

SERFF Tracking Number: NALF-128196106 State: Arkansas
Filing Company: Life Insurance Company of the Southwest State Tracking Number:
Company Tracking Number: 20082(0112)
TOI: A071 Individual Annuities - Special Sub-TOI: A071.001 Equity Indexed
Product Name: Paramount
Project Name/Number: Paramount/20082(0112)

Filing at a Glance

Company: Life Insurance Company of the Southwest

Product Name: Paramount

SERFF Tr Num: NALF-128196106 State: Arkansas

TOI: A071 Individual Annuities - Special

SERFF Status: Closed-Approved-
Closed State Tr Num:

Sub-TOI: A071.001 Equity Indexed

Co Tr Num: 20082(0112) State Status: Approved-Closed

Filing Type: Form

Reviewer(s): Linda Bird

Authors: Junan Boldrey, Dionne
Wills

Disposition Date: 03/29/2012

Date Submitted: 03/23/2012

Disposition Status: Approved-
Closed

Implementation Date Requested: On Approval

Implementation Date:

State Filing Description:

General Information

Project Name: Paramount

Status of Filing in Domicile: Pending

Project Number: 20082(0112)

Date Approved in Domicile:

Requested Filing Mode: Review & Approval

Domicile Status Comments: Forms are pending
approval in domicile.

Explanation for Combination/Other:

Market Type: Individual

Submission Type: New Submission

Individual Market Type:

Overall Rate Impact:

Filing Status Changed: 03/29/2012

Deemer Date:

State Status Changed: 03/29/2012

Submitted By: Dionne Wills

Created By: Dionne Wills

Filing Description:

Corresponding Filing Tracking Number:

Arkansas Department of Insurance

Flexible Premium Indexed Annuity Policy Form 20082(0112)

Immediate Interest Credit Rider 20069(0112)

Submission: Submitted for your review are copies of the above referenced forms. These are new forms and have not been previously submitted to your department. The policy form is similar to many other flexible premium indexed annuity

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policies written by Life Insurance Company of the Southwest. The Immediate Interest Credit Rider is similar to the other Immediate Interest Credit Rider written by us.

Form Readability Statistics:

Description Form Number Flesch Score

Flexible Premium Indexed and Declared Interest Deferred Annuity Policy 20082(0112) 51.1

Immediate Interest Credit Rider 20069(0112) 54.1

Minimum and Maximum Issue Ages, Maturity: The minimum and maximum issue ages for the policy form are 0 and 87, respectively. The Annuity Date, the date at which the policy must end in either lump-sum distribution or commencement of a periodic income payment, is set at issue to the Policy Date anniversary coincident with or next following the Policy anniversary for attained age 99 of the Annuitant.

Policy Description: The policy is a non-registered, flexible premium, fixed deferred annuity with optional fixed-rate and equity-indexed components.

Policy Benefits: Some of the benefits that are available under the policy include partial withdrawal of Cash Value, full surrender for the Cash Value, a death benefit payable upon death of the Owner (or the Annuitant, if not the Owner), and annuitization.

Policy Value: The policy provides a guaranteed Cash Value not less than an accumulation of net premiums at interest without surrender penalty, the particulars of which are guaranteed in the policy form and meet the requirements of the Standard Nonforfeiture Law for Individual Deferred Annuities. This value is termed the Policy Value.

The Policy Value is an accumulation of 87.5% of all premiums with interest compounded daily. The Policy Value is charged with partial withdrawals of the Cash Value without imposition of a surrender penalty. The guaranteed interest applied is a variable rate based on the 5-year Treasury Constant Maturity rate of not more than 3% and not less than 1%. The Guaranteed Minimum Interest Rate does not change for a given policy once that policy is issued. The guaranteed minimum interest rate is declared at policy issue and remains in effect for the life of the policy.

Accumulation Value: The policy also has an Accumulation Value that can give rise to a Cash Value higher than the minimum guaranteed value. The Accumulation Value, which is tracked separately from the Policy Value, is the sum of the gross premiums (net of any state tax but without any other loads) accumulated at interest, where the choice of the method of interest crediting rests with the policyholder. The choice(s) is (are) made from types of Interest Accounts which offer optional interest-crediting methods described more fully below.

The Accumulation Value is subject to a surrender penalty, termed a Withdrawal Charge, which declines to zero over ten

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policy years. The Withdrawal Charge Percentage is ten percent in the first Policy Year. It reduces by one percent per year for the next ten Policy Years, and is zero after ten Policy Years.

After the policy has been in force one year, the Owner may withdraw up to 10% of the Accumulation Value each year without imposition of Withdrawal Charge. Thus the effective Withdrawal Charge is 90% of the nominal percentage after the first policy year if all values are withdrawn. If the Policy Value controls the Cash Value, then the effective Withdrawal Charge may be less than 90% of the nominal percentage.

Within the Accumulation Value, there is a very short-term account (the "Premium Account") for holding premiums until other accounts (generally, "Interest Accounts") are established for them, no later than one month after receipt. The Premium Account is credited with interest daily at a variable rate based on the 5-year Treasury Constant Maturity rate of not more than 3.00% and not less than 1.00%. New Interest Accounts are opened on the Policy Date shown on the Data Page(s) and at monthly intervals thereafter, according to the Owner's allocation instructions. The Policy Date will be set at company discretion to a day of the month between the 1st and 28th, inclusive. The Policy Date will never be more than one month after the Issue Date and will not be set in any manner that discriminates unfairly within any class of policy owners. The date that an Interest Account is opened, and the dates at twelve-month intervals after that, are the Reset Dates for that account.

There are several types of Interest Accounts, including Declared Interest Accounts and Indexed Interest Accounts offering optional interest-crediting methods.

These accounts offer non-guaranteed elements declared in advance. The mechanics of the interest crediting for each type of Indexed Interest Account are defined more fully in the policy form and in the actuarial demonstrations that are included for the form. The Index Rate, Cap, and Floor constitute the non-guaranteed elements of the Indexed Interest Accounts, and the form provides guaranteed minimums for them.

Allocation of premium to types of Interest Accounts and movement of values between and among such accounts are provided. The timing of such transfers is limited to the Accounts' Reset Dates. If no request for transfers is made prior to a Reset Date, the crediting method in force for an Interest Account will remain in force for the next account year.

Cash Value: The Cash Value of a policy is equal to the larger of the Accumulation Value less Withdrawal Charge or the Policy Value.

Registration: The plan is not required to be registered with the Securities and Exchange Commission, and it will not be registered.

The Application: Application Form No. 7909 is the previously approved application that will be used with this policy.

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The Market: LSW will offer the policy through all licensed agents contracted with the company for sale to the general public.

Disclosure Material: A product disclosure, compliant with the requirements of the NAIC Model Annuity Disclosure Regulation, will be the primary advertising piece for this product. A draft of a product disclosure is enclosed with this filing. We may create variations of the product disclosure for different markets.

Description - Immediate Interest Credit Rider – 20069(0112): This rider is attached to a policy at issue and adds an additional amount to the policy, termed an Immediate Interest Credit. The rider is designed for use with flexible premium policies with equity indexed components. The rider has no charge associated with it and will not be optional to the policyholder; whether or not the rider is added to a particular policy form will be decided at our discretion. We will not add the rider in any manner that unfairly discriminates within any class of policyholders. We intend to offer the previously described policy form with this rider attached. In addition to this policy form, we may use this rider with one or more of our other flexible premium indexed annuity policy forms identified in the table below.

There are two items on the rider that are variable in nature, the Immediate Interest Credit and the Immediate Interest Credit Period. The values for these items will be set solely at our discretion and in a manner that does not unfairly discriminate within any class of policyholders.

Rider Benefit: We will credit an amount called an Immediate Interest Credit to the Policy to which the rider is attached, for each premium paid during the Immediate Interest Credit Period. The amount of each Immediate Interest Credit will be equal to the Immediate Interest Credit Percentage multiplied by the Net Premium.

Previously Approved Policy Forms to be Used with the Immediate Interest Credit Rider:

Description	Form Number	Approval Date
Flexible Premium Indexed Annuity	8895(1110)	11/29/2010
Flexible Premium Indexed Annuity	8891(0810)	10/23/2010
Flexible Premium Indexed Annuity	8893(1210)	02/08/2011
Flexible Premium Indexed Annuity	8894(1210)	12/09/2010

Previously Approved Riders and Endorsements to be Used with the Policy form: Several of our previously approved riders and endorsements may be used with this policy and are identified in the chart below:

Description	Form Number	Approval Date
Terminal Illness Rider	7649	11/06/1995
Nursing Care Rider	7648 Rev 8/96	09/12/1996

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403(b) Endorsement 7877 10/01/2008
ERISA 403(b) Endorsement 7883 10/01/2008
Roth 403(b) Endorsement 7878 10/01/2008
412(i) Endorsement 7772 08/18/2009
412(i) Endorsement 7848 08/18/2009
IRA Endorsement 7814(0609 07/27/2009
ROTH IRA Endorsement 7809(0609) 07/27/2009
SIMPLE IRA Endorsement 7811(0609) 07/27/2009
457 Endorsement 7806 06/18/2003
Guaranteed Lifetime Income Rider 7963 05/27/2008
Guaranteed Lifetime Income Rider 7965 05/27/2008
Return of Rider Charges at Death 7989 07/21/2010
Benefit Responsive Rider 20010(0611) 08/16/2011

Statement of Variability: Statements of Variability disclosing the policy's and rider's elements that are bracketed are enclosed.

Actuarial Requirements: An actuarial memorandum demonstrating compliance of the policy form with the Standard Valuation Law and the Standard Nonforfeiture Law for Individual Deferred Annuities is enclosed. A memorandum for the Immediate Interest Credit Rider form is also enclosed.

Company and Contact

Filing Contact Information

Junan Boldrey, Manager, Policy Filings, jboldrey@nationallife.com
Retirement Division
15455 North Dallas Parkway 800-543-3794 [Phone] 9316 [Ext]
Suite 800 214-638-9196 [FAX]
Addison, TX 75001

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: \$200.00
Retaliatory? Yes
Fee Explanation: Domicile filing fee is 200.00.
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Life Insurance Company of the Southwest	\$200.00	03/23/2012	57412656

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	03/29/2012	03/29/2012

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Disposition

Disposition Date: 03/29/2012

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	Life & Annuity - Actuarial Memo		No
Supporting Document	Statements of Variability		Yes
Supporting Document	Additional Certifications		Yes
Supporting Document	Product Disclosure		Yes
Form	Flexible Premium Indexed and Declared Interest Deferred Annuity Policy		Yes
Form	Immediate Interest Credit Rider		Yes

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Form Schedule

Lead Form Number: 20082(0112)

Schedule Item Status	Form Number	Form Type Form Name	Action	Action Specific Data	Readability	Attachment
	20082(0112)	Policy/Cont Flexible Premium ract/Fratern Indexed and al Declared Interest Certificate: Deferred Annuity Amendmen Policy t, Insert Page, Endorseme nt or Rider	Initial		51.100	20082(0112).pdf
	20069(0112)	Policy/Cont Immediate Interest ract/Fratern Credit Rider al Certificate: Amendmen t, Insert Page, Endorseme nt or Rider	Initial		54.100	20069(0112) Rider Form Final.pdf

YOUR FLEXIBLE PREMIUM INDEXED AND DECLARED INTEREST DEFERRED ANNUITY POLICY

Policy Number: 123456X

Annuitant: John Doe

Owner: John Doe

Issue Date: January 28, 2012

Policy Date: January 28, 2012

Annuity Date: January 28, 2076

Issue Age: 35

Annuity Benefits

We will pay an annuity income beginning on the Annuity Date if the Annuitant and Owner and, if named, Joint Owner are then living, subject to the terms of this Policy.

Death Benefits

We will pay a Death Benefit to the Beneficiary when We receive due proof of the death of the Owner, Joint Owner, or the Annuitant occurring before the Annuity Date, subject to the terms of this Policy.

Flexible Premiums

Premiums may be paid at any time before the Annuity Date with a minimum payment of \$100.00.

Right to Examine this Policy

You may return this Policy within thirty days after You receive it. Return it to Us or the agent through whom You purchased it. We will cancel the Policy and return any premium paid.

Request for Information

Upon written request from You, We will provide, within a reasonable time, factual information regarding the benefits and provisions of this Policy.

Important Notice

While future values for this Policy are guaranteed to be linked to a stock market index if You so choose, the Policy does not directly participate in any stock or equity investments.

This Policy is signed for Life Insurance Company of the Southwest, Addison, Texas, by



Secretary



President

This Policy is a legal contract between You and the Company. **Please read it carefully.** We want You to understand the coverage it provides.

Flexible Premium Indexed and Declared Interest Deferred Annuity. Benefits are calculated based on the movement of an index or stipulated interest rates. Minimum underlying values. Income payments start on the Annuity Date. Death Benefit payable before the Annuity Date. Nonparticipating.

DATA PAGES

Policy Number: [123456X]

Issue Date: [January 28, 2012]

Annuitant: [John Doe]

Policy Date: [January 28, 2012]

Owner: [John Doe]

Annuity Date: [January 28, 2076]

Issue Age: [35]

Coverage

Indexed and Declared Interest Flexible Premium Deferred Annuity, With Initial Premium of \$[1,000.00]

Planned Premium

[\$[1,000.00]] [Per Year]

Transfer, Exchange, and/or Rollover premiums, as defined per the Internal Revenue Code, may only be paid during the first [five] Policy Years.

Withdrawal Charge Percentages

Policy Year	1	2	3	4	5	6	7	8	9	10	11+
Percentage %	10	9	8	7	6	5	4	3	2	1	0

Policy Value Interest Rate

The interest rate credited to the Policy Value is [1.00%].

Premium Account Interest Rate

The interest rate credited to the Premium Account is [1.00%].

Declared Interest Accounts

The guaranteed Declared Rate for an Account Year starting on the Policy Date is [3.50%]. The minimum Declared Rate for an Account Year starting after the Policy Date is [1.00%].

Indexed Interest Accounts

The initial Index Value applicable to any portion of a premium which is transferred from the Premium Account to an Indexed Interest Account will be that on the close of activity on the [28th] of the month, coincident with or next following the receipt of that premium.

<u>Indexed Interest Account Types</u>	Guaranteed rates for an Account Year starting on the Policy Date		
	<u>Index Rate</u>	<u>Cap</u>	<u>Floor</u>
Standard & Poors 500 Index: <i>Ending Index</i>	[100.00%]	[4.00%]	0.00%
Standard & Poors 500 Index: <i>Average Index</i>	[30.00%]	[No Cap]	0.00%
[[Index Name]: <i>Index Method</i>]	[100.00%]	[4.00%]	0.00%]
[[Index Name]: <i>Index Method</i>]	[30.00%]	[No Cap]	0.00%]
[[Index Name]: <i>Index Method</i>]	[100.00%]	[4.00%]	0.00%]
[[Index Name]: <i>Index Method</i>]	[30.00%]	[No Cap]	0.00%]

For each Indexed Interest Account, the minimum Index Rate, Cap, and Floor are 10.00%, 1.00%, and 0.00%, respectively.

The Company declares Declared Rates, Index Rates, Caps, and Floors in advance only on each Reset Date. Once declared such rates are guaranteed for the Account Year beginning on that Reset Date. Rates will not be less than the guaranteed minimums shown above. The initial Declared Rate applicable to any portion of a premium which is transferred from the Premium Account to a Declared Interest Account will be that in effect on the [28th] of the month, coincident with or next following the receipt of that premium. The initial set of Index Rate, Cap, and Floor applicable to any portion of a premium which is transferred from the Premium Account to an Indexed Interest Account will be that in effect on the [28th] of the month, coincident with or next following the receipt of that premium. The Premium Account Interest Rate, Declared Rates, Index Rates, Caps, and Floors do not affect the computation of the Policy Value. See *Rate Declaration* in Part 4.

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		Any riders and Endorsements and a copy of the application, follow page 13	

In this Policy, the words We, Us, Our and The Company mean Life Insurance Company of the Southwest. You and Your mean the Owner of the Policy.

PART I: OWNERSHIP OF THE POLICY

Owner

The Owner on the Issue Date of this Policy is named in the application. If the Owner is not designated in the application, the Annuitant is the Owner.

Joint Owner

A Joint Owner may be named in the application on the Issue Date of this Policy. If a Joint Owner is named, You and Your shall refer to both the Owner and the Joint Owner together.

Rights of Owner

You may exercise all rights and privileges under this Policy, while the Annuitant is living, prior to the Annuity Date. Use of these rights may be subject to the consent of any assignee or irrevocable Beneficiary.

Transfer of Ownership

Subject to the limitations described below, You may transfer ownership of this Policy. We will not be responsible for any payment We make or other action We take before We receive a copy of the written request for transfer of ownership. We are not responsible for the validity of the transfer. We may require the Policy to record the transfer.

Under certain provisions of the Internal Revenue Code, ownership and assignment of annuity policies are restricted. If this annuity is issued to qualify under such a provision, this will be specified in the application. We will restrict ownership and assignment of this Policy so that it will comply with the provisions of the Internal Revenue Code or any successor statute.

Assignment

Subject to the limitations described in the Transfer of Ownership provision, this Policy may be assigned. We will not be responsible for any payment We make or any other action We take before We receive a written copy of the assignment. We are not responsible for the validity of the assignment.

PART 2: THE ANNUITANT

Annuitant

The Annuitant is named in the application and on the Data Page(s) of this Policy. The Annuitant may not be changed after this Policy is issued, except as otherwise provided in this Policy. If the Annuitant is living on the Annuity Date while this Policy is in force, We will pay an annuity income as provided in Payment of Benefits, Part 5.

Contingent Annuitant

If the Owner and the Joint Owner, if one has been named, are both natural persons, and neither the Owner nor the Joint Owner is the Annuitant, You may name a Contingent Annuitant by written request. The written request must be signed while the Annuitant is living and prior to the Annuity Date. The designation of a Contingent Annuitant takes effect on the date We approve it and is subject to any action We take before receiving the request. Any designation of a Contingent Annuitant expires on the Annuity Date.

If the Annuitant dies prior to the Annuity Date while this Policy is in force and while the Contingent Annuitant is alive:

- The Death Benefit will not be payable;
- The Contingent Annuitant becomes the Annuitant for purposes of this Policy; and
- All other rights and benefits provided by this Policy will continue in effect.

Under certain provisions of the Internal Revenue Code, You are not permitted to name a Contingent Annuitant. If this annuity is issued to qualify under such a provision in the Internal Revenue Code, the Contingent Annuitant provision will not apply.

PART 3: BENEFICIARY PROVISIONS

Beneficiary

The Beneficiary on the Issue Date of this Policy is named in the application. The primary Beneficiary will receive any Death Benefit payable under this Policy. A contingent Beneficiary may be named to receive the Death Benefit if the primary Beneficiary is not living at the time the Death Benefit is payable. If no named Beneficiary is living at the time the Death Benefit is payable, it will be paid to Your estate.

You may name more than one primary Beneficiary and more than one contingent Beneficiary. If more than one Beneficiary is to receive the Death Benefit, it will be paid in equal shares unless You specify otherwise in writing.

If a Joint Owner is named under the Policy, on the death of either the Owner or Joint Owner, the surviving owner will be the sole Beneficiary.

Minors

If a Beneficiary is a minor, We will make payment to the minor's court appointed guardian. If there is no court appointed guardian, We will hold the Death Benefit at interest until the minor reaches the age of majority as defined by the state where this Policy was issued. We may require proof of age of any Beneficiary.

Change of Beneficiary

You may change the Beneficiary at any time during the Annuitant's life. You must make a written request in a form acceptable to Us. We may require the Policy to record the change. The request will take effect when signed by the Owner and irrevocable Beneficiary, if applicable, subject to any action We take before We receive it.

PART 4: POLICY DATES AND VALUES

Issue Date

The Issue Date of this Policy is shown on the Data Page(s). It is the date that Your Policy takes effect.

Policy Years

Policy Years are yearly periods which start on the Issue Date and on the same month and day of each year thereafter.

Policy Date

The Policy Date is the first date on which an Interest Account is established. It is shown on the Data Page(s).

Annuity Date

Annuity income payments begin on the Annuity Date shown on the Data Page(s) if the Annuitant is living.

Premium Payments

A premium shall be due on the Issue Date. Premiums, after the first one, must be at least \$100, unless We agree otherwise and may be paid to Us at any time. In the event that no premiums are paid after the first premium, this Policy will remain in force to its Annuity Date in accordance with its provisions. You are responsible for determining that any premiums meet the dollar and compensation limitations of the Internal Revenue Code, if any.

Transfer, Exchange, and/or Rollover Premiums, as defined per the Internal Revenue Code, may only be paid during the period of time shown on the Data Page(s).

Net Premium

A Net Premium is any premium received less an amount equal to any State Tax assessed against the premium (see State Taxes, Part 6).

Total Withdrawal

You may withdraw all of the Cash Value of this Policy at any time at or before the commencement of any annuity income payments. This is termed a Total Withdrawal. If You withdraw all of the Cash Value of this Policy, this Policy will terminate.

Partial Withdrawals

You may withdraw value from this Policy at any time prior to the Annuity Date. This is termed a Partial Withdrawal.

Partial Withdrawals impact the Policy Value, the Accumulation Value, and thus the Cash Value.

Reductions to the Accumulation Value will be handled in this manner.

1. First, any amount in the Premium Account will be deducted.
2. For any additional amount, or if there is no value in the Premium Account:
 - (a) You may designate the type of Interest Account from which to deduct a Partial Withdrawal.
 - (b) If You make no such election, the Partial Withdrawal will be deducted from each type of Interest Account in proportion to its value.
3. Within each type of Interest Account, We will deduct Partial Withdrawals from the Account(s) with the most recent Reset Date, then from the Account(s) with the next most recent Reset Date, and so on until the required withdrawal amount is met.

Partial Withdrawals are subject to the following limits:

- a Partial Withdrawal may not exceed the Cash Value; and
- each Partial Withdrawal must be at least \$500, and
- a Partial Withdrawal may not reduce the Accumulation Value to less than \$2,500.

Please note that the order of withdrawal, whether interest or principal, may not be identical to the order of withdrawal of earnings or premium as regarded by the Internal Revenue Service.

Cash Value

The Cash Value of this Policy is the greater of:

- the Accumulation Value less applicable Withdrawal Charges; or
- the Policy Value,

less an amount equal to any State Tax assessed at time of (a) withdrawal, (b) use of the Cash Value to provide an income, or (c) any other use of the Cash Value (see State Taxes, Part 6).

We reserve the right to defer the payment of the Cash Value for a period not to exceed six (6) months after making written request and receiving written approval of the commissioner of insurance of the state in which this Policy is issued. If We exercise the right to defer the payment of the Cash Value and if required by state law, We will pay interest according to the laws of the state in which this Policy is issued.

You may withdraw all of the value of this Policy to provide a periodic income from Us. If You do so before the end of the fifth Policy Year, We will determine the annuity payments using the Cash Value. If You do so on or after the end of the fifth Policy Year, We will determine the annuity payments by applying the greater of:

- the Accumulation Value; or
- the Policy Value,

less an amount equal to any State Tax assessed at time of such withdrawal (see State Taxes, Part 6).

Policy Value

The Policy Value at any time is equal to:

- 100% of the premiums paid;
- minus 12.5% of the premiums paid for expenses and guarantees;
- minus any amounts withdrawn (excluding any applicable Withdrawal Charges);
- plus or minus, as applicable, interest on the above items credited daily at the Policy Value Interest Rate shown on the Data Page(s), which is an annual effective rate.

Accumulation Value

The Accumulation Value at any time equals the sum of the value of the Premium Account and the values of the Interest Accounts.

Withdrawal Charges

If You request a Total or Partial Withdrawal, We will deduct a Withdrawal Charge from the amount withdrawn. If the amount withdrawn during a Policy Year is less than or equal to the Free Withdrawal Amount, or the Withdrawal Charge Percentage is zero, then the Withdrawal Charge is zero. The Withdrawal Charge on any additional amount withdrawn in excess of the Free Withdrawal Amount equals (a) times (b), where:

- (a) is the additional amount withdrawn; and
- (b) is the Withdrawal Charge Percentage for the Policy Year in which the withdrawal occurs.

Withdrawal Charge Percentage

The Withdrawal Charge Percentage is shown on the Data Page(s).

Free Withdrawal Amount

In the first Policy Year, the Free Withdrawal Amount is zero.

In Policy Years two and later, the Free Withdrawal Amount equals the greater of the Required Minimum Distribution or ten percent of the Accumulation Value at the time of the first withdrawal, either Partial Withdrawal or Total Withdrawal, in that Policy Year. If the first withdrawal in a Policy Year exceeds the Free Withdrawal Amount, We will assess Withdrawal Charges as defined above; and, if the Policy remains in force, the Free Withdrawal Amount for the remainder of the Policy Year is zero. If the first Partial Withdrawal is less than or equal to the Free Withdrawal Amount, We will assess no Withdrawal Charges; and the Free Withdrawal Amount is reduced by the amount withdrawn. Any withdrawal after the first Partial Withdrawal in a Policy Year is then treated in the same manner as the first Partial Withdrawal, measured against any remaining Free Withdrawal Amount at the time of the withdrawal.

A Required Minimum Distribution is determined (a) annually as of the end of the calendar year ending immediately prior to the beginning of the current Policy Year, (b) in accordance with applicable tax law and regulations in effect at the time the Required Minimum Distribution is determined, and (c) as if the Policy were the only annuity owned by the Owner.

Premium Account

The value of the Premium Account at any time is equal to:

- all Net Premiums paid;
- plus all interest credited to the Premium Account;
- minus all transfers from the Premium Account;
- minus all amounts withdrawn from the Premium Account (including any applicable Withdrawal Charges).

Interest is credited to the Premium Account daily at the rate shown on the Data Page(s), which is an annual effective rate.

Interest Accounts

New Interest Accounts are established on the Policy Date shown on the Data Page(s) and, when there is value in the Premium Account, on the same day of the month of any month thereafter. All value in the Premium Account is transferred on those dates to the new Interest Accounts according to Your transfer instructions. Your initial transfer instructions are recorded in Your application, which is attached to and made part of this Policy. You may change those instructions once in each Policy Year by sending Us written notice. The new instructions will apply to the establishment of Interest Accounts resulting from premiums We receive after We receive the new instructions.

Interest Account Types

We make two interest crediting methods available for the Interest Accounts under this Policy:

- crediting of interest based on an interest rate declared in advance and
- crediting of interest based on the change in an Index.

Interest Accounts for which an interest rate is declared in advance are called Declared Interest Accounts. The Declared Interest Accounts represent one type of Interest Account.

Interest Accounts for which interest is based on the change in an Index are called Indexed Interest Accounts. The types of Indexed Interest Accounts available in this Policy are shown on the Data Page(s). Each type of Indexed Interest Account is defined by its Index and its Index Method.

Reset Date

The date that an Interest Account is established, and the dates at twelve-month intervals after that, are the Reset Dates for that account.

Account Years

Account Years for an Interest Account are the one-year periods from one Reset Date to the next.

Declared Interest Accounts

The value of a Declared Interest Account at any time is equal to:

- all transfers to the Declared Interest Account;
- plus all Declared Interest credited to the Declared Interest Account;
- minus all transfers from the Declared Interest Account;
- minus all amounts withdrawn from the Declared Interest Account (including any applicable Withdrawal Charges).

Declared Interest

We credit Declared Interest to each Declared Interest Account daily at an interest rate equivalent to the Declared Rate for that account, which is an annual effective rate.

Declared Rate

We will determine the Declared Rate for a Declared Interest Account at the start of each Account Year as described below under *Rate Declaration*. Its value on the Policy Date is shown on the Data Page(s).

Indexed Interest Accounts

The value of an Indexed Interest Account at any time is equal to:

- all transfers to the Indexed Interest Account;
- plus all Indexed Interest credited to the Indexed Interest Account;
- minus all transfers from the Indexed Interest Account;
- minus all amounts withdrawn from the Indexed Interest Account (including any Withdrawal Charges).

The rate at which an Indexed Interest Account grows depends on:

- its Index;
- its Index Method;
- its Cap;
- its Floor; and
- its Index Rate.

Indexed Interest

The Indexed Interest for an Indexed Interest Account equals the Indexed Interest Account's value times the Index Increase Percentage Factor. We will calculate the Indexed Interest for each such Account only at the end of each Account Year. If the Indexed Interest is greater than zero, We will credit it to the Indexed Interest Account.

Indices

The Indices for this Policy at issue are shown on the Data Page(s). Each of the Indices for the Policy is guaranteed to apply while the Policy is in force except as is defined below.

The value for a given day of an Index whose value is quoted continuously throughout that day in the United States is the value quoted by the provider of the Index at the close of activity for that day in the United States. The value for a given day of any other Index is the value quoted by the provider of the Index at the most recent close of activity for a day as of 5 p.m. in Dallas, Texas. If there is no activity in an Index for a day, no value will be used for that day.

If publication of the Index is discontinued or the calculation of the Index is changed substantially, We may substitute a suitable index. If required by the insurance department in the state where this Policy was issued, We will obtain the department's approval before a substitute index is used, and We will notify You and any assignee of the substitution.

Index Methods

There are two Index Methods used in this Policy: Ending Index and Average Index.

Index Increase Percentage Factor

The Index Increase Percentage Factor for an Indexed Interest Account will never be less than the Floor or more than the Cap declared at the start of that Account Year. Within those bounds, the Index Increase Percentage Factor equals the Index Rate for the Indexed Interest Account declared at the start of that Account Year multiplied by the Index Change.

Index Change

The Index Change for an Indexed Interest Account is ((a) divided by (b)), less one, where:

- for Indexed Interest Accounts that use the Index Method Ending Index, (a) is the posted Index Value at the end of the Account Year, or if there is no Index Value for that date, the Index Value for the most recent day preceding that date for which there is an Index Value; or

for Indexed Interest Accounts that use the Index Method Average Index, (a) is the arithmetic average of every Index Value posted after the start of the Account Year until the end of the Account Year; and
- (b) is the posted Index Value at the start of the Account Year or, if there is no Index Value for that date, the Index Value for the most recent day preceding that date for which there is an Index Value.

Cap

The Cap is the maximum percentage per Account Year by which an Indexed Interest Account will be increased. We will declare Caps for Indexed Interest Accounts at the start of each Account Year as described below under *Rate Declaration*. The values of the Caps on the Policy Date are shown on the Data Page(s).

Floor

The Floor is the minimum percentage per Account Year by which an Indexed Interest Account will be increased. We will declare the Floor for Indexed Interest Accounts at the start of each Account Year as described below under *Rate Declaration*. The values of the Floors on the Policy Date are shown on the Data Page(s).

Index Rate

The Index Rate is the percentage used to calculate the Index Increase Percentage Factor for an Indexed Interest Account. We will declare Index Rates for Indexed Interest Accounts at the start of each Account Year as described below under *Rate Declaration*. The values of the Index Rates on the Policy Date are shown on the Data Page(s).

Rate Declaration

For the Declared Interest Accounts, We declare interest rates at the start of each Account Year. Rates We so declare are guaranteed to remain in effect for the entire Account Year. Interest rates in effect for different Declared Interest Accounts may differ depending on the dates the Declared Interest Accounts were established, the sizes of the Declared Interest Accounts, or other factors.

For the Indexed Interest Accounts, We declare the Index Rates, Caps, and Floors at the start of each Account Year. Index Rates, Caps, and Floors in effect for different Indexed Interest Accounts may differ depending on the dates the Indexed Interest Accounts were established, the types of the Indexed Interest Accounts, the sizes of the Indexed Interest Accounts, or other factors.

We will set initial and/or renewal Declared Rates, Index Rates, Caps, and Floors depending on historical and then current interest rates and other relevant factors. The minimum Declared Rate, Index Rate, Cap, and Floor are shown on the Data Page(s).

Interest Account Transfers

You may request that We transfer amounts between Interest Accounts of types You choose. **Amounts can only be transferred on Reset Dates applicable to the Accounts.** The rate(s) applicable to amounts to be transferred to new Interest Account(s) will be the same rate(s) that is (are) made available to amounts that have been held in such new Interest Account(s) from the first Reset Date applicable to the amount to be so transferred. You must notify Us requesting the transfer at least fifteen (15) days in advance of the Reset Date.

PART 5: PAYMENT OF BENEFITS

Death Benefits

While this Policy is in force and prior to the Annuity Date, We will pay a Death Benefit at the earlier of:

- the death of the Owner; or
- the death of the Joint Owner; or
- if neither the Owner nor the Joint Owner is the Annuitant, the death of the Annuitant, unless a validly designated Contingent Annuitant is living.

If the Annuitant dies, the Death Benefit will be the greater of:

- the Policy Value as of the date of death; or
- the Accumulation Value as of the date of death.

The Death Benefit will be the Cash Value as of the date of death if the Owner dies and the Owner is not the Annuitant. The Death Benefit will be the Cash Value as of the date of death if the Joint Owner dies and the Joint Owner is not the Annuitant. Payment will be made to the Beneficiary upon receipt of due proof of death. You may specify how the Death Benefit is to be paid, subject to the limits imposed by Section 72(s) of the Internal Revenue Code. If You do not specify how the Death Benefit is to be paid, the payment will be in a single sum unless the Beneficiary elects otherwise. In any event, the Death Benefit will be paid within five years of the date of death, unless one of the following exceptions applies.

Death of the Owner or Joint Owner

If the Owner or the Joint Owner dies and the Beneficiary is the surviving spouse of the decedent, the Beneficiary may elect to be treated as the successor Owner of the Policy and continue the Policy. If the Owner or Joint Owner who dies is also the Annuitant, and the Beneficiary is the surviving spouse of the decedent who elects to be treated as the successor Owner and continue the Policy, the Beneficiary will become the Annuitant. In the event of such an election, on the death of the surviving spouse, the Death Benefit will be paid within five years of the date of such death, or distributed in accordance with the next paragraph, even if the Beneficiary at that time is a surviving spouse.

If the Owner or the Joint Owner dies and the surviving spouse of the decedent is not the Beneficiary, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

Death of the Annuitant, if neither the Owner nor the Joint Owner is the Annuitant

Except as provided in the next section (*Non-Natural Owners*), if neither the Owner nor the Joint Owner is the Annuitant and the Annuitant dies, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

Non-Natural Owners

If either the Owner or the Joint Owner is not an individual and the Annuitant dies, and the Annuitant's surviving spouse is the Beneficiary, the Beneficiary may elect to be treated both as the successor Owner and as the successor Annuitant of the Policy and continue the Policy. In the event of such an election, on the death of the Annuitant's surviving spouse, the Death Benefit will be paid within five years of the date of such death, or distributed in accordance with the next paragraph, even if the Beneficiary at that time is a surviving spouse.

If either the Owner or the Joint Owner is not an individual and the Annuitant dies, and the Annuitant's surviving spouse is not the Beneficiary, the Beneficiary may elect to receive the Beneficiary's entire interest in the Policy over such Beneficiary's life or over a period not extending beyond the life expectancy of such Beneficiary. Such distributions must begin within one year from the date of death.

Annuity Benefits

If the Annuitant is living on the Annuity Date and this Policy is in effect, We will apply the Cash Value to provide a periodic income.

The Annuity Benefits will be paid to You unless You direct Us in writing to pay another person. The amount and duration of the annuity depend on the amount applied and the Payment Option under which it is applied. If the Payment Option is one involving the life of the Annuitant, We reserve the right to require periodic proof that the Annuitant is still living.

If the Annuitant dies on or after the Annuity Date, (or if both the Annuitant and the joint annuitant die if the selected Payment Option is a Joint and Survivor Life Payment Option), any remaining payments provided by the selected Payment Option will be paid to the Beneficiary.

If both (a) and (b) are true, where

- (a) means neither the Owner nor the Joint Owner is either the Annuitant or the joint annuitant; and
- (b) means either the Owner or the Joint Owner dies on or after the Annuity Date,

then any remaining payments provided by the selected Payment Option will be paid to the Beneficiary.

If either (c) or (d) is true, where

- (c) means the Owner, the Joint Owner, the Annuitant, or the joint annuitant dies on or after the Annuity Date and
- (d) means that You had directed Us in writing irrevocably to pay the Annuity Benefits to another person and that person dies on or after the Annuity Date,

then any remaining benefits will be paid to the Beneficiary at least as rapidly as under the Payment Option in effect as of the date of death.

If You elect to receive the Annuity Benefits in a single sum, We will pay You the Cash Value on the Annuity Date.

PART 6: OTHER PROVISIONS

This part contains important general and required provisions.

This Agreement

This Policy, the application, and any attached riders and endorsements constitute the complete agreement between You and Us. We have issued this Policy in exchange for the application and the payment of the premium. Any change in this Policy must be in writing, signed by one of Our officers, and in the form of an amendment or endorsement to this Policy. No agent has the power or authority to waive, change, or alter any of the terms or conditions of this Policy. Only one of Our officers has the power or authority to waive, change, or alter any of the terms or conditions of this Policy.

Tax Qualification

We may amend this Policy as necessary to comply with the Internal Revenue Service requirements. Otherwise, this Policy may not be amended unless You agree in writing.

Incontestability

We cannot contest this Policy.

Misstatement of Age or Gender

If the Annuitant's age or gender has been misstated on the application, the benefits will be those which the premium paid would have bought for the correct age and gender. We will adjust the annuity payments on the basis of the correct age and gender. The total amount of any underpayment that may have been made will be credited with 5% interest and added to the annuity payment next following the adjustment. The total amount of any overpayment that may have been made will be charged with 5% interest and deducted from the annuity payments, as required, next following the adjustment.

State Taxes

Some states impose a tax on annuities. If so, We must pay this tax to the state.

- In the event that a State Tax is imposed on the premium or other amount received under this Policy, We will deduct an amount equal to such tax from the premium or other amount at the time of its receipt.
- In the event that a State Tax is imposed as a result of this Policy at any other time or for any other reason, We will deduct an amount equal to such tax, at the time the tax is assessed, from any value of the Policy prior to its use to provide a benefit. If We are unable to assess such a State Tax against a value of the Policy prior to its use to provide a benefit, We will deduct an amount equal to such tax from any benefit(s) payable as a result of the Policy.

Reports

At least once each year, We will send You a report showing the Accumulation Value. The report will also show all amounts added to and subtracted from the Accumulation Value during the period the report covers and any additional items required by the insurance department of the state where this Policy is issued.

Nonparticipating

This Policy is not entitled to share in the profits or surplus of the Company.

Required Standards

All values under this Policy meet the requirements of the Standard Nonforfeiture Law for individual deferred annuities. A detailed statement of Our computation method for all values and reserves has been filed with the insurance department of the state where this Policy is delivered. All values and reserves are equal to, or greater than, those required by the laws of such state. Any paid-up annuity, cash values, Death Benefits or reserves under this Policy are not less than the minimum benefits required by any statute of the state in which the Policy is delivered.

Protection from Creditors

Benefits and Values payable under this Policy will be free from claims of creditors to the extent allowed by law.

Our Liability

We will not incur any liability or be responsible for Your failure, in whole or in part, to comply with the provisions set forth in the Internal Revenue Code or any other law.

PART 7: THE PAYMENT OPTIONS

This part contains methods of payments of the Death and Annuity Benefits. Death Benefits must be paid in accordance with Part 5: Payment of Benefits. Monthly income payments are illustrated, but other frequencies of payments may be available. We may agree to other Installment Income or Life Income options.

Option Selection

You may select the option under which benefits will be paid while the Annuitant is still alive and prior to the Annuity Date. If no option is selected on the Annuity Date, Life Income Option 2(b) with monthly payments will be used automatically.

Installment Income (Option 1)

We will pay periodic income for a selected term or amount. The first payment is due on the Annuity Date. The right to withdraw money under an Installment Income option will be as agreed upon when the option is elected. The following Installment Income options are available:

1(a) Income for a Selected Term. We will make equal periodic payments for the number of years selected (not less than 5 years or more than 25 years). The monthly income for each \$1,000 applied will not be less than those shown in Table 1. This table is based on interest guaranteed at a 1% annual effective rate.

1(b) Income of Selected Amount. We will make equal periodic payments of an amount selected. Payments will continue until the amount applied, including interest, has been paid. Payments must be made for at least 5 years and for not more than 25 years. We guarantee interest at a 1% annual effective rate.

Table 1 - Installment Income Payments for a Selected Term (Per \$1,000)					
Years	Monthly Income	Years	Monthly Income	Years	Monthly Income
5	\$17.08	12	\$7.36	19	\$4.81
6	14.30	13	6.83	20	4.59
7	12.32	14	6.37	21	4.40
8	10.83	15	5.98	22	4.22
9	9.68	16	5.63	23	4.05
10	8.75	17	5.33	24	3.90
11	7.99	18	5.05	25	3.76

Life Income (Option 2)

Payments depend on the life of the Annuitant. The monthly income for each \$1,000 applied will not be less than those shown in Table 2. We will pay periodic income to the named person for the certain period selected and then for as long as the Annuitant is alive. The first payment is due on the Annuity Date. The money applied under a Life Income option cannot be withdrawn once payments begin. The following Life Income options are available:

2(a) Payments For Life Only.

We will make equal periodic payments for the lifetime of the Annuitant. Payments stop when the Annuitant dies.

2(b) Payments For At Least 10 Years.

We will make equal periodic payments for 10 years and then for as long as the Annuitant is alive.

2(c) Payments For At Least 20 Years.

We will make equal periodic payments for 20 years and then for as long as the Annuitant is alive.

2(d) Payments For At Least The Amount Applied (Installment Refund).

We will make equal periodic payments until the cumulative total of the payments We have made equals the amount applied and then for as long as the Annuitant is alive.

Age	2(a) Life Only	2(b) 10 Yrs. Certain	2(c) 20 Yrs. Certain	2(d) Install. Refund	Age	2(a) Life Only	2(b) 10 Yrs. Certain	2(c) 20 Yrs. Certain	2(d) Install. Refund
54	\$3.11	3.09	3.01	2.82	77	7.01	6.21	4.46	5.08
55	3.19	3.17	3.07	2.88	78	7.37	6.40	4.49	5.25
56	3.27	3.25	3.14	2.94	79	7.75	6.60	4.51	5.43
57	3.36	3.33	3.21	3.00	80	8.16	6.80	4.53	5.62
58	3.45	3.42	3.28	3.06	81	8.61	6.99	4.54	5.82
59	3.55	3.51	3.35	3.13	82	9.09	7.18	4.56	6.03
60	3.66	3.61	3.42	3.20	83	9.61	7.36	4.57	6.24
61	3.77	3.71	3.49	3.27	84	10.17	7.53	4.58	6.48
62	3.88	3.82	3.57	3.35	85	10.77	7.68	4.58	6.72
63	4.01	3.93	3.64	3.43	86	-	7.83	4.59	6.98
64	4.14	4.05	3.72	3.51	87	-	7.96	4.59	7.24
65	4.28	4.18	3.79	3.60	88	-	8.08	4.59	7.53
66	4.43	4.31	3.87	3.69	89	-	8.19	4.59	7.82
67	4.59	4.45	3.94	3.79	90	-	8.28	4.59	8.13
68	4.77	4.60	4.01	3.89	91	-	8.37	4.59	-
69	4.95	4.75	4.07	4.00	92	-	8.44	4.59	-
70	5.15	4.91	4.14	4.11	93	-	8.51	4.59	-
71	5.36	5.08	4.20	4.23	94	-	8.56	4.59	-
72	5.59	5.25	4.26	4.36	95	-	8.61	4.59	-
73	5.83	5.44	4.31	4.49	96	-	8.65	4.59	-
74	6.10	5.62	4.35	4.63	97	-	8.68	4.59	-
75	6.38	5.81	4.39	4.77	98	-	8.71	4.59	-
76	6.68	6.01	4.43	4.92	99	-	8.72	4.59	-

Joint and Survivor Life Income (Option 3)

We will make equal periodic payments during the joint lifetime of two persons and the remaining lifetime of the survivor. The monthly income for each \$1,000 applied for sample age combinations will not be less than those shown in Table 3. The first payment is due on the Annuity Date. The money applied under a Joint and Survivor Life Income Option cannot be withdrawn once payments begin.

The values in Tables 2 and 3 are based on the Annuitant's (or Annuitants') age(s) (nearer birthday) on the Annuity Date. We may require proof of ages. Tables 2 and 3 are based on interest guaranteed at a 1% annual effective rate and the a2000 Individual Annuity Mortality Table blended for unisex use at 40% male and 60% female. Amounts of income for any age or of ages not shown will be furnished on request.

Age	55	60	65	70	75	80	85	90	95
55	2.72	2.86	2.97	3.05	3.11	3.14	3.17	3.18	3.18
60	2.86	3.06	3.24	3.39	3.49	3.56	3.60	3.63	3.64
65	2.97	3.24	3.51	3.75	3.94	4.08	4.17	4.22	4.25
70	3.05	3.39	3.75	4.12	4.45	4.71	4.90	5.01	5.07
75	3.11	3.49	3.94	4.45	4.96	5.43	5.80	6.04	6.19
80	3.14	3.56	4.08	4.71	5.43	6.17	6.84	7.34	7.68
85	3.17	3.60	4.17	4.90	5.80	6.84	7.91	8.85	9.55
90	3.18	3.63	4.22	5.01	6.04	7.34	8.85	10.35	11.62
95	3.18	3.64	4.25	5.07	6.19	7.68	9.55	11.62	13.58

More Information About Our Payment Options

Right to Increase Periodic Income

Subject to Our approval, a person who is to receive periodic income payments may make an extra contribution at the time of option selection to increase the income to be received. The contribution will be applied under the option at the same rates as are the benefits. We may make a charge, the amount of which will not exceed the sum of 3% of the extra contribution plus any State Tax assessed as a result of the extra contribution (see State Taxes, Part 6). We may limit the extra contribution to an amount equal to the value of the Policy used to provide the income payments.

Minimum Payments

If periodic payments under the selected payment option at time of election would be less than \$20, We may change the frequency of payments or pay the amount applied in a single sum.

Automatic Cancellation

A previous election of a Payment Option for Death Benefits will be cancelled if the Beneficiary is changed.

Payments to Minors

While a person named to receive benefits is a minor, We will make all payments to the court appointed guardian of the minor's estate. We may require proof of age of any such person in determining his or her status as a minor.

Flexible Premium Indexed and Declared Interest Deferred Annuity. Benefits are calculated based on the movement of an index or stipulated interest rates. Minimum underlying values. Income payments start on the Annuity Date. Death Benefit payable before the Annuity Date. Nonparticipating.

Contract Summary for Policy Number 123456X

Any correspondence regarding this Policy may be forwarded to our Office using our centralized mailing address, or the agent listed below:

Life Insurance Company of the Southwest
 One National Life Drive
 Montpelier, VT 05604-5555

Prepared By: Jane Doe

This summary was prepared for: John Doe
 Annuitant's Age at Issue: 35

Guaranteed Values at End of Year

End of Policy Year	Premium	Cash Value	Death Benefit	Yield
1	1,000.00	947.36	1,052.63	-5.26%
2	1,000.00	1,937.16	2,107.90	-2.11%
3	1,000.00	2,937.91	3,165.86	-1.04%
4	1,000.00	3,960.24	4,226.51	-0.40%
5	1,000.00	5,004.25	5,289.90	0.03%
6	1,000.00	6,070.03	6,356.05	0.33%
7	1,000.00	7,157.69	7,424.99	0.56%
8	1,000.00	8,267.33	8,496.74	0.73%
9	1,000.00	9,349.82	9,521.21	0.76%
10	1,000.00	10,453.48	10,548.42	0.80%
20	1,000.00	20,977.67	20,977.67	0.45%
Age				
70	1,000.00	37,206.07	37,206.07	0.34%
99	1,000.00	78,694.57	78,694.57	0.62%

Cash Values are the greater of the Accumulation Value less a Withdrawal Charge or the Policy Value. Values shown are based on the guaranteed rate of 1.00% for the Policy Value and no Indexed Interest.

The Withdrawal Charge Percentage is ten percent in the first Policy Year. It reduces by one percent per year for the next nine Policy Years. **The Withdrawal Charge Percentage is zero after the tenth Policy Year.** Withdrawal Charges illustrated are net of a 10% penalty-free partial withdrawal in all Policy Years after the first.

Monthly income for life, with 120 payments guaranteed, based on guaranteed values and guaranteed annuity purchase rates would be:

On January 28, 2047 (Age 70): \$182.68

On January 28, 2076 (Age 99): \$686.22

THIS CONTRACT MAY RESULT IN A LOSS IF KEPT FOR ONLY A FEW YEARS.

IMMEDIATE INTEREST CREDIT RIDER

Life Insurance Company of the Southwest • [Addison, Texas 75001]
[www.NationalLifeGroup.com] • [Customer Relations 800-732-8939]

Immediate Interest Credit Percentage: [5.00%]
Immediate Interest Credit Period: First [8] Policy Years

PART 1: POLICY VALUES

This Rider modifies the Policy to which it is attached.

When You pay a premium during the Immediate Interest Credit Period, We will credit an amount, termed an Immediate Interest Credit, to the Policy. We calculate each Immediate Interest Credit as the appropriate Net Premium times the Immediate Interest Credit Percentage shown above and add it to the Premium Account on the same day the premium on which it is based is applied. Such Immediate Interest Credits are in addition to other amounts credited to the Policy by its provisions. If You exercise Your right to return the Policy and receive Your premium(s) as specified on the Policy cover, You will receive no portion of any Immediate Interest Credit.

PART 2: RIDER CHARGES

There are no charges for this Rider.

PART 3: RIDER TERMINATION

This Rider terminates upon the termination of the Policy to which it is attached.

PART 4: GENERAL PROVISIONS

This Rider is part of the Policy to which it is attached. The Rider is subject to all terms, conditions, and provisions contained in the Policy. The provisions of this Rider apply in lieu of any Policy provision to the contrary.

The provisions of this Rider begin on the Policy's Issue Date.

This Rider has no cash value or loan value.

All terms not defined in this Rider refer to the terms as used in the Policy.

In all other respects, the Policy's provisions remain unchanged.

SIGNED FOR LIFE INSURANCE COMPANY OF THE SOUTHWEST


Secretary

SERFF Tracking Number: NALF-128196106 State: Arkansas
 Filing Company: Life Insurance Company of the Southwest State Tracking Number:
 Company Tracking Number: 20082(0112)
 TOI: A071 Individual Annuities - Special Sub-TOI: A071.001 Equity Indexed
 Product Name: Paramount
 Project Name/Number: Paramount/20082(0112)

Supporting Document Schedules

Item Status: **Status Date:**

Satisfied - Item: Flesch Certification

Comments:

Attachment:

20082 20069 AR Read Cert.pdf

Item Status: **Status Date:**

Satisfied - Item: Application

Comments:

We will use previously approved application 7909, approved in Arkansas on April 30, 2001.

Item Status: **Status Date:**

Satisfied - Item: Life & Annuity - Acturial Memo

Comments:

Attachments:

20082(0112) ACTM 03 01 2012 Certified.pdf

20069(0112) Actuarial Memorandum Final.pdf

Item Status: **Status Date:**

Satisfied - Item: Statements of Variability

Comments:

Attachments:

20082(0112) SOV.pdf

20069(0112) SOV.pdf

Item Status: **Status Date:**

SERFF Tracking Number: NALF-128196106 State: Arkansas
Filing Company: Life Insurance Company of the Southwest State Tracking Number:
Company Tracking Number: 20082(0112)
TOI: A071 Individual Annuities - Special Sub-TOI: A071.001 Equity Indexed
Product Name: Paramount
Project Name/Number: Paramount/20082(0112)

Satisfied - Item: Additional Certifications

Comments:

Attachments:

20082 20069 AR Certification of Compliance.pdf
20082 20069 AR EIA Certification.pdf

Item Status:

**Status
Date:**

Satisfied - Item: Product Disclosure

Comments:

Attachment:

Immediate Bonus Flex - Disclosure Standard.pdf

STATE OF ARKANSAS
DEPARTMENT OF INSURANCE
READABILITY CERTIFICATION

Arkansas Rule ACA 23-80-206

Company Name Life Insurance Company of the Southwest NAIC # 65528,

hereby certifies that the following form(s) achieve a Flesch reading ease test score of:

<u>FORM NUMBER</u>	<u>FLESCH SCORE</u>
20082(0112)	51.1
20069(0112)	54.1

Michael C. Ward

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Date: 2012.03.13 14:46:35 -05'00'

Signature

Michael C. Ward, FSA, MAAA, Vice President- Actuarial

March 13, 2012

Date

Form No. 20082(0112) - Statement of Variability

Variables for the mailing address, street address, website address, phone number, logo, and company city – these items are subject to change.

Variables for the officer titles and signatures – signatures of the two officers currently holding that title. In the event the title of an officer signing the policy form changes, any new title utilized will be the title of an officer of the company.

Variable for the Policy Number is assigned by Life Insurance Company of the Southwest when the policy is issued.

Variables for the Annuitant, Owner, and Issue Age are based on the information in the application.

Variable for the Issue Date is the date when the policy is issued.

Variable for the Policy Date is the first date on which an Interest Account is established and is never more than one month after the Issue Date. The Policy Date will be set at company discretion to a day of the month between the 1st and 28th, inclusive. The Policy Date will not be set in any manner that discriminates unfairly between classes of policy owners.

Variable for the Annuity Date is the date at which the policy must end in either lump-sum distribution or commencement of a periodic income payment and is fixed at the Policy Date anniversary coincident with or next following the Policy anniversary for attained age 99 of the Annuitant.

Variable for the Initial Premium under the Coverage Section:

- With Initial Premium of \$[1,000.00] – the dollar amount prints automatically based on the amount received.

Variables for the Planned Premium:

- \$[1,000.00] – the dollar amount is based on the information in the application
- [Per Year] = the billing frequency, if any, translated as follows:
 - [Per Year]
 - [Semi-Annually]
 - [Per Quarter]
 - [Per Month]
 - [Every Four Weeks]
 - [Every Three Weeks]
 - [Semi-Monthly]
 - [Bi-Weekly]
 - [Per Week]

Variables for the number of Policy Years that Transfer, Exchange, and/or Rollover premiums may be paid: [one to ten]

The rate-type elements and their descriptive text which are bracketed on the Data Pages are limited to the following values (low to high):

- Policy Value Interest Rate – (1.00% to 3.00%)
- Premium Account Interest Rate – (1.00% to 3.00%)
- Guaranteed Declared Rate for an Account Year starting on the Policy Date – (1.00% to 35.00%)
- Minimum Declared Rate for an Account Year starting after the Policy Date – (1.00% to 3.00%)
- Guaranteed Index Rate for an Account Year starting on the Policy Date – (10.00% to 200.00%)
- Guaranteed Cap for an Account Year starting on the Policy Date – (1.00% to NO CAP)

Variables for the optional types of Indexed Interest Accounts

Variables for the Index Name

- Russell 2000
- Any widely published, unambiguous, measurable composite index with a stable market for options

Variables for the Index Method

- Ending Index
- Average Index

LSW will always offer both indexed crediting methods for the S&P500 such that a policy will always have at least two types of Indexed Interest Accounts.

The possible combinations of other indices and index crediting methods results in many different optional types of Indexed Interest Accounts. While LSW will have the flexibility to have many different types of Indexed Interest Accounts, LSW anticipates never offering any more than 6 different types of Indexed Interest Accounts for a new issue.

At launch LSW is anticipating offering four types of interest accounts:

- Declared Interest Accounts
- S&P 500 Ending Index Indexed Interest Accounts
- S&P 500 Average Index Indexed Interest Accounts
- Russell 2000 Ending Index Indexed Interest Accounts

Variable for the day of the month used to determine the initial Index Value applicable to any portion of a premium which is transferred from the Premium Account to an Indexed Interest Account:

- [28th] – the same day of the month as the Policy Date

Variable for the day of the month used to determine the initial Declared Rate applicable to any portion of a premium which is transferred from the Premium Account to a Declared Interest Account:

- [28th] – the same day of the month as the Policy Date

Variable for the day of the month used to determine the initial set of Index Rate, Cap, and Floor applicable to any portion of a premium which is transferred from the Premium Account to an Indexed Interest Account:

- [28th] – the same day of the month as the Policy Date

Determination of the Policy Value Interest Rate, Premium Account Interest Rate, and the guaranteed minimum Declared Interest Account Declared Rate

The minimum rates will change from calendar month to calendar month for policies issued in the month as determined in the following. The rates employed during a calendar month for issues in that month will be the 5-year Treasury Constant Maturity rate (“CMT-5”) reported by the Federal Reserve for the calendar month two months prior to the month of issue, rounded to the nearest 0.05%, reduced by 125 basis points, the resulting answer limited to not more than 3.00% and not less than 1.00% in all policy years.

Sample Calculation Nonforfeiture Rate for Current Issues

The policy form submitted with an Issue Date in January 2012 would use the rate of 0.91% reported by the Federal Reserve for the month of November 2011. The rate is rounded to the nearest 0.05% with a result of 0.90%. That rate is then reduced by 125 basis points with a result of -0.35%. This is less than 1.00%, so the floor of 1.00% becomes effective for policies issued in the month of January 2012.

Form No. 20069(0112) - Statement of Variability

Variables for the street address, website address, and phone number – these items are subject to change.

Variables for the officer title and signature – signature of the officer currently holding that title. In the event the title of the officer signing the form changes, any new title utilized will be the title of an officer of the company.

The rider's elements which are bracketed are limited to the following values:

- Immediate Interest Credit Percentage – 1.00% to 10.00%
- Immediate Interest Credit Period – 1 to 15

**Arkansas Certification of Compliance with External Index Guidelines
Form 20082(0112) and 20069(0112)**

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 form. I also certify that the contract summary is in no way deceptive, confusing or misleading and provides the information as provided in the External Index Contract Guidelines document.

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.



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Date: 2012.03.13 14:46:52

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Signature

Michael C. Ward, FSA, MAAA, Vice President, Actuarial

March 13, 2012

Date

This disclosure reviews important points to consider before you¹ buy a <insert product name here> annuity. Please read it carefully. <insert product name here> is a flexible premium indexed and declared interest deferred annuity. It is Policy Form No. 20082(0112) with Rider Form No. 20069(0112), or state variations thereof.

<insert product name here> is a tax deferred² annuity, which means all amounts in the annuity accumulate with federal and state income tax deferred until withdrawn or received as income. Annuities owned by certain trusts or corporate entities may not enjoy the tax deferral feature. You can use the annuity to save for retirement and to receive retirement income for life. It is not meant to be used to meet short-term financial goals.

SECTION I – THE ANNUITY POLICY

Annuities have guarantees³ regarding premium paid, interest credited, death benefit and income amounts which distinguish them from other savings vehicles. <insert product name here> is an indexed annuity that may credit interest based on a formula that considers changes in the value of an external equity index but does not participate directly in any stock or equity investment. The amount of indexed interest credited to a given Indexed Interest Account depends on the performance of one of two external indexes: the S&P 500 and the Russell 2000. Both indexes are widely used market-value weighted price indexes which reflect capital growth only and exclude dividends paid on their stocks.

How will the value of my annuity grow?

Your annuity's Accumulation Value will grow through the payment of additional premium, if you so choose, and by credited interest. You may pay multiple premiums into your annuity. However, premiums that are rollovers, exchanges, or transfers of monies from other annuities or life insurance policies may only be paid during the first five Policy Years⁴. The Accumulation Value equals your premium paid (net of any applicable state taxes), plus credited interest, minus any applicable rider charges, minus any partial withdrawals taken (including any Withdrawal Charges assessed).

How is interest calculated and credited?

The Accumulation Value is composed of the Premium Account and distinct types of Interest Accounts which are shown on the last page of this disclosure. You may allocate your net premiums to any combination of the Interest Accounts. Allocations must be in whole percentages.

On the day a premium is received, the net premium is placed in the **Premium Account**. For premiums received during the first eight Policy Years, we also add to the Premium Account an Immediate Interest Credit equal to 5% of the net premium. The Premium Account earns interest daily at an annual effective rate no less than 1%. On the 28th of each month, the entire value of the Premium Account is transferred to new Interest Accounts. The date that an Interest Account is established, and the dates at 12-month intervals thereafter are called the Reset Dates for that Account. The period from the Reset Date when an Interest Account is established to the Reset Date in the next year, and each one-year period thereafter, is an Account Year for that Account. We maintain each Interest Account separately.

The Declared Interest Accounts credit interest daily at an annual effective rate we set in advance for each Account Year. The rate guaranteed on the issue date and the minimum rate thereafter will be shown in your policy. Neither rate will be less than 1%.

The Indexed Interest Accounts credit interest at the end of each Account Year, based in part on the annual change of either the S&P 500 Index or the Russell 2000 Index. The interest rate credited to an Indexed Interest Account is the Index Rate multiplied by the Annual Percentage Change (described below), the result being subject to a minimum called the Floor and a maximum called the Cap. The Floor is 0%.

We set the Index Rate and Cap for each Indexed Interest Account in advance for each Account Year. The Index Rates and Caps guaranteed on the issue date, and the minimum rates thereafter will be shown in your policy. The Index Rate will be no less than 10%, and the Cap will be no less than 1%.

The Annual Percentage Change is determined by either the Ending Index or Average Index method. Using the Ending Index method, the Annual Percentage Change is the change in the index value from the beginning of the Account Year to the index value at the end of the Account Year. Using the Average Index method, the Annual Percentage Change is the change in the index value from the beginning of the Account Year to the average of the daily index values for all open stock market days during the Account Year.

How do I transfer amounts in my annuity among Interest Accounts?

Transfers between and among Interest Accounts of different types may be made only on the Reset Date of the Interest Account(s) from which the transfer is to be made and only after receipt of your written request for the transfer 15 days prior to the Reset Date. Transfers from Interest Accounts are made on a LIFO basis (Last In, First Out). This means that the most recently established Interest Accounts are transferred first. The prospective rates applicable to the transferred amount will be the same rates as if its premium had been originally allocated to the new Interest Account(s).

SECTION II – ACCESS TO VALUE

You may make a total or partial withdrawal, or you may request that your annuity be converted to periodic income. These benefits will be based on the Accumulation Value, Cash Value and/or Policy Value of your annuity. The Accumulation Value is previously described. The Cash Value of your annuity is equal to the larger of the Accumulation Value less applicable Withdrawal Charges or the Policy Value. The Policy Value equals 87.5% of the premiums less withdrawals taken, accumulated daily at an annual effective interest rate shown in your policy. The rate will be no less than 1%.

What happens if I take out some or all of the money from my annuity?

Withdrawals in the first Policy Year are subject to a Withdrawal Charge. After the first Policy Year, you may withdraw in any one year, without incurring a Withdrawal Charge, up to 10% of the Accumulation Value.

Withdrawal Charges are a percentage of the amount withdrawn in excess of this "Free Withdrawal Amount." Withdrawal Charge percentages are shown in the table on page 4. Contractually, the minimum partial withdrawal you may request is \$500, and your Accumulation Value must be no less than \$2,500 after the withdrawal.

How do I get income (payouts) from my annuity⁵?

If you convert your annuity to income prior to the end of the 5th Policy Year, we will calculate the income using the Cash Value. If you do so after the 5th Policy Year, any applicable Withdrawal Charges will be waived. Your annuity policy describes your options in detail (see "Part 7: The Payment Options" in your annuity policy). Your current choices are:

- Designated period of time: Guarantees income for a chosen period, from five to 25 years
- Life: Guarantees income for as long as you live
- Life income with a period certain: Guarantees income for as long as you live or for a chosen period, whichever is longer. If you die within the period certain, the income continues to your beneficiary for the remainder of the period certain. Periods certain are 10 years, 20 years, and Installment Refund (income continues until the amount paid is at least the amount applied)
- Joint and survivor life: Guarantees income for as long as you or your joint annuitant live.

What happens after I die?

If you die before we start to pay you periodic income under the Payment Options of your annuity, your beneficiary can choose to receive the death benefit as one payment or as a series of payments over time (see "Part 5: Payment of Benefits" in your annuity policy). If you are the Annuitant, the death benefit is the greater of the Accumulation Value or the Policy Value. If you are the Owner but not the Annuitant, the death benefit is the Cash Value. If your death occurs after periodic income payments have begun, any payments which remain to be paid under your payment option selection will be paid to your beneficiary.

Can I take a loan from my annuity⁶?

If you purchase <insert product name here> as a 403(b) or 457(b) and your employer's plan permits loans, you may request a loan while pledging your annuity as collateral. The loan interest rate charged is a variable loan interest rate based on Moody's Corporate Bond Yield Average. For more information, please see the loan rider in your policy.

SECTION III – FEES, EXPENSES & OTHER CHARGES

Do I pay any fees or charges?

<insert product name here> has no fees or expenses charged against your Accumulation Value. Some states charge a tax on annuities, in addition to any applicable state income tax. If we must pay this tax, we will deduct it from your premium, from your policy's values or from policy benefits as is appropriate.

Charges may apply for some riders attached to the policy. The impact of any rider that constrains benefits or has a cost and that is not disclosed in this document will be disclosed separately.

SECTION IV – TAXES

You should consult your own tax advisor for tax advice.

How will payouts and withdrawals from my annuity be taxed?

When you receive income or make a withdrawal, you pay ordinary income taxes on the taxable value. If you make a withdrawal before age 59½, you will be subject to a 10% federal income tax penalty unless you qualify under one of the exceptions provided by law.

How are state premium taxes assessed?

The State of Maine imposes a State Tax of 2% of all premiums paid to non-qualified annuities. We deduct 2% from your premium and pay this to the state. We apply the remaining 98% of the premium to the Accumulation Value of your Policy. Since the Cash Value may depend on the Accumulation Value, the Cash Value may be reduced as a result of the State Tax. As of the date of this publication California, Nevada, South Dakota, West Virginia, and Wyoming also impose state taxes on certain annuities. Your agent can provide more detail.

SECTION V – OTHER INFORMATION

- Issue age limits for this annuity are owner/annuitant age 0 to 85 (actual age)
- Premiums limits:
 - Minimum premium: \$100 a month salary reduction/deduction/PACP or \$3,000 Single Premium
 - Cumulative Maximum premium: \$1,000,000
 - Premiums that are rollovers, exchanges, or transfers of monies from other annuities or life insurance policies may only be paid during the first five Policy Years
- This annuity is designed for people who are willing to let their savings build for at least 10 years
- We may change your annuity policy from time to time only to follow federal or state laws and regulations. If we do, we will tell you about the changes in writing
- Right to Examine: You have the right to a complete refund of your premium paid at any time within 30 days of receiving your annuity policy. To exercise this right, you must return your Policy with a written request for a refund

What should I know about Life Insurance Company of the Southwest (LSW)?

LSW is a life insurance company that specializes in annuity and life insurance products. Our goal is to provide products that benefit policyholders regardless of market conditions. We were incorporated in 1955 under the laws of Texas as a legal reserve insurance company and are licensed in 49 states and the District of Columbia.

LSW is a member of National Life Group⁷. National Life Group is a diversified family of financial services companies that has successfully forged a strong identity as a product innovator offering personalized service. Companies in the group offer a comprehensive portfolio of life insurance, annuity and investment products to help individuals, families and businesses pursue their financial goals.

Acknowledgement/Understanding

Please do not rely on any statements about <insert product name here> that are not consistent with what is described in this Disclosure, in the annuity Policy form or in other material published by us. In case of any ambiguity, conflict or question regarding interpretation of this Disclosure or any other published material or statements, the provisions of the Policy form prevail. Please consult your annuity Policy form for further details.

<insert product name here> current information:

As of _____

Declared Interest Account:

Declared Rate _____%

S&P 500 Ending Index Indexed Interest Account:

Index Rate _____% Cap _____%

S&P 500 Average Index Indexed Interest Account:

Index Rate _____% Cap _____%

Russell 2000 Ending Index Indexed Interest Account:

Index Rate _____% Cap _____%

Note: Declared Rate, Index Rates and Caps are subject to change without notice.

Withdrawal Charge Table:

Policy Yr.	1	2	3	4	5	6	7	8	9	10	11+
Withdrawal Charge %	10	9	8	7	6	5	4	3	2	1	0

Notice of Policies

Do you the applicant have any other life insurance or annuity contract/policy with Life Insurance Company of the Southwest, National Life Insurance Company or any other insurance company?

Yes No

If yes, Form No. 8027(0210) or a state variation, entitled Important Notice Regarding Replacement of Life Insurance or Annuities, must be completed..

Does the agent have reason to believe that the applicant has any other life insurance or annuity contract/policy with Life Insurance Company of the Southwest, National Life Insurance Company or any other insurance company?

Yes No

My signature as Applicant acknowledges that I have read and the agent has explained the contents of this Disclosure. **I understand that I am applying for an annuity that may credit interest based on a formula that considers the change in the value of an external equity index but does not participate directly in the equity market.** I understand this original Disclosure will be enclosed with my application and a copy of it will be sent with my Policy.

Print Applicant Name

Applicant Signature

Date

Print Agent Name

Agent No.

Agent Signature

Date

1. When we use the words, "you" and "your" in this Disclosure, we mean the owner of a <insert product name here>. "We", "us" and "our" mean Life Insurance Company of the Southwest.
2. Buying an annuity within an IRA, 401(k) or other tax deferred retirement plan does not provide tax benefits beyond what are provided by these qualified arrangements. If considering an annuity within a retirement plan, base your decision on the annuity's other features and benefits as well as its risks and costs, not on its tax benefits.
3. Guarantees are dependent on the claims paying ability of the issuing company.
4. Policy Years are yearly periods which start on the issue date and on the same month and day each year thereafter.
5. Benefits at annuitization could be reduced if a misstatement of age or gender has occurred.
6. Loans are added by rider, Form 20099(0112), which is not available in all states. All 403(b) and 457(b) annuities must be associated with an employer plan. Hardship withdrawals and loans are also subject to any restrictions listed in your employer's plan documents. Loans are not available on Roth 403(b).
7. National Life Group® is a trade name of National Life Insurance Company, Montpelier, VT, Life Insurance Company of the Southwest (LSW), Addison, TX and their affiliates. Each company of National Life Group 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.

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