

## **SAFEGUARD YOUR INTEREST**

Your policy is a valuable asset. Be wary of any recommendation to discontinue or replace it, as such recommendation may very well not be in your best interest. Contact us or your agent immediately if advised to cancel your policy and be aware that, in many instances, you will not be able to get replacement coverage on the same economically favorable terms as provided by your present plan.



P.O. Box 609 / Fishers, IN 46038 / 317-585-0400

## **NOTICE OF ANNUAL MEETING**

The regular annual meeting of the policyholders of this company shall be at its office on the second Thursday in April of each year at the hour of 8:30 a.m. Every policy owner is entitled to appear in person, by power of attorney, or proxy.

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

Death Benefits limited to Accidental Death Benefit or return of premium with interest during the first three years. The death benefit is payable upon the death of the insured. This is a non-participating policy. The premium, cash value, and death benefit are guaranteed.

## **INSURING CLAUSE**

Our promise is to pay the death benefit to the beneficiary upon receipt of acceptable proof at our home office that the insured's death occurred while this policy was in force. We make this promise subject to the terms and provisions of this policy. The following pages are a part of this policy.

This policy is signed for us by our Secretary and President.

Secretary

President

## **PLEASE READ YOUR POLICY CAREFULLY**

### **RIGHT TO EXAMINE POLICY FOR THIRTY ONE DAYS**

Within thirty one (31) days after this policy is first received, it may be cancelled by delivering or mailing it to our home office or to the agent through whom the policy was purchased. Upon cancellation, all premiums that you paid will be refunded.

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POLICY SUMMARY

INSURED: JANE DOE

POLICY NUMBER: 0006999999

ANNUAL PREMIUM: \$412.00

FACE AMOUNT: \$5,000

ISSUE AGE LAST BIRTHDAY: 65

SEX: FEMALE

DATE OF ISSUE: MARCH 31, 2005

POLICY YEARS AND POLICY MONTHS ARE  
COMPUTED FROM THIS DATE

GUARANTEED INTEREST RATE FOR CASH VALUE: 5 % PER YEAR

OWNER: JANE DOE

BENEFICIARY: AS STATED IN THE APPLICATION UNLESS CHANGED AS PROVIDED IN THE  
POLICY

SCHEDULE OF BENEFITS

<u>FORM NO</u>	<u>DESCRIPTION</u>	<u>CAUSE OF DEATH</u>	<u>POLICY YEARS</u> <u>FIRST THROUGH THIRD</u>
EI05	WHOLE LIFE	NATURAL	110% OF PREMIUM PAID OR
		ACCIDENTAL DEATH	\$5,000
			<u>FOURTH AND BEYOND</u>
		NATURAL OR ACCIDENTAL DEATH	\$5,000

PLAN OF INSURANCE  
GRADED DEATH BENEFIT WHOLE LIFE  
GRADED BENEFITS DURING FIRST THREE YEARS  
GUARANTEED RATE – NON-PARTICIPATING

POLICY SUMMARY

TABLE OF NONFORFEITURE VALUES

The tables shown below are for each \$1,000 of Face Amount of Insurance. The Face Amount of Insurance is shown on Page 3. The values assume that all required premiums have been paid to the end of the indicated policy year. The values are determined at the Issue Age of the Insured as shown on Page 3. These values are unadjusted for any loan on the policy. The values for any policy years not shown will be furnished on request.

<u>END OF POLICY YEAR</u>	<u>CASH VALUE</u>	<u>PAID-UP INSURANCE</u>
1	0.00	0
2	38.46	18
3	82.67	160
4	111.72	210
5	141.23	258
6	171.08	304
7	201.01	347
8	230.85	388
9	260.66	427
10	290.47	464
11	320.23	499
12	349.88	532
13	379.17	563
14	407.89	593
15	435.91	620
16	463.08	646
17	489.39	669
18	514.92	692
19	539.65	712
20	563.44	732

## DEATH BENEFIT

**A. AMOUNT:** If the policy is in force on the date of the insured's death, the benefits are:

1. During the first three policy years,
  - a. Premiums paid plus interest at 10%, or
  - b. Face Amount if death is caused by an accident.  
For details of this coverage, see the section "Accidental Death" on this page.
2. After the first three policy years,
  - a. The Face Amount plus
  - b. The portion of any premium paid which applies beyond the policy month in which death occurs.

The above amounts will be reduced by any policy loan and any premium due.

If the policy is being continued under the **OPTIONS UPON NONPAYMENT OF PREMIUM** provision, the death benefit will be as determined in that provision.

**B. CLAIM:** To make a claim on the policy for the death benefit, the beneficiary should contact us or our agent for forms. The beneficiary, and any assignee, must complete the forms required by us. The policy and a certified copy of the death certificate will be required. Payment shall be made upon receipt of due proof of death and of the interest of the claimant and not later than two (2) months after receipt of such proof, excluding contestable claims

**C. ACCIDENTAL DEATH:** During the first three policy years, the accidental death benefit shown in the **POLICY SUMMARY** is payable if death is an accidental death. Accidental death means death which:

1. occurs within 90 days of the accident and while this policy is in force as other than paid-up insurance; and
2. results directly or indirectly from accidental bodily injury and independently of all other causes.

Death which results directly from any of the following, but not limited to, is not an accidental death:

1. intentional, self-inflicted injury
2. participation in an insurrection or war or any act of war while the insured is in the armed forces of any country or international organization, whether such war be declared or undeclared and including in the term "war" resistance to armed aggression;
3. commission or attempt to commit a felony or active participation in a riot or insurrection;

4. abuse of any drug, intoxicant or controlled substance. Intoxication is defined as that which is determined by the laws of the jurisdiction in which the accident took place;
5. the intentional taking of poison or voluntary inhalation of gas or poison;
6. travel in or descent from any kind of aircraft, except as a commercial, fare paying passenger without any connection with such travel or descent; or
7. bodily or mental infirmity, illness or disease.

## GENERAL PROVISIONS

**A. REFERENCE:** The word "you" as used in this policy refers to the owner. The words "we", "our", and "us" refers to USA Life One Insurance Company of Indiana.

**B. THE CONTRACT:** The policy (including any endorsements and additional benefits) and the application constitute the entire contract. All statements made in the application are deemed representations and not warranties. No statement may be used to deny a claim unless it is in an application. A copy of the application is attached to this policy.

**C. MODIFICATION OR WAIVER:** No agent has authority to waive a complete answer to any question in the application, pass on insurability, make or alter any contract, or waive any of the company's other rights or requirements. Only an authorized officer of the company can waive or modify any policy provision and only if there is written evidence of our agreement to do so, signed by one of our officers. Officers authorized to sign such agreement are the President, a Vice-President, or the Secretary.

**D. INCONTESTABILITY:** We will not contest the policy after it has been in force during the lifetime of the insured for two years from the policy date. If the policy lapses and is reinstated, we will not contest it on the basis of statements made in the application for reinstatement after it has been in force during the lifetime of the insured for two years from the date of reinstatement.

**E. SUICIDE:** If the insured dies by suicide within two years from the date of issue, our liability will be limited to the return of premiums paid, less any loan.

**F. MISSTATEMENT OF AGE OR SEX:** If the insured's age or sex has been misstated, any amount payable by us will be such as the premiums paid would have bought at the correct age and for the correct sex at date of issue.

**G. NON-PARTICIPATION:** This contract does not participate in our surplus or earnings.

## OWNER AND BENEFICIARY

**A. OWNER:** Unless provided otherwise, the insured will be the owner. During the insured's lifetime, the owner has the power to exercise all policy rights and receive policy values, subject to any assignment on file with us. Ownership rights may be exercised without consent of the insured, a contingent owner, or a revocable beneficiary. The death benefit, however, will be paid to the beneficiary and not the owner unless the owner is the beneficiary.

The owner may name or change a contingent owner. A contingent owner succeeds to the rights of the owner if the owner dies before the insured.

**B. BENEFICIARY:** The beneficiary is named in the application or in the most recent beneficiary change recorded by us while the insured is alive. The interest of any beneficiary, whether revocable or irrevocable, ceases when the beneficiary dies before the insured. Unless otherwise stated, two or more beneficiaries in the same class will share equally, and the interest of any deceased beneficiary will pass equally to the surviving beneficiaries within the class. If no beneficiary survives the insured, the death benefit will be paid to the owner, if living, otherwise to the owner's estate.

**C. ASSIGNMENT:** You may assign this policy as collateral security without changing the rights of ownership. However, the interests of the owner and any beneficiary will be subordinate to the interests of any assignee.

An assignment of the policy is not binding on us until it is recorded at our home office. We assume no responsibility for the validity of any assignment. Any assignment is subject to any policy loan.

**D. CHANGE OF OWNER OR BENEFICIARY:** During the insured's lifetime, you have the right to transfer the ownership or change the beneficiary by giving written notice to us. Any change will be effective when the notice was signed, but will not affect any payment made or any other action taken by us before the notice is recorded. We may require the policy be sent to us for endorsement of any change.

## PREMIUMS

**A. PAYMENT:** Premiums are payable in advance at the home office in the amounts and for the number of years shown in the **POLICY SUMMARY** or until the death of the insured. The first premium is due on the date of issue. Each premium after the first is due at the beginning of the period to which it applies. Premiums may be paid for periods acceptable to the Company. The frequency of premiums may be changed by filing a written request with the home office.

The payment of a premium will not keep the policy in force beyond the next premium due date, except as provided elsewhere in the policy. Any premium not paid on or before its due date will be in default.

**B. GRACE PERIOD:** A thirty-one day grace period will be allowed to pay a premium in default. No interest will be charged on the late payment. The policy will continue in force during the grace period. If a premium remains in default at the end of the grace period, the policy will lapse, subject to the **OPTIONS UPON NONPAYMENT OF PREMIUM** provision. If the insured dies during the grace period, the premium due will be paid from the proceeds of the policy.

**C. REINSTATEMENT:** If your policy has lapsed because you did not pay a premium you may ask us to put it back in force. We may, but are not obligated, reinstate your policy if the following conditions are met:

1. Not more than three years have passed since the due date of the unpaid premium.
2. You have not surrendered your policy for its cash value.
3. You submit evidence satisfactory to us that the insured is still insurable according to our normal rules.
4. All unpaid premiums are paid with interest at no more than 8% per year.
5. All unpaid loans are paid or reinstated with compound interest at the rate that would have applied when loan interest was due, as determined under the interest provision of the **POLICY LOAN** provision.

FORM EI05

## POLICY VALUES

**A. NET CASH VALUE:** The net cash value is the cash value shown in the **TABLE OF VALUES**, decreased by any outstanding loan on the policy. The cash value at any time other than at the end of a policy year will be determined by making allowance for the part of the year for which premiums have been paid.

## B. POLICY LOANS:

**1. LOAN VALUE:** The loan value is the cash value of the policy. The amount available for loan is an amount which, with interest on the total loan to the end of the policy year, will not exceed the net cash value at the end of the policy year or the date to which premiums have been paid, whichever is earlier. Any premium due and unpaid at the time the loan is made may be deducted from the loan.

**2. CASH LOANS:** When a cash value is available, you may request to borrow against the policy. For you to borrow, the policy must be in force. The loan will be made with the policy as sole security for the loan. The loan will be a first lien on the policy.

**3. INTEREST:** The interest rate on a policy loan is variable, but not less than the minimum policy loan interest rate of 6% per year. The rate may be changed on each policy anniversary date.

The maximum loan interest rate will not exceed the Moody's Corporate Bond Yield - Monthly Average Corporates (the index) for the calendar month that ends two months before the policy anniversary. If the bond average is no longer published, the rate used will be as set by law or regulation by the insurance supervisory official of the state in which the policy is delivered.

The loan interest rate each policy year will be set by comparing the rate in effect for the previous policy year with the index defined above. Any change in rate will be made as follows:

a) The rate will be lowered if the new index loan rate is lower than the rate in effect. The new rate may be equal to or less than the maximum.

b) The rate may be increased if the new index loan rate is higher than the rate in effect. The new rate may be equal to or less than the maximum.

In no case, however, will a change in rate be made which is less than 1/2%. When the loan rate on a policy is changed, that rate will apply to the unpaid balance of any existing policy loan and to any

additional loan made during the current policy year. Interest is due annually on each policy anniversary until the loan is repaid. If interest is not paid when due, it is added to the loan.

**4. NOTICES:** We will send you the following notices:

a) At the time a loan is made, we will advise you of the initial interest rate on the loan.

b) At least fifteen days prior to the beginning of the policy year, we will advise you if any increase in the loan interest rate is to be made.

**5. EFFECT OF LOAN:** The loan, less any unearned interest, will be deducted from the death benefit or the cash value of the policy. Failure to repay the loan or interest will not lapse the policy unless the total loan equals or exceeds the loan value. If the total loan on the policy exceeds the loan value, lapse will not occur until thirty-one days after we have mailed notice of lapse to the last known address of the owner and any assignee of record. However, the policy cannot lapse in a policy year as the sole result of an increase in the loan interest rate and the failure to pay such increase during that policy year. In such event, we will maintain coverage during that policy year until the policy would have lapsed had there been no change in the loan interest rate.

**6. REPAYMENT:** You may repay the loan in whole or in part at any time while the policy is in force. Any unearned interest will be refunded. If, however, the policy is being continued under the **OPTIONS UPON NONPAYMENT OF PREMIUM** provision, any loan which was deducted from the cash value to determine the amount of paid-up insurance may not be repaid unless the policy is reinstated.

**C. SURRENDER FOR CASH:** You may surrender the policy at any time for its net cash value while the insured is living. If you request surrender within sixty days after the due date of an unpaid premium, the net cash value will be determined as of the due date. **The company may impose a fee for processing the surrender based on the current fee schedule in affect at the time of surrender.**

**D. OPTIONS UPON NONPAYMENT OF PREMIUM:** If a premium is in default beyond the grace period, the insurance under the policy will lapse except as may be provided in one of the options below. One of the following options may be elected by your written request received at our home office not later than sixty days after the premium due date and prior to the insured's death. If no other option has been elected by the end of the grace period, the automatic option will be paid-up life insurance.

1. **SURRENDER:** Upon lapse you may surrender the policy for its net cash value.
2. **PAID-UP LIFE INSURANCE:** The policy may be continued from the due date of the premium in default for a reduced amount of paid-up life insurance. It will be payable at the same time and under the same conditions as the face amount of the policy. The amount will be that which the net cash value will purchase using the net single premium at the attained age of the insured.

**E. SURRENDER OF PAID-UP LIFE INSURANCE:** Insurance under this option may be surrendered at any time. The amount will equal the net single premium for the insurance at the attained age of the insured. The surrender value of paid-up insurance will be decreased by any loan. Surrender within thirty-one days after a policy anniversary will be treated as a surrender on the anniversary.

**F. TERMINATION OF ACCIDENTAL DEATH BENEFIT:** When an **OPTIONS UPON NONPAYMENT OF PREMIUM** becomes operative, the accidental death benefit will terminate unless stated otherwise.

**G. DEFERRAL OF PAYMENT:** We reserve the right to defer payment for not more than six months from the date of your written request for a policy loan other than to pay a premium to us, a surrender of the policy, or a surrender under one of the **OPTIONS UPON NONPAYMENT OF PREMIUM.**

**H. TECHNICAL INFORMATION:** All cash values, reserves (the amount we hold for payment of future benefits), and net single premiums are based on the Commissioners 1980 Standard Ordinary Mortality Table. All calculations are based on continuous functions with interest at the rate guaranteed for cash values shown in the **POLICY SUMMARY.**

A detailed statement of the method of computing cash values and reserves has been filed with the insurance supervisory official of the state where the policy is delivered. These values equal or exceed the minimum values required by law.

## **SETTLEMENT OPTIONS**

**A. OPTIONS:** All or part of the proceeds payable at death, maturity or upon surrender will be payable in one sum.

**B. PAYMENT OF PROCEEDS:** If payment of proceeds in one sum is not made within thirty days of the date of death, excluding contestable claims, we will pay interest on the proceeds from the date of death to the payment date, or as required by law.