

# Application Forms Package Checklist

---

## Form Requirement Details

**MEC Information**

A Modified Endowment Contract (MEC) Information Form must be completed with each application for ages 75-80.

---

**Fully Underwritten:** Yes  
**Fund Source:** Non-Annuity  
**1035 Exchange:** No

**Product:** Sing. Prem. Whole Life  
**Existing Insurance or Annuity:** Don't Know  
**InSpeed App:** No

**State:** MI  
**Replacement:** Don't Know

---

Form	Description
8402(ISD)	Cover Sheet
8003	Application
3994	Disclosures
8033	Disclosures
8038	Acknowledgement - Non-annuity Funds
8771	HIPAA Form
8518	Third Party Notice Request
8015-2001	Buyers Guide

---

**Agent's Name:** \_\_\_\_\_

**Client's Name:** \_\_\_\_\_

# Baltimore Life's Secure Solutions<sup>®</sup> SPWL

## Point-of-Sale Underwriting Decision Process

Baltimore Life's SPWL product is written using an application and underwriting process that provides faster underwriting decisions. After a point-of-sale telephone interview and a prescription drug database check, you will receive a decision for approximately 90 percent of your cases before you hang up the phone!

### The Decision Process

You will pre-qualify your client using the application Form 8003-0411 (or its state-specific variation). The application has been designed to help you classify your client's risk profile more accurately by following the parameters below.

The new SPWL application (Form 8003-0411 and its state-specific variations) is structured into Part A and Part B.

- All "no" answers to Part A and Part B, coupled with a good height/weight, a clean MIB, and an acceptable prescription drug history should result in a Tier 1 issue.
- All "no" answers to Part A, a "yes" answer in Part B, coupled with a good height/weight, a clean MIB, and an acceptable prescription drug history should result in a Tier 2 issue.
- Any "yes" answer in Part A, however, means coverage cannot be issued in either of the available tiers.

Once you have completed the *entire application* and pre-qualified the applicant, you will contact the call center at (888) 368-9678 for an underwriting interview.

- This point-of-sale interview generally lasts 12 minutes or less.
- The call center representative will review the same health questions you used during the pre-qualification.
- During the call, an MIB search and a prescription drug database search will be run "in the background". If there are discrepancies between those results and the answers provided in the interview, your client may be asked a question from the application again in an attempt to clarify the difference in information. This process reduces the need for an APS and allows Baltimore Life and our agents to keep point-of-sale decision rates high.
- After your client has completed the interview, any underwriting decision is communicated to you, NOT to your client. The call center representative will provide you with an underwriting decision of either "approved" or "not approved."
- You will receive a confirmation number. Please write that confirmation number on the front page of the application.
- Fewer than 10 percent of the cases will be referred to the home office for additional underwriting review.

**Once the appointment is finished and the decision has been given, please submit completed applications and non-medical outstanding requirements through [seuresubmit.baltlife.com](https://seuresubmit.baltlife.com). To log in, use the same credentials you use to access Baltimore Life's secure agent website. Forms must be sent to the home office in all cases, even when the application has been declined.**

### The Call Center Details

- The call center phone number is (888) 368-9678.
- Call center hours are 9:00 a.m. to 10:30 p.m. Monday–Thursday, and 9:00 a.m. to 6:00 p.m. Friday, EASTERN TIME.
- Languages supported include English and Spanish. Other languages are available on request.
- TTY available in both English and Spanish.
- If the call center is closed, you may leave a message and request to have the interview completed.
  - > At your requested date/time during business hours, a call center representative will call you, the agent, to gather the needed information.
  - > The call center representative will then call the applicant and conduct the interview.
  - > If you, the agent, are not present during the interview, you will be called and informed of the decision.
- During high call volume periods, you may also reach a voice mail box. The process is the same as if the call center is closed except that a call center representative will call you within ten minutes unless you request another date/time during business hours for the return call.
- The interview must be completed in order to process the application.
- The interview must be completed within five days from the date of the application.



The Baltimore Life  
COMPANIES

# The Baltimore Life Insurance Company

10075 Red Run Boulevard • Owings Mills, MD 21117-4871 • 800.628.5433 • www.baltlife.com

## Application for Single Premium Life Insurance

### 1. Proposed Insured and Beneficiary Information

Last Name		First Name			MI	
Social Security Number	Age	Sex	Date of Birth	State or Country of Birth	Height	Weight
Telephone: Day	Evening			Email Address		
Street Address		City		State	ZIP Code	
Drivers License Number					Drivers License State	
Primary Beneficiary		Social Security Number			Relationship	
Contingent Beneficiary		Social Security Number			Relationship	

### 2. Owner (if other than Proposed Insured)

Last Name		First Name		MI	Relationship
Date of Birth	Tax ID# or Social Security#		Email Address		
Street Address		City		State	ZIP Code

### 3. Insurance Product and Riders Applied For

Product \_\_\_\_\_ Face Amount \$ \_\_\_\_\_ Premium Amount \$ \_\_\_\_\_  
 Accelerated Death Benefit Rider *Included (if available) unless you check "No" here*  No Other Rider \_\_\_\_\_

### 4. Medical Questions

#### Part A

- Do you have any impairment, whether physical or mental, for which you need or receive assistance or supervision in performing normal activities of daily living such as bathing, toileting, eating, dressing, taking medications, or moving without any type of physical assistance? .....  Yes  No
- Have you ever:
  - Been treated or hospitalized for insulin shock, diabetic coma, amputation due to diabetes, or have you taken insulin injections or by other methods prior to age 40 or diagnosed with diabetes prior to age 25? .....  Yes  No
  - Had, or been medically advised to have, an organ transplant, or been diagnosed as having a terminal medical condition that is expected to result in death within the next 12 months or are you currently hospitalized, confined to a bed or nursing facility, or receiving hospice care? .....  Yes  No
  - Been medically diagnosed, treated, or taken medication for chronic kidney disease (including dialysis), kidney or liver failure, congestive heart failure, cardiomyopathy, organic brain syndrome, Alzheimer's, dementia, Lou Gehrig's disease (ALS), schizophrenia, bipolar disorder, or mental incapacity? .....  Yes  No

- d. Been medically treated or diagnosed by a medical professional as having acquired immune deficiency syndrome (AIDS), AIDS related complex (ARC), or any immune deficiency related disorder or tested positive for the human immunodeficiency virus (HIV)? .....  Yes  No
- e. Had more than one occurrence or any metastasis of any cancer in your lifetime (excluding Basal or Squamous cell skin cancer), or are you currently being treated for cancer or recurrence of cancer or had an amputation caused by cancer? .....  Yes  No
- 3. Within the past 24 months have you:
  - a. Been declined or postponed for life or health insurance? .....  Yes  No
  - b. Been convicted of a felony or are you currently on probation or parole? .....  Yes  No
  - c. Been convicted of operating a vehicle while intoxicated or impaired? .....  Yes  No
- 4. Within the past 24 months have you been medically diagnosed, treated for or taken medication for:
  - a. Internal cancer, leukemia, lymphoma, melanoma, Hodgkin's disease, Parkinson's disease, stroke, transient ischemic attack (TIA), cirrhosis, liver disease, attempted suicide, alcohol abuse or drug abuse? .....  Yes  No
  - b. Chronic obstructive pulmonary or lung disease (COPD), emphysema, chronic bronchitis, or required oxygen to assist in breathing? .....  Yes  No
- 5. Within the past 24 months have you been diagnosed as having, been treated for, advised to have treatment for or hospitalized for:
  - a. Angina, heart disease, heart attack, uncontrolled high blood pressure, heart or vascular surgery (including heart transplant, coronary artery bypass, pacemaker or replacement pacemaker, heart valve replacement, abdominal aortic aneurysm, but excluding angioplasty or stent placement) or any procedure to improve circulation to the heart or brain? .....  Yes  No
  - b. Neuromuscular or brain disease (including cerebral palsy, muscular dystrophy, multiple sclerosis, cystic fibrosis) , systemic lupus (SLE) or paralysis of two or more extremities? .....  Yes  No

**Part B**

- 1. Within the past 48 months have you been medically diagnosed, hospitalized for, treated for or taken medication for lymphoma, melanoma, leukemia, any internal cancer, Hodgkin's disease, Parkinson's disease, stroke, transient ischemic attack (TIA), cirrhosis, or liver disease? .....  Yes  No
- 2. Within the past 36 months have you been medically diagnosed, hospitalized for, treated for or taken medications for:
  - a. Angioplasty, cardiac or vascular stent placement, angina, heart attack, heart or vascular surgery or any procedure to improve circulation to heart or brain? .....  Yes  No
  - b. Chronic obstructive pulmonary or lung disease (COPD), emphysema, chronic bronchitis, or required oxygen to assist in breathing? .....  Yes  No
  - c. Diabetic complications (including neuropathy, retinopathy, uncontrolled blood sugar)? .....  Yes  No
- 3. Within the past 24 months have you been confined three or more times to a hospital, nursing facility, convalescent care facility or mental facility? .....  Yes  No

**Part C**

- 1. Are you taking medication for any impairment listed above? .....  Yes  No
- 2. Have you used any nicotine or tobacco based products in the past 12 months? .....  Yes  No
- 3. Have you applied for life insurance with any other insurance companies in the last two years? .....  Yes  No

**Please provide details of all "Yes" answers from Section 4 in the area below. (Use Additional Comments section if more space is needed.)**

Question #	Explanation	Dates/Duration	Name of Medical Professional

**5. Replacement Information**

1. Does the proposed insured have any existing life insurance or annuities? .....  Yes  No  
 If "Yes", policy status is: \_\_\_\_\_
2. Has the proposed insured had any policies lapsed or surrendered within the last six months?.....  Yes  No
3. Will this policy, if issued, replace or modify any existing life insurance or annuities in this or any other company?.....  Yes  No  
 (This includes the use of dividends or other policy values.)
4. Is any other application for annuity or life insurance pending in this or any other company on the proposed insured? .....  Yes  No

Existing or Pending Insurance:

Name of Insured	Company	Policy Number	Amount \$	Year Issued	Replace or modify?
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No

5. Why is this replacement occurring? \_\_\_\_\_

**6. Additional Ownership Questions**

1. Has any party to the application, such as the applicant, proposed insured, owner, if other than the applicant, or any beneficiary, entered or made plans to enter into any agreement or contract to sell or assign the ownership of, or a beneficial interest in the applied for policy?.....  Yes  No
2. Has any person promised or agreed to give or has given to any party to the application, or has any party to the application received or will receive from any person, any inducement, fee or compensation as an incentive to purchase the policy? .....  Yes  No

Please provide agreement details of all "Yes" answers in the Additional Comments section.

**7. Additional Comments**

---



---



---



---



---



---



---



---



---



---

**8. Declarations and Authorizations**

**It is understood that The Baltimore Life Insurance Company (the Company) has the right to require a medical examination. If so, this application is not complete until the medical examination has been performed.**

**AGREEMENT:** I am not currently taking and I am not under the influence of any medications or drugs that would affect my ability to fully understand and to fully and accurately complete this application. I have read or had read to me all of the questions and answers contained in this application. This application is complete and true to the best of my knowledge and belief.

**WARNING: Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to civil fines and criminal penalties.**

It is understood that the President, a Vice President, or the Secretary must sign all agreements made by the Company. No other person, including an insurance agent or broker, can change the terms of any policy or make any promise or agreement binding on the Company. Except as may be provided by the Conditional Receipt bearing the same date and form number as this application, it is agreed that no policy will take effect unless:

1. A policy is delivered to and accepted by the owner while each person proposed for coverage is alive and continues to be insurable, and whose condition of health and occupation, as described in this application, are unchanged from the date of the application.
2. The required premium is paid in full to The Baltimore Life Insurance Company, and the application is approved and accepted by the Company.

**AUTHORIZATION AND ACKNOWLEDGMENT:** I authorize any health plan, physician, health care professional, hospital, clinic, laboratory, pharmacy, pharmacy benefit manager, medical or medically-related facility or health care provider, insurance or reinsuring company, or MIB, Inc., consumer reporting agency or employer having information available as to diagnosis, treatment, prescriptions and/or prognosis of me with respect to any physical or mental condition, including alcoholism and/or use of drugs, and any other nonmedical information about me to give to the Company any and all such information. I understand the information obtained by use of this authorization will be used by the Company to determine eligibility for insurance and/or benefits. Any information obtained will not be released by the Company to any person or organization except to reinsuring companies, MIB, Inc., or other persons or organizations performing business or legal services in connection with my application or claim, or as may be otherwise lawfully required or as I may further authorize. I understand that I may request a copy of this authorization and agree that a photographic copy of this authorization shall be as valid as the original. This authorization shall remain valid for a period of two years and six months following the date of my signature below, regardless of my condition and whether living or deceased, and a copy of this authorization is as valid as the original. I acknowledge receipt of MIB, Inc.'s Pre-Notice and the Fair Credit Reporting Act Notice.

**ACCELERATED DEATH BENEFIT TAX DISCLOSURE:** The receipt of a benefit under the Accelerated Death Benefit Rider may be taxable. Before claiming benefits under this Rider, assistance should be sought from a personal tax advisor.

**IMPORTANT TAX NOTICE FOR POLICYOWNER:** Under federal Tax law, the Company is required to ask you to certify your correct Taxpayer Identification Number (TIN), and to include it in any reports of taxable income it makes to the IRS.

**Certification:** Under penalties of perjury, I certify that: 1) the number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and 2) I am not subject to backup withholding under provisions of section 3406(a)(1)(c) of the Internal Revenue Code because a) I am exempt from backup withholding, or b) I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or c) the IRS has notified me that I am no longer subject to backup withholding, and 3) I am a US person (including a US resident alien).

The Internal Revenue Service does not require your consent to any provisions to this document other than the certification to avoid backup withholding.

**I certify that I have read the medical questions contained on this application and that my responses to these questions have been accurately recorded. I understand that no agent is authorized to advise me that any inaccurate answer is acceptable.**

**If replacement is occurring, please read the following notice:** In many cases, the replacement of an existing life insurance policy, regardless of the issuing company, is not in your best interest. New policies contain contestable and suicide provisions which you should ask your agent to explain. In addition, there are expense charges associated with each new policy. You should ask your agent to explain both the benefits and the drawbacks of the replacement you are considering.

**If you are replacing an existing policy and you are not satisfied with the new policy for any reason, you have the right to return your policy to us within 30 days after you receive it and receive a refund of all premiums paid.**

Application made at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
(City, State) (Day) (Month) (Year)

(X) \_\_\_\_\_  
Signature of Proposed Insured

(X) \_\_\_\_\_  
Signature of Owner (If other than Proposed Insured)

(X) \_\_\_\_\_  
Signature of Licensed Agent (Witness to all signatures)

\_\_\_\_\_  
(Give official capacity if signed on behalf of a corporation, trust etc.)



---

### 10. Conditional Receipt

---

(This receipt must not be detached unless the full initial premium is received at the time of application)

**NO INSURANCE WILL BECOME EFFECTIVE PRIOR TO POLICY DELIVERY AND ACCEPTANCE UNLESS THE FOLLOWING CONDITIONS REQUIRED BY THIS RECEIPT ARE MET:**

- a. The full initial premium is paid according to the method of premium payment selected in the application for the amount of insurance applied for;
- b. Any check given or draft authorized for premium payment is honored when first presented for payment;
- c. All medical examinations, tests, X-rays and electrocardiograms required by the Company's underwriting rules and standards are completed within 60 days from the date of the application;
- d. The Proposed Insured is, on the date of application and continuing until the policy is delivered, an insurable risk under the Company's rules, limits and standards as to plan, benefits, class, and amount for the policy applied for;
- e. The application is approved by the Company; and
- f. There is no material misrepresentation in the application or medical information furnished to the Company.

**IF ANY OF THE ABOVE CONDITIONS ARE NOT MET, THE COMPANY'S ONLY LIABILITY WILL BE TO REFUND THE PREMIUM PAYMENT.** Subject to satisfactory completion of all of the above conditions, the effective date of coverage provided by receipt will be the later of: (1) the date of the application; (2) the date of the last of any medical examinations or tests required under the Company's underwriting rules and practices; or (3) the date, if any, requested in the application. Once coverage under this receipt becomes effective, the maximum death benefit and all other supplemental benefits provided by this receipt will be the lesser of: a) the total death benefit payable under the policy(ies), including any Accidental Death Benefit, on all pending applications with the Company or b) \$150,000. Either the Company or the proposed insured or owner, as applicable, may terminate coverage under this receipt by notice to the other. In no event will coverage under this receipt be in force after 60 days from the date of the application. If the Company declines to issue a policy or issues a policy other than as applied for which is not accepted, the premium payment will be refunded. There will be no liability on account of this receipt if any premium check or draft is not honored upon presentation for payment. If there is material misrepresentation in the application (or in any medical information furnished to the Company), the Company's only liability will be limited to refunding the premium payment. If the proposed insured commits suicide, whether sane or insane, the Company's only liability will be limited to refunding the premium payment. No broker, agent or medical examiner is authorized to accept risks or pass on insurability, make or alter any contract, waive a complete answer to any question in the application, waive any conditions under this receipt or waive any of the Company's rights or requirements or otherwise bind the Company in any way by any promise or statement.

**ALL PREMIUM CHECKS MUST BE MADE PAYABLE TO THE BALTIMORE LIFE INSURANCE COMPANY. DO NOT MAKE THE CHECK PAYABLE TO THE AGENT OR LEAVE THE PAYEE BLANK.**

Received \$ \_\_\_\_\_ from \_\_\_\_\_ Dated \_\_\_\_\_ for an application on \_\_\_\_\_

\_\_\_\_\_  
Signature of Proposed Insured

\_\_\_\_\_  
Signature of Proposed Owner (If other than Proposed Insured)

\_\_\_\_\_  
Signature of Agent

-----  
*Tear here and leave notices below with Applicant*

---

### 11. Fair Credit Reporting Act Notice

---

As part of our evaluation of your application for insurance, an investigative consumer report may be prepared, whereby information is obtained through personal interviews with agencies, friends, neighbors or others with whom you are acquainted or who may have information about you. This report, among other things, may include information as to your character, general reputation, personal characteristics, health, and mode of living, except as may be related directly or indirectly to your sexual orientation.

Upon your written request, and within a reasonable period of time, you have the right to receive additional detailed information about the nature and scope of the investigation and to receive a copy of the report at your expense.

---

### 12. MIB, Inc. Notice

---

Information regarding your insurability will be treated as confidential. The Baltimore Life Insurance Company or its reinsurers may, however, make a brief report thereon to MIB, Inc., a non-profit membership organization of life insurance companies, which operates an information exchange on behalf of its members. If you apply to another MIB, Inc. member company for life or health insurance coverage, or a claim for benefits is submitted to such company, MIB, Inc., upon request, will supply such company with the information in its file.

Upon receipt of a request from you, MIB, Inc. will arrange disclosure to you of any information it may have in your file. If you question the accuracy of information in MIB, Inc.'s file, you may contact MIB, Inc. and seek a correction in accordance with the procedures set forth in the Federal Fair Credit Reporting Act. The address of MIB, Inc.'s information office is 50 Braintree Hill, Suite 400, Braintree, Massachusetts, 02184-8734; the telephone number is (866) 692-6901.

The Company or its reinsurers may also release information in its file to other life insurance companies to whom you may apply for life or health insurance, or to whom a claim for benefits may be submitted.





## THE BALTIMORE LIFE INSURANCE COMPANY

10075 Red Run Boulevard  
Owings Mills, Maryland 21117-4871  
800.628.5433 • www.baltlife.com

### Modified Endowment Contract Information

I understand that as defined in the Internal Revenue Code Section 7702A, the life insurance policy for which I have applied, or which has been issued, is a Modified Endowment Contract.

The Federal Government created a class of life insurance policies known as Modified Endowment Contracts under the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). These are life insurance policies under which the gross premiums paid at any time during the first seven years - or during the seven years after a material change - exceed the sum of the annual net level premiums under the seven-pay test defined in the law.

Death benefits on life insurance policies are not subject to income tax, but in some cases may be subject to estate taxes.

When a policy becomes a Modified Endowment Contract, there is a change in the tax treatment of any distribution made during the life of the policy. The kinds of distributions that may be subject to income tax include dividends paid in cash or withdrawn, any loan, interest on the loan, partial withdrawals, policy surrender, or any assignment or pledge.

When a taxable distribution is made, only the amount of the distribution that represents any gain in the contract is included in your taxable income.

Taxable distributions are subject to a two-part tax—*income tax* on the amount of the gain and an *additional 10%* penalty unless the taxpayer is disabled, over the age of 59½ or the benefit is paid as a life annuity.

Before making any decision concerning the tax status of your policy, you should consult your tax advisor.

\_\_\_\_\_  
Name of Applicant and/or Policyholder (Print)

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Signature of Applicant and/or Policyholder

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Agent (Print)

\_\_\_\_\_  
Agent Number

\_\_\_\_\_  
Signature of Agent

\_\_\_\_\_  
Date

*A copy of this form must be provided to the applicant and a copy must be submitted to the home office with the application.*



## THE BALTIMORE LIFE INSURANCE COMPANY

10075 Red Run Boulevard  
Owings Mills, Maryland 21117-4871  
800.628.5433 • www.baltlife.com

### Modified Endowment Contract Information

I understand that as defined in the Internal Revenue Code Section 7702A, the life insurance policy for which I have applied, or which has been issued, is a Modified Endowment Contract.

The Federal Government created a class of life insurance policies known as Modified Endowment Contracts under the Technical and Miscellaneous Revenue Act of 1988 (TAMRA). These are life insurance policies under which the gross premiums paid at any time during the first seven years - or during the seven years after a material change - exceed the sum of the annual net level premiums under the seven-pay test defined in the law.

Death benefits on life insurance policies are not subject to income tax, but in some cases may be subject to estate taxes.

When a policy becomes a Modified Endowment Contract, there is a change in the tax treatment of any distribution made during the life of the policy. The kinds of distributions that may be subject to income tax include dividends paid in cash or withdrawn, any loan, interest on the loan, partial withdrawals, policy surrender, or any assignment or pledge.

When a taxable distribution is made, only the amount of the distribution that represents any gain in the contract is included in your taxable income.

Taxable distributions are subject to a two-part tax—*income tax* on the amount of the gain and an *additional 10%* penalty unless the taxpayer is disabled, over the age of 59½ or the benefit is paid as a life annuity.

Before making any decision concerning the tax status of your policy, you should consult your tax advisor.

\_\_\_\_\_  
Name of Applicant and/or Policyholder (Print)

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Signature of Applicant and/or Policyholder

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name of Agent (Print)

\_\_\_\_\_  
Agent Number

\_\_\_\_\_  
Signature of Agent

\_\_\_\_\_  
Date

*A copy of this form must be provided to the applicant and a copy must be submitted to the home office with the application.*

**The Baltimore Life Insurance Company**  
**10075 Red Run Boulevard**  
**Owings Mills, Maryland 21117-4871**

**Accelerated Death Benefit Rider Disclosure Statement**

This is a brief description of the Accelerated Death Benefit Rider and its effects on your policy. Please refer to the rider form for contract provisions.

**Your benefit.**

We will allow you, the owner, to accelerate a minimum of \$5,000 up to all of the eligible death benefit, not to exceed \$250,000, if the Insured suffers from a Terminal Illness, is Chronically III and confined to a licensed Qualified Nursing Facility continuously for at least 90 days and the Insured's stay is certified to be permanent, or requires Extended Care.

**Terminal Illness** means a medical condition of the Insured resulting from bodily injury, or disease, or both: (a) which has been diagnosed by a physician and (b) which a physician has certified in writing is expected to result in the death of the Insured within twelve (12) months.

**Chronically III** means the Insured is unable to perform, without substantial assistance from another person, at least two out of six Activities of Daily Living; or suffers from a severe organic mental illness.

**Activities of Daily Living** are: (1) eating; (2) toileting; (3) transferring (i.e., moving into or out of a bed, chair, or wheelchair); (4) bathing; (5) dressing; and (6) continence.

**Extended Care** means care of the Insured that is required because the Insured is Chronically III and has remained Chronically III continuously for at least 90 days, as certified in writing by a physician. Extended Care includes care provided by a licensed home health care agency or by a licensed or state-certified adult day care center.

**The benefit payable to you.**

Upon satisfaction of the requirements under the rider, we will pay to you an amount equal to the percentage of the eligible death benefit you elect to accelerate, multiplied by the Specified Percentage, reduced by an administrative charge of \$250.00. The amount of the payment to you will be reduced by the amount of the reduction in any outstanding loan resulting from the acceleration. There are no other costs or liens to the policy associated with the Accelerated Death Benefit Rider.

The Specified Percentages are: 95% for the Terminal Illness benefit, 90% for the Qualified Nursing Facility benefit, and 80% for the Extended Care benefit.

Effects to the policy upon acceleration are as follows:

- the policy's face amount will be reduced by the accelerated percentage of the eligible death benefit; and
- the cash value and any loan balance will also be reduced by the accelerated percentage of the eligible death benefit.

As an example showing the effects on your policy, if you elected to accelerate 70% of the policy's death benefit, assume the following hypothetical amounts and that the Insured is permanently confined to a Qualified Nursing Facility:

Face Amount:	\$120,000
Loan Balance:	\$10,000
Cash Value:	\$58,000

The portion of the death benefit to be accelerated, 70% of \$120,000 or \$84,000, meets the minimum (\$5,000) and maximum (\$250,000) requirements. Since the acceleration is based on a Qualified Nursing Facility event, the Specified Percentage (90%) is applied and the result is: \$75,600 (\$84,000 X .90). The \$75,600 amount is reduced by the accelerated proportional amount of the loan and by the administrative fee of \$250 (\$75,600 minus 70% of the \$10,000 loan, then reduced by \$250.) The resulting \$68,350 benefit amount is payable to you.

Your policy's face amount, loan balance, and cash value would also be reduced by your elected acceleration percentage of 70% as shown below:

	Before <u>Acceleration</u>	After <u>Acceleration</u>
Face Amount:	\$120,000	\$36,000
Loan Balance:	\$10,000	\$3,000
Cash Value:	\$58,000	\$17,400

**Conditions for the benefit.**

- The policy and rider must be in force and the Insured is living at the time you make a written request for benefits.
- Written proof satisfactory to us that the Insured suffers from a Terminal Illness, or is Chronically Ill and has been certified as such in writing by a physician, and has been confined to a Qualified Nursing Facility continuously for at least 90 days with written certification by a physician that such confinement is expected to be permanent, or requires Extended Care.
- Any Assignee or Irrevocable Beneficiary under the policy must consent in writing to your election of this benefit.
- A request for acceleration will not be approved if you are required by a government agency to use this benefit in order to apply for, obtain, or keep government benefits or entitlements.
- The death benefit amount accelerated must be no less than \$5,000 and no more than \$250,000.
- Only one benefit election is allowed under this rider. Once a benefit is paid, this rider ends.

**Tax Consequences: A benefit that you receive under this Rider may be taxable or may adversely affect your eligibility for Medicaid or other government benefits or entitlements. Before claiming a benefit under this Rider, you should seek the advice of your personal tax advisor.**

I acknowledge that I have read and understand this disclosure statement.

\_\_\_\_\_  
Signature of Applicant/Owner

\_\_\_\_\_  
Signature of Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent Number

\_\_\_\_\_  
Application or Policy Number

**The Baltimore Life Insurance Company**  
**10075 Red Run Boulevard**  
**Owings Mills, Maryland 21117-4871**

**Accelerated Death Benefit Rider Disclosure Statement**

This is a brief description of the Accelerated Death Benefit Rider and its effects on your policy. Please refer to the rider form for contract provisions.

**Your benefit.**

We will allow you, the owner, to accelerate a minimum of \$5,000 up to all of the eligible death benefit, not to exceed \$250,000, if the Insured suffers from a Terminal Illness, is Chronically Ill and confined to a licensed Qualified Nursing Facility continuously for at least 90 days and the Insured's stay is certified to be permanent, or requires Extended Care.

**Terminal Illness** means a medical condition of the Insured resulting from bodily injury, or disease, or both: (a) which has been diagnosed by a physician and (b) which a physician has certified in writing is expected to result in the death of the Insured within twelve (12) months.

**Chronically Ill** means the Insured is unable to perform, without substantial assistance from another person, at least two out of six Activities of Daily Living; or suffers from a severe organic mental illness.

**Activities of Daily Living** are: (1) eating; (2) toileting; (3) transferring (i.e., moving into or out of a bed, chair, or wheelchair); (4) bathing; (5) dressing; and (6) continence.

**Extended Care** means care of the Insured that is required because the Insured is Chronically Ill and has remained Chronically Ill continuously for at least 90 days, as certified in writing by a physician. Extended Care includes care provided by a licensed home health care agency or by a licensed or state-certified adult day care center.

**The benefit payable to you.**

Upon satisfaction of the requirements under the rider, we will pay to you an amount equal to the percentage of the eligible death benefit you elect to accelerate, multiplied by the Specified Percentage, reduced by an administrative charge of \$250.00. The amount of the payment to you will be reduced by the amount of the reduction in any outstanding loan resulting from the acceleration. There are no other costs or liens to the policy associated with the Accelerated Death Benefit Rider.

The Specified Percentages are: 95% for the Terminal Illness benefit, 90% for the Qualified Nursing Facility benefit, and 80% for the Extended Care benefit.

Effects to the policy upon acceleration are as follows:

- the policy's face amount will be reduced by the accelerated percentage of the eligible death benefit; and
- the cash value and any loan balance will also be reduced by the accelerated percentage of the eligible death benefit.

As an example showing the effects on your policy, if you elected to accelerate 70% of the policy's death benefit, assume the following hypothetical amounts and that the Insured is permanently confined to a Qualified Nursing Facility:

Face Amount:	\$120,000
Loan Balance:	\$10,000
Cash Value:	\$58,000

The portion of the death benefit to be accelerated, 70% of \$120,000 or \$84,000, meets the minimum (\$5,000) and maximum (\$250,000) requirements. Since the acceleration is based on a Qualified Nursing Facility event, the Specified Percentage (90%) is applied and the result is: \$75,600 (\$84,000 X .90). The \$75,600 amount is reduced by the accelerated proportional amount of the loan and by the administrative fee of \$250 (\$75,600 minus 70% of the \$10,000 loan, then reduced by \$250.) The resulting \$68,350 benefit amount is payable to you.

Your policy's face amount, loan balance, and cash value would also be reduced by your elected acceleration percentage of 70% as shown below:

	Before <u>Acceleration</u>	After <u>Acceleration</u>
Face Amount:	\$120,000	\$36,000
Loan Balance:	\$10,000	\$3,000
Cash Value:	\$58,000	\$17,400

**Conditions for the benefit.**

- The policy and rider must be in force and the Insured is living at the time you make a written request for benefits.
- Written proof satisfactory to us that the Insured suffers from a Terminal Illness, or is Chronically Ill and has been certified as such in writing by a physician, and has been confined to a Qualified Nursing Facility continuously for at least 90 days with written certification by a physician that such confinement is expected to be permanent, or requires Extended Care.
- Any Assignee or Irrevocable Beneficiary under the policy must consent in writing to your election of this benefit.
- A request for acceleration will not be approved if you are required by a government agency to use this benefit in order to apply for, obtain, or keep government benefits or entitlements.
- The death benefit amount accelerated must be no less than \$5,000 and no more than \$250,000.
- Only one benefit election is allowed under this rider. Once a benefit is paid, this rider ends.

**Tax Consequences: A benefit that you receive under this Rider may be taxable or may adversely affect your eligibility for Medicaid or other government benefits or entitlements. Before claiming a benefit under this Rider, you should seek the advice of your personal tax advisor.**

I acknowledge that I have read and understand this disclosure statement.

\_\_\_\_\_  
Signature of Applicant/Owner

\_\_\_\_\_  
Signature of Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent Number

\_\_\_\_\_  
Application or Policy Number



The Baltimore Life  
COMPANIES

# Acknowledgment

## Secure Solutions<sup>®</sup>

### Single Premium Whole Life

#### Source of Funds

Due to anti-money laundering regulations, it is the policy of Baltimore Life to take reasonable steps to identify the source of funds used to purchase our products. Please identify where the funds are coming from by checking the appropriate box below. **\*If you have been in possession of the funds for thirty (30) days or less, please specify how money was obtained.**

- Money Market/CD     Loan     Reverse Mortgage     IRA/Qualified Funds     Existing Fixed Annuity
- Existing Variable Annuity     Existing life insurance cash value (Section 1035 Exchange)
- Income/Checking/Savings     Inheritance     Sale of Property     Other (*please specify*) \_\_\_\_\_

**\*Explanation (if applicable)** \_\_\_\_\_

#### I acknowledge that:

- I am applying for a **Single Premium Whole Life Insurance Policy**.
- I understand that, once my premium is paid into the policy, I will have limited access to my cash value. I do not expect to need these funds for my current or future living expenses.
- I have other sources of income to provide for my daily living needs and enough additional saving for emergency cash needs.
- I believe that a Single Premium Whole Life Insurance Policy is appropriate based on my financial situation and goals

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

#### I acknowledge that:

- Based on the information disclosed to me by the applicant, my recommendation of a Single Premium Whole Life Insurance Policy is reasonably suited to fulfill the applicant's needs.
- I have recorded the applicant's needs analysis information, which formed the basis for my recommendation, and I will make this information available to Baltimore Life in the event it is needed.

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date



The Baltimore Life  
COMPANIES

# Acknowledgment

## Secure Solutions<sup>®</sup>

### Single Premium Whole Life

#### Source of Funds

Due to anti-money laundering regulations, it is the policy of Baltimore Life to take reasonable steps to identify the source of funds used to purchase our products. Please identify where the funds are coming from by checking the appropriate box below. **\*If you have been in possession of the funds for thirty (30) days or less, please specify how money was obtained.**

- Money Market/CD     Loan     Reverse Mortgage     IRA/Qualified Funds     Existing Fixed Annuity
- Existing Variable Annuity     Existing life insurance cash value (Section 1035 Exchange)
- Income/Checking/Savings     Inheritance     Sale of Property     Other (*please specify*) \_\_\_\_\_

**\*Explanation (if applicable)** \_\_\_\_\_

#### I acknowledge that:

- I am applying for a **Single Premium Whole Life Insurance Policy**.
- I understand that, once my premium is paid into the policy, I will have limited access to my cash value. I do not expect to need these funds for my current or future living expenses.
- I have other sources of income to provide for my daily living needs and enough additional saving for emergency cash needs.
- I believe that a Single Premium Whole Life Insurance Policy is appropriate based on my financial situation and goals

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

#### I acknowledge that:

- Based on the information disclosed to me by the applicant, my recommendation of a Single Premium Whole Life Insurance Policy is reasonably suited to fulfill the applicant's needs.
- I have recorded the applicant's needs analysis information, which formed the basis for my recommendation, and I will make this information available to Baltimore Life in the event it is needed.

\_\_\_\_\_  
Agent's Signature

\_\_\_\_\_  
Date





The Baltimore Life Insurance Company  
10075 Red Run Boulevard | Owings Mills, MD 21117-4871  
(800) 628-5433 | [baltlife.com](http://baltlife.com)

## HIPAA Authorization to Obtain and Disclose Information

The purpose of this Authorization is to permit The Baltimore Life Insurance Company to obtain and release nonpublic personal information about me or my child(ren), the Proposed Insured(s) named below, for the purpose of determining my eligibility for and obtaining insurance products and services pursuant to this Authorization shall include any and all information, to the extent permitted by applicable law.

Name of Proposed Insured: \_\_\_\_\_

Social Security Number \_\_\_\_\_ Date of Birth \_\_\_\_\_

**List the name(s) of each minor child(ren) to which this Authorization applies:**

Name	Social Security Number	Date of Birth

### Information to be Released

The information to be released pursuant to the Authorization includes any personal health information, records or data concerning my past, present or future mental, physical or behavioral health or conditions (“Information”), to the extent permitted by law. Specifically, information includes all information, records or data relating to my: physical or mental health history or condition; medical treatment, diagnosis or prognosis; including medications prescribed to me; other insurance coverage(s); hazardous activities; general character and general reputation; finances; occupation; avocation, including any hazardous hobbies; driving records; aviation activities and other personal traits. I understand that this Information may include results from blood, saliva, urine and other tests. I further understand that this Information may, if applicable, include information regarding diagnosis, prognosis and treatment of: alcohol or drug abuse (including records protected under federal law, 42 CFR Part 2); serious communicable disease or infection, including sexually transmitted diseases; HIV infection, including medical test results.

### Authorization

I authorize any physician or other medical practitioner, any hospital, clinic, or other health-related facility, any medical testing laboratory, Pharmacy Benefits Manager, any insurer, any state motor vehicle department, my past or current employer(s), the Social Security Administration, and any other organization, institution or person that has Information about me to release such Information to The Baltimore Life Insurance Company (“the Company”). I also specifically authorize the Company to release Information about me to their reinsurers, underwriters or other persons or organizations performing business, professional or insurance functions for them. I understand that Information disclosed to the Company may be re-disclosed to individuals or entities that are not subject to health information privacy laws, in such case my medical information may no longer be protected by federal health information privacy laws. I understand that if I refuse to sign this Authorization to release my complete medical records, the Company may not be able to process my request. I also authorize my Agent, named

below, to receive Information and I authorize the Company to disclose such Information to my Agent to assist in the purpose of this Authorization to the extent permitted by law. A photocopy of this Authorization shall be as valid as the original. This Authorization shall be effective for two (2) years after the date signed below, unless revoked by me in writing and written notice of the revocation is provided to the Company at 10075 Red Run Boulevard, Owings Mills, MD 21117-4871. Any action taken in reliance on this Authorization prior to the notice of the revocation shall be valid.

\_\_\_\_\_  
Signature of Proposed Insured (or that of Authorized Representative)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Proposed Insured

\_\_\_\_\_  
If signed by Authorized Representative of Proposed Insured, describe authority, e.g., parent or guardian of minor child.

\_\_\_\_\_  
Print Name of Agent

**A Copy of the Notification Appearing Below Must be Given to the Proposed Insured Before or At the Time of Signature**

In the course of properly underwriting, administering and evaluating your insurance coverage, the Company will rely heavily on information provided by you. The Company may also seek information from others such as medical professions who have treated you. In some situations, and in compliance with applicable law, the Company may disclose necessary items of information to third parties without your specific authorization.

You have the right to be told about, and to see a copy, if you wish, of items of personal information about you which appear in the Company's files. You also have the right to seek correction of information you believe to be inaccurate.

For underwriting and claims purposes, I permit:

Any physician or other medical practitioner, hospital, clinic or other medically related facility to give the Company data of a medical nature. This data includes findings on medical care, psychiatric or psychological care and examination, or surgery. I specifically authorize the disclosure to the companies listed above any information, or surgery. I specifically authorize the disclosure to the Company any information concerning sexually transmitted diseases including venereal diseases, any Human Immunodeficiency Virus (HIV) test results, or information about Acquired Immune Deficiency Syndrome (AIDS) or AIDS related conditions, or confidential HIV related information, and any information concerning a serious communicable disease, use of drugs or alcohol and any information concerning mental health.

\_\_\_\_\_  
Signature of Proposed Insured

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name of Proposed Insured

# Notice of Information Practices

## Investigative Consumer Report

In addition to requesting a report from MIB, as part of our underwriting process, the Company may request an investigative consumer report to confirm and supplement the information about your general health, employment and occupation, finances, smoking habits, and hazardous activities. Such a report may also cover your mode of living, except as may be related directly or indirectly to your sexual orientation, but including alcohol and drug use, general reputation, and driving record. Some of this information may be obtained through personal interviews with you or your family, friends, associates, or other with whom you are acquainted. If a consumer information report is requested, you may request to be personally interviewed if you can be contacted during normal business hours. An interview is normally conducted, but you are entitled to make a specific request. The Company keeps such information reports confidential and uses them only to evaluate and underwrite your application. You have a right under the Fair Credit Reporting Act to make a written request to inspect and obtain a copy of a consumer information report. If we request a report and the report has an adverse effect on your insurability, we will notify you in writing and give you the name and address of the reporting company.

## Disclosure of Information

The Company treats what we know about you confidentially. Our employees are told to take care in handling your information. They may receive information about you only when there is good reason to do so. We take steps to make our computer database secure and to safeguard the information we have. We may disclose personal information about you without prior authorization under certain circumstances. For example, we may disclose information about you to persons or organizations to allow such persons or organizations to perform a business, professional or insurance function for us, or an insurance support organization, or to provide information to determine eligibility for insurance benefits or detect fraud, misrepresentation, or material non-disclosure. The Company may provide information to accounting firms performing audits, governmental agencies reviewing our practices, or attorneys hired to protect our legal interest. Information may be disclosed to reinsurance companies or other insurance company to which you have applied for coverage or benefits. Information may be given to your agents to aid them in providing adequate service to you. Other disclosures may be made as permitted or required by law. The Company may also disclose information to medical professionals where required by law for the purpose of informing you of a medical problem of which you may not be aware or to persons or organizations for the purpose of conducting research, including actuarial, marketing, and underwriting studies. This may include various insurance industry groups that conduct studies about risk experience or medical backgrounds of insured's lives. No medical record information or personal information relating to your character, personal habits, mode of living or general reputation will be released to anyone who receives personal information for the purpose of marketing a product or service.

## You Can Review and Correct Your Information

Generally, the Company will allow you to review what we know about you if you request to do so in writing. Because of its legal sensitivity, we will not show you anything we learned in connection with a claim or lawsuit. Also, if the law allows, we may decide to disclose what we know about your health only through your health care provider. If you advise that what we know about you is incorrect, we will review it. If we agree with you, we will correct our records. If we do not agree with you, you may tell us in writing, and we will include your statement when we provide your information to anyone outside of the Company.

If you would like to know more about our privacy policy, you can visit our website at [baltlife.com](http://baltlife.com) or contact the Company at The Baltimore Life Insurance Company, 10075 Red Run Boulevard, Owings Mills, MD 21117-4871.

**The Baltimore Life Insurance Company**  
**10075 Red Run Boulevard**  
**Owings Mills, MD 21117**  
800.628.5433  
www.baltlife.com

### **Third Party Notice Request**

You have the right to designate a third party who would be notified if your policy should be in danger of lapsing. If you designate an individual as a third party notice recipient, that person would receive a copy of any lapse notice that would be provided by The Baltimore Life Insurance Company.

You may request this option at any time while this policy is in effect. It must be in writing and it must be recorded at our Home Office before the end of the grace period for an unpaid premium. If you wish to name a third party notice recipient, please complete the information on the bottom of this notice and send it to us. You may also contact us and we will send you the request form.

Naming a third party notice recipient will not impact your policy in any way except as explained above. In the event of impending policy lapse, we would mail a copy of the lapse notice to your designated third party recipient in addition to the lapse notice that is mailed to you.

✂ -----  
**THIRD PARTY NOTICE REQUEST,**

I hereby designate the following person as third party notice recipient

Name \_\_\_\_\_

Street Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Policy Owner Name \_\_\_\_\_ Policy # \_\_\_\_\_

(If Known)

Address \_\_\_\_\_

Agent Name \_\_\_\_\_

Mail to: **The Baltimore Life Insurance Company**  
Attn: Customer Service  
10075 Red Run Blvd.  
Owings Mills, MD 21117

# Life Insurance Buyer's Guide

This guide can help you when you shop for life insurance. It discusses how to:

- Find a Policy That Meets Your Needs and Fits Your Budget
- Decide How Much Insurance You Need
- Make Informed Decisions When You Buy a Policy

*Prepared by the National Association of Insurance Commissioners*

The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various insurance departments to coordinate insurance laws for the benefit of all consumers.

This guide does not endorse any company or policy.

Reprinted by The Baltimore Life Insurance Company

## IMPORTANT THINGS TO CONSIDER

1. Review your own insurance needs and circumstances. Choose the kind of policy that has benefits that most closely fit your needs. Ask an agent or company to help you.
2. Be sure that you can handle premium payments. Can you afford the initial premium? If the premium increases later and you still need insurance, can you still afford it?
3. Don't sign an insurance application until you review it carefully to be sure all the answers are complete and accurate.
4. Don't buy life insurance unless you intend to stick with your plan. It may be very costly if you quit during the early years of the policy.
5. Don't drop one policy and buy another without a thorough study of the new policy and the one you have now. Replacing your insurance **may be costly**.
6. Read your policy carefully. Ask your agent or company about anything that is not clear to you.
7. Review your life insurance program with your agent or company every few years to keep up with changes in your income and your needs.

## Buying Life Insurance

When you buy life insurance, you want coverage that fits your needs.

**First**, decide how much you need--and for how long--and what you can afford to pay. Keep in mind the major reason you buy life insurance is to cover the financial effects of unexpected or untimely death. Life insurance can also be one of many ways you plan for the future.

**Next**, learn what kinds of policies will meet your needs and pick the one that best suits you.

**Then**, choose the combination of policy premium and benefits that emphasizes protection in case of early death, or benefits in case of long life, or a combination of both.

It makes good sense to ask a life insurance agent or company to help you. An agent can help you review your insurance needs and give you information about the available policies. If one kind of policy doesn't seem to fit your needs, ask about others.

This guide provides only basic information. You can get more facts from a life insurance agent or company or from your public library.

## **What About the Policy You Have Now?**

If you are thinking about dropping a life insurance policy, here are some things you should consider:

- If you decide to replace your policy, don't cancel your old policy until you have received the new one. You then have a minimum period to review your new policy and decide if it is what you wanted.
- It may be costly to replace a policy. Much of what you paid in the early years of the policy you have now, paid for the company's cost of selling and issuing the policy. You may pay this type of cost again if you buy a new policy.
- Ask your tax advisor if dropping your policy could affect your income taxes.
- If you are older or your health has changed, premiums for the new policy will often be higher. You will not be able to buy a new policy if you are not insurable.
- You may have valuable rights and benefits in the policy you now have that are not in the new one.
- If the policy you have now no longer meets your needs, you may not have to replace it. You might be able to change your policy or add to it to get the coverage or benefits you now want.
- At least in the beginning, a policy may pay no benefits for some causes of death covered in the policy you have now.

In all cases, if you are thinking of buying a new policy, check with the agent or company that issued you the one you have now. When you bought your old policy, you may have seen an illustration of the benefits of your policy. Before replacing your policy, ask your agent or company for an updated illustration. Check to see how the policy has performed and what you might expect in the future, based on the amounts the company is paying now.

## **How Much Do You Need?**

Here are some questions to ask yourself:

- How much of the family income do I provide? If I were to die early, how would my survivors, especially my children, get by? Does anyone else depend on me financially, such as a parent, grandparent, brother or sister?
- Do I have children for whom I'd like to set aside money to finish their education in the event of my death?
- How will my family pay final expenses and repay debts after my death?
- Do I have family members or organizations to whom I would like to leave money?
- Will there be estate taxes to pay after my death?

- How will inflation affect future needs?

As you figure out what you have to meet these needs, count the life insurance you have now, including any group insurance where you work or veteran's insurance. Don't forget Social Security and pension plan survivor's benefits. Add other assets you have: savings, investments, real estate and personal property. Which assets would your family sell or cash in to pay expenses after your death?

## **What Is the Right Kind of Life Insurance?**

All policies are not the same. Some give coverage for your lifetime and others cover you for a specific number of years. Some build up cash values and others do not. Some policies combine different kinds of insurance, and others let you change from one kind of insurance to another. Some policies may offer other benefits while you are still living. Your choice should be based on your needs and what you can afford.

There are two basic types of life insurance: **term insurance** and **cash value insurance**. Term insurance generally has lower premiums in the early years, but does not build up cash values that you can use in the future. You may combine cash value life insurance with term insurance for the period of your greatest need for life insurance to replace income.

**Term Insurance** covers you for a term of one or more years. It pays a death benefit only if you die in that term. Term insurance generally offers the largest insurance protection for your premium dollar. It generally does not build up cash value.

You can renew most term insurance policies for one or more terms even if your health has changed. Each time you renew the policy for a new term, premiums may be higher. Ask what the premiums will be if you continue to renew the policy. Also ask if you will lose the right to renew the policy at some age. For a higher premium, some companies will give you the right to keep the policy in force for a guaranteed period at the same price each year. At the end of that time you may need to pass a physical examination to continue coverage, and premiums may increase.

You may be able to trade many term insurance policies for a cash value policy during a conversion period--even if you are not in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

**Cash Value Life Insurance** is a type of insurance where the premiums charged are higher at the beginning than they would be for the same amount of term insurance. The part of the premium that is not used for the cost of insurance is invested by the company and builds up a cash value that may be used in a variety of ways. You may borrow against a policy's cash value by taking a policy loan. If you don't pay back the loan and the interest on it, the amount you owe will be subtracted from the benefits when you die, or from the cash value if you stop paying premiums and take out the remaining cash value. You can also use your cash value to keep insurance protection for a limited time or to buy a reduced amount without having to pay more premiums. You also can use the cash value to increase your income in retirement or to help pay for needs such as a child's tuition without canceling the policy. However, to build up this cash value, you must pay higher premiums in the earlier years of the policy. Cash value life insurance may be one of several types; whole life, universal life and variable life are all types of cash value insurance.

**Whole Life Insurance** covers you for as long as you live if your premiums are paid. You generally pay the same amount in premiums for as long as you live. When you first take out the policy, premiums can be several times higher than you would pay initially for the same amount of term insurance. But they are

smaller than the premiums you would eventually pay if you were to keep renewing a term policy until your later years.

Some whole life policies let you pay premiums for a shorter period such as 20 years, or until age 65. Premiums for these policies are higher since the premium payments are made during a shorter period.

**Universal Life Insurance** is a kind of flexible policy that lets you vary your premium payments. You can also adjust the face amount of your coverage. Increases may require proof that you qualify for the new death benefit. The premiums you pay (less expense charges) go into a policy account that earns interest. Charges are deducted from the account. If your yearly premium payment plus the interest your account earns is less than the charges, your account value will become lower. If it keeps dropping, eventually your coverage will end. To prevent that, you may need to start making premium payments, or increase your premium payments, or lower your death benefits. Even if there is enough in your account to pay the premiums, continuing to pay premiums yourself means that you build up more cash value.

**Variable Life Insurance** is a kind of insurance where the death benefits and cash values depend on the investment performance of one or more separate accounts, which may be invested in mutual funds or other investments allowed under the policy. Be sure to get the prospectus from the company when buying this kind of policy and STUDY IT CAREFULLY. You will have higher death benefits and cash value if the underlying investments do well. Your benefits and cash value will be lower or may disappear if the investments you chose didn't do as well as you expected. You may pay an extra premium for a guaranteed death benefit.

## **Life Insurance Illustrations**

You may be thinking of buying a policy where cash values, death benefits, dividends or premiums may vary based on events or situations the company does not guarantee (such as interest rates). If so, you may get an illustration from the agent or company that helps explain how the policy works. The illustration will show how the benefits that are not guaranteed will change as interest rates and other factors change. The illustration will show you what the company guarantees. It will also show you what *could* happen in the future. Remember that nobody knows what will happen in the future. You should be ready to adjust your financial plans if the cash value doesn't increase as quickly as shown in the illustration. You will be asked to sign a statement that says you understand that some of the numbers in the illustration are not guaranteed.

## **Finding a Good Value in Life Insurance**

After you have decided which kind of life insurance is best for you, compare similar policies from different companies to find which one is likely to give you the best value for your money. A simple comparison of the premiums is not enough. There are other things to consider. For example:

- Do premiums or benefits vary from year to year?
- How much do the benefits build up in the policy?
- What part of the premiums or benefits is not guaranteed?
- What is the effect of interest on money paid and received at different times on the policy?

Remember that no one company offers the lowest cost at all ages for all kinds and amounts of insurance. You should also consider other factors:



- How quickly does the cash value grow? Some policies have low cash values in the early years that build quickly later on. Other policies have a more level cash value build-up. A year-by-year display of values and benefits can be very helpful. (The agent or company will give you a policy summary or an illustration that will show benefits and premiums for selected years.)
- Are there special policy features that particularly suit your needs?
- How are nonguaranteed values calculated? For example, interest rates are important in determining policy returns. In some companies increases reflect the average interest earnings on all of that company's policies regardless of when issued. In others, the return for policies issued in a recent year, or a group of years, reflects the interest earnings on that group of policies; in this case, amounts paid are likely to change more rapidly when interest rates change.