

Life Step UL

Product Specifications

DESCRIPTION

Life Step UL is a flexible premium universal life insurance plan. This product offers a coverage guarantee to maturity at age 121. Abbreviated or level payment and coverage options are available.

Life Step UL was designed for term conversions or new policies with face amounts as low as \$50,000.

The guaranteed cash value is designed to endow the policy for its face amount at age 121, provided the contract is funded to maturity.

ISSUE AGES

20-85, age nearest birthday

MINIMUM SPECIFIED AMOUNT

\$50,000

POLICY FORM

Banner: ICC12 UL13 and state variations
William Penn: UL13S-NY

POLICY PROJECTIONS

Signed policy projections are required with each application. Illustration Manager provides premium solves for level payments, single payments and other abbreviated payments.

Guidelines when explaining Life Step UL:

- Discuss only the guaranteed premiums.
- Tell customers the premium will not exceed the guaranteed premium.
- Don't talk about or show any premiums or coverage periods based on non-guaranteed rates.

CONVERSIONS

- As long as the term policy meets conversion eligibility requirements, no further underwriting is required (unless there is a request for a change in UW class or the addition of benefits).
- For policies excluding A-List Term, Life Step UL will be issued in the same underwriting class as the term policy being converted.
- Life Step UL is the exclusive conversion product for A-List Term policies. A-List Term conversions are issued in the Standard Tobacco class.

CURRENT INTEREST CREDITING RATE

Current interest crediting rates can be found at lgamerica.com

GUARANTEED INTEREST CREDITING RATE

2.0% minimum interest per annum

PRIMARY GUARANTEE

Universal Life insurance provides considerable flexibility to the policy owner in regards to the timing and amount of premium payments. One does not need to pay premiums to keep coverage in force, however being late on any one premium does not itself, place the policy at risk for a lapse of coverage.

Premium payments, after deduction for an expense charge, are deposited to the policy account value. The Company then makes monthly deductions from the account value to cover the monthly administrative and other expense charges and the cost for the amount of insurance coverage provided. At the end of each month the Company credits interest to the account value.

Coverage will remain in force as long as there is sufficient surrender value to pay the deductions.

Policy guarantees specify the:

- Minimum interest rate that can be applied to the account value.
- Maximum cost for insurance that can be charged.
- Maximum premium fees that can be charged.
- Maximum monthly expense charges that can be charged.

These guarantees are commonly referred to as the primary guarantees and are explained in the Guaranteed Values Provision of the policy.

COVERAGE GUARANTEE EXPLANATION

Life Step UL has an additional guarantee that will prevent a lapse of coverage. The additional guarantee is commonly referred to as a secondary guarantee because this is in addition to the primary policy guarantee. This guarantee provides an extra layer of protection to one who pays the defined premium on time to prevent the policy from lapsing.

A Coverage Guarantee Amount is tracked in a similar manner as the policy account value, but using different charges and interest rates. These factors are stated in the policy and are guaranteed not to change. The value of this account is defined as the Coverage Guarantee Amount.

The coverage position of the policy is clear: If the Coverage Guarantee Amount, less policy loan indebtedness, is greater than or equal to zero, the policy will not enter the Grace Period and therefore cannot lapse. A policy loan however, that exceeds the cash surrender value will result in a lapse of coverage.

The Coverage Guarantee Amount is not related to the actual policy values and/or values described in the Non-Forfeiture Provisions. The values of the Coverage Guarantee Amount are used for the sole-purpose of determining whether the policy has lapse protection; the values have no accessible cash value to anyone for any purpose whatsoever.

The Coverage Guarantee Provision will end without the possibility of reinstatement on the date that the policy is surrendered. The specifics of the secondary guarantee are explained in the Coverage Guarantee Provision of the policy.

GRACE PERIOD

This policy provides for a grace period of 61 days to pay sufficient premiums to prevent policy termination. Except as provided in the Coverage Guarantee Provision, this policy will enter the grace period if the Base Surrender Value is less than the monthly deduction. We will send notification of the grace period and the minimum premium due to the owner's last known address and to any assignee of record at least 30 days prior to the date the policy is to terminate. If the premium due on such monthly anniversary is not paid within the grace period, all coverage under this policy will terminate without value at the end of the grace period. If a death claim occurs during the grace period, overdue monthly deductions will be deducted from the proceeds.

LATE PREMIUM COVERAGE

Any premium up to the amount due, received within two months of the premium due date will be credited as of the premium due date for the coverage protection test. However, the premium will be applied to the account value and interest earnings will commence on the actual date premiums are received.

1035 EXCHANGES

Premium from a 1035 Exchange received within 180 days of the policy date will be credited as of the policy date for the coverage protection test. However, the premium will be applied to the account value and interest earnings will commence, on the actual date premiums are received.

POLICY MATURITY

The policy will mature at age 121. It is possible that the policy will terminate prior to the maturity date if the total premiums paid are not sufficient to continue coverage to the maturity date; a policy loan is made; or changes are made in the specified amount or plan as originally issued.

EXTENDED MATURITY DATE

The policy owner can extend a Banner Life policy maturity date beyond age 121. The death benefit will be continued as the amount in effect, if any, at age 121 and there will be no further monthly deductions from the account value. New policy loans and loan repayments are permitted. Interest will continue to accrue on and be added to any outstanding loan balance. The policy may not qualify as life insurance under federal tax law after the insured reaches age 121 and may be subject to adverse tax consequences. A tax advisor should be consulted before the owner chooses to continue a Banner Life policy after age 121. William Penn universal life plans mature at age 121 and can not be extended.

CATCH UP PROCESS

Because this is a flexible premium plan, policy owners can "catch up" on premium payments to assure lapse protection. A "catch up" requires one to bring the Coverage Guarantee Amount to the level it would be at if premiums had been paid on time and in an amount as planned.

UNDERWRITING CLASSIFICATION

Male/Female
Preferred Plus Non-Tobacco (PPNT)
Preferred Non-Tobacco (PNT)
Preferred Tobacco (PT)
Standard Plus Non-Tobacco (SPNT)
Standard Non-Tobacco (SNT)
Standard Tobacco (ST)

SUBSTANDARD

Available through Table 12 on standard plus and standard classes, subject to underwriting discretion. Substandard cost of insurance is a multiple of standard plus or standard rates, 25% per table. Extra cost of insurance for table rated cases is assessed for the life of the policy. Target premiums increase by 15% per table rating. Temporary and permanent flat extras are available. No additional target premium for temporary flat extras of five years or less. For permanent flat extras, increase the target premium by amount of flat extra divided by .93.

COST OF INSURANCE CHARGE

The monthly cost of insurance rates are based on the insured's attained age, sex, underwriting classification and on our expectations as to future experience. However, the cost of insurance rates for the insured's underwriting classification will not be greater than the guaranteed maximum rates shown in the policy schedule. The guaranteed maximum rates are based on the 2001 Commissioners' Standard Ordinary Mortality Table (male/female, smoker distinct) age nearest birthday.

PREMIUM LOAD & POLICY FEE

Premium Load	7.0%
Monthly Policy Fee	\$5

ADMINISTRATIVE CHARGE

An administrative charge equal to a rate per \$1,000 charge of coverage which varies by issue age, sex and underwriting classification is deducted monthly during all policy years. Upon any decrease in specified amount, the monthly administrative charge will be revised accordingly.

MODAL FACTORS

There are not specific premium modal factors; however, to obtain the same financial objectives, the total amount paid by semi-annual, quarterly and monthly premium payments will be higher than an annual premium payment.

MONTHLY DEDUCTION

The deduction for a policy month is made up of the cost of insurance, the cost of additional coverage provided by riders and benefits, the monthly policy fee and the monthly administrative charge as shown in the policy schedule.

DEATH BENEFIT

The death benefit is the greater of the specified amount, or the account value multiplied by the applicable Death Benefit Factor (Corridor Percentage) shown in the policy.

INCREASES IN SPECIFIED AMOUNT

No increases are allowed.

DECREASES IN SPECIFIED AMOUNT

Decreases are permitted. The specified amount in effect at any time under this policy may not be decreased below \$50,000. Decreases in specified amount will result in a deduction from the policy account value and from the policy Coverage Guarantee Amount. The deduction is equal to the pro-rata portion of the decrease in specified amount multiplied by the surrender charge applicable at the time of the decrease. Future surrender charges will be reduced by this pro-rata portion. Changes in face amount may affect guaranteed cash values.

LIMITATION OF BENEFITS

Two-year contestability and suicide provisions apply.

MINIMUM PREMIUM

Varies by issue age, underwriting class, face amount band and sex.

TARGET PREMIUM

The target premium can be found in the page footer on the first page of the policy projection detail.

PREMIUM PAYMENT OPTIONS

Policy owners can choose to increase, decrease, skip or stop premium payments. Making a change in premium payments may affect policy values and policy lapse protection. A decision to change the planned premium must take into account factors such as premiums paid since the policy's inception, the current account value, the impact on lapse protection, outstanding loans, and the credited interest rate.

POLICY SURRENDER

The owner may surrender this policy and receive the cash surrender value during the insured's lifetime.

CASH SURRENDER VALUE

The cash surrender value will be the greater of the Base Surrender Value or the Guaranteed Cash Value.

The Base Surrender Value is similar to traditional UL policies. It is the account value minus any outstanding policy loans, minus any surrender charges.

The Guaranteed Cash Value is equal to:

- The Guaranteed Cash Value factor, as listed in the policy schedule, times the per thousand face amount; times.
- The lesser of 1 or the ratio of the Coverage Guarantee Amount to the Policy Coverage Guarantee Surrender Limit Amount, as listed in the policy schedule; less.
- Any outstanding policy loans.

PARTIAL SURRENDERS

A partial surrender, policy form ICC11PSEnd and state variations, allows you to take a portion of the Cash Surrender Value of the policy after the first five years.

The amount available is the greater of the Base Surrender Value or the Guaranteed Surrender Value. The Account Value will be reduced by the dollar amount of the Partial Surrender. The Specified Amount, and Coverage Guarantee Amount will be reduced by the ratio equal to the partial surrender amount divided by the Cash Surrender Value (excluding the reduction for any policy indebtedness). The partial surrender amount must not result in the specified amount being less than the policy's minimum death benefit. The death benefit following the partial surrender will be greater or equal to the minimum death benefit required under section 7702 of the Internal Revenue Code. If the partial surrender is made during the first seven policy years a new premium limitation will be calculated for purposes of determining the modified endowment status of the policy. The partial surrender is not available in NY and therefore is not offered with William Penn products.

SURRENDER CHARGES

Over 9 years surrender charges decrease with no charge in policy years 10 and later. The surrender charge applicable for the initial specified amount is shown in the policy schedule.

POLICY LOANS

While this policy is in force, the owner may obtain all or part of the available loan value by written notice. This policy, assigned to us, is the only security needed.

LOAN INTEREST

Interest on policy loans will be payable in advance from the date of the loan to the next policy anniversary at the annual interest rate specified below.

Banner Policy	7.4%
William Penn Policy	3.8%

Interest is payable in advance at the beginning of each policy year. If interest is not paid when due, it will be added to the policy loan and bear interest at the same rate. Guaranteed 2.0% interest is credited to account value equal to amount borrowed at policy year end.

ACCELERATED DEATH BENEFIT

The accelerated death benefit payment is payable in the event of a qualifying terminal illness. The maximum accelerated death benefit amount is the lesser of \$500,000 or 75% of the policy's primary death benefit, less any policy loan. The accelerated death benefit is treated as a lien, which accrues interest. Upon the death of the insured, the death benefits payable are reduced by the total accelerated death benefit lien.

The accelerated death benefit feature is subject to state variation and is not available in all states.

See rider ADB and state variations for full benefit description, requirements and exclusions.



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