniversary the Maximum Rate then allowed is at least 0.50% per year less than the Loan Interest Rate in effect for this policy during the prior Policy Year, we will decrease the Loan Interest Rate for this policy. If on any Policy Anniversary the Maximum Rate then allowed is at least 0.50% per year more than the Loan Interest Rate in effect on this policy during the prior Policy Year, we may increase such Loan Interest Rate. If increased, it shall be increased to a rate not greater than the Maximum Rate then allowed.

We will give to the Owner:

1. notice of the Loan Interest Rate in effect for this policy at the time a loan is made; and
2. at least 30 days' advance notice of any increase in the Loan Interest Rate, if there is any debt to us on this policy.

In no event shall the Loan Interest Rate exceed the highest loan interest rate allowed by law of the state in which this policy is delivered.

## FIXED NET COST LOAN

Accumulated Value in the amount of the Fixed Net Cost Loan plus any unpaid loan interest will be removed from the interest crediting strategies as described in the Interest Crediting Strategies Rider attached to this policy.

The Accumulated Value removed from the interest crediting strategies to establish a Loan Collateral Account will be held apart from other Accumulated Value in this policy and may be credited interest at a different rate than that of other Accumulated Value in the policy. For the first ten Policy Years it will be credited interest at a rate 1.25% lower than the Loan Interest Rate. In the eleventh and later Policy Years the interest rate charged for a Fixed Net Cost Loan and the interest rate credited to the Loan Collateral Account will be equal and the same as the Loan Interest Rate.

Repayments of the loan, including payments of loan interest, will be applied to the outstanding loan balance, and the amount repaid will be deposited into the Basic Strategy. The Basic Strategy is described in the Interest Crediting Strategies Rider attached to this policy. The amount of Accumulated Value held in the Loan Collateral Account will be reduced by the amount of the repayment.

## VARIABLE NET COST LOAN

Accumulated Value is not removed from the interest crediting strategies if a Variable Net Cost Loan is taken. All Accumulated Value in this policy will continue to earn interest or Index Earnings as stated in the Interest Crediting Strategies Rider attached to this policy.

A Variable Net Cost Loan will be charged interest at the Loan Interest Rate. There is no fixed relationship between the interest credited to Accumulated Value in this policy and the interest assessed on a Variable Net Cost Loan.

## GENERAL LOAN TERMS

After the loan is made, loan interest shall be due on the next and all later Policy Anniversaries. If any interest is not paid when due, it shall be added to the loan and bear interest on the same terms.

The debt secured by this policy includes loans, unpaid loan interest and accrued loan interest not otherwise due.

All or any part of the debt may be paid to us at any time prior to:

1. the death of the Insured; and
2. surrender of the policy.

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However, during a Grace Period the debt may not be repaid. Unless the Owner specifies, any payment to us shall be deemed a premium payment and not payment of the debt. At the death of the Insured or upon the surrender of the policy, all debt shall become due at once. It shall be paid from the policy values.

We may delay payment of any amounts which are payable as a result of a Policy Loan. Please refer to the Postponement of Benefits provision.

## PAYMENT OPTIONS

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In lieu of a lump sum settlement, all or part of the proceeds of this policy may be applied under a Payment Option. When proceeds are applied under a Payment Option, all other rights and benefits under this policy shall cease.

In addition to the following options, other payment options may be available.

### OPTION EFFECTIVE DATE

The Option Effective Date is the date the proceeds become payable.

### GENERAL PAYMENT OPTION TERMS

If the proceeds to be placed under a Payment Option are less than \$5,000, we may pay them in one sum to the payee who otherwise would receive the first payment under the option. If any payments would be less than \$100, we will change the frequency to provide payments of at least \$100.

If the proceeds are assigned on the Option Effective Date, we will pay the assignee's share in one sum and place only the balance under the option. After the Option Effective Date neither the payments nor the remaining value may be assigned or encumbered. To the extent the law permits, they are not subject to any claims against the payee.

We may require proof to our satisfaction that any payee is alive on the date any payment is due.

CHOICE OF  
OPTION

Choice of an option may be made:

1. by the Owner if the Insured is living; or
2. by the Beneficiary if the Insured is not living and if no option is in effect.

Equivalent payments for 12-, 6-, 3-, or 1-month intervals may be chosen. The options are described in terms of monthly payments. We will quote the amount of other payments on request.

We may issue a document stating the terms of the option.

CHANGE OF  
PAYMENT OPTION

The right to change Payment Options exists under Options 1, 2, and 4. At the time of change the remaining value under the old option shall become the proceeds to be placed under the new option.

LUMP SUM  
REMOVAL OF  
PROCEEDS APPLIED  
UNDER A PAYMENT  
OPTION

Lump sum payments may be taken from the remaining proceeds placed under Payment Options 1, 2, and 4.

Under Options 1 and 4 all or any part of the remaining value may be taken at any time, though no more than four transactions may be made during any calendar year.

Under Option 2 the entire remaining value may be taken at any time.

No lump sum removal of proceeds may be made under Options 3, 5, 6, or 7.

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OPTION 1  
-PAYMENT OF  
INTEREST ONLY

Interest at a rate of 1.50% per year shall be paid either for:

1. the life of a chosen human being; or
2. a chosen period.

We may pay more interest in any given year. Upon the earlier of the death of the chosen human being or the end of the chosen period, any remaining value will be paid. The first payment shall be made one month after the Option Effective Date. If the payee is not a human being, payments may not continue for more than 30 years.

OPTION 2  
-PAYMENTS FOR A  
STATED TIME

Equal monthly payments shall be made for a stated number of years. The first payment shall be made on the Option Effective Date. The amount of each monthly payment is shown in the table. The monthly payments are based on an interest rate of 1.50% per year. We may pay more interest in any year.

Option 2 Table  
 Monthly Payments for Each \$1,000 of Proceeds

Stated Number of Years	Monthly Payments
5	17.28
6	14.51
7	12.53
8	11.04
9	9.89
10	8.96
11	8.21
12	7.58
13	7.05
14	6.59
15	6.20
16	5.85
17	5.55
18	5.27
19	5.03
20	4.81
21	4.62
22	4.44
23	4.28
24	4.13
25	3.99
26	3.86
27	3.75
28	3.64
29	3.54
30	3.44

OPTION 3  
 -PAYMENTS FOR  
 LIFE

Equal monthly payments shall be made for any guaranteed period chosen and thereafter during the life of a chosen human being. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the age of the chosen human being on the Option Effective Date and on any guaranteed period chosen. We may require proof to our satisfaction of such age. We may require like proof that such human being is alive on the date any payment is due. The guaranteed period may be five or ten years or a Refund period. A Refund period extends until the sum of the payments is equal to the proceeds placed under the option. The monthly payments are based on an interest rate of 1.50% per year. We may pay more interest in any year during the guaranteed period. We will quote the amount of monthly payments for lower ages and guaranteed periods not shown in the Option 3 Table on request.

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Option 3 Table  
 Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Guaranteed Period

Age	None	10 Years	Refund
50	\$3.10	\$3.08	\$2.92
51	3.16	3.14	2.97
52	3.23	3.21	3.03
53	3.30	3.28	3.08
54	3.37	3.35	3.14
55	3.45	3.43	3.20
56	3.53	3.50	3.26
57	3.62	3.59	3.33
58	3.71	3.68	3.39
59	3.81	3.77	3.46
60	3.92	3.87	3.54
61	4.03	3.97	3.62
62	4.15	4.08	3.70
63	4.27	4.19	3.79
64	4.41	4.31	3.88
65	4.55	4.44	3.97
66	4.70	4.57	4.07
67	4.86	4.71	4.17
68	5.04	4.86	4.28
69	5.22	5.01	4.40
70	5.42	5.17	4.52
71	5.63	5.33	4.64
72	5.86	5.51	4.78
73	6.11	5.69	4.93
74	6.38	5.87	5.08
75	6.66	6.06	5.22
76	6.97	6.25	5.39
77	7.30	6.45	5.57
78	7.65	6.65	5.75
79	8.04	6.84	5.93
80	8.45	7.04	6.15
81	8.90	7.23	6.37
82	9.38	7.41	6.59
83	9.90	7.59	6.85
84	10.46	7.75	7.06
85+	11.07	7.91	7.36

+ Higher ages the same

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OPTION 4  
-PAYMENTS OF A  
STATED AMOUNT

Equal monthly payments of a stated amount shall be made until the proceeds, with interest at 1.50% per year on the unpaid balance, are used up. The first payment shall be made on the Option Effective Date. The amount chosen must be at least \$10 per month for each \$1,000 of proceeds placed under this option. We may add more interest to the unpaid balance in any year, which will extend the number of payments. The last payment will be for the balance only.

OPTION 5 - LIFE  
ANNUITY

Equal monthly payments shall be made in the same manner as Option 3 except:

1. the amount of each payment shall be based on our current settlement rates on the Option Effective Date; and
2. no additional interest shall be paid.

OPTION 6 - JOINT  
AND TWO-THIRDS  
ANNUITY

Equal monthly payments shall be made while two chosen human beings are both living. Upon the death of either, two-thirds of the amount of such payments shall continue during the life of the survivor. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the ages of the chosen human beings on the Option Effective Date. We may require proof to our satisfaction of their ages. We may require like proof that any chosen human being is alive on the date any payment conditioned on the life of such human being is due. The initial amount of each monthly payment is shown in the table. We will quote the amount of monthly payments for any other age combination on request. The monthly payments are based on an interest rate of 1.50% per year. No additional interest shall be paid.

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Option 6 Table  
Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Ages of Both	Initial Monthly Payment	Ages of Both	Initial Monthly Payment
50	\$2.95	68	\$4.68
51	3.01	69	4.84
52	3.07	70	5.02
53	3.14	71	5.20
54	3.20	72	5.40
55	3.27	73	5.62
56	3.35	74	5.85
57	3.43	75	6.10
58	3.51	76	6.36
59	3.60	77	6.65
60	3.69	78	6.96
61	3.79	79	7.29
62	3.89	80	7.65
63	4.00	81	8.03
64	4.12	82	8.45
65	4.25	83	8.90
66	4.38	84	9.38
67	4.52	85+	9.90

+ Higher ages the same

OPTION 7 - 50%  
SURVIVOR  
ANNUITY

Equal monthly payments shall be made during the life of the chosen primary human being. Upon the death of the chosen primary human being, 50% of the amount of such payments shall continue during the life of the chosen secondary human being. The first payment shall be made on the Option Effective Date. The amount of each monthly payment depends on the ages of the chosen human beings on the Option Effective Date. We may require proof to our satisfaction of their ages. We may require like proof that any chosen human being is alive on the date any payment conditioned on the life of such human being is due. The initial amount of each monthly payment is shown in the table. We will quote the amount of monthly payments for any other age combination on request. The monthly payments are based on an interest rate of 1.50% per year. No additional interest shall be paid.

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Option 7 Table  
 Monthly Payments for Each \$1,000 of Proceeds

(Amounts shown are for the age nearest birthday on the Option Effective Date)

Ages of Both	Initial Monthly Payment	Ages of Both	Initial Monthly Payment
50	\$2.89	68	\$4.52
51	2.94	69	4.67
52	3.00	70	4.83
53	3.06	71	5.01
54	3.12	72	5.20
55	3.19	73	5.40
56	3.26	74	5.62
57	3.34	75	5.85
58	3.41	76	6.10
59	3.50	77	6.37
60	3.59	78	6.66
61	3.68	79	6.97
62	3.78	80	7.30
63	3.88	81	7.66
64	3.99	82	8.05
65	4.11	83	8.47
66	4.24	84	8.92
67	4.37	85+	9.40

+ Higher ages the same

Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option. Unisex Version. Flexible premiums are payable through the end of the Premium Payment Period or until the prior death of the Insured. The adjustable Death Benefit is payable upon the death of the Insured. This policy is nonparticipating. Although the policy values may be affected by an external index, the policy does not directly participate in any stock or equity investment.

## LIFE INSURANCE COMPANY OF THE SOUTHWEST

ADMINISTRATIVE OFFICE: ONE NATIONAL LIFE DRIVE, MONTPELIER, VERMONT 05604  
HOME OFFICE: 15455 DALLAS PARKWAY, SUITE 800, ADDISON, TEXAS, 75001

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## ADDITIONAL PROTECTION BENEFIT RIDER

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We, Life Insurance Company of the Southwest (the Company), will pay the Additional Protection Benefit, subject to the terms of this rider, in addition to the Death Benefit of the policy, when we receive at our Administrative Office due proof that the Insured died while this rider was in force.

The sum of the Face Amount provided by the base policy and the Sum Insured provided by this rider is the total Face Amount of the policy.

### ADDITIONAL PROTECTION BENEFIT

Under Option A, the Additional Protection Benefit shall be the rider Sum Insured stated in the rider Data Section less any excess of the policy Death Benefit Standard over the policy Face Amount on the date of the Insured's death, but not less than zero.

Under Option B, the Additional Protection Benefit shall be the rider Sum Insured stated in the rider Data Section less any excess, of the policy Death Benefit Standard over:

1. the policy Face Amount on the date of the Insured's death; plus
2. the Accumulated Value of the policy on the date of the Insured's death;

but not less than zero.

We will pay the Additional Protection Benefit to the Beneficiary when we receive at our Administrative Office due proof that the Insured died while this rider was in force. We will pay the Additional Protection Benefit in one sum unless a Payment Option, as described in the policy to which this rider is attached, is chosen. If the Additional Protection Benefit is paid in one sum, it shall be increased by interest as described in the policy to which this rider is attached.

If the Additional Protection Benefit is not paid within 30 days after we receive at our Administrative Office due proof that the Insured died while this rider was in force, the rate of interest shall be 8% per year.

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COST OF  
ADDITIONAL  
PROTECTION  
BENEFIT

The cost of the Additional Protection Benefit shall be based on the risk classification and duration of this rider, and the Insured's sex and Issue Age.

On any Monthly Policy Date, the Monthly Cost of Insurance shall be:

1. the applicable Monthly Cost of Insurance Rate; multiplied by
2. the Additional Protection Benefit on such date, divided by the sum of 1 plus the monthly Accumulated Value Interest Rate shown in the rider's Data Section.

We may change the Monthly Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to, investment earnings, mortality, persistency, taxes and expenses. Any change in the Monthly Cost of Insurance rates shall apply to all riders of the same size and duration, insuring persons of the same sex, Issue Age, and risk classification as the Insured. The Monthly Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the Data Section. These rates are based on the Mortality Table named in the Data Section.

SUM INSURED  
DECREASES

The Owner may request that the Sum Insured be decreased. Such decreases will be performed subject to the terms of the Face Amount Decreases provision of the base policy to which this rider is attached.

CONSIDERATION

This rider is issued in consideration of the application for this rider and assessment of a monthly cost of the rider. The rider and a copy of the application for the rider are attached to and made a part of the policy.

INCONTESTABILITY

For purposes of Incontestability, this rider shall be treated the same as described in the policy to which this rider is attached.

BASIS OF VALUES

The Basis of Values for this rider will be the same as those described in the policy to which this rider is attached.

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*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

REINSTATEMENT

If this rider is in force at the time of policy lapse, it may be reinstated upon policy reinstatement.

ACCELERATION  
LIMITATION

If the policy to which this rider is attached is accelerated through the use of an Accelerated Benefits Rider, we will limit the amount eligible for acceleration. At the time of initial acceleration, this limit is equal to the total Death Benefit minus 50% of the Sum Insured under this rider. The benefit limits stated in the Accelerated Benefits Rider will remain applicable.

SUICIDE  
LIMITATION

If the Insured dies within two years of the effective date of this rider as the result of suicide, while sane or insane, we will pay only the sum set forth in the Suicide Limitation provision of the policy. Payment will be made to the Beneficiary.

TERMINATION

This rider shall terminate on the earliest of:

1. the date the policy to which this rider is attached terminates; or
2. any Monthly Policy Date requested, if before that date we receive at our Administrative Office the Owner's written request for termination.

When this rider terminates:

1. all rights under this rider shall cease; and
2. there shall be no further monthly costs for this rider; and
3. the policy will be considered separate and complete without this rider.

EFFECTIVE DATE

The effective date of this rider is the policy Effective Date unless a different date is indicated in the rider's Data Section.

Signed for Life Insurance Company of the Southwest at Addison, Texas, by

  
Secretary

*Life Insurance Company of the Southwest*  
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## ADDITIONAL PROTECTION BENEFIT RIDER

---

We, Life Insurance Company of the Southwest (the Company), will pay the Additional Protection Benefit, subject to the terms of this rider, in addition to the Death Benefit of the policy, when we receive at our Administrative Office due proof that the Insured died while this rider was in force.

The sum of the Face Amount provided by the base policy and the Sum Insured provided by this rider is the total Face Amount of the policy.

### ADDITIONAL PROTECTION BENEFIT

Under Option A, the Additional Protection Benefit shall be the rider Sum Insured stated in the rider Data Section less any excess of the policy Death Benefit Standard over the policy Face Amount on the date of the Insured's death, but not less than zero.

Under Option B, the Additional Protection Benefit shall be the rider Sum Insured stated in the rider Data Section less any excess, of the policy Death Benefit Standard over:

1. the policy Face Amount on the date of the Insured's death; plus
2. the Accumulated Value of the policy on the date of the Insured's death;

but not less than zero.

We will pay the Additional Protection Benefit to the Beneficiary when we receive at our Administrative Office due proof that the Insured died while this rider was in force. We will pay the Additional Protection Benefit in one sum unless a Payment Option, as described in the policy to which this rider is attached, is chosen. If the Additional Protection Benefit is paid in one sum, it shall be increased by interest as described in the policy to which this rider is attached.

If the Additional Protection Benefit is not paid within 30 days after we receive at our Administrative Office due proof that the Insured died while this rider was in force, the rate of interest shall be 8% per year.

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COST OF  
ADDITIONAL  
PROTECTION  
BENEFIT

The cost of the Additional Protection Benefit shall be based on the risk classification and duration of this rider, and the Insured's Issue Age.

On any Monthly Policy Date, the Monthly Cost of Insurance shall be:

1. the applicable Monthly Cost of Insurance Rate; multiplied by
2. the Additional Protection Benefit on such date, divided by the sum of 1 plus the monthly Accumulated Value Interest Rate shown in the rider's Data Section.

We may change the Monthly Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to, investment earnings, mortality, persistency, taxes and expenses. Any change in the Monthly Cost of Insurance rates shall apply to all riders of the same size and duration, insuring persons of the same Issue Age, and risk classification as the Insured. The Monthly Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the Data Section. These rates are based on the Mortality Table named in the Data Section.

SUM INSURED  
DECREASES

The Owner may request that the Sum Insured be decreased. Such decreases will be performed subject to the terms of the Face Amount Decreases provision of the base policy to which this rider is attached.

CONSIDERATION

This rider is issued in consideration of the application for this rider and assessment of a monthly cost of the rider. The rider and a copy of the application for the rider are attached to and made a part of the policy.

INCONTESTABILITY

For purposes of Incontestability, this rider shall be treated the same as described in the policy to which this rider is attached.

BASIS OF VALUES

The Basis of Values for this rider will be the same as those described in the policy to which this rider is attached.

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#### REINSTATEMENT

If this rider is in force at the time of policy lapse, it may be reinstated upon policy reinstatement.

#### ACCELERATION LIMITATION

If the policy to which this rider is attached is accelerated through the use of an Accelerated Benefits Rider, we will limit the amount eligible for acceleration. At the time of initial acceleration, this limit is equal to the total Death Benefit minus 50% of the Sum Insured under this rider. The benefit limits stated in the Accelerated Benefits Rider will remain applicable.

#### SUICIDE LIMITATION

If the Insured dies within two years of the effective date of this rider as the result of suicide, while sane or insane, we will pay only the sum set forth in the Suicide Limitation provision of the policy. Payment will be made to the Beneficiary.

#### TERMINATION

This rider shall terminate on the earliest of:

1. the date the policy to which this rider is attached terminates; or
2. any Monthly Policy Date requested, if before that date we receive at our Administrative Office the Owner's written request for termination.

When this rider terminates:

1. all rights under this rider shall cease; and
2. there shall be no further monthly costs for this rider; and
3. the policy will be considered separate and complete without this rider.

#### EFFECTIVE DATE

The effective date of this rider is the policy Effective Date unless a different date is indicated in the rider's Data Section.

Signed for Life Insurance Company of the Southwest at Addison, Texas, by

  
Secretary

*Life Insurance Company of the Southwest*  
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## BALANCE SHEET BENEFIT RIDER

---

Subject to the terms of this rider, we, Life Insurance Company of the Southwest (the Company), will waive a percentage of Surrender Charges associated with the policy to which this rider is attached. The Percentage of Surrender Charges to be Waived is shown in the rider Data Section. This percentage was elected at time of policy issue and cannot be changed. The Surrender Charges schedule shown in the policy Data Section reflects the impact of this rider.

The Percentage of Surrender Charges to be Waived will apply to all increases in Face Amount, with the exception of any increases made by an Additional Protection Benefit Rider.

The effective date of this rider is the Effective Date of the policy.

### RIDER COST

The Monthly Balance Sheet Benefit Rider Rates are shown in the rider Data Section. Monthly Deductions from the Accumulated Value of the policy will be assessed for this rider according to the terms of the policy to which this rider is attached.

### CONSIDERATION

This rider is issued in consideration of the application for this rider and assessment of a monthly cost of the rider. The rider and a copy of the application for the rider are attached to and made a part of the policy.

### INCONTESTABILITY

After this rider has been in force during the lifetime of the Insured for two years from its effective date, we will not contest it.

### REINSTATEMENT

If this rider is in force at the time of policy lapse, it may be reinstated upon policy Reinstatement. The schedule of Monthly Balance Sheet Benefit Rider Rates for the policy months following the date the Grace Period began shall become the schedule of Monthly Balance Sheet Benefit Rider Rates for the policy months following the date of Reinstatement.

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## TERMINATION

This rider shall terminate on the earliest of:

1. the date that the policy to which this rider is attached terminates; or
2. the Monthly Policy Date following the receipt of the Owner's written request to terminate this rider.

When this rider terminates:

1. all rights under this rider shall cease; and
2. there shall be no further monthly costs for this rider; and
3. the policy shall be considered separate and complete without this rider; and
4. surrender charges for the policy will be restated and a new Data Section will be provided to the Owner.

Signed for Life Insurance Company of the Southwest at Addison, Texas, by

  
Secretary

*Life Insurance Company of the Southwest*

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# DEATH BENEFIT PROTECTION RIDER

---

We, Life Insurance Company of the Southwest (the Company), guarantee that the policy will remain in force as long as the Conditions of this Rider are met. This guarantee ensures that a Death Benefit will be payable under the policy for as long as this rider remains in force.

The effective date of this rider is the Effective Date of the policy.

## MONTHLY GUARANTEE PREMIUM

The Monthly Guarantee Premium specific to this rider is stated in the Data Section. It is subject to change upon increases or decreases in Face Amount, and additions or deletions of rider coverages.

## CONDITIONS OF THIS RIDER

The Death Benefit Protection Period is shown in the Data Section. During the Death Benefit Protection Period, to keep this rider in force, the accumulation of premiums paid, net of the accumulation of withdrawals taken, and net of any debt must, on each Monthly Policy Date equal at least the accumulated Monthly Guarantee Premiums in effect on each Monthly Policy Date since the Date of Issue. Compliance with this condition will be determined on every Monthly Policy Date during the Death Benefit Protection Period.

Premiums paid and withdrawals made will be accumulated with interest from the date of each premium payment or withdrawal (or from the Monthly Policy Date immediately preceding such date if the premium payment or withdrawal is not made on a Monthly Policy Date) to the Monthly Policy Date on which the evaluation is being made. The Monthly Guarantee Premiums in effect on each prior Monthly Policy Date will similarly be accumulated with interest to the same Monthly Policy Date. The interest rate used in these accumulations will be the Death Benefit Protection Interest Rate shown in the Data Section.

## INTERACTION WITH WAIVER BENEFITS

A Rider for Waiver of Monthly Deductions will be administered as follows:

1. the Monthly Guarantee Premiums due while Monthly Deductions are being waived according to the terms of the Rider for Waiver of Monthly Deductions will be set equal to zero; and
2. when a period during which Monthly Deductions are waived ends, the Monthly Guarantee Premium will revert to the value at the start of that period.

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Monthly Guarantee Premiums due while the Company is crediting Monthly Specified Premiums to the policy according to the terms of a Waiver of Specified Premium Rider attached to the policy will be set equal to those Monthly Specified Premiums being credited.

#### IMPACT OF WITHDRAWALS AND POLICY LOANS

Withdrawals and policy loans taken against the policy will impact the calculation described in the Conditions of this Rider. If a withdrawal made or a policy loan taken against the policy leaves the policy out of compliance with the Conditions of this Rider, a Notice of Pending Termination of this Rider will be sent to the Owner.

#### DEFINITION OF LIFE INSURANCE

In order for the Owner and the Beneficiary to receive the tax treatment accorded to life insurance contracts by Federal law, the policy to which this rider is attached must initially qualify and continue to qualify as life insurance under Section 7702 of the Internal Revenue Code of 1986 ("the Code" ), as amended, and its rules and regulations. The Definition of Life Insurance Test shown in the policy Data Section is the specific method by which we determine whether your policy meets the Definition of Life Insurance.

A premium will not be accepted which would cause the policy to which this rider is attached to violate the Definition of Life Insurance as defined in the above paragraph. If the minimum premium necessary to satisfy the Conditions of this Rider cannot be paid due to the Definition of Life Insurance premium limitations, this rider will terminate.

#### SUSPENSION OF MONTHLY DEDUCTIONS

If, while this rider is in force, the Cash Surrender Value of the policy is not sufficient to cover the Monthly Deductions, Monthly Deductions will be deducted from the Accumulated Value until the Accumulated Value is exhausted, and will thereafter be deferred until such time as the policy has positive Accumulated Value. Monthly Deductions in arrears will not be accumulated with interest.

Upon the death of the Insured, we will waive any Monthly Deductions then in arrears. Otherwise, Monthly Deductions in arrears will be due from policy values upon termination of this rider.

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SUICIDE  
LIMITATION

If the Insured dies within two years of the Effective Date of this rider as the result of suicide, while sane or insane, we will pay only the sum set forth in the Suicide Limitation provision of the policy. Payment will be made to the Beneficiary.

INCONTESTABILITY

After this rider has been in force during the life of the Insured for two years from its Effective Date, we will not contest it.

The statement on which the contest will be based shall be material to the risk accepted or hazard assumed by the Company.

Notwithstanding the above, we may contest your policy at any time if it was procured by fraud, as permitted by law of the state in which your policy was delivered.

CONSIDERATION

This rider is issued in consideration of the application for this rider. This rider and a copy of the application for this rider will become part of the policy on its Effective Date.

NOTICE OF  
PENDING  
TERMINATION OF  
THIS RIDER

If on any Monthly Policy Date the Conditions of this Rider are not met, the Owner will be sent notice that unless the premium described below is paid during the first 61 days measured from the date we mailed such notice, this rider will terminate. The required premium will be the minimum premium accumulated with interest sufficient to satisfy the Conditions of this Rider on the Monthly Policy Date three months following the Monthly Policy Date on which the failure to meet the Conditions of this Rider prompted the mailing of such notice.

TERMINATION OF  
THIS RIDER

This rider will terminate on the earliest of:

1. the end of the 61<sup>st</sup> day following our mailing of a Notice of Pending Termination of this Rider, if prior to that time the premium described in Notice of Pending Termination of this Rider is not paid; or
2. the date the Death Benefit Option of the policy is changed to Option B;  
or
3. the date the policy terminates. If the policy is reinstated, this rider will not be reinstated; or
4. any Monthly Policy Date requested, if before that date we receive at our Administrative Office written request for termination of this rider; or
5. the end of the Death Benefit Protection Period as stated in this rider's Data Section; or
6. if the minimum premium necessary to satisfy the Conditions of this Rider cannot be paid due to the Definition of Life Insurance premium limitations.

When this rider terminates:

1. all rights under this rider will cease; and
2. it cannot be reinstated; and
3. the policy will be considered separate and complete without this rider.

If this rider terminates while the Accumulated Value of the policy is zero, the policy may enter a Grace Period and an additional payment, as determined by the Grace Period provision of the policy, may be required to keep the policy in force.

EFFECTIVE DATE

The effective date of this rider is the policy Effective Date.

Signed for Life Insurance Company of the Southwest at Addison, Texas, by

  
Secretary

*Life Insurance Company of the Southwest*

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## SYSTEMATIC ALLOCATION RIDER

---

The use of this rider allows eligible premium payments to be moved to a Systematic Allocation Account that automatically transfers one twelfth of the payment to new Indexed Segments each month. The Owner may elect this rider on or after issue of the policy.

Systematic Allocation Accounts will be included in the calculation of the Accumulated Value.

### ELIGIBLE PREMIUM PAYMENTS

When this rider is elected, Net Premium payments will be automatically moved to Systematic Allocation Accounts if the payments are:

1. in excess of the Basic Strategy Minimum Value; and
2. greater than or equal to the Minimum Annual Deposit Amount.

Funds residing in Systematic Allocation Accounts will be transferred on the 21<sup>st</sup> day of every month to the specified interest crediting strategies according to the allocation selected by the Owner. The Minimum Annual Deposit Amount is shown in the policy Data Section.

Net Premium payments that do not meet the conditions above are transferred to interest crediting strategies as described in the Interest Crediting Strategies Rider.

Only new premium payments can be transferred to Systematic Allocation Accounts. Transfers of renewal funds from the Basic Strategy into Systematic Allocation Accounts are not permitted.

The policy loan portion of an insurance policy exchange under Section 1035 of the Internal Revenue Code of 1986 will not be considered eligible premium for Systematic Allocation Accounts.

### INTEREST CREDITED TO SYSTEMATIC ALLOCATION ACCOUNTS

Amounts held in Systematic Allocation Accounts will be credited with interest on a daily basis at a rate not less than the Accumulated Value Interest Rate shown in the policy Data Section.

Interest earned on a Systematic Allocation Account will be transferred into the interest crediting strategies at the end of the 12-month period according to the allocation selected by the Owner.

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MONTHLY  
TRANSFERS FROM A  
SYSTEMATIC  
ALLOCATION  
ACCOUNT

Transfers of funds from Systematic Allocation Accounts into interest crediting strategies will occur on the 21<sup>st</sup> day of every month. Funds are transferred in increments equal to one-twelfth of the amount moved into Systematic Allocation Accounts with the exception of the twelfth month when the transfer includes interest accrued on the account. Each Systematic Allocation Account balance will be zero at the end of the 12-month period.

Funds will be transferred to interest crediting strategies according to the allocation selected by the Owner.

DEDUCTION  
HIERARCHY

Monthly Deductions and partial Withdrawals, including the Withdrawal Fee, will be taken from the Accumulated Value from each segment in the following order:

1. first, from the Basic Strategy until exhausted;
2. next, from any and all Systematic Allocation Accounts, until exhausted;
3. next, from the Fixed-Term Strategy until exhausted;
4. then, from each Indexed Strategy as described in the Interest Crediting Strategies Rider.

Accumulated Value in the amount of the Fixed Net Cost Loan plus any unpaid loan interest will be removed from the interest crediting strategies in the following order:

1. first, from the Basic Strategy until exhausted;
2. next, from any and all Systematic Allocation Accounts, until exhausted;
3. next, from the Fixed-Term Strategy until exhausted;
4. then, from each Indexed Strategy as described in the Interest Crediting Strategies Rider.

If the Fixed-Term Strategy and/or the Indexed Strategies have multiple segments, deductions are made in the reverse order in which the segments were created.

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Monthly Deductions, partial Withdrawals or Fixed Net Cost Loans may require that funds be removed from Systematic Allocation Accounts. If this occurs, funds will continue to be transferred out of a Systematic Allocation Account on a monthly basis until this account becomes depleted. This will reduce the number of remaining months to transfer funds out of the Systematic Allocation Account. If the transfer amount results in a Systematic Allocation Account balance that falls below the Minimum Annual Deposit Amount divided by twelve, the entire account balance will be transferred to interest crediting strategies on the next 21<sup>st</sup> day of the month according to the allocation selected by the Owner.

#### REINSTATEMENT

If this rider is in force at the time of policy lapse, it may be reinstated upon policy reinstatement.

#### LIMITATIONS

This rider may not be exercised while the policy to which this rider is attached is owned by a Qualified Pension or Profit Sharing plan. If the Owner wishes to exercise this rider, the policy must first be transferred out of the plan.

#### TERMINATION OF SYSTEMATIC ALLOCATION ACCOUNTS

The Owner may submit a new allocation schedule to terminate Systematic Allocation Accounts prior to the end of the Systematic Allocation Period. If an early termination is requested, the Owner may select on the allocation schedule to:

1. transfer any funds remaining in any and all of the Systematic Allocation Accounts to interest crediting strategies on the next monthly transfer date; or
2. continue to transfer funds from Systematic Allocation Accounts to interest crediting strategies on a monthly basis until all accounts are depleted.

If an early termination is requested, new Net Premium payments will no longer be allocated to Systematic Allocation Accounts. They will be transferred to interest crediting strategies as described in the Interest Crediting Strategies Rider.

The Owner may submit another allocation schedule to resume the use of Systematic Allocation Accounts.

We reserve the right to charge a \$25.00 fee for terminations that are requested prior to the end of the 12-month period of a Systematic Allocation Account.

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If a Systematic Allocation Account is depleted prior to the end of the 12-month period as a result of a required Monthly Deduction, a partial Withdrawal or a Fixed Net Cost Loan, then the Systematic Allocation Account will be terminated.

**TERMINATION OF THIS RIDER**

This rider will terminate on the earliest of:

1. the date the policy terminates; or
2. at the request of the Owner.

When this rider terminates:

1. all rights under this rider will cease; and
2. the policy will be considered separate and complete without this rider.

**EFFECTIVE DATE**

The Effective Date of this rider is the policy's Effective Date unless a later date is shown below.

Signed for Life Insurance Company of the Southwest at Addison, Texas by

  
Secretary

Rider Effective Date if later than the policy's Effective Date: \_\_\_\_\_

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# INTEREST CREDITING STRATEGIES RIDER

---

The Company has issued this Rider as part of the Entire Contract. If there are any conflicts between this Rider and the policy, the provisions of this Rider will prevail. Defined terms and contractual provisions are set forth in the policy or are added or replaced in this Rider. This Rider is attached to and amends the policy as of the Effective Date of the policy.

This Rider describes the elements and methods used in calculating Interest Strategies for each Indexed Segment of an individual flexible premium adjustable life insurance policy with index-linked interest options. Although an external index or Indexes may affect the policy values, the policy does not directly participate in any stock or equity investments. No dividends are payable.

## BASIC STRATEGY

Interest will be credited to the Accumulated Value in the Basic Strategy on a daily basis at a rate not less than the Accumulated Value Interest Rate shown in the Data Section.

The Basic Strategy Minimum Value for each Policy Month is equal to the Basic Strategy Minimum at the beginning of a Policy Year multiplied by an adjustment factor, where:

1. the Basic Strategy Minimum at the beginning of a Policy Year is equal to 12.5 multiplied by the Monthly Deduction due on the first day of that Policy Year; and
2. the adjustment factor is equal to  $[1-(m-1)/12.5]$ ; and
3.  $m$  = Policy Month.

All Net Premiums are paid into the Basic Strategy. On the 21<sup>st</sup> day of each month, the Accumulated Value in the Basic Strategy that is in excess of the Basic Strategy Minimum Value, subject to a minimum amount of \$50.00, will be transferred to one or more interest crediting strategies, including the Fixed-Term Strategies and Indexed Strategies according to an allocation selected by the Applicant at the time of policy application. The Owner has the right to change the allocation selection.

## FIXED-TERM STRATEGY

Each transfer of Accumulated Value made to this strategy creates a distinct Fixed-Term Segment. Each Fixed-Term Segment will have a duration of one year. Interest will be credited to the Accumulated Value in each Fixed-Term Segment on a daily basis at a rate not less than the Accumulated Value Interest Rate shown in the Data Section.

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Accumulated Value cannot be transferred out of any Fixed-Term Segment prior to the end of its one-year duration and at that time will be automatically transferred to the Basic Strategy. Different Fixed-Term Segments may be credited interest at different rates.

## INDEXED STRATEGIES

---

### INDEXED SEGMENT

Accumulated Value in this rider is apportioned into one or more segments distinguished by their Indexed Strategies.

Each transfer of Accumulated Value made to an Indexed Strategy creates a distinct Indexed Segment. For the applicable Indexed Strategy, each Indexed Segment will have an Indexed Term as shown in this rider's Data Section. Index Earnings will be credited to the Accumulated Value in each segment at the end of the crediting period.

### INDEX

The Index refers to a well known published numerical value, excluding dividend income, used to indicate the performance of stocks and/or bonds used in the determination of Index Earnings made to each segment within an Indexed Strategy. The Index used for the applicable Indexed Strategy is shown in this rider's Data Section.

### INDEX VALUE

The Index Value as of any date is the published value of the Index at the close of business on that date. If no value was published on that date, the last published value of the Index will be used.

### INDEX GROWTH

The Index Growth for an Indexed Segment is calculated at the end of the segment's crediting period.

The Index Growth for Point-to-Point Indexed Strategies is equal to:

1. the Index Value as of the Indexed Term anniversary of the Indexed Segment; minus
2. the Index Value as of the inception of the Indexed Segment; this difference divided by
3. the Index Value as of the inception of the Indexed Segment.

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The Index Growth for Point-to-Average Indexed Strategies is equal to:

1. the sum of the Index Values for each day the Index Value was published between the inception of the Indexed Segment and the Indexed Term anniversary of the Indexed Segment, excluding the Index Value at inception but including the Index Value on its anniversary; divided by
2. the number of days the Index Value was published between the inception of the Indexed Segment and the Indexed Term anniversary of the Indexed Segment excluding the day it was created but including the anniversary; minus
3. the Index Value as of the inception of the Indexed Segment; this difference divided by
4. the Index Value as of the inception of the Indexed Segment.

#### PARTICIPATION RATE

Each Indexed Segment will have a Participation Rate. The Participation Rate is determined in advance of establishment of an Indexed Segment. The Participation Rate will never be less than the Guaranteed Minimum Participation Rate for the applicable Indexed Strategy as shown in this rider's Data Section.

#### INDEX EARNINGS CAP

Each Indexed Segment will have an Index Earnings Cap. The Index Earnings Cap is determined in advance of establishment of an Indexed Segment. The Index Earnings Cap for a segment will never be less than the Guaranteed Minimum Cap for the applicable Indexed Strategy as shown in this rider's Data Section.

#### INDEX EARNINGS

The Index Earnings for each Indexed Segment are calculated at the end of the crediting period of such segment as follows:

1. the Index Growth for the segment multiplied by the segment's Participation Rate, with this product adjusted so that it is no less than zero and no greater than the segment's Index Earnings Cap; multiplied by
2. the value of the Indexed Segment at the end of the crediting period.

The Owner may not request that Accumulated Value in an Indexed Segment be transferred out of that segment prior to the end of the segment's crediting period. Accumulated Value in an Indexed Segment may be transferred out of that segment prior to the end of the segment's crediting period for the payment of Monthly Deductions, for the creation of a Fixed Net Cost Loan, due to partial Withdrawal, or due to the termination of the policy. Indexed Earnings will be credited on the Accumulated Value remaining in an Indexed Segment at the end of the segment's crediting period. At the end of the crediting period the Accumulated Value in the Indexed Segment is automatically transferred to the Basic Strategy.

#### DEDUCTION HIERARCHY

Monthly Deductions and Withdrawals, including the Withdrawal Fee, will be taken from the Accumulated Value from each segment in the following order:

1. first, from the Basic Strategy until exhausted;
2. next, from the Fixed-Term Strategy until exhausted;
3. then, from each Indexed Strategy in the order that the Indexed Strategies are listed in this rider's Data Section until the value of the Indexed Strategy is exhausted.

Accumulated Value in the amount of the Fixed Net Cost Loan plus any unpaid loan interest will be removed from the Interest Crediting Strategies in the following order:

1. first, from the Basic Strategy until exhausted;
2. next, from the Fixed-Term Strategy until exhausted;
3. then, from each Indexed Strategy in the order that the Indexed Strategies are listed in this rider's Data Section until the value of the Indexed Strategy is exhausted.

If the Fixed-Term Strategy and/or the Indexed Strategies have multiple segments, deductions are made in the reverse order in which the segments were created.

#### TERMINATION

This rider will terminate the date the policy terminates.

*Life Insurance Company of the Southwest*

*Administrative Office: One National Life Drive \* Montpelier, Vermont 05604 \* (800) 732-8939*

*Home Office: 15455 Dallas Parkway \* Suite 800 \* Addison, Texas 75001*

EFFECTIVE DATE

The effective date of this rider is the policy's Effective Date unless a different date is indicated in the rider's Data Section.

Signed for Life Insurance Company of the Southwest at Addison, Texas by

  
Secretary

*Life Insurance Company of the Southwest*  
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## OTHER INSURED RIDER

---

This rider adds benefits to your policy. This rider is issued in consideration of the application and payment of the cost of this rider. The cost of this rider will be included in the Monthly Deduction.

### BENEFITS

We will pay the Amount of Insurance upon receipt of due proof of death of an Other Insured, prior to the termination of this rider.

The Other Insured Rider may assume the role of the policy under the terms of an Accelerated Benefits Rider, in which case the Other Insured will assume the role of the Insured in that rider. The death benefit provided by this Other Insured Rider, then, may be accelerated based on the Terminal Illness, Covered Chronic Illness, or Critical Illness of the Other Insured, according to the terms of the Accelerated Benefits Rider(s) in force on the policy to which this rider is attached.

### OTHER INSURED

An Other Insured is a person covered under this rider and named in the Data Section of the policy.

### BENEFICIARY

Unless otherwise provided for, the Owner of the policy will be the Beneficiary of the proceeds payable under this rider.

### AMOUNT OF INSURANCE

The Amount of Insurance is the amount of coverage provided by this rider on the life of an Other Insured and is shown in the policy's Data Section.

### MONTHLY COST

The monthly cost of this rider is deducted at the same time and in the same manner as the Monthly Deduction for the policy.

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## COST OF INSURANCE

The Cost of Insurance on an Other Insured is:

1. such Other Insured's Amount of Insurance, divided by 1,000; multiplied by
2. the Cost of Insurance Rate for such Other Insured.

The Cost of Insurance Rates for this rider are based on each Other Insured's risk classification, sex and Issue Age and duration of such Other Insureds rider.

We may change the Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to investment earnings, mortality, persistency, taxes and expenses. Any change in the Cost of Insurance rates shall apply to all policies of the same size and duration, insuring persons of the same sex, Issue Age, and risk classification as the Other Insured. The Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the policy's Data Section. These rates are based on the Mortality Table named in the policy's Data Section.

## NONFORFEITURE VALUE

This rider does not provide any additional Cash Surrender Value or Policy Loan values.

## CONVERSION

Coverage under this rider may be exchanged for a new policy on the life of each Other Insured without evidence of insurability within 31 days from the death of the Insured or at any time while the Insured is living and prior to the termination of this rider. The new policy must be for an amount not more than the Amount of Insurance in effect on the life of the Other Insured converting, and will have a Date of Issue as of the conversion date.

The conversion may be to any of our plans (other than Term Insurance) then being issued, subject to such plan's requirements. The face amount may not be less than our published minimum for the plan of insurance applied for.

Premiums will be charged in accordance with our current rates, for the same rate class as this rider and for the sex and attained age of the Other Insured on the date of the exchange.

To convert coverage under this rider, we must receive a written request signed by the Owner, if living, otherwise, by the Other Insured.

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If the new policy is issued after the death of the Insured, the first premium must be paid not later than 31 days after the Insured's death. If the Other Insured dies within 31 days of the Insured's death and the first premium has not been paid, we will pay the Amount of Insurance, less the amount of the unpaid premium.

The Incontestability and Suicide provisions attributable to the coverage converted will start from the Effective Date of the original coverage.

#### REINSTATEMENT

Upon application for reinstatement of the policy, we will require evidence of insurability for each Other Insured under this rider.

#### INCONTESTABILITY

Coverage under this rider is contestable for each Other Insured separately. We cannot contest this rider after it has been in effect during the lifetime of an Other Insured for a period of two years from the Effective Date of coverage for such Other Insured, except for reinstatement. We can contest this rider for misrepresentations made in the application for reinstatement until it has been in effect for two years during the lifetime of the Other Insured whose coverage is reinstated.

#### MISSTATEMENT OF AGE OR SEX

If the age or sex of an Other Insured has been misstated in the policy, the proceeds payable upon the death of such Other Insured will be adjusted by:

1. the Monthly Deductions made; less
2. the Monthly Deductions which should have been made based on the correct age and sex of such Other Insured; less
3. the accumulation of the differences at the interest rates that were credited to the Cash Surrender Value of the policy.

#### SUICIDE

If an Other Insured commits suicide, while sane or insane, within two years from the Effective Date of coverage for such Other Insured, our liability will be limited to the refund of the Monthly Deductions for this rider, without interest.

#### ASSIGNMENT

The policy to which this rider is attached may be assigned as provided by the policy. However, the interest of the Beneficiary of this rider will not be transferred to the assignee.

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## TERMINATION

This rider will terminate at the earliest of:

1. the date the policy terminates; or
2. the Policy Anniversary on which the youngest covered Other Insured reaches Attained Age 100; or
3. the Monthly Policy Date following our receipt of your written request to terminate this rider.

Coverage on each Other Insured will end on the Policy Anniversary that such Other Insured reaches Attained Age 100, the date such Other Insured's coverage is converted, or the date of Termination of this rider, whichever occurs first.

If we deduct cost for this benefit for any period after termination, our only liability will be to refund that amount to you with interest. This rider is part of the policy to which it is attached. Therefore, this rider is subject to all of the provisions of the policy.

## EFFECTIVE DATE

The Effective Date of this rider is the policy's Effective Date unless a different date is indicated in the rider's Data Section.

Signed for Life Insurance Company of the Southwest at Addison, Texas by

  
Secretary

*Life Insurance Company of the Southwest*

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## OTHER INSURED RIDER

---

This rider adds benefits to your policy. This rider is issued in consideration of the application and payment of the cost of this rider. The cost of this rider will be included in the Monthly Deduction.

### BENEFITS

We will pay the Amount of Insurance upon receipt of due proof of death of an Other Insured, prior to the termination of this rider.

The Other Insured Rider may assume the role of the "policy" under the terms of an Accelerated Benefits Rider, in which case the Other Insured will assume the role of the "Insured" in that rider. The death benefit provided by this Other Insured Rider, then, may be accelerated based on the Terminal Illness, Covered Chronic Illness, or Critical Illness of the Other Insured, according to the terms of the Accelerated Benefits Rider(s) in force on the policy to which this rider is attached.

### OTHER INSURED

An Other Insured is a person covered under this rider and named in the Data Section of the policy.

### BENEFICIARY

Unless otherwise provided for, the Owner of the policy will be the Beneficiary of the proceeds payable under this rider.

### AMOUNT OF INSURANCE

The Amount of Insurance is the amount of coverage provided by this rider on the life of an Other Insured and is shown in the policy's Data Section.

### MONTHLY COST

The monthly cost of this rider is deducted at the same time and in the same manner as the Monthly Deduction for the policy.

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## COST OF INSURANCE

The Cost of Insurance on an Other Insured is:

1. such Other Insured's Amount of Insurance, divided by 1,000; multiplied by
2. the Cost of Insurance Rate for such Other Insured.

The Cost of Insurance Rates for this rider are based on each Other Insured's risk classification, Issue Age and duration of such Other Insured's rider.

We may change the Cost of Insurance rates from time to time based on our expectations of future experience. Future experience can include, but is not limited to investment earnings, mortality, persistency, taxes and expenses. Any change in the Cost of Insurance rates shall apply to all policies of the same size and duration, insuring persons of the same Issue Age and risk classification as the Other Insured. The Cost of Insurance rates shall not be greater than the rates set forth in the Table of Guaranteed Maximum Cost of Insurance rates shown in the policy's Data Section. These rates are based on the Mortality Table named in the policy's Data Section.

## NONFORFEITURE VALUE

This rider does not provide any additional Cash Surrender Value or Policy Loan values.

## CONVERSION

Coverage under this rider may be exchanged for a new policy on the life of each Other Insured without evidence of insurability within 31 days from the death of the Insured or at any time while the Insured is living and prior to the termination of this rider. The new policy must be for an amount not more than the Amount of Insurance in effect on the life of the Other Insured converting, and will have a Date of Issue as of the conversion date.

The conversion may be to any of our plans (other than Term Insurance) then being issued, subject to such plan's requirements. The face amount may not be less than our published minimum for the plan of insurance applied for.

Premiums will be charged in accordance with our current rates, for the same rate class as this rider and for the attained age of the Other Insured on the date of the exchange.

To convert coverage under this rider, we must receive a written request signed by the Owner, if living, otherwise, by the Other Insured.

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If the new policy is issued after the death of the Insured, the first premium must be paid not later than 31 days after the Insured's death. If the Other Insured dies within 31 days of the Insured's death and the first premium has not been paid, we will pay the Amount of Insurance, less the amount of the unpaid premium.

The Incontestability and Suicide provisions attributable to the coverage converted will start from the Effective Date of the original coverage.

#### REINSTATEMENT

Upon application for reinstatement of the policy, we will require evidence of insurability for each Other Insured under this rider.

#### INCONTESTABILITY

Coverage under this rider is contestable for each Other Insured separately. We cannot contest this rider after it has been in effect during the lifetime of an Other Insured for a period of two years from the Effective Date of coverage for such Other Insured, except for reinstatement. We can contest this rider for misrepresentations made in the application for reinstatement until it has been in effect for two years during the lifetime of the Other Insured whose coverage is reinstated.

#### MISSTATEMENT OF AGE

If the age of an Other Insured has been misstated in the policy, the proceeds payable upon the death of such Other Insured will be adjusted by:

1. the Monthly Deductions made; less
2. the Monthly Deductions which should have been made based on the correct age of such Other Insured; less
3. the accumulation of the differences at the interest rates that were credited to the Cash Surrender Value of the policy.

#### SUICIDE

If an Other Insured commits suicide, while sane or insane, within two years from the Effective Date of coverage for such Other Insured, our liability will be limited to the refund of the Monthly Deductions for this rider, without interest.

#### ASSIGNMENT

The policy to which this rider is attached may be assigned as provided by the policy. However, the interest of the Beneficiary of this rider will not be transferred to the assignee.

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## TERMINATION

This rider will terminate at the earliest of:

1. the date the policy terminates; or
2. the Policy Anniversary on which the youngest covered Other Insured reaches Attained Age 100; or
3. the Monthly Policy Date following our receipt of your written request to terminate this rider.

Coverage on each Other Insured will end on the Policy Anniversary that such Other Insured reaches Attained Age 100, the date such Other Insured's coverage is converted, or the date of Termination of this rider, whichever occurs first.

If we deduct cost for this benefit for any period after termination, our only liability will be to refund that amount to you with interest. This rider is part of the policy to which it is attached. Therefore, this rider is subject to all of the provisions of the policy.

## EFFECTIVE DATE

The Effective Date of this rider is the policy's Effective Date unless a different date is indicated in the rider's Data Section.

Signed for Life Insurance Company of the Southwest at Addison, Texas by

  
Secretary

*Life Insurance Company of the Southwest*

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## WAIVER OF MONTHLY DEDUCTIONS

---

Subject to the terms of this rider we, Life Insurance Company of the Southwest (the Company), will waive the Covered Monthly Deductions subject to the terms of this rider, when we receive at our Administrative Office due proof that:

1. the Insured became Totally Disabled while this rider was in force; and
2. the Insured remained so disabled for six consecutive months; and
3. the policy has been in force at least 5 years.

The effective date of this rider is the policy Effective Date.

### CONSIDERATION

This rider is issued in consideration of the application for this rider and assessment of a monthly cost of the rider. The monthly cost will be the specified rate shown in the rider Data Section of the policy multiplied by the Covered Monthly Deductions. The rider and a copy of the application for the rider are attached to and made part of the policy.

### TOTAL DISABILITY DEFINED

The Insured shall be deemed to be Totally Disabled while this rider is in effect when:

1. due to accidental injury or disease that requires the Insured to be under the regular care of a Physician, the Insured becomes unable to perform the material and substantial duties of:
  - a) the specific occupation of the Insured at the time such disability begins, until benefits for any period of continuous Total Disability have been paid for 24 months; and
  - b) any occupation for which the Insured is or becomes reasonably fitted by education, training, or experience, thereafter; or
2. the Insured suffers a Specific Loss, which in this rider means the complete and irrecoverable loss of:
  - a) the entire sight of both eyes; or
  - b) use of both hands or both feet; or
  - c) the use of one hand and one foot; or
  - d) hearing of both ears or speech.

If Total Disability begins during a Grace Period, sufficient funds will be required to be added to the Accumulated Value to ensure that any overdue Monthly Deductions can be taken to avoid a lapse of insurance before the Company approves a claim for this rider.

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## LIMITATION OF LIABILITY

No waiver of Covered Monthly Deductions shall be made if Total Disability results from:

1. attempted suicide, whether sane or insane;
2. willful and intentional self-inflicted injury;
3. voluntary intake or use by any means of:
  - a) any drug, unless prescribed or administered by a Physician and taken in accordance with the Physician's instructions; or
  - b) any poison, gas or fumes, unless a direct result of an occupational accident;
4. any act of war, declared or undeclared, or any act related to war;
5. military service for any country at war;
6. committing or attempting to commit a felony;
7. intoxication as defined by the jurisdiction where the disability occurred;  
or
8. active participation in a riot, insurrection or terrorist activity.

If any premium for this rider is not paid within the Grace Period of the policy and Total Disability begins after the expiration of such Grace Period, no waiver of Covered Monthly Deductions shall be made.

If waiving the Covered Monthly Deductions would cause the policy to be classified as a modified endowment contract under section 7702(A) of the Internal Revenue Code, or to be disqualified as life insurance under section 7702 of the Internal Revenue Code, we will limit the amount of charges we waive to avoid those results.

## PHYSICIAN

Physician means a doctor of medicine or osteopathy, practicing within the scope of his or her license issued by the jurisdiction in the United States of America in which his or her services are rendered. Physician does not include the Owner, the Insured, or a member of the Owner's or the Insured's Immediate Families. Immediate Family means a persons parents, stepparents, grandparents, spouse, domestic partner, children (adopted, natural, or step), siblings, grandchildren, or in-laws.

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COVERED  
MONTHLY  
DEDUCTIONS

Covered Monthly Deductions shall be:

1. the portion of the Cost of Insurance for any of the Face Amount:
  - a) which was in force when disability of the Insured began; and
  - b) which continued in force for six consecutive months starting on the first day of disability; and
  - c) for which monthly costs for this rider were deducted on the Monthly Policy Date just prior to when disability began and through the end of the sixth consecutive month of disability; plus
2. the portion of the monthly cost of any rider:
  - a) which was in force when disability of the Insured began; and
  - b) which continued in force for six consecutive months starting on the first day of disability; and
  - c) for which monthly costs for this rider were deducted on the Monthly Policy Date just prior to when disability began and through the end of the sixth consecutive month of disability; plus
3. the Monthly Expense Charge per Thousand; plus
4. the Monthly Policy Fee; plus
5. the Monthly Percent of Accumulated Value Charge.

RIDER BENEFIT

Waiver of Covered Monthly Deductions will start on the first Monthly Policy Date on or after the later of:

1. the date the Insured reaches Attained Age 10; or
2. the sixth consecutive month of Total Disability of the Insured; or
3. the end of the fifth policy year.

For any Total Disability which occurs during the first five policy years, in lieu of waiving Covered Monthly Deductions, we will credit the Accumulated Value with the Minimum Monthly Premium shown in the Data Section of the policy less the Percent of Premium Expense Charge.

On the Monthly Policy Date next following the end of the sixth consecutive months of continuous Total Disability of the Insured, we will credit the Accumulated Value of the Policy with the sum of any Covered Monthly Deductions made after the fifth policy anniversary and during the first six consecutive months of Total Disability.

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If a period of Total Disability which lasts at least six consecutive months begins within a Grace Period and on or after the date the Insured reaches Attained Age 10, then during such period of disability the Policy shall not terminate under the terms of the Grace Period provision. However, all other provisions of this rider, including the Termination provision, shall apply. When waiver of Covered Monthly Deductions ceases, we will deduct from the Accumulated Value any Covered Monthly Deductions which were in arrears at the start of disability.

We will waive Covered Monthly Deductions during the continuance of such disability. However, if such disability starts on or after the date the Insured reaches Attained Age 60, Covered Monthly Deductions shall not be waived beyond the later of:

1. the date the Insured reaches Attained Age 65; or
2. two years after the date such disability starts.

Covered Monthly Deductions waived shall not be taken from the policy proceeds.

Monthly Deductions shall be due until the waiver has been approved by the Company.

#### NOTICE OF CLAIM

Written notice of claim must be received at our Administrative Office during the life of the Insured and during the period of Total Disability. Failure to give notice within such time shall not affect a claim if it is shown that:

1. it was not reasonably possible to give notice within the time prescribed; and
2. such notice was given as soon as was reasonably possible.

#### CONTINUED DISABILITY

We may require proof of continued Total Disability while the Insured is alive:

1. not more than once every 30 days during the first two years; and
2. thereafter, from time to time, but not more than once a year.

We may require that the Insured be examined, at our expense, by a Physician chosen by us.

Waiver of Covered Monthly Deductions shall cease if the Insured:

1. ceases to be Totally Disabled; or
2. fails to give such proof on request; or
3. fails to submit to such examination on request.

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Proof of continued disability shall not be required on or after the date the Insured reaches Attained Age 65 if the Insured is then and has been totally and continuously disabled for more than five years.

#### RIDER COST

The cost of this rider on any Monthly Policy Date shall be based on:

1. the Insured's sex and then Attained Age; and
2. the portion of the Cost of Insurance for any of the Face Amount of the Policy to which this rider applies; and
3. the portion of the monthly cost of any riders to which this rider applies; and
4. Monthly Expense Charge Per Thousand; and
5. Monthly Policy Fee; and
6. Monthly Percent of Accumulated Value Charge.

We will deduct the cost of this rider from the Accumulated Value of the Policy on each Monthly Policy Date.

#### INCREASES IN FACE AMOUNT AND ADDITIONAL RIDERS

If, while this rider is in force, any increase in Face Amount or any additional benefit riders are requested, we will require an application for additional benefits under this rider.

If we approve the application for additional benefits under this rider, the effective date of such additional benefits shall be the Monthly Policy Date on or next following the date we approve such application.

If we do not approve the application for additional benefits under this rider, the portion of the Cost of Insurance for the increase or the monthly cost for the new rider shall not be a Covered Monthly Deduction.

We will not approve an application for additional benefits under this rider for any increase or riders which become effective after the Insured has reached Attained Age 60.

#### EFFECT ON THE POLICY

Default benefits or other benefits of the policy shall not be reduced and remain in effect when waiving of Covered Monthly Deductions begins, subject to the investment performance of any separate account included as part of the Accumulated Value, and the policy loan provisions. This rider and its premiums do not affect any default benefits of the policy. Any insurance continued upon default in payment of any premium due shall not include benefits provided by this rider.

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## INCONTESTABILITY

After this rider has been in force during the lifetime of the Insured for two years from its effective date, excluding any period when the Insured was Totally Disabled, except for fraud in the procurement of the form, we will not contest it. Any additional benefits under this rider for which an application is approved will be incontestable after such benefits have been in force during the Insured's lifetime for two years from the effective date of such additional benefits.

Notwithstanding the above, we may contest your policy at any time if it was procured by fraud, as permitted by law of the state in which your policy was delivered.

## TERMINATION

This rider shall terminate on the earliest of:

1. the date that the policy terminates; or
2. the Monthly Policy Date following the receipt at our Administrative Office of your written request to terminate this rider; or
3. at the end of any Grace Period. However, at the end of any Grace Period termination will not occur if:
  - a) Total Disability began prior to the end of such grace period; and
  - b) The terms under the Notice of Claim provision of this rider are met; or
4. the insufficiency of the Accumulated Value to allow monthly deductions, in accordance with the provisions of this rider or the policy; or
5. the Policy Anniversary following the Insured's 65<sup>th</sup> birthday unless Total Disability began on or after the Insured reaches Attained Age 60 but before the Insured's 65<sup>th</sup> birthday as defined in the Rider Benefit section.

When this rider terminates:

1. all rights under this rider shall cease; and
2. there shall be no further monthly costs for this rider; and
3. the policy shall be considered separate and complete without this rider.

Signed for Life Insurance Company of the Southwest at Addison, Texas, as of the effective date of this rider, by

  
Secretary

*Life Insurance Company of the Southwest*

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## WAIVER OF MONTHLY DEDUCTIONS

---

Subject to the terms of this rider we, Life Insurance Company of the Southwest (the Company), will waive the Covered Monthly Deductions subject to the terms of this rider, when we receive at our Administrative Office due proof that:

1. the Insured became Totally Disabled while this rider was in force; and
2. the Insured remained so disabled for six consecutive months; and
3. the policy has been in force at least 5 years.

The effective date of this rider is the policy Effective Date.

### CONSIDERATION

This rider is issued in consideration of the application for this rider and assessment of a monthly cost of the rider. The monthly cost will be the specified rate shown in the rider Data Section of the policy multiplied by the Covered Monthly Deductions. The rider and a copy of the application for the rider are attached to and made part of the policy.

### TOTAL DISABILITY DEFINED

The Insured shall be deemed to be Totally Disabled while this rider is in effect when:

1. due to accidental injury or disease that requires the Insured to be under the regular care of a Physician, the Insured becomes unable to perform the material and substantial duties of:
  - a) the specific occupation of the Insured at the time such disability begins, until benefits for any period of continuous Total Disability have been paid for 24 months; and
  - b) any occupation for which the Insured is or becomes reasonably fitted by education, training, or experience, thereafter; or
2. the Insured suffers a Specific Loss, which in this rider means the complete and irrecoverable loss of:
  - a) the entire sight of both eyes; or
  - b) use of both hands or both feet; or
  - c) the use of one hand and one foot; or
  - d) hearing of both ears or speech.

If Total Disability begins during a Grace Period, sufficient funds will be required to be added to the Accumulated Value to ensure that any overdue Monthly Deductions can be taken to avoid a lapse of insurance before the Company approves a claim for this rider.

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## LIMITATION OF LIABILITY

No waiver of Covered Monthly Deductions shall be made if Total Disability results from:

1. attempted suicide, whether sane or insane;
2. willful and intentional self-inflicted injury;
3. voluntary intake or use by any means of:
  - a) any drug, unless prescribed or administered by a Physician and taken in accordance with the Physician's instructions; or
  - b) any poison, gas or fumes, unless a direct result of an occupational accident;
4. any act of war, declared or undeclared, or any act related to war;
5. military service for any country at war;
6. committing or attempting to commit a felony;
7. intoxication as defined by the jurisdiction where the disability occurred;  
or
8. active participation in a riot, insurrection or terrorist activity.

If any premium for this rider is not paid within the Grace Period of the policy and Total Disability begins after the expiration of such Grace Period, no waiver of Covered Monthly Deductions shall be made.

If waiving the Covered Monthly Deductions would cause the policy to be classified as a modified endowment contract under section 7702(A) of the Internal Revenue Code, or to be disqualified as life insurance under section 7702 of the Internal Revenue Code, we will limit the amount of charges we waive to avoid those results.

## PHYSICIAN

Physician means a doctor of medicine or osteopathy, practicing within the scope of his or her license issued by the jurisdiction in the United States of America in which his or her services are rendered. Physician does not include the Owner, the Insured, or a member of the Owner's or the Insured's Immediate Families. Immediate Family means a persons parents, stepparents, grandparents, spouse, domestic partner, children (adopted, natural, or step), siblings, grandchildren, or in-laws.

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COVERED  
MONTHLY  
DEDUCTIONS

Covered Monthly Deductions shall be:

1. the portion of the Cost of Insurance for any of the Face Amount:
  - a) which was in force when disability of the Insured began; and
  - b) which continued in force for six consecutive months starting on the first day of disability; and
  - c) for which monthly costs for this rider were deducted on the Monthly Policy Date just prior to when disability began and through the end of the sixth consecutive month of disability; plus
2. the portion of the monthly cost of any rider:
  - a) which was in force when disability of the Insured began; and
  - b) which continued in force for six consecutive months starting on the first day of disability; and
  - c) for which monthly costs for this rider were deducted on the Monthly Policy Date just prior to when disability began and through the end of the sixth consecutive month of disability; plus
3. the Monthly Expense Charge per Thousand; plus
4. the Monthly Policy Fee; plus
5. the Monthly Percent of Accumulated Value Charge.

RIDER BENEFIT

Waiver of Covered Monthly Deductions will start on the first Monthly Policy Date on or after the later of:

1. the date the Insured reaches Attained Age 10; or
2. the sixth consecutive month of Total Disability of the Insured; or
3. the end of the fifth policy year.

For any Total Disability which occurs during the first five policy years, in lieu of waiving Covered Monthly Deductions, we will credit the Accumulated Value with the Minimum Monthly Premium shown in the Data Section of the policy less the Percent of Premium Expense Charge.

On the Monthly Policy Date next following the end of the sixth consecutive months of continuous Total Disability of the Insured, we will credit the Accumulated Value of the Policy with the sum of any Covered Monthly Deductions made after the fifth policy anniversary and during the first six consecutive months of Total Disability.

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If a period of Total Disability which lasts at least six consecutive months begins within a Grace Period and on or after the date the Insured reaches Attained Age 10, then during such period of disability the Policy shall not terminate under the terms of the Grace Period provision. However, all other provisions of this rider, including the Termination provision, shall apply. When waiver of Covered Monthly Deductions ceases, we will deduct from the Accumulated Value any Covered Monthly Deductions which were in arrears at the start of disability.

We will waive Covered Monthly Deductions during the continuance of such disability. However, if such disability starts on or after the date the Insured reaches Attained Age 60, Covered Monthly Deductions shall not be waived beyond the later of:

1. the date the Insured reaches Attained Age 65; or
2. two years after the date such disability starts.

Covered Monthly Deductions waived shall not be taken from the policy proceeds.

Monthly Deductions shall be due until the waiver has been approved by the Company.

#### NOTICE OF CLAIM

Written notice of claim must be received at our Administrative Office during the life of the Insured and during the period of Total Disability. Failure to give notice within such time shall not affect a claim if it is shown that:

1. it was not reasonably possible to give notice within the time prescribed; and
2. such notice was given as soon as was reasonably possible.

#### CONTINUED DISABILITY

We may require proof of continued Total Disability while the Insured is alive:

1. not more than once every 30 days during the first two years; and
2. thereafter, from time to time, but not more than once a year.

We may require that the Insured be examined, at our expense, by a Physician chosen by us.

Waiver of Covered Monthly Deductions shall cease if the Insured:

1. ceases to be Totally Disabled; or
2. fails to give such proof on request; or
3. fails to submit to such examination on request.

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Proof of continued disability shall not be required on or after the date the Insured reaches Attained Age 65 if the Insured is then and has been totally and continuously disabled for more than five years.

#### RIDER COST

The cost of this rider on any Monthly Policy Date shall be based on:

1. the Insured's Attained Age; and
2. the portion of the Cost of Insurance for any of the Face Amount of the Policy to which this rider applies; and
3. the portion of the monthly cost of any riders to which this rider applies; and
4. Monthly Expense Charge Per Thousand; and
5. Monthly Policy Fee; and
6. Monthly Percent of Accumulated Value Charge.

We will deduct the cost of this rider from the Accumulated Value of the Policy on each Monthly Policy Date.

#### INCREASES IN FACE AMOUNT AND ADDITIONAL RIDERS

If, while this rider is in force, any increase in Face Amount or any additional benefit riders are requested, we will require an application for additional benefits under this rider.

If we approve the application for additional benefits under this rider, the effective date of such additional benefits shall be the Monthly Policy Date on or next following the date we approve such application.

If we do not approve the application for additional benefits under this rider, the portion of the Cost of Insurance for the increase or the monthly cost for the new rider shall not be a Covered Monthly Deduction.

We will not approve an application for additional benefits under this rider for any increase or riders which become effective after the Insured has reached Attained Age 60.

#### EFFECT ON THE POLICY

Default benefits or other benefits of the policy shall not be reduced and remain in effect when waiving of Covered Monthly Deductions begins, subject to the investment performance of any separate account included as part of the Accumulated Value, and the policy loan provisions. This rider and its premiums do not affect any default benefits of the policy. Any insurance continued upon default in payment of any premium due shall not include benefits provided by this rider.

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## INCONTESTABILITY

After this rider has been in force during the lifetime of the Insured for two years from its effective date, excluding any period when the Insured was Totally Disabled, except for fraud in the procurement of the form, we will not contest it. Any additional benefits under this rider for which an application is approved will be incontestable after such benefits have been in force during the Insured's lifetime for two years from the effective date of such additional benefits.

Notwithstanding the above, we may contest your policy at any time if it was procured by fraud, as permitted by law of the state in which your policy was delivered.

## TERMINATION

This rider shall terminate on the earliest of:

1. the date that the policy terminates; or
2. the Monthly Policy Date following the receipt at our Administrative Office of your written request to terminate this rider; or
3. at the end of any Grace Period. However, at the end of any Grace Period termination will not occur if:
  - a) Total Disability began prior to the end of such grace period; and
  - b) The terms under the Notice of Claim provision of this rider are met; or
4. the insufficiency of the Accumulated Value to allow monthly deductions, in accordance with the provisions of this rider or the policy; or
5. the Policy Anniversary following the Insured's 65<sup>th</sup> birthday unless Total Disability began on or after the Insured reaches Attained Age 60 but before the Insured's 65<sup>th</sup> birthday as defined in the Rider Benefit section.

When this rider terminates:

1. all rights under this rider shall cease; and
2. there shall be no further monthly costs for this rider; and
3. the policy shall be considered separate and complete without this rider.

Signed for Life Insurance Company of the Southwest at Addison, Texas, as of the effective date of this rider, by

  
Secretary

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Page 4 **must** be completed if money was collected with the application or an LSW exam is not being done.

Part A - First Proposed Insured (FPI)			Second Proposed/Primary Other Insured (if applicable)		
1a. Name (print first, middle, last)			1b. Name (print first, middle, last)		
2a. Home Address (If mailing address different, provide in Remarks)			2b. Home Address (If mailing address different, provide in Remarks)		
3a. Place of Birth - State/Country		4a. Date of Birth	3b. Place of Birth - State/Country		4b. Date of Birth
5a. Issue at Age	6a. Sex <input type="checkbox"/> M <input type="checkbox"/> F	7a. Social Sec. #	5b. Issue at Age	6b. Sex <input type="checkbox"/> M <input type="checkbox"/> F	7b. Social Sec. #
8a. Telephone #'s & E-Mail H ( )      W ( )      C ( )			8b. Telephone #'s & E-Mail H ( )      W ( )      C ( )		
9a. Are you a citizen of <input type="checkbox"/> USA <input type="checkbox"/> Other Country Type of VISA      Alien Registration #			9b. Are you a citizen of <input type="checkbox"/> USA <input type="checkbox"/> Other Country Type of VISA      Alien Registration #		
10a. Driver's License #		State	10b. Driver's License #		State
11a. Employer & time employed			11b. Employer & time employed		
12a. Annual Income	13a. Occupation (w/specific duties)		12b. Annual Income	13b. Occupation (w/specific duties)	
14a. Are you actively at work at the customary workplace, doing the usual duties and functions required by the position during the normal work hours and weekly period? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Reason:			14b. Are you actively at work at the customary workplace, doing the usual duties and functions required by the position during the normal work hours and weekly period? <input type="checkbox"/> Yes <input type="checkbox"/> No* *Reason:		
15a. <b>Beneficiary Information:</b> Unless otherwise provided, the beneficiary will be the owner, or the owner's estate. <b>Primary:</b> (Name, Address, Date of Birth & SSN)  Relationship: _____ <b>Secondary:</b> (Name, Address, Date of Birth & SSN)  Relationship: _____  If a death benefit is payable at the death of the First Proposed Insured, payment will be made to the Beneficiary described in section 15a. <b>Note:</b> If the policy is owned by a qualified pension or profit sharing plan, all payments are protected by the Spendthrift Provision.			15b. <b>Beneficiary Information:</b> Unless otherwise provided, the beneficiary will be the owner, or the owner's estate. <b>Primary:</b> (Name, Address, Date of Birth & SSN)  Relationship: _____ <b>Secondary:</b> (Name, Address, Date of Birth & SSN)  Relationship: _____  If a death benefit is payable at the death of the Second Proposed/Primary Other Insured, payment will be made to the Beneficiary described in section 15b. <b>Note:</b> If the policy is owned by a qualified pension or profit sharing plan, all payments are protected by the Spendthrift Provision.		

Part B - Policy Information	
1. Product Name _____ 2. Face Amount \$ _____ 3. Face Amount (OIR) \$ _____ 4. Universal Life Death Benefit Option <input type="checkbox"/> A - Level <input type="checkbox"/> B - Increasing 5. Definition of Life Insurance Test (N/A for Term & Foundation) <input type="checkbox"/> Guideline Premium Test (GPT) <input type="checkbox"/> Cash Value Accumulation Test (CVAT)	6. Premium information a. Premium Mode _____ b. Planned Periodic Premium \$ _____ c. Cash with Application \$ _____ 7. Identify the source of funds for premium payment <input type="checkbox"/> Income/Savings <input type="checkbox"/> Home equity <input type="checkbox"/> Payment by third party <input type="checkbox"/> Loan/Premium Finance <input type="checkbox"/> Other _____

**Part B - Policy Information** - Continued

8. Riders and Amounts (Check website for rider availability)

- Accelerated Benefits (ABR) (Complete ABR Disclosure form)
- Waiver of Monthly Deductions (WMD) (FlexLife only)
- Waiver of Premium (WP)
- Waiver of Specified Premium (WSP) \$ \_\_\_\_\_  
(Harbor, Horizon, Adv79, FlexLife) (Annual Premium Waived)
- Additional Protection Benefit (APB)  
(Paragon, Horizon, Adv79, LifeCycle, FlexLife) \$ \_\_\_\_\_
- Children's Term Rider (CTR) \$ \_\_\_\_\_
- Disability Income (DIR)  2 Yr  5 Yr \$ \_\_\_\_\_  
a. Do you have any disability insurance, including employer sponsored short or long-term coverage?  
(If 'Yes', give details in Remarks)  Yes  No
- Accidental Death Benefit (ADB) \$ \_\_\_\_\_
- Guaranteed Insurability (GIR) \$ \_\_\_\_\_

- Survivor Protection (SPR) \$ \_\_\_\_\_  
(LifeCycle only) (Annual Benefit Amt)  
Lump Sum  Yes  No  
(If 'No', specify Payout Years) \_\_\_\_\_  
(Payout Years)
- Estate Preservation (EPR) (LifeCycle) \$ \_\_\_\_\_
- Death Benefit Protection (DBP) (Income Builder, LifeCycle, FlexLife)
- Enhanced Policy Protection Period (EPPP) (Paragon & Provider)
- No-Lapse Guarantee (NLG) (Horizon only)  
(OIR, APB & BSB N/A if NLG elected)
- Balance Sheet Benefit (BSB) (% Waived) \_\_\_\_\_ %  
(Paragon, Horizon, LifeCycle, FlexLife)
- Policy Split Option (PSO) (LifeCycle)
- Other Insured (Complete 8122 if more than one OIR)

**Part C - Owner Information** (Complete if other than First Proposed Insured. Complete form 8533 if Qualified Pension Plan.)

- 1. Owner \_\_\_\_\_
- 2. Relationship \_\_\_\_\_ 3. Date of Birth \_\_\_\_\_ 4. Social Sec. # \_\_\_\_\_
- 5. Address \_\_\_\_\_
- 6. E-Mail \_\_\_\_\_

**Part D - Children's Term Rider Information** (Complete if CTR OR Issue Ages 0-14 is requested. Complete HIPAA for each child.)

**Complete ALL questions:**

- 1. Names and Dates of Birth of all Children to be covered
- 2. To the best of your knowledge: (If 'Yes', give details in Remarks)
  - a. Has a licensed member of the medical profession diagnosed any Child as having Attention Deficit Disorder, dyslexia, autism, mental retardation, or any psychiatric disease?  Yes  No
  - b. Has a licensed member of the medical profession diagnosed or treated any Child for seizures, juvenile diabetes, scoliosis, hemophilia, cancer, or a heart, lung, or respiratory disease?  Yes  No
  - c. Does any Child not reside with you?  Yes  No
  - d. Does any Child take medication prescribed by a doctor?  Yes  No

**Complete the following questions for Juvenile Coverage only:**

- 3. Does Proposed Insured live with parent?  Yes  No  
(If 'No', explain details in Remarks. Give name and relationship of person with whom the Proposed Insured lives.)

4. Amount of Insurance in force on Proposed Insured, the Applicant and other members of Proposed Insured's family:

	Company	Amount
Proposed Insured	_____	\$ _____
Applicant	_____	\$ _____
Proposed Insured's father	_____	\$ _____
Proposed Insured's mother	_____	\$ _____
Brothers and sisters of Proposed Insured (If none, so state)	<b>Age</b>	
_____	_____	\$ _____
_____	_____	\$ _____
_____	_____	\$ _____

**Part E - General Information about the (A) First Proposed Insured or (B) Second Proposed/Primary Other Insured**  
 (If 'Yes', provide details in Remarks)

	(A)	(B)
1. Have you used any type of product containing nicotine within the last 24 months? ..... (A) Product Type: _____ Frequency: _____ Date Last Used: _____ (B) Product Type: _____ Frequency: _____ Date Last Used: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Have you ever applied for life, health, or disability insurance or reinstatement of same, which was declined, postponed, rated or modified in any way? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Are you or have you entered into a written agreement to become a member of a military organization? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Have you ever been convicted of a felony or misdemeanor? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Have you had any moving vehicle violations in the last 3 years, or a suspended license or a DUI conviction in the last 5 years? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Have there been any bankruptcy proceedings against you within the last 7 years? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Within the past 6 months have you applied for or do you currently have any applications pending for life or disability insurance? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Have you received or applied for disability or worker's compensation from any source? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Have you been offered any cash incentive or other consideration (such as free insurance) as an inducement to apply for or become an insured under this life insurance policy, or have you been involved in any discussions about the possible sale or transfer of this policy to an unrelated third party, such as (but not limited to) a life settlement company or investor group? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>(If 'Yes', to questions 10-12 complete form 1480, Avocation, Aviation &amp; Foreign Travel Supplemental Application)</b>		
10. Within the last 3 years, have you participated in or do you intend to participate in any type of racing; scuba, skin, sport or sky diving; parachuting or hang gliding; BASE or bungee jumping; mountain climbing or cave exploring? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Do you participate in any aviation activity other than as a fare paying passenger? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
12. Do you intend to travel or reside outside of the USA for more than 2 weeks in a year? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Is the Second Proposed Insured legally married to the First Proposed Insured? .....	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>(This question must be answered if EPR or PSO is requested)</i>		

**Part F - Inforce & Replacement Information** (If 'Yes', Replacement forms must be provided; list company name & policy numbers)

1. Do you have any existing life insurance policies or annuity contracts? <i>(Include face &amp; ADB amounts, company name &amp; year of issue)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Has there been or will there be a lapse, surrender, replacement, reissue, conversion, or change to reduce amount, premium, or period of coverage of any existing life, disability or annuity contract if the applied for policy or rider is issued? (A) List Company Name(s) and Policy Number(s)  (B) List Company Name(s) and Policy Number(s)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Will there be any substantial borrowing on any life insurance policy if the applied for policy or rider is issued? (A) List Company Name(s) and Policy Number(s)  (B) List Company Name(s) and Policy Number(s)	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part G - Bank Authorization** (Complete for Check-O-Matic or automatic bank draft & include voided check or deposit slip )

I authorize LSW to draft monthly payments from my account:  Checking  Savings  Money Market  
 Draft 1st premium, no money collected

Draft on the:  1st  15th  
 8th  22nd day each month or  Draft on the next available date after policy issue.

**Part H - Health History of the (A) First Proposed Insured or (B) Second Proposed/Primary Other Insured** (Give details, dates & results for any 'Yes' questions 3-9 in Remarks). Complete Part H if money was collected with the application or an LSW exam is not being done.

<b>(A) First Proposed Insured</b>		<b>(B) Second Proposed/Primary Other Insured</b>	
1a. Name and Address of Personal Physician <i>(If none, so state)</i>		1b. Name and Address of Personal Physician <i>(If none, so state)</i>	
Date last seen	Reason consulted & outcome	Date last seen	Reason consulted & outcome
2a. Height _____	Weight _____ lbs. Change in last year _____ lbs.	2b. Height _____	Weight _____ lbs. Change in last year _____ lbs.
Reason?		Reason?	

	(A)	(B)
3. Are you taking any medications? <i>(If 'Yes', list type, dose and frequency in the Remarks section.)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. In the last 10 years have you been diagnosed, treated or taken medication for:		
a. Heart Murmur, Rheumatic Fever or Anemia	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Chest Pain, Heart Disease/Disorder or Heart Surgery	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
c. Sleep Apnea, Emphysema, Asthma, Habitual Cough, Lung Disease or Respiratory Tract Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Ulcer, Jaundice, Hepatitis or Chronic Indigestion	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
e. Eyes, Ears, Nose or Throat Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
f. Disorder of the Central or Peripheral Nervous Systems or Headaches	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
g. Spine, Bones, Muscles, Joints, Skin, Thyroid or other Gland Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
h. Stroke, Dizzy Spells, Epilepsy, Convulsions, Paralysis or Unconsciousness	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
i. High Blood Pressure, High Cholesterol, Veins, Blood or other Circulatory System Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
j. Protein, Sugar or Blood in the Urine	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
k. Alzheimer's or Dementia	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
l. Kidney Stone, Kidney or Bladder Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
m. Depression, Anxiety or any other Psychological Condition	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
n. Gout, Arthritis, Back Pain or Back Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
o. Diabetes or High Blood Sugar	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, is it controlled by diet alone?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
p. Cancer, Polyp or other Tumor	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
q. Esophagus, Stomach, Intestinal, Liver or Gall Bladder Disorder	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
r. Prostate, Pelvic Organs or Breast Disease	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
s. Alcohol or Drug Abuse - If yes, have you made the decision or been advised to reduce alcohol or drug intake, used drugs not prescribed by a physician or been a member of a support group such as AA or NA?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Within the past 10 years have you tested positive for exposure to the Human Immunodeficiency Virus (HIV), or has a physician or other medical professional diagnosed you as having Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or AIDS related conditions?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. In the past 10 years have you used narcotic drugs, amphetamines, cocaine, marijuana or drugs not prescribed by a doctor?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Within the past 5 years have you:		
a. had x-rays, electrocardiograms, heart catheterization or other diagnostic tests?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. been admitted to a hospital, or been advised or plan to enter a hospital for observation, operation or treatment of any kind?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Do you have any pending appointments with any medical professional within the next 30 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Has a parent or sibling been diagnosed or treated by a member of the medical profession for cancer, heart disease, Huntington's Disease or polycystic kidney disease?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

<b>(A) First Proposed Insured</b>			<b>(B) Second Proposed/Primary Other Insured</b>		
10a. Family History	Father	Mother	10b. Family History	Father	Mother
Age if alive	_____	_____	Age if alive	_____	_____
Age at death	_____	_____	Age at death	_____	_____
Cause of death	_____	_____	Cause of death	_____	_____



**Conditional Receipt** (to be given to applicant upon premium payment to agent) (Not to be used for Qualified Pension or Profit Sharing Trust.)

**NOTE: ALL PREMIUM CHECKS SHOULD BE MADE PAYABLE TO LSW.** Do not make a check payable to the agent or leave the payee blank.

This receipt should not be issued (and will be deemed void) and premium should not be paid if Parts A, E, F and H of the application are not completely answered. No agent or medical examiner may waive a complete answer to any question in the application.

\$ \_\_\_\_\_ has been received from \_\_\_\_\_ as payment for the life insurance applied for on this date, subject to the following.

Coverage under this policy receipt, not to exceed the face amount(s) applied for or \$300,000, whichever is less, will take effect as described below.

Coverage under this receipt will begin on the LATER of: **a)** the date the application is signed, **b)** the date the first full modal premium has been paid, **c)** the date the last medical requirement requested by LSW is completed, or **d)** the effective date, if any, requested on the application.

Prior to delivery of the policy, coverage will be effective if:

1. the first full modal premium has been paid, and the check or draft is honored when presented for payment, and
2. LSW receives all medical examinations, tests and records within 60 days from the date of the application, and
3. LSW determines that each Proposed Insured is acceptable to it, under applicable underwriting standards, for the plan, benefits, amount and rate class applied for, and
4. there is no material misrepresentation in the application or in any medical information furnished to LSW.

**Termination of Coverage.** Coverage under this receipt will end on the FIRST of: **a)** insurance beginning under the policy applied for, **b)** LSW declines the application or offers the applicant a policy other than the one applied for, **c)** 60 days from the date coverage under this receipt begins, or **d)** LSW notifies the applicant in writing that coverage is ended. If LSW terminates coverage under this receipt or declines the application, or if the applicant refuses a policy issued other than as applied for, LSW will refund the full amount paid under this receipt. If a Proposed Insured dies by suicide, LSW's liability under this receipt is limited to a full refund of the premium paid. (Suicide clause not applicable to Missouri.)

Licensed Agent's Signature: \_\_\_\_\_ Licensed Agent's Name: (Print) \_\_\_\_\_

Signed at: (City & State) \_\_\_\_\_ on this day of: (mm/dd/yyyy) \_\_\_\_\_

Detach

**Important Notices** (to be given to the Applicant and Proposed Insured(s))

**Insurance Information Practices:** We must collect certain amounts of necessary and helpful personal information in order to properly underwrite and administer your insurance coverage. The amount and type of information collected may vary depending on the amount and type of insurance for which you have applied. Our information practices provide that:

1. Personal information may be collected from sources other than yourself;
2. Such information as well as other personal or privileged information subsequently collected by us or our agent, may, in certain circumstances be disclosed to third parties without your authorization; and
3. You have a right of access and correction with respect to all personal information collected.

If you would like to obtain a more detailed explanation of our information practices, including your rights of access to and correction of personal information, please contact our Administrative Office (1 National Life Drive, Montpelier, VT 05604).

**Investigative Consumer Report Notice:** In compliance with the Fair Credit Reporting Act (FCRA), this is to notify you that as part of our underwriting process an investigative consumer report may be obtained through personal interviews with neighbors, friends, associates or others concerning your character, general reputation, personal characteristics and mode of living. You have the right to be personally interviewed if we order an investigative consumer report. Please notify us if this is your wish. You may contact our Administrative Office for additional information regarding the nature and scope of this inquiry and a summary of your rights under FCRA. On written request, we will inform you whether a report was requested and provide additional information. LSW may telephone you directly to obtain the information described above. An interviewer in the Administrative Office may ask you to review and clarify information provided on the application or may ask additional questions. Whenever possible, calls will be made at your convenience and to the telephone number you provided.

**Medical Information Bureau Notice:** Information regarding your insurability will be treated as confidential. LSW or its reinsurers may, however, make a brief report thereon to the Medical Information Bureau (MIB, Inc.), a non-profit membership organization of life insurance companies which operates an information exchange on behalf of its members. If you apply to another insurance company, the Bureau, on request, will supply such company with the information in its file. On receipt of a request from you, the Bureau will arrange disclosure of any information it may have in your file. (Medical information will be released only to your attending physician.) If you question the accuracy of information in the Bureau's file, you may contact the Bureau and make a correction in accordance with procedures set forth in the Fair Credit Reporting Act. The address of the Bureau's information office is 50 Braintree Hill, Suite 400, Braintree, MA 02184-8734, telephone number (866) 692-6901, website: www.mib.com.

LSW may release information in its files to other life insurance companies to whom you may apply for life or health insurance, or to whom a claim for benefits may be submitted.

<i>SERFF Tracking Number:</i>	<i>NALF-127345577</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Life Insurance Company of the Southwest</i>	<i>State Tracking Number:</i>	<i>49496</i>
<i>Company Tracking Number:</i>	<i>8973(0911)</i>		
<i>TOI:</i>	<i>L09I Individual Life - Flexible Premium Adjustable Life</i>	<i>Sub-TOI:</i>	<i>L09I.101 External Indexed - Single Life</i>
<i>Product Name:</i>	<i>LSW FlexLife IUL</i>		
<i>Project Name/Number:</i>	<i>LSW FlexLife IUL/8973(0911)</i>		

## Supporting Document Schedules

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Flesch Certification		
<b>Comments:</b>			
<b>Attachment:</b>			
AR ReadCert.pdf			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Application		
<b>Comments:</b>	Revised application being submitted for approval.		

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Health - Actuarial Justification		
<b>Bypass Reason:</b>	Not applicable.		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Bypassed - Item:</b>	Outline of Coverage		
<b>Bypass Reason:</b>	Not applicable.		
<b>Comments:</b>			

		<b>Item Status:</b>	<b>Status Date:</b>
<b>Satisfied - Item:</b>	Actuarial Memoranda		
<b>Comments:</b>			
<b>Attachments:</b>			
Memorandum.Policy.8973(0911).pdf			

SERFF Tracking Number: NALF-127345577 State: Arkansas  
 Filing Company: Life Insurance Company of the Southwest State Tracking Number: 49496  
 Company Tracking Number: 8973(0911)  
 TOI: L09I Individual Life - Flexible Premium Sub-TOI: L09I.101 External Indexed - Single Life  
 Adjustable Life  
 Product Name: LSW FlexLife IUL  
 Project Name/Number: LSW FlexLife IUL/8973(0911)

- Memorandum.Policy.8974(0911).pdf
- Memorandum.APB.8989(0911).pdf
- Memorandum.APB.8990(0911).pdf
- Memorandum.BSBR.20015(0911).pdf
- Memorandum.DBPR.8991(0911).pdf
- Memorandum.ICSR.8993(0911).pdf
- Memorandum.OIR.8994(0911).pdf
- Memorandum.OIR.8995(0911).pdf
- Memorandum.SAR.8992(0911).pdf
- Memorandum.WMD.8996(0911).pdf
- Memorandum.WMD.8997(0911).pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Sample Illustration  
**Comments:**  
 Sample Sex Distinct and Unisex Illustrations attached.  
**Attachments:**  
 LSW Flexlife Sex Distinct Sample Illustration.pdf  
 LSW Flexlife Unisex Sample Illustration.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Illustration Actuary Certification  
**Comments:**  
**Attachment:**  
 IllusActuaryCert.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Responsible Officer Certification  
**Comments:**  
**Attachment:**  
 Responsible Officer Cert LSW.pdf

SERFF Tracking Number: NALF-127345577 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 49496  
Company Tracking Number: 8973(0911)  
TOI: L09I Individual Life - Flexible Premium Sub-TOI: L09I.101 External Indexed - Single Life  
Adjustable Life  
Product Name: LSW FlexLife IUL  
Project Name/Number: LSW FlexLife IUL/8973(0911)

**Item Status:** **Status Date:**

**Satisfied - Item:** Statement of Variability

**Comments:**

**Attachment:**

SOV-Basic-LSW-FlexLife.pdf

**Item Status:** **Status Date:**

**Satisfied - Item:** Indexed Investment Procedures

**Comments:**

**Attachment:**

Investment Procedures LSW.pdf

**Item Status:** **Status Date:**

**Satisfied - Item:** Third Party Authorization

**Comments:**

**Attachment:**

Third Party Authorization Letters.pdf

**Item Status:** **Status Date:**

**Satisfied - Item:** Sample Annual Statement

**Comments:**

**Attachment:**

AnnualStatement FlexLife.pdf

**Item Status:** **Status Date:**

**Satisfied - Item:** Certification with Reg 34

**Comments:**

SERFF Tracking Number: NALF-127345577 State: Arkansas  
Filing Company: Life Insurance Company of the Southwest State Tracking Number: 49496  
Company Tracking Number: 8973(0911)  
TOI: L09I Individual Life - Flexible Premium Sub-TOI: L09I.101 External Indexed - Single Life  
Adjustable Life  
Product Name: LSW FlexLife IUL  
Project Name/Number: LSW FlexLife IUL/8973(0911)

**Attachment:**  
AR Cert UL&IUL.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Certification with Regs 19 and 49  
**Comments:**  
**Attachment:**  
AR Cert.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Consent to Submit Rates and/or  
Cost Bases for Approval  
**Comments:**  
**Attachment:**  
AR Consent to Submit Rates and.pdf

**Item Status:** **Status**  
**Date:**

**Satisfied - Item:** Certificate of Compliance with  
External Index  
**Comments:**  
**Attachment:**  
AR Certificate of Compliance with External Index.pdf

Life Insurance Company of the Southwest  
Certification of Readability

We certify that, to the best of our knowledge and belief, each of the forms listed below meets the minimum reading ease score required by Arkansas Statute Annotated Section 66-3251 through 66-3258, cited as the Life and Disability Insurance Policy Language Simplification Act.

<u>Form Number</u>	<u>Flesch Score</u>
8973AR(0911)	80.2
8974AR(0911)	80.2
8989AR(0911)	89.3
8990AR(0911)	89.3
8991(0911)	66.4
8992(0911)	63.8
8993(0911)	77.6
8994(0911)	84.0
8995(0911)	84.0
8996(0911)	62.8
8997(0911)	62.8
20015(0911)	89.2
8121AR(0911)	56.4

July 15, 2011  
Date

  
Elizabeth MacGowan,  
Designated Representative

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
Ethan Allen

Presented by National Life

Age 35  
Verified Standard NT  
Male  
State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Agent address:  
1 National Life Drive  
Montpelier, Vermont 05604  
802 229-3333

LSW FlexLife is a flexible premium, adjustable death benefit individual life insurance policy, commonly referred to as Universal Life. It features indexed crediting options.

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

Waiver of Monthly Deductions provides that policy expenses and mortality charges will be waived during a period of the insured's total disability.

Additional Protection Benefit Rider provides an additional death benefit at a lower cost than the cost of the base policy.

Other Insured Rider provides term life insurance coverage on an individual other than the base insured.

Death Benefit Protection Rider provides that the policy will not lapse in the first 25 policy years even if the net cash surrender value is less than or equal to zero provided that premiums paid reduced by withdrawals, both accumulated with interest, less the policy loan balance, equals or exceeds the accumulation with interest of the Monthly Guaranteed Premiums.

For the initial benefit amount, the monthly Minimum Guaranteed Premium is \$91.46. The Monthly Guaranteed Premium may change if the policyholder exercises certain rights in the contract. The interest rate at which premiums, withdrawals and Monthly Guaranteed Premiums are accumulated is equal to an effective annual rate of 5.00%. Please consult the rider form for more details.

Interest Crediting Strategies Rider will provide the FlexLife product with multiple Indexed Crediting Strategies.

Systematic Allocation Rider allows Net Premiums in excess of the Basic Strategy Minimum Value and meeting a minimum threshold to be transferred to a systematic allocation account that automatically transfers each month one twelfth of this amount to new Indexed Segments.

Balance Sheet Benefit Rider waives the percentage of policy Surrender Charges specified by the policyowner at issue.

July 1, 2011

LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001  
This illustration is not complete without all pages.  
Copyright

Page 1 of 23  
v11.2

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Definitions of key terms and column headings:

Age - The insured's age at nearest birthday.

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

Planned Premium - The annualized premium that is required under the illustrated policy.

Weighted Average Interest Rate - The weighted average interest rate is used to compute current policy values. This rate varies by policy year, and is based upon the amount of money required in the Basic Strategy and the allocation between the other five strategies described in the illustration.

Accumulated Value End Year - The policy equity at the end of the policy year. Current interest rates and policy charges are not guaranteed.

Cash Surrender Value End Year - The policy equity at the end of the policy year, after deductions for any applicable surrender charges and any outstanding policy loans and loan interest. Current interest rates and policy charges are not guaranteed.

Death Benefit End Year - The entire policy death benefit at the end of the policy year, after deductions for any outstanding policy loans and loan interest. Current interest rates and policy charges are not guaranteed.

Total Level Guideline Premium - The sum of the guideline level premiums calculated for the current policy year and each prior year. It is a level premium calculated at issue based on policy guarantees and an interest rate not less than 4% as specified in IRC section 7702.

Total Single Guideline Premium - The sum of the guideline single premium calculated for the current policy year and each prior year. It is calculated at issue based on policy guarantees and an interest rate not less than 6% as specified in IRC section 7702.

Total Maximum Guideline Premium - The larger of the numbers in the total guideline level and the total guideline single premium columns. For a policy to qualify as life insurance, the sum of all premiums paid in the current and prior policy years cannot exceed the amount shown in this column for the current year. This must be true in every policy year.

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**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Total Premium - The MEC total premium for any policy year is the sum of the premiums paid into the policy in the current policy year and prior policy years that are used to determine the MEC status of the policy.

MEC Total 7 Pay Premium - The MEC total 7 pay premium for any policy year is the sum of the annual payments calculated under IRC Section 7702A (the seven pay premium) for this and all prior policy years that determine whether or not the contract is a modified endowment contract (MEC). Upon the first occurrence of a number in the MEC total premium column exceeding the number for the same policy year in this column, the policy will become a MEC. Distributions other than death proceeds from a MEC, including policy loans and partial surrenders of funds will be treated as taxable gain received first and recovery of premium second. In addition to regular income tax, a 10% federal tax penalty is applicable to any taxable distribution from the MEC before the insured reaches age 59 ½. This includes policy terminations.

Guaranteed Annual Cash Flow - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on guaranteed values.

Guaranteed End Year Net Cash Value - The guaranteed equity at the end of the policy year less any outstanding policy loans, loan interest, and applicable surrender charges.

Guaranteed End Year Net Death Benefit - The guaranteed death benefit at the end of the policy year less any policy loans, loan interest and applicable surrender charges.

Current Basis B Annual Cash Flow\* - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on the current interest rate and charges.

Averaged Annual Cash Flow\* - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

Averaged Net Equity End Year\* - The entire policy equity at the end of the year after deductions for any outstanding policy loans and loan interest. Values in this column are based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

Averaged Net Death Benefit End Year\* - The entire policy death benefit at the end of the year after deductions for any outstanding policy loans and loan interest. Values in this column are based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
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**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

Annual Planned Payments of \$1,235.00 have been assumed to be received at the beginning of each billing period.

All values shown are end of policy year values.

A surrender charge is assessed on full surrender of a policy in the first ten policy years from the date of issue or the date of an increase in face amount. The cash surrender values in this proposal reflect applicable surrender charges. Partial withdrawals are available if the policy has positive cash surrender value. The accumulated value of the policy will be reduced by the sum of the partial withdrawal and the withdrawal fee of \$25.

The Guaranteed Basis uses an interest rate and maximum monthly deductions guaranteed by the Company. It is the most conservative basis used for the calculation of illustrated values.

The policy as illustrated using Current Basis A will provide coverage for 42 policy years based on the Current Basis A interest rates and the current charges by the Company. Coverage will then terminate unless a higher premium is paid.

The policy as illustrated using Current Basis B will provide coverage for 47 policy years based on the Current Basis B interest rates and the current charges by the Company. Coverage will then terminate unless a higher premium is paid.

The policy as illustrated on an average basis will provide coverage for 30 years based on the average interest rates credited and the average charges by the Company. The average interest rates are the average of the guaranteed interest rate and the Current Basis B illustrated interest rates. The average charges are the average of guaranteed charges and current charges.

The policy as illustrated on a guaranteed basis will provide coverage for 25 policy years based on the guaranteed interest rate credited and the guaranteed charges by the Company. Coverage will then terminate unless a higher premium is paid.

This illustration reflects an annual 0.35% Account Value Enhancement starting in policy year 11. The Account Value Enhancement is not guaranteed.

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

The following is a statement of costs and benefits for the LSW FlexLife policy illustrated on the following pages. The Net Payment Index shows your average annual outlay per \$1000 of Death Benefit. The Surrender Cost Index is the average annual amount of each planned premium that is not returned if the policy is surrendered for its cash value at the end of the year cited.

INTEREST ADJUSTED COST INDEXES AT 5%

CURRENT BASIS B

	YEAR 10	YEAR 20
Net Payment	\$6.18	\$6.18
Surrender Cost	\$2.91	\$1.75

GUARANTEED BASIS

	YEAR 10	YEAR 20
Net Payment	\$6.18	\$6.18
Surrender Cost	\$4.82	\$6.06

An explanation of the intended use of the above cost indexes is provided in the Life Insurance Buyer's Guide.

Please Note: The illustrated values that make up this ledger proposal should not be regarded as an offer nor as a contract to insure. If the presentation, of which this ledger is a part results in a policy being issued with different illustrated values than those in this ledger, the actual values illustrated with the policy shall control.

**Tax Treatment:** The Company will report any eligible distributions, under any accelerated benefits rider, subject to existing IRS guidance and facts at the time of distribution. However, proper tax treatment for any accelerated benefits you receive under this insurance contract depends on a number of factors. These factors include, among others, the provisions of the law, the terms of the contract, and your personal situation at the time payments are made. These factors may permit some or all of the payments to be excluded from income or may require some or all the payments to be included in income for tax purposes. You should consult with your own tax advisor in deciding how to report the payments.

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
Ethan Allen

Presented by National Life

Age 35  
Verified Standard NT  
Male  
State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

**Indexed Strategies**

This product is a life insurance product and does not represent an investment in the stock market.

This product features a fixed crediting strategy and four indexed crediting strategies. The following is a summary of the characteristics of the indexed crediting strategies that are available in this policy. Please refer to the policy for complete details. In the event of any conflict, the policy language will control.

This policy features four distinct indexed crediting strategies, Indexed Strategy 1, which uses a S&P 500<sup>®</sup> point-to-point crediting method, Indexed Strategy 2, which uses a S&P 500<sup>®</sup> point-to-point crediting method with a focus on the Participation Rate, Indexed Strategy 3, which uses a S&P 500<sup>®</sup> point-to-point crediting method with no Earnings Cap, and Indexed Strategy 4, which uses a S&P 500<sup>®</sup> point-to-average crediting method with no Earnings Cap.

For Indexed Strategies 1, 2, and 3 the Annual Index Growth is calculated as the percentage increase in the Index, if any, from one segment anniversary to the next segment anniversary.

For Indexed Strategy 4, the daily average value of the Index is calculated for the period covering one segment anniversary to the next segment anniversary. The Annual Index Growth is calculated as the percentage increase in the daily average value, if any, over the Index value on the preceding segment anniversary.

Each transfer to an indexed strategy creates a distinct Indexed Segment with a segment length of one year. Index Earnings are credited to each Indexed Segment on the annual segment anniversary. Index Earnings are not calculated or credited between segment anniversaries. Each Indexed Segment will have a Participation Rate and an Index Earnings Cap, which are determined in advance for each twelve-month period and are subject to change on each segment anniversary.

The Index Earnings for an Indexed Segment on the segment anniversary are calculated as the Annual Index Growth for the segment, multiplied by the segment's Participation Rate, with this product adjusted so that it is no less than 0% and no greater than the segment's Index Earnings Cap.

At the end of the one-year segment length, the value in that segment is transferred to the Basic Strategy for automatic reallocation using the strategy allocation in force at that time. This strategy allocation may be changed by the Owner upon request.

The Index for these strategies will be the S&P 500<sup>®</sup> Index, excluding dividends. The Annual Index Growth for an Indexed Segment is calculated on the segment anniversary based on the performance of that Index.

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

"Standard & Poor's<sup>®</sup>", "S&P<sup>®</sup>", "S&P 500<sup>®</sup>", "Standard & Poor's 500", and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Life Insurance Company of the Southwest. The product is not sponsored, endorsed, sold or promoted by S&P and S&P makes no representation regarding the advisability of investing in the Product.

The historical rates shown below were based on the Average Rate of Return for the S&P 500<sup>®</sup> computed backwards from 12/21/2010 for the number of years indicated and adjusted by the cap, floor, and participation rates for each of the Index Strategies as indicated on the following page.

The actual credited rate for each policy year will vary based on the actual change in the index. These figures do not represent actual interest that would have been credited because the Participation rate and Cap would have changed over time and actual results would have been different. There are administrative, cost of insurance and other charges associated with the LSW FlexLife IUL policy. The historical returns by strategy do not reflect these charges. It is not meant to predict future performance. It is not possible to know in advance what the actual credited rate will be.

Hypothetical Returns by Strategy

	S&P 500 <sup>®</sup> Indexed Strategy 1	S&P 500 <sup>®</sup> Indexed Strategy 2	S&P 500 <sup>®</sup> Indexed Strategy 3	S&P 500 <sup>®</sup> Indexed Strategy 4
5-Year Average Rate of Return	6.70%	6.80%	6.30%	6.30%
10-Year Average Rate of Return	5.70%	6.00%	5.20%	5.20%
20-Year Average Rate of Return	7.90%	8.00%	7.70%	7.30%
1984 - 2010 Average Rate of Return	8.30%	8.30%	8.30%	7.80%
Maximum Illustrated Rate*	8.30%	8.30%	8.30%	7.80%

\* The maximum illustrated interest rate for each strategy is based upon the historical performance, from 12/21/1984 to 12/21/2010, of the S&P 500<sup>®</sup> adjusted for the current Participation Rate and Index Earnings Cap - if applicable - per Strategy as indicated on the following page.

**A Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

The chart below reflects the current and guaranteed cap rates and participation rates and maximum illustration rate for each Indexed Strategy. The current rates are not guaranteed and are subject to change, but will never be lower than the guaranteed rates.

	Indexed Crediting Method			
	S&P 500® Indexed Strategy 1	S&P 500® Indexed Strategy 2	S&P 500® Indexed Strategy 3	S&P 500® Indexed Strategy 4
Current Cap Rate	13.50%	12.00%	No Cap	No Cap
Guaranteed Cap Rate	3.1%	3.0%	No Cap	No Cap
Current Participation Rate	100%	140%	65%	120%
Guaranteed Participation Rate	100%	110%	25%	30%
Maximum Illustration Rate	8.30%	8.30%	8.30%	7.80%

The illustrated assumed interest rates cannot exceed the maximum illustration rates allowed by the company, as shown above. The maximum illustration rates are based on applying the current cap rates and participation rates to the S&P 500® Index historical performance from 1984 through 2010. The historical performance of the S&P 500® Index should not be considered a representation of past or future performance for any of the Indexed Strategies available in this policy, nor is it an estimate of the returns that a policyholder can expect based on the current caps and participation rates. The future rate credited for any of these strategies may be less than or greater than the non-guaranteed assumed interest rates used in this illustration.

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

**Non-Guaranteed Assumed Interest Rate Disclosure**

	Initial Allocation	Current Basis A Interest Rate	Current Basis B Interest Rate
Strategy			
Basic Strategy		5.00%	5.00%
Systematic Allocation Basic Strategy		5.00%	5.00%
Fixed-Term Strategy	50%	5.50%	5.50%
Indexed Strategy 1, S&P 500® point-to-point	50%	5.50%	8.30%
Indexed Strategy 2, S&P 500® point-to-point with Participation Rate focus	0%	5.50%	8.30%
Indexed Strategy 3, S&P 500® point-to-point with no Cap	0%	5.50%	8.30%
Indexed Strategy 4, S&P 500® point-to-average with no Cap	0%	5.50%	7.80%

For illustrative purposes, a weighted average interest rate is used to compute policy values. This weighted average interest between rate varies by policy year, and is based upon the amount of money required in the Basic Strategy and the allocation between the other seven strategies as indicated above.

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Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

Summary of Additional Benefits

Rider	Insured's Issue Age/ Classification	Initial Benefit Amount	Coverage to Age	Guaranteed Monthly Cost in Year 1	Current Monthly Cost in Year 1
Balance Sheet Benefit Rider	35	25%	120	0.43	0.43
Interest Crediting Strategies Rider	NA	NA	NA	None	None
System Allocation Rider	NA	NA	NA	None	None
Waiver of Monthly Deductions Rider	35	Monthly Deduction	65	3.73	3.24
Death Benefit Protection Rider Monthly Guarantee Premium \$91.46	35	200,000	60	None	None
Other Insured Rider	35 / Female Verified Standard NT	100,000	100	7.42	7.42

NA = not applicable

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 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%				*Current Basis B Values			
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	
1	\$ 1,235.00	\$ 501	\$ 125	\$ 200,000	5.89%	\$ 619	\$ 155	\$ 200,000	
2	1,235.00	993	248	200,000	6.23%	1,271	318	200,000	
3	1,235.00	1,476	369	200,000	6.40%	1,956	697	200,000	
4	1,235.00	1,947	800	200,000	6.50%	2,663	1,516	200,000	
5	1,235.00	2,404	1,372	200,000	6.57%	3,409	2,377	200,000	
6	1,235.00	2,844	1,973	200,000	6.61%	4,177	3,306	200,000	
7	1,235.00	3,260	2,555	200,000	6.64%	4,968	4,262	200,000	
8	1,235.00	3,645	3,109	200,000	6.67%	5,784	5,248	200,000	
9	1,235.00	3,991	3,629	200,000	6.69%	6,643	6,280	200,000	
10	1,235.00	4,289	4,106	200,000	6.70%	7,507	7,323	200,000	
	\$ 12,350.00								
11	1,235.00	4,536	4,536	200,000	6.78%	8,749	8,749	200,000	
12	1,235.00	4,722	4,722	200,000	6.79%	10,046	10,046	200,000	
13	1,235.00	4,835	4,835	200,000	6.80%	11,400	11,400	200,000	
14	1,235.00	4,892	4,892	200,000	6.80%	12,835	12,835	200,000	

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

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LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

July 1, 2011

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**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%			*Current Basis B Values			
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
15	\$ 1,235.00	\$ 4,885	\$ 4,885	\$ 200,000	6.81%	\$ 14,356	\$ 14,356	\$ 200,000
16	1,235.00	4,793	4,793	200,000	6.81%	15,888	15,888	200,000
17	1,235.00	4,600	4,600	200,000	6.81%	17,482	17,482	200,000
18	1,235.00	4,276	4,276	200,000	6.81%	19,126	19,126	200,000
19	1,235.00	3,805	3,805	200,000	6.81%	20,820	20,820	200,000
20	1,235.00	3,138	3,138	200,000	6.81%	22,555	22,555	200,000
	\$ 24,700.00							
21	1,235.00	2,227	2,227	200,000	6.81%	24,291	24,291	200,000
22	1,235.00	1,036	1,036	200,000	6.81%	26,027	26,027	200,000
23	1,235.00	-	-	200,000	6.80%	27,741	27,741	200,000
24	1,235.00	-	-	200,000	6.80%	29,415	29,415	200,000
25	1,235.00	-	-	200,000	6.79%	31,012	31,012	200,000
26	1,235.00	-	-	-	6.80%	32,802	32,802	200,000
27	1,235.00	-	-	-	6.80%	34,576	34,576	200,000

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 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%			Weighted Average Interest Rate	*Current Basis B Values		
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
28	\$ 1,235.00	-	-	-	6.80%	\$ 36,330	\$ 36,330	\$ 200,000
29	1,235.00	-	-	-	6.79%	38,020	38,020	200,000
30	1,235.00	-	-	-	6.78%	39,596	39,596	200,000
	\$ 37,050.00							
31	1,235.00	-	-	-	6.79%	41,226	41,226	200,000
32	1,235.00	-	-	-	6.78%	42,754	42,754	200,000
33	1,235.00	-	-	-	6.78%	44,186	44,186	200,000
34	1,235.00	-	-	-	6.77%	45,480	45,480	200,000
35	1,235.00	-	-	-	6.76%	46,623	46,623	200,000
36	1,235.00	-	-	-	6.76%	47,559	47,559	200,000
37	1,235.00	-	-	-	6.75%	48,222	48,222	200,000
38	1,235.00	-	-	-	6.73%	48,548	48,548	200,000
39	1,235.00	-	-	-	6.72%	48,427	48,427	200,000
40	1,235.00	-	-	-	6.70%	47,758	47,758	200,000
	\$ 49,400.00							

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Age 35  
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 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

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Policy Year	Planned Premium	Guaranteed Values at 2.50%			Weighted Average Interest Rate	*Current Basis B Values		
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
41	\$ 1,235.00	-	-	-	6.67%	\$ 46,442	\$ 46,442	\$ 200,000
42	1,235.00	-	-	-	6.64%	44,311	44,311	200,000
43	1,235.00	-	-	-	6.59%	41,143	41,143	200,000
44	1,235.00	-	-	-	6.52%	36,702	36,702	200,000
45	1,235.00	-	-	-	6.41%	30,688	30,688	200,000
46	1,235.00	-	-	-	6.24%	22,784	22,784	200,000
47	1,235.00	-	-	-	5.89%	12,595	12,595	200,000
48	-	-	-	-	0.00%	-	-	-
49	-	-	-	-	0.00%	-	-	-
50	-	-	-	-	0.00%	-	-	-
	\$ 58,045.00							
55	-	-	-	-	0.00%	-	-	-
60	-	-	-	-	0.00%	-	-	-
	\$ 58,045.00							

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**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%			Weighted Average Interest Rate	*Current Basis B Values		
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
65	\$ -	-	-	-	0.00%	\$ -	\$ -	-
70	-	-	-	-	0.00%	-	-	-
	\$ 58,045.00							
75	-	-	-	-	0.00%	-	-	-
80	-	-	-	-	0.00%	-	-	-
	\$ 58,045.00							
85	-	-	-	-	0.00%	-	-	-
	\$ 58,045.00							

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Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
1	\$ 1,235.00	5.23%	614	153	200,000	5.89%	619	155	200,000
2	1,235.00	5.32%	1,252	313	200,000	6.23%	1,271	318	200,000
3	1,235.00	5.37%	1,915	655	200,000	6.40%	1,956	697	200,000
4	1,235.00	5.39%	2,588	1,442	200,000	6.50%	2,663	1,516	200,000
5	1,235.00	5.41%	3,290	2,258	200,000	6.57%	3,409	2,377	200,000
6	1,235.00	5.42%	4,002	3,131	200,000	6.61%	4,177	3,306	200,000
7	1,235.00	5.43%	4,725	4,019	200,000	6.64%	4,968	4,262	200,000
8	1,235.00	5.44%	5,458	4,921	200,000	6.67%	5,784	5,248	200,000
9	1,235.00	5.44%	6,217	5,855	200,000	6.69%	6,643	6,280	200,000
10	1,235.00	5.44%	6,967	6,783	200,000	6.70%	7,507	7,323	200,000
11	1,235.00	5.47%	8,066	8,066	200,000	6.78%	8,749	8,749	200,000
12	1,235.00	5.47%	9,195	9,195	200,000	6.79%	10,046	10,046	200,000
13	1,235.00	5.47%	10,353	10,353	200,000	6.80%	11,400	11,400	200,000
14	1,235.00	5.47%	11,561	11,561	200,000	6.80%	12,835	12,835	200,000
15	1,235.00	5.47%	12,822	12,822	200,000	6.81%	14,356	14,356	200,000
16	1,235.00	5.47%	14,058	14,058	200,000	6.81%	15,888	15,888	200,000
17	1,235.00	5.47%	15,317	15,317	200,000	6.81%	17,482	17,482	200,000
18	1,235.00	5.47%	16,585	16,585	200,000	6.81%	19,126	19,126	200,000
19	1,235.00	5.47%	17,856	17,856	200,000	6.81%	20,820	20,820	200,000
20	1,235.00	5.47%	19,119	19,119	200,000	6.81%	22,555	22,555	200,000

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LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

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**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
21	\$ 1,235.00	5.47%	20,331	20,331	200,000	6.81%	24,291	24,291	200,000
22	1,235.00	5.47%	21,487	21,487	200,000	6.81%	26,027	26,027	200,000
23	1,235.00	5.47%	22,560	22,560	200,000	6.80%	27,741	27,741	200,000
24	1,235.00	5.47%	23,529	23,529	200,000	6.80%	29,415	29,415	200,000
25	1,235.00	5.46%	24,352	24,352	200,000	6.79%	31,012	31,012	200,000
26	1,235.00	5.47%	25,295	25,295	200,000	6.80%	32,802	32,802	200,000
27	1,235.00	5.46%	26,140	26,140	200,000	6.80%	34,576	34,576	200,000
28	1,235.00	5.46%	26,876	26,876	200,000	6.80%	36,330	36,330	200,000
29	1,235.00	5.46%	27,450	27,450	200,000	6.79%	38,020	38,020	200,000
30	1,235.00	5.46%	27,805	27,805	200,000	6.78%	39,596	39,596	200,000
31	1,235.00	5.46%	28,104	28,104	200,000	6.79%	41,226	41,226	200,000
32	1,235.00	5.45%	28,178	28,178	200,000	6.78%	42,754	42,754	200,000
33	1,235.00	5.45%	28,022	28,022	200,000	6.78%	44,186	44,186	200,000
34	1,235.00	5.44%	27,582	27,582	200,000	6.77%	45,480	45,480	200,000
35	1,235.00	5.44%	26,833	26,833	200,000	6.76%	46,623	46,623	200,000
36	1,235.00	5.43%	25,702	25,702	200,000	6.76%	47,559	47,559	200,000
37	1,235.00	5.42%	24,104	24,104	200,000	6.75%	48,222	48,222	200,000
38	1,235.00	5.41%	21,956	21,956	200,000	6.73%	48,548	48,548	200,000
39	1,235.00	5.38%	19,119	19,119	200,000	6.72%	48,427	48,427	200,000
40	1,235.00	5.35%	15,466	15,466	200,000	6.70%	47,758	47,758	200,000

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**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
41	\$ 1,235.00	5.30%	10,870	10,870	200,000	6.67%	46,442	46,442	200,000
42	1,235.00	5.18%	5,120	5,120	200,000	6.64%	44,311	44,311	200,000
43	1,235.00	0.00%	-	-	-	6.59%	41,143	41,143	200,000
44	1,235.00	0.00%	-	-	-	6.52%	36,702	36,702	200,000
45	1,235.00	0.00%	-	-	-	6.41%	30,688	30,688	200,000
46	1,235.00	0.00%	-	-	-	6.24%	22,784	22,784	200,000
47	1,235.00	0.00%	-	-	-	5.89%	12,595	12,595	200,000
48	-	0.00%	-	-	-	0.00%	-	-	-
50	-	0.00%	-	-	-	0.00%	-	-	-
55									
60	-	0.00%	-	-	-	0.00%	-	-	-
65	-	0.00%	-	-	-	0.00%	-	-	-
70	-	0.00%	-	-	-	0.00%	-	-	-
75	-	0.00%	-	-	-	0.00%	-	-	-
80	-	0.00%	-	-	-	0.00%	-	-	-

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Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

		*Current Basis A Values				*Current Basis B Values			
Policy Year	Contract Premium	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
85	\$ -	0.00%	-	-	-	0.00%	-	-	-

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable. See prior pages for guaranteed values

Standard

LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

July 1, 2011

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**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
1	\$200,000	\$2,854	\$32,170	\$32,170	\$1,235	\$8,413
2	200,000	5,708	32,170	32,170	2,470	16,826
3	200,000	8,562	32,170	32,170	3,705	25,239
4	200,000	11,416	32,170	32,170	4,940	33,652
5	200,000	14,270	32,170	32,170	6,175	42,065
6	200,000	17,124	32,170	32,170	7,410	50,478
7	200,000	19,978	32,170	32,170	8,645	58,891
8	200,000	22,832	32,170	32,170	9,880	58,891
9	200,000	25,686	32,170	32,170	11,115	58,891
10	200,000	28,540	32,170	32,170	12,350	58,891
11	200,000	31,394	32,170	32,170	13,585	58,891
12	200,000	34,248	32,170	34,248	14,820	58,891
13	200,000	37,102	32,170	37,102	16,055	58,891
14	200,000	39,956	32,170	39,956	17,290	58,891
15	200,000	42,810	32,170	42,810	18,525	58,891
16	200,000	45,664	32,170	45,664	19,760	58,891
17	200,000	48,518	32,170	48,518	20,995	58,891
18	200,000	51,372	32,170	51,372	22,230	58,891
19	200,000	54,226	32,170	54,226	23,465	58,891

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
20	\$ 200,000	\$ 57,080	\$ 32,631	\$ 57,080	\$ 24,700	58,891
21	200,000	59,934	32,631	59,934	25,935	58,891
22	200,000	62,788	32,631	62,788	27,170	58,891
23	200,000	65,642	32,631	65,642	28,405	58,891
24	200,000	68,496	32,631	68,496	29,640	58,891
25	200,000	71,350	32,631	71,350	30,875	58,891
26	200,000	74,204	32,631	74,204	32,110	58,891
27	200,000	77,058	32,631	77,058	33,345	58,891
28	200,000	79,912	32,631	79,912	34,580	58,891
29	200,000	82,766	32,631	82,766	35,815	58,891
30	200,000	85,620	32,631	85,620	37,050	58,891
31	200,000	88,474	32,631	88,474	38,285	58,891
32	200,000	91,328	32,631	91,328	39,520	58,891
33	200,000	94,182	32,631	94,182	40,755	58,891
34	200,000	97,036	32,631	97,036	41,990	58,891
35	200,000	99,890	32,631	99,890	43,225	58,891
36	200,000	102,744	32,631	102,744	44,460	58,891
37	200,000	105,598	32,631	105,598	45,695	58,891

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8973(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
38	\$ 200,000	\$ 108,452	\$ 32,631	\$ 108,452	\$ 46,930	58,891
39	200,000	111,306	32,631	111,306	48,165	58,891
40	200,000	114,160	32,631	114,160	49,400	58,891
41	200,000	117,014	32,631	117,014	50,635	58,891
42	200,000	119,868	32,631	119,868	51,870	58,891
43	200,000	122,722	32,631	122,722	53,105	58,891
44	200,000	125,576	32,631	125,576	54,340	58,891
45	200,000	128,430	32,631	128,430	55,575	58,891
46	200,000	131,284	32,631	131,284	56,810	58,891
47	200,000	134,138	32,631	134,138	58,045	58,891

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE  
 ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**Policy Cost and Benefit Summary**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Male  
 State - VT

\$100,000 LSW FlexLife with benefits previously described.

Policy Year	Guaranteed Annual Cash Flow	Guaranteed End Year Net Cash Value	Guaranteed End Year Net Death Benefit	Current Basis B Annual Cash Flow*	Current Basis B End Year Net Cash Value*	Current Basis B End Year Net Death Benefit*
5	\$ (1,235)	\$ 1,372	\$ 200,000	\$ (1,235)	\$ 2,377	\$ 200,000
10	(1,235)	4,106	200,000	(1,235)	7,323	200,000
20	(1,235)	3,138	200,000	(1,235)	22,555	200,000
30	0	0	-	(1,235)	39,596	200,000

Policy Year	Averaged Annual Cash Flow*	Averaged Net Equity End Year*	Averaged Net Death Benefit End Year*
5	\$ (1,235)	\$ 1,851	\$ 200,000
10	(1,235)	5,575	200,000
20	(1,235)	10,955	200,000
30	(1,235)	1,812	200,000

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed. I UNDERSTAND THAT HISTORICAL PERFORMANCE OF THE S&P 500® INDEX SHOULD NOT BE CONSIDERED A REPRESENTATION OF THE PAST OR FUTURE PERFORMANCE FOR ANY OF THE INDEXED STRATEGIES IN THE POLICY.

Date \_\_\_\_\_ Applicant \_\_\_\_\_

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

Date \_\_\_\_\_ Agent \_\_\_\_\_

LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

July 1, 2011

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**A Pension - Underwritten Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
Ethan Allen

Presented by National Life

Age 35  
Verified Standard NT  
Unisex  
State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Agent address:  
1 National Life Drive  
Montpelier, Vermont 05604  
802 229-3333

LSW FlexLife is a flexible premium, adjustable death benefit individual life insurance policy, commonly referred to as Universal Life. It features indexed crediting options.

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

Waiver of Monthly Deductions provides that policy expenses and mortality charges will be waived during a period of the insured's total disability.

Additional Protection Benefit Rider provides an additional death benefit at a lower cost than the cost of the base policy.

Other Insured Rider provides term life insurance coverage on an individual other than the base insured.

Death Benefit Protection Rider provides that the policy will not lapse in the first 25 policy years even if the net cash surrender value is less than or equal to zero provided that premiums paid reduced by withdrawals, both accumulated with interest, less the policy loan balance, equals or exceeds the accumulation with interest of the Monthly Guaranteed Premiums.

For the initial benefit amount, the monthly Minimum Guaranteed Premium is \$92.45. The Monthly Guaranteed Premium may change if the policyholder exercises certain rights in the contract. The interest rate at which premiums, withdrawals and Monthly Guaranteed Premiums are accumulated is equal to an effective annual rate of 5.00%. Please consult the rider form for more details.

Interest Crediting Strategies Rider provides the FlexLife product with Basic Strategies, a Fixed-Term Strategy and Multiple Indexed Strategies.

Systematic Allocation Rider allows Net Premiums in excess of the Basic Strategy Minimum Value and meeting a minimum threshold to be transferred to a systematic allocation account that automatically transfers each month one twelfth of this amount to new Indexed Segments.

Balance Sheet Benefit Rider waives the percentage of policy Surrender Charges specified by the policyowner at issue.

July 1, 2011

LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

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**A Pension - Underwritten Life Insurance Illustration**  
**LSW FlexLife - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Definitions of key terms and column headings:

Age - The insured's age at nearest birthday.

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

Planned Premium - The annualized premium that is required under the illustrated policy.

Weighted Average Interest Rate - The weighted average interest rate is used to compute current policy values. This rate varies by policy year, and is based upon the amount of money required in the Basic Strategy and the allocation between the other five strategies described in the illustration.

Accumulated Value End Year - The policy equity at the end of the policy year. Current interest rates and policy charges are not guaranteed.

Cash Surrender Value End Year - The policy equity at the end of the policy year, after deductions for any applicable surrender charges and any outstanding policy loans and loan interest. Current interest rates and policy charges are not guaranteed.

Death Benefit End Year - The entire policy death benefit at the end of the policy year, after deductions for any outstanding policy loans and loan interest. Current interest rates and policy charges are not guaranteed.

Total Level Guideline Premium - The sum of the guideline level premiums calculated for the current policy year and each prior year. It is a level premium calculated at issue based on policy guarantees and an interest rate not less than 4% as specified in IRC section 7702.

Total Single Guideline Premium - The sum of the guideline single premium calculated for the current policy year and each prior year. It is calculated at issue based on policy guarantees and an interest rate not less than 6% as specified in IRC section 7702.

Total Maximum Guideline Premium - The larger of the numbers in the total guideline level and the total guideline single premium columns. For a policy to qualify as life insurance, the sum of all premiums paid in the current and prior policy years cannot exceed the amount shown in this column for the current year. This must be true in every policy year.

**A Pension - Underwritten Life Insurance Illustration**  
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**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

Total Premium - The MEC total premium for any policy year is the sum of the premiums paid into the policy in the current policy year and prior policy years that are used to determine the MEC status of the policy.

MEC Total 7 Pay Premium - The MEC total 7 pay premium for any policy year is the sum of the annual payments calculated under IRC Section 7702A (the seven pay premium) for this and all prior policy years that determine whether or not the contract is a modified endowment contract (MEC). Upon the first occurrence of a number in the MEC total premium column exceeding the number for the same policy year in this column, the policy will become a MEC. Distributions other than death proceeds from a MEC, including policy loans and partial surrenders of funds will be treated as taxable gain received first and recovery of premium second. In addition to regular income tax, a 10% federal tax penalty is applicable to any taxable distribution from the MEC before the insured reaches age 59 ½. This includes policy terminations.

Guaranteed Annual Cash Flow - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on guaranteed values.

Guaranteed End Year Net Cash Value - The guaranteed equity at the end of the policy year less any outstanding policy loans, loan interest, and applicable surrender charges.

Guaranteed End Year Net Death Benefit - The guaranteed death benefit at the end of the policy year less any policy loans, loan interest and applicable surrender charges.

Current Basis B Annual Cash Flow\* - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on the current interest rate and charges.

Averaged Annual Cash Flow\* - The annual (cost) of the policy or the annual amount of proceeds received from the policy before income taxes are included, based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

Averaged Net Equity End Year\* - The entire policy equity at the end of the year after deductions for any outstanding policy loans and loan interest. Values in this column are based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

Averaged Net Death Benefit End Year\* - The entire policy death benefit at the end of the year after deductions for any outstanding policy loans and loan interest. Values in this column are based on the assumption credited interest rate and other charges are an average of current and guaranteed rates.

**A Pension - Underwritten Life Insurance Illustration**  
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Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

Annual Planned Payments of \$1,216.00 have been assumed to be received at the beginning of each billing period.

All values shown are end of policy year values.

A surrender charge is assessed on full surrender of a policy in the first ten policy years from the date of issue or the date of an increase in face amount. The cash surrender values in this proposal reflect applicable surrender charges. Partial withdrawals are available if the policy has positive cash surrender value. The accumulated value of the policy will be reduced by the sum of the partial withdrawal and the withdrawal fee of \$25.

The Guaranteed Basis uses an interest rate and maximum monthly deductions guaranteed by the Company. It is the most conservative basis used for the calculation of illustrated values.

The policy as illustrated using Current Basis A will provide coverage for 39 policy years based on the Current Basis A interest rates and the current charges by the Company. Coverage will then terminate unless a higher premium is paid.

The policy as illustrated using Current Basis B will provide coverage for 43 policy years based on the Current Basis B interest rates and the current charges by the Company. Coverage will then terminate unless a higher premium is paid.

The policy as illustrated on an average basis will provide coverage for 29 years based on the average interest rates credited and the average charges by the Company. The average interest rates are the average of the guaranteed interest rate and the Current Basis B illustrated interest rates. The average charges are the average of guaranteed charges and current charges.

The policy as illustrated on a guaranteed basis will provide coverage for 25 policy years based on the guaranteed interest rate credited and the guaranteed charges by the Company. Coverage will then terminate unless a higher premium is paid.

This illustration reflects an annual 0.35% Account Value Enhancement starting in policy year 11. The Account Value Enhancement is not guaranteed.

**A Pension - Underwritten Life Insurance Illustration**  
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Presented by National Life

Age 35  
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 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

The following is a statement of costs and benefits for the LSW FlexLife policy illustrated on the following pages. The Net Payment Index shows your average annual outlay per \$1000 of Death Benefit. The Surrender Cost Index is the average annual amount of each planned premium that is not returned if the policy is surrendered for its cash value at the end of the year cited.

INTEREST ADJUSTED COST INDEXES AT 5%

CURRENT BASIS B

	YEAR 10	YEAR 20
Net Payment	\$6.08	\$6.08
Surrender Cost	\$3.11	\$2.38

GUARANTEED BASIS

	YEAR 10	YEAR 20
Net Payment	\$6.08	\$6.08
Surrender Cost	\$4.51	\$5.68

An explanation of the intended use of the above cost indexes is provided in the Life Insurance Buyer's Guide.

Please Note: The illustrated values that make up this ledger proposal should not be regarded as an offer nor as a contract to insure. If the presentation, of which this ledger is a part results in a policy being issued with different illustrated values than those in this ledger, the actual values illustrated with the policy shall control.

**Tax Treatment:** The Company will report any eligible distributions, under any accelerated benefits rider, subject to existing IRS guidance and facts at the time of distribution. However, proper tax treatment for any accelerated benefits you receive under this insurance contract depends on a number of factors. These factors include, among others, the provisions of the law, the terms of the contract, and your personal situation at the time payments are made. These factors may permit some or all of the payments to be excluded from income or may require some or all the payments to be included in income for tax purposes. You should consult with your own tax advisor in deciding how to report the payments.

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 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

**Indexed Strategies**

This product is a life insurance product and does not represent an investment in the stock market.

This product features a fixed crediting strategy and four indexed crediting strategies. The following is a summary of the characteristics of the indexed crediting strategies that are available in this policy. Please refer to the policy for complete details. In the event of any conflict, the policy language will control.

This policy features four distinct indexed crediting strategies, Indexed Strategy 1, which uses a S&P 500<sup>®</sup> point-to-point crediting method, Indexed Strategy 2, which uses a S&P 500<sup>®</sup> point-to-point crediting method with a focus on the Participation Rate, Indexed Strategy 3, which uses a S&P 500<sup>®</sup> point-to-point crediting method with no Earnings Cap, and Indexed Strategy 4, which uses a S&P 500<sup>®</sup> point-to-average crediting method with no Earnings Cap.

For Indexed Strategies 1, 2, and 3 the Annual Index Growth is calculated as the percentage increase in the Index, if any, from one segment anniversary to the next segment anniversary.

For Indexed Strategy 4, the daily average value of the Index is calculated for the period covering one segment anniversary to the next segment anniversary. The Annual Index Growth is calculated as the percentage increase in the daily average value, if any, over the Index value on the preceding segment anniversary.

Each transfer to an indexed strategy creates a distinct Indexed Segment with a segment length of one year. Index Earnings are credited to each Indexed Segment on the annual segment anniversary. Index Earnings are not calculated or credited between segment anniversaries. Each Indexed Segment will have a Participation Rate and an Index Earnings Cap, which are determined in advance for each twelve-month period and are subject to change on each segment anniversary.

The Index Earnings for an Indexed Segment on the segment anniversary are calculated as the Annual Index Growth for the segment, multiplied by the segment's Participation Rate, with this product adjusted so that it is no less than 0% and no greater than the segment's Index Earnings Cap.

At the end of the one-year segment length, the value in that segment is transferred to the Basic Strategy for automatic reallocation using the strategy allocation in force at that time. This strategy allocation may be changed by the Owner upon request.

The Index for these strategies will be the S&P 500<sup>®</sup> Index, excluding dividends. The Annual Index Growth for an Indexed Segment is calculated on the segment anniversary based on the performance of that Index.

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Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

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The historical rates shown below were based on the Average Rate of Return for the S&P 500<sup>®</sup> computed backwards from 12/21/2010 for the number of years indicated and adjusted by the cap, floor, and participation rates for each of the Index Strategies as indicated on the following page.

The actual credited rate for each policy year will vary based on the actual change in the index. These figures do not represent actual interest that would have been credited because the Participation rate and Cap would have changed over time and actual results would have been different. There are administrative, cost of insurance and other charges associated with the LSW FlexLife IUL policy. The historical returns by strategy do not reflect these charges. It is not meant to predict future performance. It is not possible to know in advance what the actual credited rate will be.

Hypothetical Returns by Strategy

	S&P 500 <sup>®</sup> Indexed Strategy 1	S&P 500 <sup>®</sup> Indexed Strategy 2	S&P 500 <sup>®</sup> Indexed Strategy 3	S&P 500 <sup>®</sup> Indexed Strategy 4
5-Year Average Rate of Return	6.70%	6.80%	6.30%	6.30%
10-Year Average Rate of Return	5.70%	6.00%	5.20%	5.20%
20-Year Average Rate of Return	7.90%	8.00%	7.70%	7.30%
1984 - 2010 Average Rate of Return	8.30%	8.30%	8.30%	7.80%
Maximum Illustrated Rate*	8.30%	8.30%	8.30%	7.80%

\* The maximum illustrated interest rate for each strategy is based upon the historical performance, from 12/21/1984 to 12/21/2010, of the S&P 500<sup>®</sup> adjusted for the current Participation Rate and Index Earnings Cap - if applicable - per Strategy as indicated on the following page.

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**Ethan Allen**

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 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for information on any riders.

The chart below reflects the current and guaranteed cap rates and participation rates and maximum illustration rate for each Indexed Strategy. The current rates are not guaranteed and are subject to change, but will never be lower than the guaranteed rates.

	Indexed Crediting Method			
	S&P 500® Indexed Strategy 1	S&P 500® Indexed Strategy 2	S&P 500® Indexed Strategy 3	S&P 500® Indexed Strategy 4
Current Cap Rate	13.50%	12.00%	No Cap	No Cap
Guaranteed Cap Rate	3.1%	3.0%	No Cap	No Cap
Current Participation Rate	100%	140%	65%	120%
Guaranteed Participation Rate	100%	110%	25%	30%
Maximum Illustration Rate	8.30%	8.30%	8.30%	7.80%

The illustrated assumed interest rates cannot exceed the maximum illustration rates allowed by the company, as shown above. The maximum illustration rates are based on applying the current cap rates and participation rates to the S&P 500® Index historical performance from 1984 through 2010. The historical performance of the S&P 500® Index should not be considered a representation of past or future performance for any of the Indexed Strategies available in this policy, nor is it an estimate of the returns that a policyholder can expect based on the current caps and participation rates. The future rate credited for any of these strategies may be less than or greater than the non-guaranteed assumed interest rates used in this illustration.

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 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

**Non-Guaranteed Assumed Interest Rate Disclosure**

	Initial Allocation	Current Basis A Interest Rate	Current Basis B Interest Rate
Strategy			
Basic Strategy		5.00%	5.00%
Systematic Allocation Basic Strategy		5.00%	5.00%
Fixed-Term Strategy	50%	5.50%	5.50%
Indexed Strategy 1, S&P 500® point-to-point	50%	5.50%	8.30%
Indexed Strategy 2, S&P 500® point-to-point with Participation Rate focus	0%	5.50%	8.30%
Indexed Strategy 3, S&P 500® point-to-point with no Cap	0%	5.50%	8.30%
Indexed Strategy 4, S&P 500® point-to-average with no Cap	0%	5.50%	7.80%

For illustrative purposes, a weighted average interest rate is used to compute policy values. This weighted average interest between rate varies by policy year, and is based upon the amount of money required in the Basic Strategy and the allocation between the other seven strategies as indicated above.

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

Summary of Additional Benefits

Rider	Insured's Issue Age/ Classification	Initial Benefit Amount	Coverage to Age	Guaranteed Monthly Cost in Year 1	Current Monthly Cost in Year 1
Balance Sheet Benefit Rider	35	25%	120	0.40	0.40
Interest Crediting Strategies Rider	NA	NA	NA	None	None
System Allocation Rider	NA	NA	NA	None	None
Waiver of Monthly Deductions Rider	35	Monthly Deduction	65	3.94	3.43
Death Benefit Protection Rider Monthly Guarantee Premium \$92.45	35	200,000	60	None	None
Other Insured Rider	35 / Unisex Verified Standard NT	100,000	100	8.75	8.75

NA = not applicable

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Age 35  
 Verified Standard NT  
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 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%				*Current Basis B Values			
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	
1	\$ 1,216.00	\$ 477	\$ 119	\$ 200,000	5.86%	\$ 594	\$ 148	\$ 200,000	
2	1,216.00	944	236	200,000	6.21%	1,218	304	200,000	
3	1,216.00	1,403	351	200,000	6.38%	1,872	632	200,000	
4	1,216.00	1,845	716	200,000	6.48%	2,545	1,415	200,000	
5	1,216.00	2,274	1,257	200,000	6.55%	3,248	2,232	200,000	
6	1,216.00	2,683	1,825	200,000	6.59%	3,973	3,115	200,000	
7	1,216.00	3,064	2,369	200,000	6.62%	4,714	4,019	200,000	
8	1,216.00	3,412	2,884	200,000	6.65%	5,473	4,945	200,000	
9	1,216.00	3,715	3,359	200,000	6.67%	6,260	5,904	200,000	
10	1,216.00	3,967	3,786	200,000	6.68%	7,045	6,864	200,000	
	\$ 12,160.00								
11	1,216.00	4,159	4,159	200,000	6.76%	8,190	8,190	200,000	
12	1,216.00	4,287	4,287	200,000	6.78%	9,401	9,401	200,000	
13	1,216.00	4,338	4,338	200,000	6.79%	10,682	10,682	200,000	
14	1,216.00	4,335	4,335	200,000	6.80%	12,037	12,037	200,000	

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

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LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

July 1, 2011

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**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%				*Current Basis B Values			
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	
15	\$ 1,216.00	\$ 4,269	\$ 4,269	\$ 200,000	6.81%	\$ 13,473	\$ 13,473	\$ 200,000	
16	1,216.00	4,117	4,117	200,000	6.80%	14,885	14,885	200,000	
17	1,216.00	3,864	3,864	200,000	6.80%	16,324	16,324	200,000	
18	1,216.00	3,479	3,479	200,000	6.80%	17,787	17,787	200,000	
19	1,216.00	2,941	2,941	200,000	6.80%	19,287	19,287	200,000	
20	1,216.00	2,197	2,197	200,000	6.80%	20,797	20,797	200,000	
	\$ 24,320.00								
21	1,216.00	1,195	1,195	200,000	6.79%	22,291	22,291	200,000	
22	1,216.00	-	-	200,000	6.79%	23,735	23,735	200,000	
23	1,216.00	-	-	200,000	6.78%	25,115	25,115	200,000	
24	1,216.00	-	-	200,000	6.77%	26,408	26,408	200,000	
25	1,216.00	-	-	200,000	6.77%	27,576	27,576	200,000	
26	1,216.00	-	-	-	6.78%	28,918	28,918	200,000	
27	1,216.00	-	-	-	6.77%	30,176	30,176	200,000	

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LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

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**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%			*Current Basis B Values			
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
28	\$ 1,216.00	-	-	-	6.77%	\$ 31,356	\$ 31,356	\$ 200,000
29	1,216.00	-	-	-	6.76%	32,396	32,396	200,000
30	1,216.00	-	-	-	6.75%	33,237	33,237	200,000
	\$ 36,480.00							
31	1,216.00	-	-	-	6.75%	34,045	34,045	200,000
32	1,216.00	-	-	-	6.74%	34,657	34,657	200,000
33	1,216.00	-	-	-	6.72%	35,028	35,028	200,000
34	1,216.00	-	-	-	6.71%	35,120	35,120	200,000
35	1,216.00	-	-	-	6.69%	34,890	34,890	200,000
36	1,216.00	-	-	-	6.67%	34,265	34,265	200,000
37	1,216.00	-	-	-	6.64%	33,133	33,133	200,000
38	1,216.00	-	-	-	6.61%	31,412	31,412	200,000
39	1,216.00	-	-	-	6.56%	28,942	28,942	200,000
40	1,216.00	-	-	-	6.49%	25,609	25,609	200,000
	\$ 48,640.00							

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 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

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Policy Year	Planned Premium	Guaranteed Values at 2.50%			Weighted Average Interest Rate	*Current Basis B Values		
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
41	\$ 1,216.00	-	-	-	6.38%	\$ 21,258	\$ 21,258	\$ 200,000
42	1,216.00	-	-	-	6.21%	15,724	15,724	200,000
43	1,216.00	-	-	-	5.87%	8,723	8,723	200,000
44	-	-	-	-	0.00%	-	-	-
45	-	-	-	-	0.00%	-	-	-
50	-	-	-	-	0.00%	-	-	-
	\$ 52,288.00							
55	-	-	-	-	0.00%	-	-	-
60	-	-	-	-	0.00%	-	-	-
	\$ 52,288.00							
65	-	-	-	-	0.00%	-	-	-
70	-	-	-	-	0.00%	-	-	-
	\$ 52,288.00							

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 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below. The interest rate used in the calculation of guaranteed values is 2.50%.

Policy Year	Planned Premium	Guaranteed Values at 2.50%			Weighted Average Interest Rate	*Current Basis B Values		
		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year		Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
75	\$ -	-	-	-	0.00%	\$ -	\$ -	\$ -
80	-	-	-	-	0.00%	-	-	-
	\$ 52,288.00							
85	-	-	-	-	0.00%	-	-	-
	\$ 52,288.00							

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 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
1	\$ 1,216.00	5.23%	588	147	200,000	5.86%	594	148	200,000
2	1,216.00	5.32%	1,200	300	200,000	6.21%	1,218	304	200,000
3	1,216.00	5.36%	1,833	593	200,000	6.38%	1,872	632	200,000
4	1,216.00	5.39%	2,474	1,344	200,000	6.48%	2,545	1,415	200,000
5	1,216.00	5.41%	3,136	2,120	200,000	6.55%	3,248	2,232	200,000
6	1,216.00	5.42%	3,808	2,950	200,000	6.59%	3,973	3,115	200,000
7	1,216.00	5.42%	4,483	3,788	200,000	6.62%	4,714	4,019	200,000
8	1,216.00	5.43%	5,164	4,636	200,000	6.65%	5,473	4,945	200,000
9	1,216.00	5.44%	5,859	5,503	200,000	6.67%	6,260	5,904	200,000
10	1,216.00	5.44%	6,536	6,356	200,000	6.68%	7,045	6,864	200,000
11	1,216.00	5.46%	7,548	7,548	200,000	6.76%	8,190	8,190	200,000
12	1,216.00	5.47%	8,602	8,602	200,000	6.78%	9,401	9,401	200,000
13	1,216.00	5.47%	9,699	9,699	200,000	6.79%	10,682	10,682	200,000
14	1,216.00	5.47%	10,843	10,843	200,000	6.80%	12,037	12,037	200,000
15	1,216.00	5.47%	12,035	12,035	200,000	6.81%	13,473	13,473	200,000
16	1,216.00	5.47%	13,171	13,171	200,000	6.80%	14,885	14,885	200,000
17	1,216.00	5.47%	14,297	14,297	200,000	6.80%	16,324	16,324	200,000
18	1,216.00	5.47%	15,410	15,410	200,000	6.80%	17,787	17,787	200,000
19	1,216.00	5.47%	16,519	16,519	200,000	6.80%	19,287	19,287	200,000
20	1,216.00	5.47%	17,593	17,593	200,000	6.80%	20,797	20,797	200,000

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**Ethan Allen**

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
21	\$ 1,216.00	5.47%	18,605	18,605	200,000	6.79%	22,291	22,291	200,000
22	1,216.00	5.46%	19,517	19,517	200,000	6.79%	23,735	23,735	200,000
23	1,216.00	5.46%	20,312	20,312	200,000	6.78%	25,115	25,115	200,000
24	1,216.00	5.46%	20,966	20,966	200,000	6.77%	26,408	26,408	200,000
25	1,216.00	5.46%	21,435	21,435	200,000	6.77%	27,576	27,576	200,000
26	1,216.00	5.46%	22,017	22,017	200,000	6.78%	28,918	28,918	200,000
27	1,216.00	5.46%	22,446	22,446	200,000	6.77%	30,176	30,176	200,000
28	1,216.00	5.45%	22,724	22,724	200,000	6.77%	31,356	31,356	200,000
29	1,216.00	5.45%	22,783	22,783	200,000	6.76%	32,396	32,396	200,000
30	1,216.00	5.44%	22,558	22,558	200,000	6.75%	33,237	33,237	200,000
31	1,216.00	5.44%	22,214	22,214	200,000	6.75%	34,045	34,045	200,000
32	1,216.00	5.43%	21,578	21,578	200,000	6.74%	34,657	34,657	200,000
33	1,216.00	5.42%	20,599	20,599	200,000	6.72%	35,028	35,028	200,000
34	1,216.00	5.41%	19,231	19,231	200,000	6.71%	35,120	35,120	200,000
35	1,216.00	5.40%	17,426	17,426	200,000	6.69%	34,890	34,890	200,000
36	1,216.00	5.38%	15,101	15,101	200,000	6.67%	34,265	34,265	200,000
37	1,216.00	5.34%	12,134	12,134	200,000	6.64%	33,133	33,133	200,000
38	1,216.00	5.29%	8,433	8,433	200,000	6.61%	31,412	31,412	200,000
39	1,216.00	5.17%	3,826	3,826	200,000	6.56%	28,942	28,942	200,000
40	-	0.00%	-	-	-	6.49%	25,609	25,609	200,000

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 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	

See Summary of Additional Benefits for Information on any riders.

This illustration of LSW FlexLife values assumes payments are made in the amounts shown and that the illustrated rates and monthly deductions will continue in the future. The interest rate used in the calculation of current values is the weighted average rate shown in the column below.

Policy Year	Contract Premium	*Current Basis A Values				*Current Basis B Values			
		Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year	Weighted Average Interest Rate	Accumulated Value End Year	Cash Surrender Value End Year	Death Benefit End Year
41	\$ 1,216.00	0.00%	-	-	-	6.38%	21,258	21,258	200,000
42	1,216.00	0.00%	-	-	-	6.21%	15,724	15,724	200,000
43	1,216.00	0.00%	-	-	-	5.87%	8,723	8,723	200,000
44	-	0.00%	-	-	-	0.00%	-	-	-
45	-	0.00%	-	-	-	0.00%	-	-	-
50	-	0.00%	-	-	-	0.00%	-	-	-
55	-	0.00%	-	-	-	0.00%	-	-	-
60	-	0.00%	-	-	-	0.00%	-	-	-
65	-	0.00%	-	-	-	0.00%	-	-	-
70	-	0.00%	-	-	-	0.00%	-	-	-
75	-	0.00%	-	-	-	0.00%	-	-	-
80	-	0.00%	-	-	-	0.00%	-	-	-
85	-	0.00%	-	-	-	0.00%	-	-	-

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Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
1	\$200,000	\$3,005	\$33,726	\$33,726	\$1,216	\$8,944
2	200,000	6,010	33,726	33,726	2,432	17,888
3	200,000	9,015	33,726	33,726	3,648	26,832
4	200,000	12,020	33,726	33,726	4,864	35,776
5	200,000	15,025	33,726	33,726	6,080	44,720
6	200,000	18,030	33,726	33,726	7,296	53,664
7	200,000	21,035	33,726	33,726	8,512	62,608
8	200,000	24,040	33,726	33,726	9,728	62,608
9	200,000	27,045	33,726	33,726	10,944	62,608
10	200,000	30,050	33,726	33,726	12,160	62,608
11	200,000	33,055	33,726	33,726	13,376	62,608
12	200,000	36,060	33,726	36,060	14,592	62,608
13	200,000	39,065	33,726	39,065	15,808	62,608
14	200,000	42,070	33,726	42,070	17,024	62,608
15	200,000	45,075	33,726	45,075	18,240	62,608
16	200,000	48,080	33,726	48,080	19,456	62,608
17	200,000	51,085	33,726	51,085	20,672	62,608
18	200,000	54,090	33,726	54,090	21,888	62,608
19	200,000	57,095	33,726	57,095	23,104	62,608

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit Amount  
 LSW FlexLife \$100,000 Option A (Level)  
 Additional Protection Benefit 100,000  
 See Summary of Additional Benefits for Information on any riders.

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
20	\$ 200,000	\$ 60,100	\$ 33,726	\$ 60,100	\$ 24,320	62,608
21	200,000	63,105	33,726	63,105	25,536	62,608
22	200,000	66,110	33,726	66,110	26,752	62,608
23	200,000	69,115	33,726	69,115	27,968	62,608
24	200,000	72,120	33,726	72,120	29,184	62,608
25	200,000	75,125	33,726	75,125	30,400	62,608
26	200,000	78,130	33,726	78,130	31,616	62,608
27	200,000	81,135	33,726	81,135	32,832	62,608
28	200,000	84,140	33,726	84,140	34,048	62,608
29	200,000	87,145	33,726	87,145	35,264	62,608
30	200,000	90,150	33,726	90,150	36,480	62,608
31	200,000	93,155	33,726	93,155	37,696	62,608
32	200,000	96,160	33,726	96,160	38,912	62,608
33	200,000	99,165	33,726	99,165	40,128	62,608
34	200,000	102,170	33,726	102,170	41,344	62,608
35	200,000	105,175	33,726	105,175	42,560	62,608
36	200,000	108,180	33,726	108,180	43,776	62,608
37	200,000	111,185	33,726	111,185	44,992	62,608

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**A Life Insurance Illustration**  
**LSW Flex Life - Universal Life - Policy Form Series 8974(0911)**  
**Statement of Policy Cost and Benefit Information**  
**Prepared for**  
 Ethan Allen

Presented by National Life

Age 35  
 Verified Standard NT  
 Unisex  
 State - VT

Benefit	Amount	
LSW FlexLife	\$100,000	Option A (Level)
Additional Protection Benefit	100,000	
See Summary of Additional Benefits for Information on any riders.		

Policy Year	Death Benefit End Year	Total Level Guideline Premium	Total Single Guideline Premium	Total Maximum Guideline Premium	Total Premium	MEC Total 7 Pay Premium
38	\$ 200,000	\$ 114,190	\$ 33,726	\$ 114,190	\$ 46,208	\$ 62,608
39	200,000	117,195	33,726	117,195	47,424	62,608
40	200,000	120,200	33,726	120,200	48,640	62,608
41	200,000	123,205	33,726	123,205	49,856	62,608
42	200,000	126,210	33,726	126,210	51,072	62,608
43	200,000	129,215	33,726	129,215	52,288	62,608

THE GUIDELINE PREMIUMS SERVE AS A LIMIT ON THE FUNDING OF THIS CONTRACT TO ENSURE  
 ITS QUALIFICATION AS LIFE INSURANCE UNDER SECTION 7702 OF THE INTERNAL REVENUE CODE

**Policy Cost and Benefit Summary**

**Prepared for**

Ethan Allen

Presented by National Life

Age 35  
Verified Standard NT  
Unisex  
State - VT

\$100,000 LSW FlexLife with benefits previously described.

Policy Year	Guaranteed Annual Cash Flow	Guaranteed End Year Net Cash Value	Guaranteed End Year Net Death Benefit	Current Basis B Annual Cash Flow*	Current Basis B End Year Net Cash Value*	Current Basis B End Year Net Death Benefit*
5	\$ (1,216)	\$ 1,257	\$ 200,000	\$ (1,216)	\$ 2,232	\$ 200,000
10	(1,216)	3,786	200,000	(1,216)	6,864	200,000
20	(1,216)	2,197	200,000	(1,216)	20,797	200,000
30	0	0	-	(1,216)	33,237	200,000

Policy Year	Averaged Annual Cash Flow*	Averaged Net Equity End Year*	Averaged Net Death Benefit End Year*
5	\$ (1,216)	\$ 1,722	\$ 200,000
10	(1,216)	5,190	200,000
20	(1,216)	9,680	200,000
30	-	-	-

\* Benefits and values are not guaranteed. The assumptions on which they are based are subject to change by the insurer. Actual results may be more or less favorable.

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to change and could be either higher or lower. The agent has told me they are not guaranteed. I UNDERSTAND THAT HISTORICAL PERFORMANCE OF THE S&P 500® INDEX SHOULD NOT BE CONSIDERED A REPRESENTATION OF THE PAST OR FUTURE PERFORMANCE FOR ANY OF THE INDEXED STRATEGIES IN THE POLICY.

Date \_\_\_\_\_ Applicant \_\_\_\_\_

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

Date \_\_\_\_\_ Agent \_\_\_\_\_

LIFE INSURANCE COMPANY OF THE SOUTHWEST, ADDISON, TX 75001

This illustration is not complete without all pages.

Copyright

**Life Insurance Company of the Southwest**

**Illustration Actuary Certification**  
To Accompany Policy Form Submissions (IUL)

**Regarding:** 8973(0911), Flexible Premium Adjustable Benefit Life Insurance - Sex Distinct  
8974(0911), Flexible Premium Adjustable Benefit Life Insurance - Unisex  
8989(0911), Additional Protection Benefit Rider – Sex Distinct  
8990(0911), Additional Protection Benefit Rider – Unisex  
8991(0911), Death Benefit Protection Rider  
8992(0911), Systematic Allocation Rider  
8993(0911), Interest Crediting Strategies Rider  
8994(0911), Other Insured Rider  
8995(0911), Other Insured Rider – Unisex  
8996(0911), Waiver of Monthly Deductions Rider  
8997(0911), Waiver of Monthly Deductions Rider – Unisex  
20015(0911), Balance Sheet Benefit Rider

I, Elizabeth H. MacGowan, am Vice President – Product Development of National Life Insurance Company (of which Life Insurance Company of the Southwest is a subsidiary) and am a member of the American Academy of Actuaries in good standing. I was appointed on May 1, 2011 by the Board of Directors of said insurer to be the illustration actuary for this plan of insurance subject to the Life Insurance Illustration Regulation for all states. I meet the Academy requirements for making this certification and the requirements of this state's life insurance regulation. I am familiar with the standards of practice regarding life insurance policy illustrations.

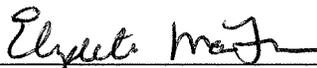
For the plan of insurance written on the policy forms described above, when illustrating under the Declared Rate Crediting Option, scales used in illustrating non-guaranteed elements meet the requirements of the Regulation. The disciplined current scales for these plans are in conformity with the Actuarial Standard of Practice for Compliance with the NAIC Life Insurance Illustration Model Regulation (ASOP 24) promulgated by the Actuarial Standards Board.

When illustrating under the Indexed Rate Crediting Option, the scales used in illustrating non-guaranteed elements are identical to those used when illustrating under the Declared Rate Crediting Option except for the interest crediting rate. Consistent with the guidance provided under ASOP 24, the interest crediting rate used in the illustration is based on a geometric average that would have resulted from application of a given participation rate and cap rate to historical S&P 500 returns.

No currently payable scale for business issued within the last five years and within the scope of this certification has been reduced for reasons other than changes in the experience factors underlying the disciplined current scale. Non-guaranteed elements illustrated for new policies are consistent with those illustrated for similar in force policies. Illustrated non-guaranteed elements for new and in force policies subject to this regulation are consistent with the non-guaranteed elements amounts actually being paid, credited or charged to the same or similar forms.

The expenses used in the calculation of the disciplined current scale for all policy forms subject to this regulation were fully allocated.

In making this certification, I have reviewed expense allocations, actuarial assumptions and actuarial methods, and such tests of actuarial calculations as I considered necessary.



Elizabeth H. MacGowan, FSA, MAAA  
Appointed Illustration Actuary  
Life Insurance Company of the Southwest

7/12/11  
Date

## Life Insurance Company of the Southwest

### Responsible Officer Certification To Accompany Policy Form Submissions

**Regarding:** 8973(0911), Indexed Flexible Premium Adjustable Benefit Life Insurance. Sex Distinct  
8974(0911), Indexed Flexible Premium Adjustable Benefit Life Insurance. Unisex  
8989(0911), Additional Protection Benefit Rider – Sex Distinct  
8990(0911), Additional Protection Benefit Rider – Unisex  
8991(0911), Death Benefit Protection Rider  
8992(0911), Systematic Allocation Rider  
8993(0911), Interest Crediting Strategies Rider  
8994(0911), Other Insured Rider – Sex Distinct  
8995(0911), Other Insured Rider – Unisex  
8996(0911), Waiver of Monthly Deductions Rider  
8997(0911), Waiver of Monthly Deductions Rider – Unisex  
8121(0911), Life Insurance Application  
20015(0911), Balance Sheet Benefit Rider

I, Nancy Winings, am the Second Vice-President of Product Development at National Life Insurance Company (of which Life Insurance Company of the Southwest is a subsidiary). My responsibilities include life insurance illustrations, and I am an officer of the Company.

1. Life Insurance Company of the Southwest will provide its agents with disclosure information about the expense allocation method used in the product illustrations for the policy forms referenced above.
2. The scales used in insurer authorized illustrations are those scales certified by the illustration actuary.
3. Policies applied for in this state have illustrations that meet the format requirements of the illustration regulation.

*Nancy Winings*

Date 6/24/11

Nancy Winings  
Responsible Officer for Life Insurance Company of the Southwest

**LIFE INSURANCE COMPANY OF THE SOUTHWEST**

**STATEMENT OF VARIABILITY**

**FLEXIBLE PREMIUM ADJUSTABLE BENEFIT LIFE INSURANCE WITH AN INDEX-LINKED INTEREST OPTION**

**Form Numbers:** 8973(0911), 8974(0911), 8989(0911), 8990(0911), 8991(0911), 8992(0911), 8993(0911), 8994(0911), 8995(0911), 8996(0911), 8997(0911), 20015(0911).

The policy Covers, Rider signature pages, and Data Pages within the submitted forms contain brackets, used to designate variable items that may be unique for each policyholder or issue of the submitted policy. Descriptions of the bracketed items follow:

Variables for the company address, website address, telephone number, and logo – these items are subject to change.

**CHAIRMAN OF THE BOARD, PRESIDENT, AND SECRETARY:** These are subject to variability only upon a change of officer status.

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**ISSUE AGE:** This is the issue age of each named Insured and appears on the Cover and within the Data Pages. The issue ages for this policy are 0 - 85.

**OWNER:** The statement “As stated in the application unless later changed” will appear to identify the owner, unless or until a revised Data Page is prepared to specify a new owner. In these circumstances, the name of the new owner will be stated, such name being unique to each owner.

**BENEFICIARY:** The statement “As stated in the application unless later changed” will appear to identify the beneficiary, unless or until a revised Data Page is prepared to specify a new beneficiary. In these circumstances, the name of the new beneficiary will be stated, such name being unique to each beneficiary.

**MONTHLY POLICY DATE:** This can take the variables of the “1<sup>st</sup>” through the “31<sup>st</sup>”.

**DEATH BENEFIT OPTION:** This can take the variables of “A” or “B”.

**FACE AMOUNT – BASE COVERAGE:** This amount will be unique to the policy based on each individual situation and appears on the Cover and within the Data Pages. Minimum Face Amount is \$100,000 per policy for individual issues.

**FACE AMOUNT – ADDITIONAL PROTECTION BENEFIT:** This will be the amount of the Sum Insured for the Additional Protection Benefit Rider. If there is no Additional Protection Benefit Rider attached to the policy, this line will show a zero amount.

**TOTAL FACE AMOUNT:** The will be the combined amount of the base policy face amount and the Sum Insured of the Additional Protection Benefit Rider.

**MINIMUM MONTHLY PREMIUM:** This is the lowest premium that will be accepted on this policy. The minimum monthly premium accepted is \$25.00. The conditions for change of the minimum monthly premium would be based upon the Face Amount of the policy, the age and rate classification of the Insured.

**MONTHLY GUARANTEE PREMIUM:** This is the premium amount that will display only if the Death Benefit Protection Rider is attached to the base policy.

**POLICY PROTECTION PERIOD:** This is a ten-year period beginning on the effective date of the policy.

**PLANNED PERIODIC PREMIUM:** This is the premium that the applicant has asked be billed. It's value is unique to the interests of each applicant.

**PREMIUM INTERVAL:** This denotes the number of premiums payable each year, as requested by the applicant in establishing his or her planned periodic premium and premium interval and can take the variables of "AT ISSUE", "ANNUALLY", "SEMI-ANNUALLY", "QUARTERLY", "MONTHLY" or "CHECK-O-MATIC".

**FOR PREMIUM PAYMENT PERIOD:** This date varies with values of the Effective Date and the Insured's Attained Age of 120.

**MINIMUM COVERAGE AMOUNT:** This amount will vary based on whether the policy is non-pension or pension. For non-pension issues the minimum coverage amount is \$100,000. For pension issues the minimum is \$25,000 for Elite, Preferred Non-Tobacco, and Preferred Tobacco classifications. For Standard Non-Tobacco and Standard Tobacco the minimum for non-pension issues is \$5,000.

**MINIMUM FACE AMOUNT PER COVERAGE SEGMENT:** This is the value for any subsequent amounts added to the policy. This amount will vary based on whether the policy is non-pension or pension. For non-pension issues the minimum amount is \$25,000. For pension issues the minimum amount is \$2,000.

**LOAN INTEREST RATE:** This percentage varies from 3.00% to the Published Monthly Average of the Moody's Corporate Bond Yield Average – Monthly Average Corporates for the calendar month ending two months before the calendar month in which the Policy Anniversary occurs.

**EFFECTIVE DATE or RIDER EFFECTIVE DATE:** This provides the Effective Date of the policy or the rider, and it appears on the Cover, within the Base Policy Data Pages, and within the Rider Data Pages.

**MORTALITY TABLE:** The variables for this description will be "NON-SMOKER", "SMOKER", "MALE NON-SMOKER", "FEMALE NON-SMOKER", "MALE SMOKER", "FEMALE SMOKER" depending upon whether the policy is issued as sex distinct or unisex. Juvenile issues (Ages 0 – 19) will use the variables "NON-SMOKER", "MALE NON-SMOKER" or "FEMALE NON-SMOKER".

**THE INSURED HAS BEEN CLASSIFIED:** This may take the variables of "ELITE NON-TOBACCO", "PREFERRED NON-TOBACCO", "STANDARD NON-TOBACCO", "PREFERRED TOBACCO", or "STANDARD TOBACCO".

**TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES:** Range of variables for Male is 0.08088 – 83.33333. Range of variables for Female is 0.04001 – 83.33333. Range of variables for Unisex is 0.01667 – 83.33333.

**DEFINITION OF LIFE INSURANCE TEST:** This may take the variables of "GUIDELINE PREMIUM TEST" or "CASH VALUE ACCUMULATION TEST." If the GUIDELINE PREMIUM TEST is used, the GUIDELINE SINGLE PREMIUM and the GUIDELINE LEVEL PREMIUM lines will appear along with the TABLE OF DEATH BENEFIT STANDARD FACTORS. If the CASH VALUE ACCUMULATION TEST is used, only the TABLE OF DEATH BENEFIT STANDARD FACTORS appears.

**GUIDELINE SINGLE PREMIUM AND GUIDELINE LEVEL PREMIUM:** These lines and the applicable Table of Death Benefit Standard Factors will appear only if the “GUIDELINE PREMIUM TEST” is used for the policy.

**MONTHLY EXPENSE CHARGE PER THOUSAND:** This charge is variable and is based upon the issue age, sex, risk class, and duration. Male range is 0.075 – 5.033. Female range is 0.067 – 4.100. Unisex range is 0.073 – 4.846.

**SURRENDER CHARGES:** Range of variables per \$1,000 of face amount are 1.45 – 42.74. The variables are fixed at issue. The variables are based on face amount, issue age, sex, and the rate class of the Insured.

**Statement of Variability for  
Additional Protection Benefit Riders and Rider Data Pages  
Form Numbers: 8989(0911) & 8990(0911)**

**Riders:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Pages:**

**SUM INSURED:** This is variable based upon the amount covered under the rider.

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**RIDER EFFECTIVE DATE:** This provides the Effective Date of the rider.

**MONTHLY EXPENSE CHARGE PER THOUSAND:** Range of variables for Male is 0.005 – 0.252. Range of variables for Female is 0.004 – 0.205. Range of variables for Unisex is 0.004 – 0.243.

**MORTALITY TABLE:** The variables for this description will be "NON-SMOKER", "SMOKER", "MALE NON-SMOKER", "FEMALE NON-SMOKER", "MALE SMOKER", "FEMALE SMOKER" depending upon whether the policy is issued as sex distinct or unisex. Juvenile issues (Ages 0 – 19) will use the variables "NON-SMOKER", "MALE NON-SMOKER" or "FEMALE NON-SMOKER".

**THE INSURED HAS BEEN CLASSIFIED:** This may take the variables of "ELITE NON-TOBACCO", "PREFERRED NON-TOBACCO", "STANDARD NON-TOBACCO", "PREFERRED TOBACCO", or "STANDARD TOBACCO".

**TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES:** Range of variables for Male is 0.08088 – 83.33333. Range of variables for Female is 0.04001 – 83.33333. Range of variables for Unisex is 0.01667 – 83.33333.

**Statement of Variability for  
Balance Sheet Benefit Rider and Rider Data Page  
Form Number: 20015(0911)**

**Rider:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Pages:**

**PERCENTAGE OF SURRENDER CHARGES TO BE WAIVED:** This may take the values of 1% through 100%.

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**EFFECTIVE DATE:** This provides the Effective Date of the policy.

**FACE AMOUNT:** This will vary based on the face amount of the policy.

**TABLE OF GUARANTEED MONTHLY BALANCE SHEET BENEFIT RIDER RATES:** Range of variables for Male is 0.01000 – 0.23000. Range of variables for Female is 0.00900 – 0.21000. Range of variables for Unisex is 0.01000 – 0.22600.

**Statement of Variability for  
Death Benefit Protection Rider and Rider Data Page  
Form Number: 8991(0911)**

**Rider:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Page:**

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**EFFECTIVE DATE:** This provides the Effective Date of the policy.

**THE DEATH BENEFIT PROTECTION PERIOD IS IN EFFECT THROUGH:** This will give the final date for which the rider will be effective. The death benefit period for issue ages 0-29 is 30 years, 30-39 is 25 years, 40-54 is 20 years and 55-64 is 15 years.

**Statement of Variability for  
Interest Crediting Strategies Rider and Rider Data Pages  
Form Number: 8993(0911)**

**Rider:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Pages:**

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**EFFECTIVE DATE:** This provides the Effective Date of the rider.

**INITIAL FIXED-TERM SEGMENT INTEREST RATE:** This rate is variable with a minimum of 2.50% and no maximum.

**INDEXED STRATEGY 1 - INITIAL PARTICIPATION RATE:** This rate is variable with a minimum of 100% and no maximum.

**INDEXED STRATEGY 1 - INITIAL INDEX EARNINGS CAP:** This rate is variable with a minimum of 3.10% and no maximum.

**INDEXED STRATEGY 2 - INITIAL PARTICIPATION RATE:** This rate is variable with a guaranteed minimum of 110% and no maximum.

**INDEXED STRATEGY 2 - INITIAL INDEX EARNINGS CAP:** This rate is variable with a minimum of 3.0% and no maximum.

**INDEXED STRATEGY 3 - INITIAL PARTICIPATION RATE:** This rate is variable with a minimum of 25% and no maximum.

**INDEXED STRATEGY 4 - INITIAL PARTICIPATION RATE:** This rate is variable with a minimum of 30% and no maximum.

**Statement of Variability for  
Other Insured Riders and Rider Data Pages  
Form Number: 8994(0911) & 8995(0911)**

**Riders:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Pages:**

**COVERAGE AMOUNT:** The minimum coverage amount is \$25,000 for non-pension issues and is \$5,000 for pension issues. The maximum coverage amount is the base policy face amount.

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**ISSUE AGE/SEX:** This is the issue age and sex of the Insured and appears on the Cover and within the Data Pages. The issue ages for this policy are 0 - 85. The variables for this description will be "MALE", "FEMALE" or "UNISEX" depending upon whether the policy is issued as sex distinct or unisex

**RATE CLASS:** This may take the variables of "ELITE NON-TOBACCO", "PREFERRED NON-TOBACCO", "STANDARD NON-TOBACCO", "PREFERRED TOBACCO", or "STANDARD TOBACCO".

**EFFECTIVE DATE:** This provides the Effective Date of the rider.

**RIDER TERMINATION DATE:** This is the date that the rider will no longer be in effect.

**TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES:** Range of variables for Male is 0.01750 – 29.78500. Range of variables for Female is 0.01500 – 22.56417. Range of variables for Unisex is 0.01700 – 28.34083.

**Statement of Variability for  
Systematic Allocation Rider  
Form Number: 8992(0911)**

**Rider:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**State of Variability for  
Waiver of Monthly Deductions Riders and Rider Data Pages  
Form Numbers: 8996(0911) & 8997(0911)**

**Riders:**

**OFFICER NAME AND TITLE:** The officer name and signature and title plaque on the rider is bracketed in the event the officer and or the title of said officer signing the policy form changes. Any new title utilized or name of an officer changed will be the title and name of an officer of the Company.

**Data Pages:**

**POLICY NUMBER:** This 7-digit number is the unique policy number by which we distinguish each policy issued on this form. This number appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**INSURED:** This is the Insured's name and will be unique to each Insured. This appears on the Cover, the Base Policy Data Pages, and the Rider Data Pages.

**EFFECTIVE DATE:** This provides the Effective Date of the rider.

**RISK CLASSIFICATION STATEMENT:** This may take the variables of "ELITE NON-TOBACCO", "PREFERRED NON-TOBACCO", "STANDARD NON-TOBACCO", "PREFERRED TOBACCO", or "STANDARD TOBACCO".

**TABLE OF GUARANTEED MONTHLY COST OF INSURANCE RATES:** Range of variables for Male is 0.05090 – 0.22790. Range of variables for Female is 0.05550 – 0.26660. Range of variables for Unisex is 0.05180 – 0.23570.

# **LSW Indexed Interest Crediting and Investment Procedures for Indexed Universal Life**

Life Insurance Company of the Southwest  
Policy Form 8973 and 8974

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## **Indexed Interest Crediting**

### Index Description

The Standard & Poor's Composite Stock Price Index ("S&P 500 Index") measures the performance of the U.S. stock market as represented by 500 companies selected by Standard & Poor's. The index is market-value weighted so that the influence of each company on the index is proportional to its market value.

Other indices may be considered in the future.

### The Index Value

The "index value" as of any date is the published value of the index at the close of business on that date. If no value was published on that date, then the last published value of the index is used.

### Indexed Segments

Each sweep into an indexed strategy creates a distinct "indexed segment" with a one-year crediting period. At the end of each crediting period, index earnings are credited to each indexed segment according to the segment's declared crediting strategy (either European or Asian). Each indexed segment will have a participation rate and an index earnings cap, which are determined in advance for each crediting period. Participation rates and index earnings caps are set based on interest rates and other relevant factors, such as general economic conditions, marketing considerations, and tax or other regulatory changes.

### Index Segment Value

On each segment anniversary, the "indexed segment value" is calculated as follows:

1. the indexed segment value on the previous indexed segment anniversary; minus
2. withdrawals from the indexed segment during the policy year just ended; minus
3. monthly deductions from the indexed segment during the policy year just ended.

For the purpose of calculating indexed segment value, withdrawals requested on a segment anniversary and monthly deductions taken on a segment anniversary will not be included in calculating the indexed segment value for the policy year just ended.

## Index Growth

At the end of the crediting period, the “index growth” for each indexed segment is calculated as a function of the index performance over the crediting period just ended.

Indexed Strategies 1, 2, and 3 are point-to-point/European strategies which are distinguished from one another only by their participation rates and index earnings caps. The index growth for Indexed Strategies 1, 2, and 3 is calculated as follows:

- a) the index value as of the one-year anniversary of the indexed segment; minus
- b) the index value as of the inception of the indexed segment; this difference divided by
- c) the index value as of the inception of the indexed segment.

Indexed Strategy 4 is a point-to-average/Asian strategy which differs from the first 3 strategies in its index growth calculation method. On each segment crediting date, the index growth for Strategy 4 is calculated as follows:

- a) the sum of the index values for each day the index value was published between the inception of the indexed segment and the one-year anniversary of the indexed segment, excluding the index value at inception, but including the index value on its anniversary; divided by
- b) the number of days the index value was published between the inception of the indexed segment and the one-year anniversary of the indexed segment, excluding the day it was created, but including the anniversary; minus
- c) the index value as of the inception of the indexed segment; this difference divided by
- d) the index value as of the inception of the indexed segment.

## Indexed Earnings

At the end of each indexed segment’s crediting period, “index earnings” for the segment are calculated as follows:

1. index growth for the segment, multiplied by the segment’s participation rate, with this product adjusted so that it is no greater than the segment’s index earnings cap, and no less than 0%; multiplied by
2. the indexed segment value at the end of the crediting period.

An indexed segment’s index earnings calculated at the end of a crediting period are added to the indexed segment value at the end of the crediting period. Index earnings are not calculated or credited until the end of the crediting period.

## **Investment Policy**

### Investment Strategy

The Company plans to invest the bulk of the assets backing the product in the types of fixed income securities and mortgage loans which it traditionally invests in to provide for its obligations on fixed annuity and life insurance policies. These investments will be designed to ensure that the Company will be able to meet its guaranteed obligations under the indexed policies.

The Company will meet its obligation to credit excess interest by investing the remaining portion of the portfolio backing the product in options, forwards, and futures on the S&P 500 Index, and possibly other indices in the future, with the intent that a portfolio of options, forwards, and futures will always be maintained which will produce returns, on a total portfolio basis, which will be sufficient to fund obligations to credit excess interest on indexed contracts. The assets backing the product are held in the General Account and are not formally segregated from the assets supporting non-indexed contracts.

### Availability of Investments

Investments for the product are fixed income instruments (primarily bonds and mortgages) and hedging instruments. Because there are large and liquid markets for these instruments, it is unlikely that they would not be available in sufficient quantities to support the product. If the hedging instruments became unavailable in the future, the terms of the policy would permit the Company to declare an index earnings cap and participation rate equal to the guarantees as set forth in the policy for indexed segments reaching the ends of their segments and for new segments. In that event, the management of the product would effectively be similar to that of an ordinary Universal Life insurance product.

### Hedging Policy

The derivatives used for hedging will be options and/or futures contracts based on the index. The amount and strike of the options are based upon the indexed segment values, the index, the index earnings cap, and the participation rate. The methodology for measuring the adequacy of the current hedge position will include a measurement of the change in the value of assets and liabilities due to a change in the index ("delta"). It may also include additional measurements related to the potential future changes in liabilities and assets (such as "gamma", "theta", "rho", and/or "vega"). The methodology for determining when and how to rebalance the hedge position will include a tolerance level for mismatches, and a strategy determining which assets to buy or sell when a mismatch exceeds this tolerance level.

The maturities of derivatives investments used in the hedging program are chosen such that the sensitivities of the assets are closely aligned with those of the liabilities being hedged.

The liabilities are updated weekly to reflect the changes in the indexed segment values due to the occurrence of deaths, surrenders, withdrawals, and other potentialities. The hedging system

used to manage the asset portfolio will be run and analyzed at least twice per day and frequently more often. For option valuation work, the Company uses both internally developed Black-Scholes models and off-the-shelf versions widely distributed by numerous vendors.

The Company handles the risks associated with purchasing hedging instruments as follows:

1. *Liquidity Risk:* The Company faces minimal liquidity risk in its derivatives activities because it will not enter into derivatives investments in strategies that depend on liquidating derivatives contracts prior to expiration or maturity. Liquidity necessary for its business will be available entirely from other sources.
2. *Credit Risk:* The Company is exposed to the risk that counterparties on over-the-counter derivatives contracts will default on such contracts. It mitigates this risk by dealing only with counterparties meeting the Company's stated criteria.
3. *Market Risk:* The Company will minimize this risk by selecting derivative instruments which match the item being hedged.
4. *Pricing Risk:* The Company assumes that market prices may change between the time the participation rate and index earnings cap is set and the time the Company hedges the liability. Sometimes the market will move in the Company's favor, while at other times the market will move against the Company. Over time this risk will be minimal. As a further measure against pricing risk, the Company limits the amount of time between liability pricing and hedging activity.
5. *Legal Risk:* All derivatives contracts must be in writing and are thoroughly reviewed by the Law Department.
6. *Operations Risk:* The procedures for effecting derivatives transactions are designed to minimize the possibility of human error and are subject to review by the Company's internal audit department.

The Chief Investment Officer and the Chief Actuary shall perform a review and submit a report to the Investment Risk Management Committee, at least once per year, of the professional personnel engaged in the execution of the Company's derivatives investments program and the systems employed in this program.

The individuals currently authorized to trade derivatives transactions include: Senior Vice President and Chief Investment Officer of National Life Insurance Company and Life Insurance Company of the Southwest as well as Senior Vice President of Sentinel Asset Management, Inc., Thomas H. Brownell, CFA; Senior Vice President, Sentinel Asset Management, Inc., David M. Brownlee, CFA; Senior Vice President, Sentinel Asset Management, Inc., Jason Doiron, FRM, PRM; Vice President, Sentinel Asset Management, Inc., Kenneth J. Hart; and Analyst, Sentinel Asset Management, Inc., Richard E. Robert, CPA, FRM.

#### Counterparties

The Company will enter into over-the-counter derivatives transactions only with dealers with which it has a written master agreement which provides for netting of payments owed by the parties and only pursuant to such agreements. The Company will enter into over-the-counter derivatives transactions only with dealers which are either domiciled within the United States,

or within a foreign jurisdiction listed in the Purposes and Procedures Manual of the Securities Valuation Office of the NAIC as eligible for netting.

The Company shall prepare a report at least monthly which calculates the current counterparty exposure amount for each counterparty with which the Company has outstanding over-the-counter derivatives contracts. Sentinel Asset Management, Inc., bears primary responsibility for review and monitoring of these counterparty exposure reports.

**Current and Prospective Counterparties:**

- Merrill Lynch International, SVO Rating = 1
- JP Morgan Chase Bank, NA, SVO Rating = 1
- Goldman, Sachs, & Co., SVO Rating = 1
- Credit Suisse International, SVO Rating = 1
- Barclay's Bank, PLC, SVO Rating = 1

Dynamic Analysis of Hedging Effectiveness

A report providing an analysis of the hedging effectiveness of the derivatives shall be provided to the Investment Risk Management Committee. The report will include the following information:

- New or renewed liability options guaranteed
- + option maturities or proceeds from closed long positions
- + gain (or less loss) on closed short positions
- + gain (or less loss) on closed futures positions
- + change in market value of hedges
- + change in cash from open short sales

Less:

- cost of call options purchased
- + index-based interest credited on products
- + change in market value of the option component of index-based liabilities
- + gain due to policy decrements

Equals:

Hedging Effectiveness

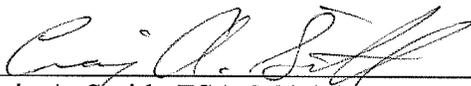
**Asset Adequacy Testing**

The cash flow testing is performed annually using specified deterministic future scenarios as well as randomly generated stochastic future scenarios. Economic scenarios encompassing randomized and correlated movements in both market interest rates, the S&P 500 Index, and possibly other indices, will be tested. To the extent that derivatives are employed for hedging, the cash flow testing will consider the effect of both the derivative and the exposure being hedged. The analysis aims to assess the adequacy of both the fixed income securities backing the guarantees as well as the options backing the equity exposure.

**Statutory Statement**

Statutory accounting treatment of the assets and liabilities does not create any significant distortions to the income statement or balance sheet. The derivatives are marked-to-market and a substantially similar adjustment is made to the liabilities under Actuarial Guideline 36. The Indexed Universal Life product will be reported, for risk based capital purposes, with the same risk characteristics as life insurance.

Any changes in investment strategies relative to this filing will be filed on an ongoing basis. The Company will provide any additional information that the department may request at a later date.

  
\_\_\_\_\_  
Craig A. Smith, FSA, MAAA

July 12, 2011  
Date



*Wade H. Mayo*

January 25, 2011

To Whom It May Concern:

This letter is to authorize **Elizabeth MacGowan**, Vice President – Protection Products, of National Life Insurance Company, Montpelier, Vermont, as a **Designated Representative** of Life Insurance Company of the Southwest to submit product filings on their behalf.

All questions and comments regarding this filing should first be addressed to Mrs. MacGowan. I stand ready, however, to answer for Life Insurance Company of the Southwest directly should that need arise.

Mrs. MacGowan may be contacted at:

National Life Insurance Company  
One National Life Drive  
Montpelier, Vermont 05604  
Phone: 802-229-3589

Life Insurance Company of the Southwest thanks you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wade H. Mayo".

Wade H. Mayo  
President & Chief Executive Officer  
Life Insurance Company of the Southwest

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National Life Group® (NLGroup) is a trade name of National Life Insurance Company, Montpelier, VT, Life Insurance Company of the Southwest (LSW), Dallas, TX and their affiliates. Each company of NLGroup is solely responsible for its own financial condition and contractual obligations. LSW is not an authorized insurer in New York and does not conduct insurance business in New York.

P: 214-638-9207 | F: 214-638-9140 | [wmayo@nationallife.com](mailto:wmayo@nationallife.com)  
15455 Dallas Pkwy, Suite 800, Addison, Texas 75001 | [www.NationalLife.com](http://www.NationalLife.com)

Experience Life®



*Wade H. Mayo*

January 25, 2011

To Whom It May Concern:

This letter is to authorize **Susan Sawyer**, Policy Forms Analyst, of National Life Insurance Company, Montpelier, Vermont, as a **Designated Representative** of Life Insurance Company of the Southwest to submit product filings on their behalf.

All questions and comments regarding this filing should first be addressed to Mrs. Sawyer. I stand ready, however, to answer for Life Insurance Company of the Southwest directly should that need arise.

Mrs. Sawyer may be contacted at:

National Life Insurance Company  
One National Life Drive  
Montpelier, Vermont 05604  
Phone: 802-229-7387  
Fax: 802-229-3743

Life Insurance Company of the Southwest thanks you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Wade H. Mayo".

Wade H. Mayo  
President & Chief Executive Officer  
Life Insurance Company of the Southwest

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P: 214-638-9207 | F: 214-638-9140 | [wmayo@nationallife.com](mailto:wmayo@nationallife.com)  
15455 Dallas Pkwy, Suite 800, Addison, Texas 75001 | [www.NationalLife.com](http://www.NationalLife.com)

Experience Life®



*Wade H. Mayo*

January 25, 2011

To Whom It May Concern:

This letter is to authorize **Celine Castonguay**, Associate Actuary, of National Life Insurance Company, Montpelier, Vermont, as a **Designated Representative** of Life Insurance Company of the Southwest to submit product filings on their behalf.

All questions and comments regarding this filing should first be addressed to Mrs. Castonguay. I stand ready, however, to answer for Life Insurance Company of the Southwest directly should that need arise.

Mrs. Castonguay may be contacted at:

National Life Insurance Company  
One National Life Drive  
Montpelier, Vermont 05604  
Phone: 802-229-7409  
Fax: 802-229-7197

Life Insurance Company of the Southwest thanks you for your consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Wade H. Mayo".

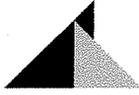
Wade H. Mayo  
President & Chief Executive Officer  
Life Insurance Company of the Southwest

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P: 214-638-9207 | F: 214-638-9140 | [wmayo@nationallife.com](mailto:wmayo@nationallife.com)  
15455 Dallas Pkwy, Suite 800, Addison, Texas 75001 | [www.NationalLife.com](http://www.NationalLife.com)

Experience Life®



National Life  
Group®

*Wade H. Mayo*

January 25, 2011

To Whom It May Concern:

This letter is to authorize **Nancy W. Winings**, 2<sup>nd</sup> Vice President – Product Development, of National Life Insurance Company, Montpelier, Vermont, as a **Designated Representative** of Life Insurance Company of the Southwest to submit product filings on their behalf.

All questions and comments regarding this filing should first be addressed to Mrs. Winings. I stand ready, however, to answer for Life Insurance Company of the Southwest directly should that need arise.

Mrs. Winings may be contacted at:

National Life Insurance Company  
One National Life Drive  
Montpelier, Vermont 05604  
Phone: 802-229-3917  
Fax: 802-229-7197

Life Insurance Company of the Southwest thanks you for your consideration in this matter.

Sincerely,

Wade H. Mayo  
President & Chief Executive Officer  
Life Insurance Company of the Southwest

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National Life Group® (NLGroup) is a trade name of National Life Insurance Company, Montpelier, VT, Life Insurance Company of the Southwest (LSW), Dallas, TX and their affiliates. Each company of NLGroup is solely responsible for its own financial condition and contractual obligations. LSW is not an authorized insurer in New York and does not conduct insurance business in New York.

P: 214-638-9207 | F: 214-638-9140 | [wmayo@nationallife.com](mailto:wmayo@nationallife.com)  
15455 Dallas Pkwy, Suite 800, Addison, Texas 75001 | [www.NationalLife.com](http://www.NationalLife.com)

Experience Life®



Statement Date: July 1, 2013  
Policy Number: LS9876543  
Insureds: Ethan Allen

<b>Loan Information</b>
-------------------------

Beginning Loan Balance:	\$0.00
New Loans Taken:	\$0.00
Loan Repayments:	\$0.00
Accrued Loan Interest:	\$0.00
Ending Loan Balance:	\$0.00

The Variable Loan Interest Rate during this report period was 5.60%. For the next report period it will be 5.60 %.

<b>Strategy Allocation</b>
----------------------------

Fixed Term Strategy	50.0 %
Indexed Strategy 1 (point to point)	50.0 %
Indexed Strategy 2 (point to point)	00.0 %
Indexed Strategy 3 (point to point)	00.0 %
Indexed Strategy 4 (point to average)	00.0 %

Statement Date: July 1, 2013  
 Policy Number: LS9876543  
 Insureds: Ethan Allen

**Transaction Summary**

**Beginning Accumulated Value \$356.68**

<b>Policy Month Ending</b>	<b>Premiums Received</b>	<b>Expense Charges</b>	<b>Rider Charges</b>	<b>Cost of Insurance</b>	<b>Withdrawals</b>	<b>Withdrawal Fees</b>	<b>Interest Credited</b>	<b>Ending Accumulated Value</b>
07/31/12	\$1,000.00	\$87.18	\$12.43	\$11.10	\$0.00	\$0.00	\$16.68	\$1,262.65
08/31/12	\$0.00	\$27.16	\$12.43	\$11.10	\$0.00	\$0.00	\$3.66	\$1,215.62
09/30/12	\$0.00	\$27.15	\$12.43	\$11.10	\$0.00	\$0.00	\$3.46	\$1,168.41
10/31/12	\$0.00	\$27.14	\$12.43	\$11.11	\$0.00	\$0.00	\$3.26	\$1,120.99
11/30/12	\$0.00	\$27.12	\$12.43	\$11.11	\$0.00	\$0.00	\$3.06	\$1,073.39
12/31/12	\$0.00	\$27.11	\$12.43	\$11.11	\$0.00	\$0.00	\$2.86	\$1,025.61
01/31/13	\$0.00	\$27.10	\$12.43	\$11.12	\$0.00	\$0.00	\$2.66	\$977.63
02/28/13	\$0.00	\$27.08	\$12.43	\$11.12	\$0.00	\$0.00	\$2.46	\$929.46
03/31/13	\$0.00	\$27.07	\$12.43	\$11.12	\$0.00	\$0.00	\$2.26	\$881.11
04/30/13	\$0.00	\$27.05	\$12.43	\$11.13	\$0.00	\$0.00	\$2.06	\$832.56
05/31/13	\$0.00	\$27.04	\$12.43	\$11.13	\$0.00	\$0.00	\$1.86	\$783.83
06/30/13	\$0.00	\$27.03	\$12.43	\$11.13	\$0.00	\$0.00	\$1.66	\$734.91
<b>Total</b>	<b>\$1,000.00</b>	<b>\$385.23</b>	<b>\$149.10</b>	<b>\$133.38</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$45.94</b>	

Statement Date: July 1, 2013  
 Policy Number: LS9876543  
 Insureds: Ethan Allen

**Strategy Allocation Summary**

Date	Fixed Term Strategy	Interest Rate	Indexed Strategy 1-(Point to Point)	Participation Rate	Cap	Indexed Strategy 2-(Point to Point)	Participation Rate	Cap
07/21/12	331.34	5.50	331.34	100.00	13.50	0.00	15.00	12.00
Date	Indexed Strategy 3-(Point to Point)	Participation Rate	Indexed Strategy 4-(Point to Average)	Participation Rate	Standard and Poor's 500 Index Value			
07/21/12	0.00	14.00	0.00	15.00	1,148.47			

**Forecast Information**

The following one-year projection of values is mandated by state insurance regulations. The assumptions used in the projection comply with state requirements and are shown below. The projection demonstrates results under one possible set of assumptions and is not a prediction of future policy values.

**Assumptions used in forecast**

- Minimum Guaranteed Interest of 2.50%
  - Guaranteed Maximum Charges
  - Payment of Planned Periodic Premiums
  - No loan principal repayments
  - Loan Interest paid in cash when due
  - No Acceleration of Proceeds
- |                                 |               |
|---------------------------------|---------------|
| Projections Date:               | June 30, 2014 |
| Projected Death Benefit:        | \$200,000.00  |
| Projected Accumulated Value:    | \$1,138.01    |
| Projected Cash Surrender Value: | \$0.00        |

**IMPORTANT POLICY OWNER NOTICE:** You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes in your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by contacting the Life Administrative Office or your agent. If you do not receive a current illustration of your policy within 30 days from your request, you should contact your state insurance department.

Statement Date: July 1, 2013  
Policy Number: LS9876543  
Insureds: Ethan Allen

**Glossary of Terms**

- Beginning Accumulated Value:** The value of all funds in your policy on the first day of the policy year prior to any financial transactions processed on that day except for any dividend credited.
- Premiums Received:** The actual premium payments for your policy received during the month shown.
- Expense Charges:** The dollar amount deducted from your premium payment or accumulated value to cover administrative costs. It includes the monthly administrative charge and the accumulated value percent of premium expense charge.
- Rider Charges:** The charge for any riders included in your policy.
- Cost of Insurance:** The current monthly cost of pure insurance protection for your policy.
- Withdrawals:** The amount of surrender value that was withdrawn from the policy at your request. Withdrawals reduce the accumulated value of your policy and the current death benefit.
- Interest Credited:** The amount of interest credited to the accumulated value for the month shown. Current interest rates are declared monthly for new premium payments and are never less than the 2.50% guaranteed in this policy.
- Ending Accumulated Value:** The value of all funds in this policy at the end of the month shown. It is equal to the preceding month's ending accumulated value plus premiums received and interest credited minus cost of insurance, rider charges, expense charges, and withdrawals.



**For Service Contact:** **Or Our Local Office:**

A. K. Green  
19 Vista Drive  
Barre, Vermont 05641  
802 479-3333

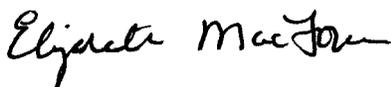
Starr Barnum  
2100 Church Street  
Burlington, Vermont 05601  
802 860-3333

**CERTIFICATION**  
**STATE OF ARKANSAS**

**Regarding:**    **8973AR(0911), Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option**  
                  **8974AR(0911), Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option, Unisex**  
                  **8989AR(0911), Additional Protection Benefit Rider**  
                  **8990AR(0911), Additional Protection Benefit Rider, Unisex**  
                  **8991(0911), Death Benefit Protection Rider**  
                  **8992(0911), Systematic Allocation Rider**  
                  **8993(0911), Interest Crediting Strategies Rider**  
                  **8994(0911), Other Insured Rider**  
                  **8995(0911), Other Insured Rider, Unisex**  
                  **8996(0911), Waiver of Monthly Deductions Rider**  
                  **8997(0911), Waiver of Monthly Deductions Rider, Unisex**  
                  **20015(0911), Balance Sheet Benefit Rider**  
                  **8121AR(0911), Life Insurance Application**

I, Elizabeth MacGowan, certify for Life Insurance Company of the Southwest that the forms referenced above are in compliance with Regulation 34 published by the Arkansas Insurance Department.

**Life Insurance Company of the Southwest**



---

Elizabeth MacGowan, FSA, MAAA  
Designated Representative

July 15, 2011

Date

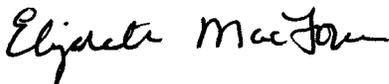
**CERTIFICATION**  
**STATE OF ARKANSAS**

**Regarding:**      **8973AR(0911), Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option**  
                         **8974AR(0911), Flexible Premium Adjustable Benefit Life Insurance with an Index-Linked Interest Option, Unisex**  
                         **8989AR(0911), Additional Protection Benefit Rider**  
                         **8990AR(0911), Additional Protection Benefit Rider, Unisex**  
                         **8991(0911), Death Benefit Protection Rider**  
                         **8992(0911), Systematic Allocation Rider**  
                         **8993(0911), Indexed Crediting Strategies Rider**  
                         **8994(0911), Other Insured Rider**  
                         **8995(0911), Other Insured Rider, Unisex**  
                         **8996(0911), Waiver of Monthly Deductions Rider**  
                         **8997(0911), Waiver of Monthly Deductions Rider, Unisex**  
                         **20015(0911), Balance Sheet Benefit Rider**  
                         **8121AR(0911), Life Insurance Application**

I, Elizabeth MacGowan, certify for Life Insurance Company of the Southwest that the forms referenced above meet the provisions of Regulation 19§10B, as well as all applicable requirements of the Arkansas Insurance Department.

I further certify that the forms referenced above are in compliance with Regulation 49 concerning Life & Health Guaranty Association Notices and Arkansas Insurance Code 23-79-138 concerning required policy information.

**Life Insurance Company of the Southwest**



---

Elizabeth MacGowan, FSA, MAAA  
Designated Representative

July 15, 2011

Date

## Consent to Submit Rates and/or Cost Bases for Approval

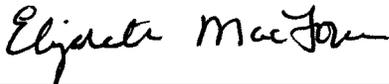
The **Life Insurance Company of the Southwest** does hereby consent and agree:

- A. that all premium rates and/or cost bases both “maximum” and “current or projected” used in relation to policy form number 8973AR(0911), 8974AR(0911), 8989AR(0911), 8990AR(0911), 8991(0911), 8992(0911), 8993(0911), 8994(0911), 8995(0911), 8996(0911), 8997(0911) & 20015(0911) must be filed with the Insurance Commissioner of the State of Arkansas (“Commissioner”) at least sixty (60) days prior to their proposed effective date. Such rates and/or cost bases shall be deemed effective sixty (60) days after they are filed with the Commissioner, unless the Commissioner shall approve or disapprove such rates and/or cost bases prior to the expiration of sixty (60) days.

or

- B. that where the policy is a flexible or indeterminate premium whole life policy which provides for frequent changes in interest rates based on financial market conditions, the Company may file a range of rates it will stay within and will notify the Department at least sixty (60) days prior to any change in the range of rates. The Company must also document the method used to calculate its premium and range of rates.

**Life Insurance Company of the Southwest**



Elizabeth MacGowan, FSA, MAAA  
Designated Representative

July 15, 2011

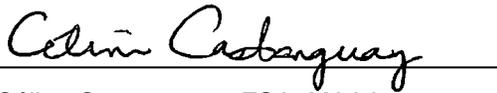
Date

## ARKANSAS CERTIFICATE OF COMPLIANCE WITH EXTERNAL GUIDELINES

1. I certify that Life Insurance Company of the Southwest has reviewed and evaluated the contract summary disclosure which will be used with the submitted policy forms. I also certify that the contract summary is no way deceptive, confusing or misleading and provides the information as provided in the External-Indexed Contract Guidelines document. I also certify that all persons soliciting an external-indexed contract are qualified, suitably licensed and trained.
2. I certify that Life Insurance Company of the Southwest will address external-indexed contracts separately in the annual (Section 8) actuarial opinion and memorandum, addressing each year the amount and type of assets held and the level of reserves and how developed.
3. I certify that Life Insurance Company of the Southwest will establish and maintain a detailed file defining the system for hedging. Such file will include the results of regular analysis of the effectiveness of the system

I certify that Life Insurance Company of the Southwest has reviewed the External-Indexed Contract Guidelines and that the company is in compliance with these Guidelines.

**Life Insurance Company of the Southwest**



Céline Castonguay, FSA, MAAA  
Actuary – Pricing Leader  
Product Development

August 30, 2011

---

Date

Contract Form Numbers:

**8973AR**

**8974AR**