

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company

**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

**Product Name:** Graded Death Benefit Whole Life Policy

**Project Name/Number:** /

**Filing at a Glance**

Company: Fidelity Life Association, A Legal Reserve Life Insurance Company

Product Name: Graded Death Benefit Whole Life Policy

State: Arkansas

TOI: L071 Individual Life - Whole

Sub-TOI: L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

Filing Type: Form

Date Submitted: 09/13/2012

SERFF Tr Num: PSEN-128626549

SERFF Status: Closed-Approved-Closed

State Tr Num:

State Status: Approved-Closed

Co Tr Num: FLA GDB WHOLE LIFE POLICY

Implementation: On Approval

Date Requested:

Author(s): Barbara Ritzke, Deb Howver, Joanne Miller

Reviewer(s): Linda Bird (primary)

Disposition Date: 09/19/2012

Disposition Status: Approved-Closed

Implementation Date:

State Filing Description:

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company

**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

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## General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type:
Overall Rate Impact:	Filing Status Changed: 09/19/2012
	State Status Changed: 09/19/2012
Deemer Date:	Created By: Deb Howver
Submitted By: Deb Howver	Corresponding Filing Tracking Number:

### Filing Description:

On behalf of Fidelity Life Association, a Legal Reserve Life Insurance Company, form F3200AR Graded Death Benefit Whole Life Insurance Policy is submitted for your review and approval. No part of this filing contains any unique, innovative or possibly controversial items from normal industry standards. The submitted form is new and is not intended to replace any form currently on file with your state.

This policy will be used with application form F1048E(03/12) approved on 3/16/2012 under SERFF tracking number PSEN-128161088.

The following optional riders will be offered with the policy:

- F3080 - Limitation of Liability Rider – Aviation Exclusion approved 11/3/2005 under SERFF tracking number SERT-6EV43D966
- F3010 - Accelerated Death Benefit Rider approved 9/29/2005 under SERFF tracking number SERT-6FZMXL425
- F3012 - Waiver of Premium Benefit Rider approved 9/29/2005 under SERFF tracking number SERT-6FZMXL425
- F3020(04/06) AR- Accidental Death Benefit Rider approved 5/8/2006 under SERFF tracking number SERT-6NTKNB255
- F3715(04/06) - Family Accidental Death Benefit Rider approved 6/12/2006 under SERFF tracking number SERT-6MFP9L083
- F3720(04/06) - Inflation Benefit Rider approved 6/12/2006 under SERFF tracking number SERT-6MFP9L083

This product will not be marketed with an illustration.

This plan provides a modified whole life death benefit, maturing at age 121. Fully guaranteed level premiums are payable for the life of the contract. The plan has separate rates for males and females that include a \$50 policy fee. The plan is not offered with substandard premium ratings. The plan is non-participating.

The plan is offered on a simplified underwriting basis and has reduced death benefits during the first three policy years to minimize anti-selection risk. The death benefit per unit after year three is \$1,000.

Additional interest will be paid on the death benefit from the date of death to the date the death benefit is paid at a rate least equal to the minimum interest rate required in the state where this policy is issued.

Minimum face amount will be no lower than \$5,000 subject to company rules at the time of issue. The maximum face amount is dependent upon reinsurance and underwriting requirements.

The plan is currently issued at ages 50 through 85.

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## Company and Contact

### Filing Contact Information

Joanne Miller, joanne@myactuary.com  
 35W841 Burr Oak Lane 215-450-5767 [Phone]  
 West Dundee, IL 60118

### Filing Company Information

(This filing was made by a third party - problemsolvingenterprises)

Fidelity Life Association, A Legal Reserve Life Insurance Company	CoCode: 63290	State of Domicile: Illinois
8700 W. Bryn Mawr Avenue	Group Code:	Company Type:
Suite 900S	Group Name:	State ID Number:
Chicago, IL 60631	FEIN Number: 36-1068685	
(630) 522-0392 ext. [Phone]		

## Filing Fees

Fee Required? Yes  
 Fee Amount: \$50.00  
 Retaliatory? Yes  
 Fee Explanation: 1 form @ \$50.00/form = \$50.00  
 Per Company: No

Company	Amount	Date Processed	Transaction #
Fidelity Life Association, A Legal Reserve Life Insurance Company	\$50.00	09/13/2012	62656341

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company  
**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design  
**Product Name:** Graded Death Benefit Whole Life Policy  
**Project Name/Number:** /

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Linda Bird	09/19/2012	09/19/2012

## Objection Letters and Response Letters

### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Linda Bird	09/18/2012	09/18/2012

### Response Letters

Responded By	Created On	Date Submitted
Deb Howver	09/18/2012	09/18/2012

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company  
**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design  
**Product Name:** Graded Death Benefit Whole Life Policy  
**Project Name/Number:** /

## Disposition

Disposition Date: 09/19/2012

Implementation Date:

Status: Approved-Closed

Comment:

Rate data does NOT apply to filing.

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Life & Annuity - Acturial Memo		No
Supporting Document	Third Party Authorization Letter		Yes
Supporting Document	Statement of Variability		Yes
Form (revised)	Graded Death Benefit Whole Life Insurance		Yes
Form	Graded Death Benefit Whole Life Insurance	Replaced	Yes

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**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company

**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

**Product Name:** Graded Death Benefit Whole Life Policy

**Project Name/Number:** /

## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/18/2012
Submitted Date	09/18/2012
Respond By Date	10/18/2012

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Dear Joanne Miller,

### Introduction:

This will acknowledge receipt of the captioned filing.

### Objection 1

Comments:

Life Policies with reduced death benefits in early policy years are subject to Bulletin 8-85. The contract is in violation of Guideline One of this bulletin. Please review the bulletin and make the necessary correction. The death benefit will need to be a set dollar amount or % of the face amount for first year, second year, third year and thereafter. The death benefit can not be a return of premium with or without interest.

### Conclusion:

A.C.A. 23-79-109(1)-(5) sets forth the procedure by which filings may be deemed approved upon the expiration of certain time periods with no affirmative action by the commissioner. If the commissioner determines that additional information is needed to make a decision regarding approval, such request for information will be made to the company. The filing will not be considered complete until said additional information is received. The time periods set forth in this statute will not begin to run until the filing is complete.

Please feel free to contact me if you have questions.

Sincerely,  
Linda Bird

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**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company  
**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design  
**Product Name:** Graded Death Benefit Whole Life Policy  
**Project Name/Number:** /

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/18/2012
Submitted Date	09/18/2012

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Dear Linda Bird,

### **Introduction:**

Thank you for your letter today.

### **Response 1**

#### **Comments:**

Please find amended form F3200AR attached to the Form Schedule tab. The schedule page has been corrected to show that the reduced death benefit payable in years 1-3 is the amount shown in the Schedule of Guaranteed Values on page 3a.

### **Related Objection 1**

#### **Comments:**

Life Policies with reduced death benefits in early policy years are subject to Bulletin 8-85. The contract is in violation of Guideline One of this bulletin. Please review the bulletin and make the necessary correction. The death benefit will need to be a set dollar amount or % of the face amount for first year, second year, third year and thereafter. The death benefit can not be a return of premium with or without interest.

### **Changed Items:**

No Supporting Documents changed.

State: Arkansas

Filing Company: Fidelity Life Association, A Legal Reserve Life Insurance Company

TOI/Sub-TOI: L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

Product Name: Graded Death Benefit Whole Life Policy

Project Name/Number: /

## Form Schedule Item Changes

Item No.	Form Number	Form Type	Form Name	Action/ Action Specific Data	Readability Score	Attachments	Submitted
1	F3200AR	POL	Graded Death Benefit Whole Life Insuran ce	Initial	48.900	FLA_F3200AR_GD BWL_120918.pdf	Date Submitted: 09/18/2012 By: Deb Howver
<i>Previous Version</i>							
1	F3200AR	POL	Graded Death Benefit Whole Life Insuran ce	Initial	48.900	FLA_F3200AR_GD BWL_120912.pdf	Date Submitted: 09/18/2012 By: Deb Howver

No Rate/Rule Schedule items changed.

**Conclusion:**

Thanks for your attention to our submission.

Sincerely,

Deb Howver

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company  
**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design  
**Product Name:** Graded Death Benefit Whole Life Policy  
**Project Name/Number:** /

## Form Schedule

Lead Form Number: F3200AR

Item No.	Schedule Item Status	Form Number	Form Type	Form Name	Action/ Action Specific Data	Readability Score	Attachments
1		F3200AR	POL	Graded Death Benefit Whole Life Insurance	Initial:	48.900	FLA_F3200AR_GDBWL_120918.pdf

### Form Type Legend:

<b>ADV</b>	Advertising	<b>AEF</b>	Application/Enrollment Form
<b>CER</b>	Certificate	<b>CERA</b>	Certificate Amendment, Insert Page, Endorsement or Rider
<b>DDP</b>	Data/Declaration Pages	<b>FND</b>	Funding Agreement (Annuity, Individual and Group)
<b>MTX</b>	Matrix	<b>NOC</b>	Notice of Coverage
<b>OTH</b>	Other	<b>OUT</b>	Outline of Coverage
<b>PJK</b>	Policy Jacket	<b>POL</b>	Policy/Contract/Fraternal Certificate
<b>POLA</b>	Policy/Contract/Fraternal Certificate: Amendment, Insert Page, Endorsement or Rider	<b>SCH</b>	Schedule Pages



Established 1896

# GRADED DEATH BENEFIT WHOLE LIFE INSURANCE POLICY

**This is a Non-Participating Policy**

Fidelity Life Association will pay the Death Benefit of this Policy if the Insured dies while the Policy is in force. The death benefit will be paid to the Beneficiary when due proof of the Insured's death is received at our Home Office. The Company will also require the completion of its claims forms. We have issued this Policy in consideration of the application and the payment of premium. All benefits are subject to the terms and conditions of this Policy.

For service or information on this Policy, contact the agent who sold the Policy or Our Home Office.

**Right to Examine Policy:** We want you to be satisfied with your Policy. The Policy Owner may, within **30** days after it is delivered, return the Policy to our Home Office or to the agent who sold the Policy and will receive a full refund of any premiums that have been paid. Once returned, the Policy will be void from its beginning.

**This Policy has a limited graded death benefit. Please read this policy carefully.** This Policy is a legal contract between the Policy Owner and us. The entire contract consists of this Policy, and any attached riders or endorsements, schedules, the attached written application, and any attached supplemental written applications.

Issued and signed by Fidelity Life Association at its Home Office. [

Secretary

President

]  
**Graded Death Benefit Whole Life Insurance.**

The Policy provides:

- Reduced Death Benefit during the Initial Policy Period. Level Death Benefit thereafter as shown in the Schedule page.
- Level Guaranteed Premiums for the life of the Policy as shown in the Schedule page.
- This Policy is not eligible for annual dividends.

**FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY**

[8700 W. Bryn Mawr, Suite 900S  
Chicago, IL 60631  
Tel 800.369.3990  
Fax 866.375.8175]

Address for correspondence:  
[Fidelity Life Association  
P.O. Box 5030  
Des Plaines, IL 60017-5030]

To file a claim or to ask a question you may contact the agent who sold you this Policy or you may contact our Policyowner Service department at the address or numbers given above or on the web at:

**www.fidelitylife.com**

[State Department of Insurance Tel: xxx-xxx-xxxx]

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Any Riders and Endorsements and a Copy of the Application for the Policy Follow Page 9.



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## POLICY SCHEDULE

<b>Policy Number:</b>	[123456789]	<b>Face Amount:</b>	[\$50,000]
<b>Insured:</b>	[John Franklin Butterfield]	<b>Gender and Age:</b>	[Male 55]
<b>Policy Owner:</b>	[Mary Wanda Butterfield]	<b>Policy Date:</b>	[May 12, 2012]
<b>Issue Date:</b>	[May 10, 2012]	<b>Maturity Date:</b>	[May 12, 2078]

**Policy Description:** Graded Death Benefit Whole Life Insurance

**Beneficiary:** As stated in the application or as subsequently changed.

**Total Annual Premium:** [\$3017.50]\*

**Premium Class:** [Standard]

**Initial Policy Period:** 3 years

### Annual Policy Premiums.

\* The Total Annual Premium shown above includes the [\$50.00] annual Policy Fee and the premium for any riders, which may be attached to this Policy. The Annual Premium is guaranteed not to increase for the Policy duration.

### Benefits And Premiums.

	<b>Annual Premium</b>	<b>Years Payable</b>
Base Policy, including the Policy Fee	\$3017.50	66
<b>Total Initial Annual Premium</b>	<b>\$3017.50</b>	

### **Death Benefit\*\*:**

**During the Initial Policy Period:** A reduced death benefit is payable as shown in the Schedule of Guaranteed Values on page 3a.

**After the Initial Policy Period:** The full Face Amount is payable.

\*\* Death Benefit before adjustments as described in the Death Benefit Calculation provision.

### Premium Payment Options.

You have selected a payment mode of [monthly]. [Monthly] premiums equal your annual premium multiplied by a guaranteed modal factor of [.087]. Changes to your current payment mode must be requested in writing to Us. Changes in mode, other than to annual mode, will be subject to modal factors and availability as determined by Company rules at the time of the request. Premiums are due and payable on each due date or You risk voluntary termination or reduced benefits.



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SCHEDULE OF GUARANTEED VALUES

Policy Number: [123456789]

Policy Date: [May 12, 2012]

Insured: [John Franklin Butterfield]

Maturity Date: [May 12, 2078]

Policy Year	Attained Age	Annual Premium (Includes Riders)	Surrender Value	Reduced Paid-Up Insurance	Death Benefit**
[1	55	\$3,017.50	\$0.00	\$0.00	\$4,050.00
2	56	\$3,017.50	\$700.00	\$1,900.00	\$8,250.00
3	57	\$3,017.50	\$2,000.00	\$5,200.00	\$12,650.00
4	58	\$3,017.50	\$3,050.00	\$7,650.00	\$50,000.00
5	59	\$3,017.50	\$4,150.00	\$10,100.00	\$50,000.00
6	60	\$3,017.50	\$5,250.00	\$12,300.00	\$50,000.00
7	61	\$3,017.50	\$6,400.00	\$14,500.00	\$50,000.00
8	62	\$3,017.50	\$7,500.00	\$16,450.00	\$50,000.00
9	63	\$3,017.50	\$8,650.00	\$18,400.00	\$50,000.00
10	64	\$3,017.50	\$9,800.00	\$20,200.00	\$50,000.00
11	65	\$3,017.50	\$10,950.00	\$21,900.00	\$50,000.00
12	66	\$3,017.50	\$12,100.00	\$23,500.00	\$50,000.00
13	67	\$3,017.50	\$13,300.00	\$25,050.00	\$50,000.00
14	68	\$3,017.50	\$14,500.00	\$26,550.00	\$50,000.00
15	69	\$3,017.50	\$15,700.00	\$27,950.00	\$50,000.00
16	70	\$3,017.50	\$16,950.00	\$29,300.00	\$50,000.00
17	71	\$3,017.50	\$18,200.00	\$30,600.00	\$50,000.00
18	72	\$3,017.50	\$19,400.00	\$31,800.00	\$50,000.00
19	73	\$3,017.50	\$20,650.00	\$32,950.00	\$50,000.00
20	74	\$3,017.50	\$21,900.00	\$34,100.00	\$50,000.00
21	Age 75	\$3,017.50	\$23,100.00	\$35,100.00	\$50,000.00
26	Age 80	\$3,017.50	\$29,000.00	\$39,450.00	\$50,000.00
31	Age 85	\$3,017.50	\$34,100.00	\$42,550.00	\$50,000.00
36	Age 90	\$3,017.50	\$37,950.00	\$44,550.00	\$50,000.00
41	Age 95	\$3,017.50	\$40,700.00	\$45,850.00	\$50,000.00
46	Age 100	\$3,017.50	\$42,700.00	\$46,750.00	\$50,000.00
51	Age 105	\$3,017.50	\$44,200.00	\$47,350.00	\$50,000.00
56	Age 110	\$3,017.50	\$45,600.00	\$47,950.00	\$50,000.00
61	Age 115	\$3,017.50	\$46,750.00	\$48,400.00	\$50,000.00
66	Age 120	\$3,017.50	\$50,000.00	\$50,000.00	\$50,000.00]

\* These death benefits assume payment of an annual premium with death occurring at the end of the Policy Year. The actual Death Benefit payable during Policy Year 1 thru 3 may be higher or lower than shown dependent on the amount and dates that premiums are paid. Please refer to page 3 of the Policy Schedule and the Death Benefit Calculation provision in the Policy.

The above values are determined according to the Policy Values Section. Cash and paid up values are based on the 2001 CSO ultimate, age last birthday, sex distinct, smoker composite, mortality table. We will furnish any values not shown above upon request. The method of computation of Policy values has been filed with the insurance supervisory official in the state where the policy is delivered. None of the above figures include Policy loans.

Nonforfeiture Interest Rate: 5%  
Reinstatement Interest Rate: 6%  
Loan Interest Rate: 7%

## DEFINITIONS

**We, Our, the Company** or **Us** refer to Fidelity Life Association, a Legal Reserve Life Insurance Company.

**You** or **Your** refer to the Policy Owner of this Policy.

**Insured** is the person whose life is insured under this Policy. The Insured is shown in the Policy Schedule.

**Beneficiary** is the person, persons or entity designated to receive the death benefit of this Policy.

**Irrevocable Beneficiary** is one whose consent is needed to change that Beneficiary. Any Beneficiary may be named an Irrevocable Beneficiary. An Irrevocable Beneficiary must consent to the exercise of certain rights under the Policy. See Policy Owner's Rights for exceptions.

**Policy Date** is the date which this Policy begins. This is the date from which Policy anniversaries, Policy Years, Policy months and premium due dates are determined. The Policy Date is shown in the Policy Schedule.

**Policy Year** is the period from the Policy Date to the first Policy anniversary, or from one Policy anniversary to the next. A Policy Year does not include the Policy anniversary at the end of the Policy Year.

**Maturity Date** means the policy anniversary following the Insured's 121<sup>st</sup> birthday.

**Initial Policy Period** is the period during which the Death Benefit is reduced. See the Policy Schedule for the Initial Policy Period.

**Death Benefit** is the amount payable to the Beneficiary. The Death Benefit calculations are explained in the Death Benefit Provision.

**Face Amount** is the amount of insurance on which premium calculations are made.

**Policy Owner** is the person who owns this policy, as shown in Our records. The Policy Owner may be someone other than the Insured.

**Issue Date** is used to determine the start of the suicide and contestability periods.

**Lapse** means the Policy is not in force because a premium was not paid when due or Loan Balance exceeds Surrender Value.

**Net Surrender Value** is the Surrender Value of this Policy less any Policy Loan Balance.

**Issue Age** means the age last birthday of the Insured on the Policy Date as shown in the Policy Schedule.

**Attained Age** means the age last birthday of the Insured on the most recent Policy Anniversary.

**Surrender Value** is the cash value of the Policy as explained in the Surrender Value provision of the Policy.

**Policy Loan** is an amount you borrow from your Policy. Policy Loans are explained in the Policy Loan section.

**Policy Loan Balance** is the sum of Policy Loan amounts you have borrowed from your Policy, increased by any unpaid Policy Loan Interest and reduced by any Policy Loan Repayments.

## POLICY PROVISIONS

### **Entire Contract**

This Policy is a legal contract between the Policy Owner and Us. The entire contract consists of this Policy, and any attached riders or endorsements, schedules, the attached application, applications for modifications in the Policy and any attached supplemental applications. We have issued this Policy in return for the application and the payment of premiums. All statements made by or for the Insured in the application are, in the absence of fraud, considered to be representations and not warranties. We can contest the validity of this Policy for any material misrepresentation of a fact subject to the Incontestability Provision. To do so, however, the misrepresentation must have been made in the application and a copy of the application must have been attached to this Policy when issued or reinstated under the Reinstatement provision. Any change or waiver of its terms must be in writing and signed by Our President, Vice President, Secretary or an Assistant Secretary and endorsed on this Policy to be effective.

### **Incontestability**

Except for fraud or failure to pay premiums, We will not contest the validity of this Policy after it has been in force during the lifetime of the Insured for two years from its Issue date, or after it has been in force during the lifetime of the Insured for two years from the last Reinstatement Date, if any.

Except for fraud or failure to pay premiums, We will not contest the validity of any increase or addition in benefits after it has been in force during the lifetime of the Insured for two years from the effective date of such change, or after it has been in force during the lifetime of the Insured for two years from the last Reinstatement Date, if any. Contestability of any such increase or addition in benefits that is beyond the contestability date of this Policy will be limited to the amount of the increase or addition in benefits. Contestability of any increase or addition in benefits shall be based solely on any application for such increase.

The statement on which the contest is based must be material to the risk accepted by Us under this Policy. Fraud may be contested by Us only when permitted by applicable law in the state where this Policy is delivered or issued for delivery.

### **Misstatement of Age or Gender**

If the age or gender of the Insured has been misstated, the amount payable will be the amount that the premium paid would have purchased at the correct age and gender. If the correct age is outside the range of issue ages for this Policy, the premium and benefits for the correct age will be extrapolated.

### **Suicide Exclusion**

If the Insured commits suicide, while sane or insane, within two years from the Issue Date, and while this Policy is in force, We will pay in one sum to the Beneficiary, the amount of premiums paid for this Policy less any Loan Balance. No other Death Benefit will be payable.

### **Policy Owner's Rights**

While the Insured is living, the Policy Owner may exercise all rights given by this Policy or allowed by Us. These rights include assigning this Policy, changing Beneficiaries, changing ownership, enjoying all Policy benefits and exercising all Policy options.

The consent of any Irrevocable Beneficiary is needed to exercise any Policy right except the right to:

- a. Change the frequency of premium payments, or;
- b. Reinstatement this Policy after Lapse.

### **Assignment**

You may assign this Policy. For any assignment to be binding on Us, We must receive the original Assignment, or a signed certified copy at Our Home Office and it must be recorded by Us. Unless otherwise specified by You, Your written instruction or request for change is effective as of the date you sign it. We are not responsible for following any instruction or making any change or Assignment before We actually receive it. We will not be responsible for the validity of any assignment. We are not liable for any payment made by Us before We record the assignment.

**Change of Policy Owner or Beneficiary**

The Policy Owner or any Beneficiary may be changed during the Insured's lifetime. We do not limit the number of changes that may be made. To make a change, a written request, satisfactory to Us, must be received at Our Home Office. Unless otherwise specified by You, the change will take effect as of the date the request is signed, even if the Insured dies before We receive it. Each change will be subject to any payment We made or other action We took before receiving the request.

**Death of Beneficiary in Common Disaster**

If any Beneficiary dies with the Insured in a common disaster, death benefits will be paid as if the Beneficiary predeceased the Insured.

## PREMIUM PAYMENTS

**Payment of Premiums**

First premium must be paid in advance of the Policy becoming effective. Premiums are payable annually in advance to the Maturity Date shown in the Policy Schedule. Other modes of payment are available at the discretion of the Company. The first premium is due on the Policy Date. Each premium after the first one is payable at Our Home Office. Upon request, We will provide you with a written receipt. Each subsequent premium is due when the period covered by the preceding premium ends.

**Grace Period**

After the first premium has been paid, We allow a 31 day grace period to pay each subsequent premium. During this grace period the Policy remains in full force. If the Insured dies during the grace period, We will deduct the unpaid premium from the benefits of this Policy. For the Policy to remain in full force, any premium payments delivered to Us must be postmarked by U.S. mail or otherwise been proven to be sent within the grace period.

**Reinstatement**

This Policy may be reinstated, while the Insured is alive, at any time within three years after the date of Lapse. However, the Policy cannot be reinstated on or after the Maturity Date, or if the Policy has been surrendered, or if benefits have expired.

If the premium due is paid within 60 days of the due date (within 29 days after the end of the Grace period) and during the lifetime of the Insured, the Policy will be reinstated without evidence of insurability.

If the premium due is not paid within 60 days of the due date (within 29 days after the end of the Grace Period), Reinstatement will be subject to evidence of insurability satisfactory to Us. All overdue premiums must be paid with interest from their due dates to the date of reinstatement. Interest will be at the Policy Reinstatement Rate shown on page 3a, compounded annually to the date of reinstatement.

**Non-Payment of Premium Options**

If the premium due is not paid by the end of the Grace Period the Policy will Lapse. If the Policy has no Surrender Value it will terminate without value. If this Policy has a Surrender Value on the date of Lapse the Policy Owner may choose one of the following options:

1. Reduced Paid-Up insurance; or
2. Automatic Premium Loan; or
3. Single Cash Payment of the Net Surrender Value.

If the Automatic Premium Loan has not been previously elected and the Policy Owner does not make a written selection within 60 days after the date of Lapse, we will apply the Reduced Paid-Up provision.

## THE DEATH BENEFIT

Subject to a written claim form, as furnished by Us and surrender of the Policy We will pay the Death Benefit within 30 days of when We receive due proof at Our Home Office that the Insured died while the Policy was in force.

### Death Benefit Calculations

In any Policy Year, the Death Benefit will be:

- (a.) the Death Benefit in effect on the Insured's life as described in the Policy Schedule; plus
- (b.) the premium paid beyond the date of death; plus
- (c.) any death benefit payable under any rider; plus
- (d.) interest, not less than required by law, from the date proof of death is received by the company to the date the claim is paid; minus
- (e.) any Policy Loan Balance; minus
- (f.) any premium due and unpaid at the date of death after the Initial Policy Period.

### Interest on Death Benefit

Interest shall accrue and be payable from the date of death. The interest rate will at least equal the rate or rates of interest declared by the Company for funds left on deposit. If no such rates have been declared, the rate will at least equal the Two Year Treasury Constant Maturity Rate as published by the Federal Reserve. The interest rates used will be the ones in effect on the date of death of the Insured. If the Death Benefit has not been paid, additional interest equal to 10% annually will also be accrued starting 31 days after the later of the following events:

- i. The date that due proof of death is received by Us;
- ii. The date We receive any other due proof needed that the claim is payable under the Policy and that the named Beneficiary is legally entitled to the proceeds;
- iii. The date that any legal impediments to the payment of proceeds that depend on the action of parties other than the company are resolved and sufficient evidence of the same is provided to the company. Legal impediments to payment include, but are not limited to (a) the establishment of guardianships and conservatorships; (b) the appointment and qualification of trustees, executors and administrators; and (c) the submission of information required to satisfy a state and federal reporting requirements.

### Payment of Proceeds – Settlement of the death benefit shall be made by payment in one sum.

The proceeds are subject to any adjustments provided in the Misstatement of Age or Gender, Incontestability and Suicide provisions.

### Death of Beneficiary

If any Beneficiary predeceases the Insured the portion of the proceeds that would have gone to that Beneficiary shall be paid to the Estate of the Insured.

### Multiple Beneficiaries

If there is more than one Beneficiary, proceeds shall be divided equally among the Beneficiaries unless the Beneficiary designation specifies the amount to be paid to each Beneficiary.

## POLICY LOANS

### Policy Loans

The Policy Owner may, by written request, borrow, **on the sole security of the Policy**, the available Surrender Value of this Policy. **The minimum cash loan is \$100.00. There is no minimum if the loan is to pay a premium due.** We have the right to postpone payment of the loan for up to 6 months unless the loan is to pay a premium due.

After 3 full years' premiums have been paid and after the Policy has a Surrender Value and while no premium is in default beyond the grace period for payment We will advance, on proper assignment or pledge of the Policy and on the sole security thereof, at rate of interest shown in the Policy Schedule, an amount equal to or, at the option of the party entitled thereto, less than the Loan Value of the Policy.

### Loan Value

The loan value is the amount you can borrow from Your Policy.

This value will be equal to:

- the Policy's Surrender Value; less
- interest to the end of the Policy Year on the Surrender Value; less
- any amount You already owe Us with interest accrued to the end of the Policy Year; less
- any premium due and unpaid.

### Rate of Interest

The interest rate for Policy loans is shown in the Policy Schedule. Interest is payable in advance on each Policy anniversary and annually in advance on each Policy anniversary thereafter. If you do not pay the interest when it is due, the unpaid interest will be added to the Policy loan.

### Automatic Premium Loan

If elected in writing by the Policy Owner, at the end of the Grace Period an amount equal to the unpaid premium due will be automatically charged as a Policy Loan. If there is insufficient Loan Value to pay the actual premium due an amount equal to the next lower modal premium due will be charged. If there is insufficient value to pay at least one monthly premium the Policy will be continued for the number of days the actual Surrender Value will purchase. The automatic premium loan election is revocable by the Policy Owner. If premium is paid automatically by charging it against the Policy's Loan Value, We will mail the notice of the amount of the loan and the loan interest rate to the Policy Owner, and any assignee of record, to the last known address in our file. The notice will be mailed no later than 30 days after the end of the grace period of the premium paid by loan.

### Repayment

If this Policy is in force the loan may be repaid in full or in part at any time while the Insured is alive. The loan may also be repaid within 60 days after the Insured's death, if we have not paid any of the benefits under this Policy. Any loan repayment, other than the balance due, must meet our minimum amount rules then in effect.

### Lapse Due to Policy Loans

This Policy will Lapse if the Loan Balance equals or exceeds the Surrender Value of this Policy. We will provide the Policy Owner and any assignee of record a notice of Lapse no later than 30 days prior to the date of Lapse. In such case, the Policy will Lapse 31 days after we mail the notice to the Policy Owner, and any assignee of record, to the last known address in our file.

## POLICY VALUES

### **Policy Surrender**

The Policy Owner may request that the Policy be surrendered for value. This will terminate the Policy and it may not be reinstated. The Policy Owner must make such request in writing and must return the Policy to Us. We have the right to postpone payment of the Surrender Value for up to 6 months. If payment is delayed for 30 days or more, we will pay you interest at a rate of at least 2.5% a year on the amount we owe you.

The Surrender Value of the Policy, within 60 days after the due date of the unpaid premium, is the same as on the due date. If the request to surrender is made more than 60 days after the due date, and the Policy had been continued as Reduced Paid-Up, the Surrender Value will be equal to the net single premium for that insurance. The Surrender Value of the Policy within 30 days after a Policy anniversary will be at least equal to that anniversary value.

When the Policy is surrendered, the proceeds will be the Net Surrender Value.

### **Reduced Paid-Up Insurance**

Unless the automatic premium loan is elected, upon Lapse, any Net Surrender Value will be applied to continue the Policy as Reduced Paid-Up insurance.

We calculate the amount of Reduced Paid-Up insurance as of the due date of the overdue premium. We do this by applying the Net Surrender Value at the net single premium rate for the Insured's age on that date. No insurance or benefits from riders will be provided after this Paid-Up Insurance option goes into effect.

### **Maturity Payment**

On the Maturity Date the proceeds will be the Death Benefit as described in the Death Benefit Calculation provision.

### **Basis of Values**

Any Surrender Values and Paid-Up benefits available under the Policy are not less than the minimum values and benefits required by or pursuant to the NAIC Standard Nonforfeiture Law for Life Insurance, model #808. A detailed statement of the method of computation of the values and benefits has been filed with the insurance supervisory official in the state where the policy is delivered. All nonforfeiture values, present values and net single premiums for this Policy are based on the mortality table and interest rate(s) shown on the Policy Schedule.

### **Schedule of Guaranteed Values**

The Schedule of Guaranteed Values shows the guaranteed values for this Policy, payable at the end of the Policy Year, on the assumption that annual premiums have been paid. If premiums are paid other than annually, these values will be adjusted to reflect the portion of premiums actually paid. These values will be decreased by any outstanding Loan Balance. Values for any Policy Year not shown in the table will be furnished upon written request to the Home Office.



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## **GRADED DEATH BENEFIT WHOLE LIFE INSURANCE POLICY**

The Policy provides:

- Reduced Death Benefit during the Initial Policy Period. Level Death Benefit thereafter as shown in the Schedule page.
- Level Guaranteed Premiums for the life of the Policy as shown in the Schedule page.
- This Policy is not eligible for annual dividends.

### **FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY.**

[8700 W. Bryn Mawr, Suite 900S  
Chicago, IL 60631  
Tel 800.369.3990  
Fax 866.375.8175]

Address for correspondence:

[Fidelity Life Association  
P.O. Box 5030  
Des Plaines, IL 60017-5030]

To file a claim or to ask a question you may contact the agent who sold you this Policy or you may contact our Policyowner Service department at the address or numbers given above or on the web at:

**[www.fidelitylife.com](http://www.fidelitylife.com)**

[State Department of Insurance Tel: xxx-xxx-xxxx]

SERFF Tracking #:

PSEN-128626549

State Tracking #:

Company Tracking #:

FLA GDB WHOLE LIFE POLICY

State:

Arkansas

Filing Company:

Fidelity Life Association, A Legal Reserve Life Insurance Company

TOI/Sub-TOI:

L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design

Product Name:

Graded Death Benefit Whole Life Policy

Project Name/Number:

/

## Supporting Document Schedules

		Item Status:	Status Date:
Satisfied - Item:	Flesch Certification		
Comments:			
Attachment(s):			
AR_Certification to Regulations 19 & 49_signed.pdf			
FLA_F3200AR_Readability Certification_signed.pdf			
		Item Status:	Status Date:
Satisfied - Item:	Application		
Comments:	This policy will be used with application form F1048E(03/12) approved on 3/16/2012 under SERFF tracking number PSEN-128161088.		
		Item Status:	Status Date:
Satisfied - Item:	Third Party Authorization Letter		
Comments:			
Attachment(s):			
FLA_ Letter of Authorization_120118_signed.pdf			
		Item Status:	Status Date:
Satisfied - Item:	Statement of Variability		
Comments:			
Attachment(s):			
FLA_F3200_Graded Death Benefit_Statement of Variability.pdf			

## ARKANSAS CERTIFICATION

I, Ciaran Brady, Vice President – Operations, for Fidelity Life Association, do hereby attest and certify to the following:

- The Company has further reviewed its issuance procedures and is compliance with Regulation 49, Life and Health Insurance Guaranty Association Notices.
- This submission meets the provisions of Regulation 19, Unfair Sex Discrimination in the Sale of Insurance, as well as all applicable requirements of the Arkansas Insurance Department.

FIDELITY LIFE ASSOCIATION



Digitally signed by Ciaran Brady  
DN: cn=Ciaran Brady, o=Fidelity  
Life Association, ou=Vice President  
Operations,  
email=Ciaran.Brady@fidelitylife.co  
m, c=US  
Date: 2012.05.04 11:57:05 -05'00'

---

Ciaran Brady, Vice President - Operations

May 4, 2012

Date





Fidelity Life Association  
8700 W. Bryn Mawr Avenue  
Chicago, IL 60631  
Tel: 630.522.0392 Fax: 866.375.8175

January 18, 2012

To Whom It May Concern:

Please allow this letter to serve as authorization for Problem Solving Enterprises, Inc to make rate, rule and form filings on behalf of Fidelity Life Association, a Legal Reserve Life Insurance Company. Problem Solving Enterprises serves as actuarial and compliance consultants for Fidelity Life Association.

Any questions may be directed to me at 630-371-1888.

Sincerely,

A handwritten signature in black ink, appearing to be 'C. Brady', written over a light blue horizontal line.

Digitally signed by Ciaran Brady  
DN: cn=Ciaran Brady, o=Fidelity Life  
Association, ou=Vice President -  
Operations,  
email=Ciaran.Brady@fidelitylife.co  
m, c=US  
Date: 2012.01.18 14:41:49 -06'00'

Ciaran Brady  
Vice President of Operations

## Statement of Variability

**Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company

**Contract Forms:** F3200 Graded Death Benefit Whole Life Insurance Policy

<b>Page #</b>	<b>[Variable Item]</b>	<b>Statement of Variability</b>
1 and back page	Officer's Signatures/Company Address/Correspondence Address/Phone & Fax Numbers	Changed if company officers, company home office location, correspondence address, phone or fax numbers change.
1	State DOI Phone Number	Changed to reflect the DOI phone number for the state in which the policy is issued.
3	Policy Number	All the policyowner specific contract data will be based upon each individual's information.
3	Insured	All the policyowner specific contract data will be based upon each individual's information.
3	Policy Owner	All the policyowner specific contract data will be based upon each individual's information.
3	Issue Date	All the policyowner specific contract data will be based upon each individual's information.
3	Face Amount	The face amount will change, based upon what the applicant applies for with minimum and maximum face amounts equal to the minimums and maximums defined in the filed actuarial memo based upon company rules and retention/reinsurance requirements.
3	Gender and Age	All the policyowner specific contract data will be based upon each individual's information.
3	Policy Date	All the policyowner specific contract data will be based upon each individual's information.
3	Maturity Date	All the policyowner specific contract data will be based upon each individual's information.

## Statement of Variability

**Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company

**Contract Forms:** F3200 Graded Death Benefit Whole Life Insurance Policy

<b>Page #</b>	<b>[Variable Item]</b>	<b>Statement of Variability</b>
3	Total Annual Premium	All the policyowner specific contract data will be based upon each individual's information.
3	Premium Class	We would like the right to add rate classes except where new rates may cause additional nonforfeiture or reserve issues. In such cases, we would submit a filing for approval. Any such change would be going forward for new issues only.
3	Annual Policy Fee	We would like to retain the right to change the annual policy fee between \$0 and \$100. Any such change would be going forward for new issues only.
3	Premium Payment Mode	Insured may choose to pay premiums annually, semi-annually, quarterly or monthly.
3	Modal Factor	Variable based upon insured's premium payment mode selection.
3a	Schedule of Guaranteed Values	Variable based on insured's individual information.

**State:** Arkansas **Filing Company:** Fidelity Life Association, A Legal Reserve Life Insurance Company  
**TOI/Sub-TOI:** L071 Individual Life - Whole/L071.201 Early Duration Reduced Benefit - Level Premium - Any Policy Design  
**Product Name:** Graded Death Benefit Whole Life Policy  
**Project Name/Number:** /

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
08/09/2012	Form	Graded Death Benefit Whole Life Insurance	09/18/2012	FLA_F3200AR_GDBWL_120912.pdf (Superseded)



Established 1896

# GRADED DEATH BENEFIT WHOLE LIFE INSURANCE POLICY

**This is a Non-Participating Policy**

Fidelity Life Association will pay the Death Benefit of this Policy if the Insured dies while the Policy is in force. The death benefit will be paid to the Beneficiary when due proof of the Insured's death is received at our Home Office. The Company will also require the completion of its claims forms. We have issued this Policy in consideration of the application and the payment of premium. All benefits are subject to the terms and conditions of this Policy.

For service or information on this Policy, contact the agent who sold the Policy or Our Home Office.

**Right to Examine Policy:** We want you to be satisfied with your Policy. The Policy Owner may, within **30** days after it is delivered, return the Policy to our Home Office or to the agent who sold the Policy and will receive a full refund of any premiums that have been paid. Once returned, the Policy will be void from its beginning.

**This Policy has a limited graded death benefit. Please read this policy carefully.** This Policy is a legal contract between the Policy Owner and us. The entire contract consists of this Policy, and any attached riders or endorsements, schedules, the attached written application, and any attached supplemental written applications.

Issued and signed by Fidelity Life Association at its Home Office. [

*Secretary*

*President*

]  
**Graded Death Benefit Whole Life Insurance.**

The Policy provides:

- Reduced Death Benefit during the Initial Policy Period. Level Death Benefit thereafter as shown in the Schedule page.
- Level Guaranteed Premiums for the life of the Policy as shown in the Schedule page.
- This Policy is not eligible for annual dividends.

**FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY**

[8700 W. Bryn Mawr, Suite 900S  
Chicago, IL 60631  
Tel 800.369.3990  
Fax 866.375.8175]

Address for correspondence:  
[Fidelity Life Association  
P.O. Box 5030  
Des Plaines, IL 60017-5030]

To file a claim or to ask a question you may contact the agent who sold you this Policy or you may contact our Policyowner Service department at the address or numbers given above or on the web at:

**www.fidelitylife.com**

[State Department of Insurance Tel: xxx-xxx-xxxx]



Established 1896

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Any Riders and Endorsements and a Copy of the Application for the Policy Follow Page 9.

## POLICY SCHEDULE

<b>Policy Number:</b> [123456789]	<b>Face Amount:</b> [\$50,000]
<b>Insured:</b> [John Franklin Butterfield]	<b>Gender and Age:</b> [Male 55]
<b>Policy Owner:</b> [Mary Wanda Butterfield]	<b>Policy Date:</b> [May 12, 2012]
<b>Issue Date:</b> [May 10, 2012]	<b>Maturity Date:</b> [May 12, 2078]

**Policy Description:** Graded Death Benefit Whole Life Insurance

**Beneficiary:** As stated in the application or as subsequently changed.

**Total Annual Premium:** [\$3017.50]\*

**Premium Class:** [Standard]

**Initial Policy Period:** 3 years

### Annual Policy Premiums.

\* The Total Annual Premium shown above includes the [\$50.00] annual Policy Fee and the premium for any riders, which may be attached to this Policy. The Annual Premium is guaranteed not to increase for the Policy duration.

### Benefits And Premiums.

	Annual Premium	Years Payable
Base Policy, including the Policy Fee	\$3017.50	66
<b>Total Initial Annual Premium</b>	<b>\$3017.50</b>	

**Reduced Death Benefit** equals the premiums paid (excluding rider premiums) plus 5% interest accumulated from the date premiums are paid until the date of death.

**Death Benefit\*\*:**

**During the Initial Policy Period:** The reduced death benefit is payable.

**After the Initial Policy Period:** The full Face Amount is payable.

\*\* Death Benefit before adjustments as described in the Death Benefit Calculation provision.

### Premium Payment Options.

You have selected a payment mode of [monthly]. [Monthly] premiums equal your annual premium multiplied by a guaranteed modal factor of [.087]. Changes to your current payment mode must be requested in writing to Us. Changes in mode, other than to annual mode, will be subject to modal factors and availability as determined by Company rules at the time of the request. Premiums are due and payable on each due date or You risk voluntary termination or reduced benefits.



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SCHEDULE OF GUARANTEED VALUES

Policy Number: [123456789]

Policy Date: [May 12, 2012]

Insured: [John Franklin Butterfield]

Maturity Date: [May 12, 2078]

Policy Year	Attained Age	Annual Premium (Includes Riders)	Surrender Value	Reduced Paid-Up Insurance	Death Benefit**
[1	55	\$3,017.50	\$0.00	\$0.00	\$4,050.00
2	56	\$3,017.50	\$700.00	\$1,900.00	\$8,250.00
3	57	\$3,017.50	\$2,000.00	\$5,200.00	\$12,650.00
4	58	\$3,017.50	\$3,050.00	\$7,650.00	\$50,000.00
5	59	\$3,017.50	\$4,150.00	\$10,100.00	\$50,000.00
6	60	\$3,017.50	\$5,250.00	\$12,300.00	\$50,000.00
7	61	\$3,017.50	\$6,400.00	\$14,500.00	\$50,000.00
8	62	\$3,017.50	\$7,500.00	\$16,450.00	\$50,000.00
9	63	\$3,017.50	\$8,650.00	\$18,400.00	\$50,000.00
10	64	\$3,017.50	\$9,800.00	\$20,200.00	\$50,000.00
11	65	\$3,017.50	\$10,950.00	\$21,900.00	\$50,000.00
12	66	\$3,017.50	\$12,100.00	\$23,500.00	\$50,000.00
13	67	\$3,017.50	\$13,300.00	\$25,050.00	\$50,000.00
14	68	\$3,017.50	\$14,500.00	\$26,550.00	\$50,000.00
15	69	\$3,017.50	\$15,700.00	\$27,950.00	\$50,000.00
16	70	\$3,017.50	\$16,950.00	\$29,300.00	\$50,000.00
17	71	\$3,017.50	\$18,200.00	\$30,600.00	\$50,000.00
18	72	\$3,017.50	\$19,400.00	\$31,800.00	\$50,000.00
19	73	\$3,017.50	\$20,650.00	\$32,950.00	\$50,000.00
20	74	\$3,017.50	\$21,900.00	\$34,100.00	\$50,000.00
21	Age 75	\$3,017.50	\$23,100.00	\$35,100.00	\$50,000.00
26	Age 80	\$3,017.50	\$29,000.00	\$39,450.00	\$50,000.00
31	Age 85	\$3,017.50	\$34,100.00	\$42,550.00	\$50,000.00
36	Age 90	\$3,017.50	\$37,950.00	\$44,550.00	\$50,000.00
41	Age 95	\$3,017.50	\$40,700.00	\$45,850.00	\$50,000.00
46	Age 100	\$3,017.50	\$42,700.00	\$46,750.00	\$50,000.00
51	Age 105	\$3,017.50	\$44,200.00	\$47,350.00	\$50,000.00
56	Age 110	\$3,017.50	\$45,600.00	\$47,950.00	\$50,000.00
61	Age 115	\$3,017.50	\$46,750.00	\$48,400.00	\$50,000.00
66	Age 120	\$3,017.50	\$50,000.00	\$50,000.00	\$50,000.00]

\* These death benefits assume payment of an annual premium with death occurring at the end of the Policy Year. The actual Death Benefit payable during Policy Year 1 thru 3 may be higher or lower than shown dependent on the amount and dates that premiums are paid. Please refer to page 3 of the Policy Schedule and the Death Benefit Calculation provision in the Policy.

The above values are determined according to the Policy Values Section. Cash and paid up values are based on the 2001 CSO ultimate, age last birthday, sex distinct, smoker composite, mortality table. We will furnish any values not shown above upon request. The method of computation of Policy values has been filed with the insurance supervisory official in the state where the policy is delivered. None of the above figures include Policy loans.

Nonforfeiture Interest Rate: 5%  
Reinstatement Interest Rate: 6%  
Loan Interest Rate: 7%

## DEFINITIONS

**We, Our, the Company or Us** refer to Fidelity Life Association, a Legal Reserve Life Insurance Company.

**You or Your** refer to the Policy Owner of this Policy.

**Insured** is the person whose life is insured under this Policy. The Insured is shown in the Policy Schedule.

**Beneficiary** is the person, persons or entity designated to receive the death benefit of this Policy.

**Irrevocable Beneficiary** is one whose consent is needed to change that Beneficiary. Any Beneficiary may be named an Irrevocable Beneficiary. An Irrevocable Beneficiary must consent to the exercise of certain rights under the Policy. See Policy Owner's Rights for exceptions.

**Policy Date** is the date which this Policy begins. This is the date from which Policy anniversaries, Policy Years, Policy months and premium due dates are determined. The Policy Date is shown in the Policy Schedule.

**Policy Year** is the period from the Policy Date to the first Policy anniversary, or from one Policy anniversary to the next. A Policy Year does not include the Policy anniversary at the end of the Policy Year.

**Maturity Date** means the policy anniversary following the Insured's 121<sup>st</sup> birthday.

**Initial Policy Period** is the period during which the Death Benefit is reduced. See the Policy Schedule for the Initial Policy Period.

**Death Benefit** is the amount payable to the Beneficiary. The Death Benefit calculations are explained in the Death Benefit Provision.

**Face Amount** is the amount of insurance on which premium calculations are made.

**Policy Owner** is the person who owns this policy, as shown in Our records. The Policy Owner may be someone other than the Insured.

**Issue Date** is used to determine the start of the suicide and contestability periods.

**Lapse** means the Policy is not in force because a premium was not paid when due or Loan Balance exceeds Surrender Value.

**Net Surrender Value** is the Surrender Value of this Policy less any Policy Loan Balance.

**Issue Age** means the age last birthday of the Insured on the Policy Date as shown in the Policy Schedule.

**Attained Age** means the age last birthday of the Insured on the most recent Policy Anniversary.

**Surrender Value** is the cash value of the Policy as explained in the Surrender Value provision of the Policy.

**Policy Loan** is an amount you borrow from your Policy. Policy Loans are explained in the Policy Loan section.

**Policy Loan Balance** is the sum of Policy Loan amounts you have borrowed from your Policy, increased by any unpaid Policy Loan Interest and reduced by any Policy Loan Repayments.

## POLICY PROVISIONS

### **Entire Contract**

This Policy is a legal contract between the Policy Owner and Us. The entire contract consists of this Policy, and any attached riders or endorsements, schedules, the attached application, applications for modifications in the Policy and any attached supplemental applications. We have issued this Policy in return for the application and the payment of premiums. All statements made by or for the Insured in the application are, in the absence of fraud, considered to be representations and not warranties. We can contest the validity of this Policy for any material misrepresentation of a fact subject to the Incontestability Provision. To do so, however, the misrepresentation must have been made in the application and a copy of the application must have been attached to this Policy when issued or reinstated under the Reinstatement provision. Any change or waiver of its terms must be in writing and signed by Our President, Vice President, Secretary or an Assistant Secretary and endorsed on this Policy to be effective.

### **Incontestability**

Except for fraud or failure to pay premiums, We will not contest the validity of this Policy after it has been in force during the lifetime of the Insured for two years from its Issue date, or after it has been in force during the lifetime of the Insured for two years from the last Reinstatement Date, if any.

Except for fraud or failure to pay premiums, We will not contest the validity of any increase or addition in benefits after it has been in force during the lifetime of the Insured for two years from the effective date of such change, or after it has been in force during the lifetime of the Insured for two years from the last Reinstatement Date, if any. Contestability of any such increase or addition in benefits that is beyond the contestability date of this Policy will be limited to the amount of the increase or addition in benefits. Contestability of any increase or addition in benefits shall be based solely on any application for such increase.

The statement on which the contest is based must be material to the risk accepted by Us under this Policy. Fraud may be contested by Us only when permitted by applicable law in the state where this Policy is delivered or issued for delivery.

### **Misstatement of Age or Gender**

If the age or gender of the Insured has been misstated, the amount payable will be the amount that the premium paid would have purchased at the correct age and gender. If the correct age is outside the range of issue ages for this Policy, the premium and benefits for the correct age will be extrapolated.

### **Suicide Exclusion**

If the Insured commits suicide, while sane or insane, within two years from the Issue Date, and while this Policy is in force, We will pay in one sum to the Beneficiary, the amount of premiums paid for this Policy less any Loan Balance. No other Death Benefit will be payable.

### **Policy Owner's Rights**

While the Insured is living, the Policy Owner may exercise all rights given by this Policy or allowed by Us. These rights include assigning this Policy, changing Beneficiaries, changing ownership, enjoying all Policy benefits and exercising all Policy options.

The consent of any Irrevocable Beneficiary is needed to exercise any Policy right except the right to:

- a. Change the frequency of premium payments, or;
- b. Reinstatement this Policy after Lapse.

### **Assignment**

You may assign this Policy. For any assignment to be binding on Us, We must receive the original Assignment, or a signed certified copy at Our Home Office and it must be recorded by Us. Unless otherwise specified by You, Your written instruction or request for change is effective as of the date you sign it. We are not responsible for following any instruction or making any change or Assignment before We actually receive it. We will not be responsible for the validity of any assignment. We are not liable for any payment made by Us before We record the assignment.

**Change of Policy Owner or Beneficiary**

The Policy Owner or any Beneficiary may be changed during the Insured's lifetime. We do not limit the number of changes that may be made. To make a change, a written request, satisfactory to Us, must be received at Our Home Office. Unless otherwise specified by You, the change will take effect as of the date the request is signed, even if the Insured dies before We receive it. Each change will be subject to any payment We made or other action We took before receiving the request.

**Death of Beneficiary in Common Disaster**

If any Beneficiary dies with the Insured in a common disaster, death benefits will be paid as if the Beneficiary predeceased the Insured.

## PREMIUM PAYMENTS

**Payment of Premiums**

First premium must be paid in advance of the Policy becoming effective. Premiums are payable annually in advance to the Maturity Date shown in the Policy Schedule. Other modes of payment are available at the discretion of the Company. The first premium is due on the Policy Date. Each premium after the first one is payable at Our Home Office. Upon request, We will provide you with a written receipt. Each subsequent premium is due when the period covered by the preceding premium ends.

**Grace Period**

After the first premium has been paid, We allow a 31 day grace period to pay each subsequent premium. During this grace period the Policy remains in full force. If the Insured dies during the grace period, We will deduct the unpaid premium from the benefits of this Policy. For the Policy to remain in full force, any premium payments delivered to Us must be postmarked by U.S. mail or otherwise been proven to be sent within the grace period.

**Reinstatement**

This Policy may be reinstated, while the Insured is alive, at any time within three years after the date of Lapse. However, the Policy cannot be reinstated on or after the Maturity Date, or if the Policy has been surrendered, or if benefits have expired.

If the premium due is paid within 60 days of the due date (within 29 days after the end of the Grace period) and during the lifetime of the Insured, the Policy will be reinstated without evidence of insurability.

If the premium due is not paid within 60 days of the due date (within 29 days after the end of the Grace Period), Reinstatement will be subject to evidence of insurability satisfactory to Us. All overdue premiums must be paid with interest from their due dates to the date of reinstatement. Interest will be at the Policy Reinstatement Rate shown on page 3a, compounded annually to the date of reinstatement.

**Non-Payment of Premium Options**

If the premium due is not paid by the end of the Grace Period the Policy will Lapse. If the Policy has no Surrender Value it will terminate without value. If this Policy has a Surrender Value on the date of Lapse the Policy Owner may choose one of the following options:

1. Reduced Paid-Up insurance; or
2. Automatic Premium Loan; or
3. Single Cash Payment of the Net Surrender Value.

If the Automatic Premium Loan has not been previously elected and the Policy Owner does not make a written selection within 60 days after the date of Lapse, we will apply the Reduced Paid-Up provision.

## THE DEATH BENEFIT

Subject to a written claim form, as furnished by Us and surrender of the Policy We will pay the Death Benefit within 30 days of when We receive due proof at Our Home Office that the Insured died while the Policy was in force.

### Death Benefit Calculations

In any Policy Year, the Death Benefit will be:

- (a.) the Death Benefit in effect on the Insured's life as described in the Policy Schedule; plus
- (b.) the premium paid beyond the date of death; plus
- (c.) any death benefit payable under any rider; plus
- (d.) interest, not less than required by law, from the date proof of death is received by the company to the date the claim is paid; minus
- (e.) any Policy Loan Balance; minus
- (f.) any premium due and unpaid at the date of death after the Initial Policy Period.

### Interest on Death Benefit

Interest shall accrue and be payable from the date of death. The interest rate will at least equal the rate or rates of interest declared by the Company for funds left on deposit. If no such rates have been declared, the rate will at least equal the Two Year Treasury Constant Maturity Rate as published by the Federal Reserve. The interest rates used will be the ones in effect on the date of death of the Insured. If the Death Benefit has not been paid, additional interest equal to 10% annually will also be accrued starting 31 days after the later of the following events:

- i. The date that due proof of death is received by Us;
- ii. The date We receive any other due proof needed that the claim is payable under the Policy and that the named Beneficiary is legally entitled to the proceeds;
- iii. The date that any legal impediments to the payment of proceeds that depend on the action of parties other than the company are resolved and sufficient evidence of the same is provided to the company. Legal impediments to payment include, but are not limited to (a) the establishment of guardianships and conservatorships; (b) the appointment and qualification of trustees, executors and administrators; and (c) the submission of information required to satisfy a state and federal reporting requirements.

### Payment of Proceeds – Settlement of the death benefit shall be made by payment in one sum.

The proceeds are subject to any adjustments provided in the Misstatement of Age or Gender, Incontestability and Suicide provisions.

### Death of Beneficiary

If any Beneficiary predeceases the Insured the portion of the proceeds that would have gone to that Beneficiary shall be paid to the Estate of the Insured.

### Multiple Beneficiaries

If there is more than one Beneficiary, proceeds shall be divided equally among the Beneficiaries unless the Beneficiary designation specifies the amount to be paid to each Beneficiary.

## POLICY LOANS

### Policy Loans

The Policy Owner may, by written request, borrow, **on the sole security of the Policy**, the available Surrender Value of this Policy. **The minimum cash loan is \$100.00. There is no minimum if the loan is to pay a premium due.** We have the right to postpone payment of the loan for up to 6 months unless the loan is to pay a premium due.

After 3 full years' premiums have been paid and after the Policy has a Surrender Value and while no premium is in default beyond the grace period for payment We will advance, on proper assignment or pledge of the Policy and on the sole security thereof, at rate of interest shown in the Policy Schedule, an amount equal to or, at the option of the party entitled thereto, less than the Loan Value of the Policy.

### Loan Value

The loan value is the amount you can borrow from Your Policy.

This value will be equal to:

- the Policy's Surrender Value; less
- interest to the end of the Policy Year on the Surrender Value; less
- any amount You already owe Us with interest accrued to the end of the Policy Year; less
- any premium due and unpaid.

### Rate of Interest

The interest rate for Policy loans is shown in the Policy Schedule. Interest is payable in advance on each Policy anniversary and annually in advance on each Policy anniversary thereafter. If you do not pay the interest when it is due, the unpaid interest will be added to the Policy loan.

### Automatic Premium Loan

If elected in writing by the Policy Owner, at the end of the Grace Period an amount equal to the unpaid premium due will be automatically charged as a Policy Loan. If there is insufficient Loan Value to pay the actual premium due an amount equal to the next lower modal premium due will be charged. If there is insufficient value to pay at least one monthly premium the Policy will be continued for the number of days the actual Surrender Value will purchase. The automatic premium loan election is revocable by the Policy Owner. If premium is paid automatically by charging it against the Policy's Loan Value, We will mail the notice of the amount of the loan and the loan interest rate to the Policy Owner, and any assignee of record, to the last known address in our file. The notice will be mailed no later than 30 days after the end of the grace period of the premium paid by loan.

### Repayment

If this Policy is in force the loan may be repaid in full or in part at any time while the Insured is alive. The loan may also be repaid within 60 days after the Insured's death, if we have not paid any of the benefits under this Policy. Any loan repayment, other than the balance due, must meet our minimum amount rules then in effect.

### Lapse Due to Policy Loans

This Policy will Lapse if the Loan Balance equals or exceeds the Surrender Value of this Policy. We will provide the Policy Owner and any assignee of record a notice of Lapse no later than 30 days prior to the date of Lapse. In such case, the Policy will Lapse 31 days after we mail the notice to the Policy Owner, and any assignee of record, to the last known address in our file.

## POLICY VALUES

### **Policy Surrender**

The Policy Owner may request that the Policy be surrendered for value. This will terminate the Policy and it may not be reinstated. The Policy Owner must make such request in writing and must return the Policy to Us. We have the right to postpone payment of the Surrender Value for up to 6 months. If payment is delayed for 30 days or more, we will pay you interest at a rate of at least 2.5% a year on the amount we owe you.

The Surrender Value of the Policy, within 60 days after the due date of the unpaid premium, is the same as on the due date. If the request to surrender is made more than 60 days after the due date, and the Policy had been continued as Reduced Paid-Up, the Surrender Value will be equal to the net single premium for that insurance. The Surrender Value of the Policy within 30 days after a Policy anniversary will be at least equal to that anniversary value.

When the Policy is surrendered, the proceeds will be the Net Surrender Value.

### **Reduced Paid-Up Insurance**

Unless the automatic premium loan is elected, upon Lapse, any Net Surrender Value will be applied to continue the Policy as Reduced Paid-Up insurance.

We calculate the amount of Reduced Paid-Up insurance as of the due date of the overdue premium. We do this by applying the Net Surrender Value at the net single premium rate for the Insured's age on that date. No insurance or benefits from riders will be provided after this Paid-Up Insurance option goes into effect.

### **Maturity Payment**

On the Maturity Date the proceeds will be the Death Benefit as described in the Death Benefit Calculation provision.

### **Basis of Values**

Any Surrender Values and Paid-Up benefits available under the Policy are not less than the minimum values and benefits required by or pursuant to the NAIC Standard Nonforfeiture Law for Life Insurance, model #808. A detailed statement of the method of computation of the values and benefits has been filed with the insurance supervisory official in the state where the policy is delivered. All nonforfeiture values, present values and net single premiums for this Policy are based on the mortality table and interest rate(s) shown on the Policy Schedule.

### **Schedule of Guaranteed Values**

The Schedule of Guaranteed Values shows the guaranteed values for this Policy, payable at the end of the Policy Year, on the assumption that annual premiums have been paid. If premiums are paid other than annually, these values will be adjusted to reflect the portion of premiums actually paid. These values will be decreased by any outstanding Loan Balance. Values for any Policy Year not shown in the table will be furnished upon written request to the Home Office.



Established 1896

## **GRADED DEATH BENEFIT WHOLE LIFE INSURANCE POLICY**

The Policy provides:

- Reduced Death Benefit during the Initial Policy Period. Level Death Benefit thereafter as shown in the Schedule page.
- Level Guaranteed Premiums for the life of the Policy as shown in the Schedule page.
- This Policy is not eligible for annual dividends.

**FIDELITY LIFE ASSOCIATION, A LEGAL RESERVE LIFE INSURANCE COMPANY.**

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P.O. Box 5030  
Des Plaines, IL 60017-5030]

To file a claim or to ask a question you may contact the agent who sold you this Policy or you may contact our Policyowner Service department at the address or numbers given above or on the web at:

**[www.fidelitylife.com](http://www.fidelitylife.com)**

[State Department of Insurance Tel: xxx-xxx-xxxx]