

Pacific Life
PL Promise Term
(10, 15, 20, 25, 30 Year Level Term)

Product Specification
Version 3.8

November 30, 2016

Section 3: Product Detail

3.1 Age Limitations

- Age Nearest Birthday (ANB) is utilized to determine age.
 - ANB formula is: Current date issued (ex. 8/25/99) minus date nearest birthday (ex. 8/7/48) equals age 51.
- Minimum issue age of 18
- Maximum issue age, **Table 3-1**

Maximum Issue Age										
Term	10		15		20		25		30	
	M	F	M	F	M	F	M	F	M	F
B - Preferred Best No Nicotine use	80	80	75	75	65	65	60	60	55	55
G - Preferred No Nicotine Use	80	80	75	75	65	65	60	60	55	55
I - Select No Nicotine Use	80	80	75	75	65	65	60	60	55	55
J - Standard No Nicotine Use	80	80	75	75	65	65	60	60	55	55
T - Preferred Nicotine Use	79	79	70	70	65	65	55	55	50	50
9 - Standard Nicotine Use	79	79	70	70	65	65	55	55	50	50

- Please note the differences in max issue age for the Nicotine Use classes.
- Expiry Age: 95

3.2 Face Amounts

- Minimum face amount is \$50,000

3.3 Premiums

Current premiums are level for Term 10/15/20/25/30 for 10/15/20/25/30 years, and are followed by a 5 year grade into ultimate rates. Guaranteed rates equal the current rates for the level premium period, after which the guaranteed rates are higher than the current rates and increase annually.

Unisex rates (available only in Montana) are equal to Male Rates.

Premium bands are as follows:

- Band 1= \$50,000 - \$99,999.99
- Band 2 = \$100,000 - \$249,999.99
- Band 3 = \$250,000 - \$499,999.99
- Band 4 = \$500,000 - \$999,999.99
- Band 5 = \$1,000,000+

A letter is sent to the policy owner at policy issue if there is an opportunity to purchase more coverage for the same or less premium by crossing bands.

3.3.1 Post Level Premium Rates

- The current ultimate rates are graded in the 1st [5] years.

$$\text{EQ 3-0 } \text{Rate}(t) = \text{Round} [(Ult - Level)/6, 2] + \text{Rate}(t-1)$$

- There is no grading on the guaranteed ultimate rates.

3.3.2 Premium Calculation

Premium calculations can be found below.

3.3.2.1 Base Premium Calculation

The base premium per \$1,000 **could have up to 5 decimal places** and is calculated as follows:

- 1) The premium rate per thousand is multiplied by the Face Amount Units (i.e. Face Amount/1000) and the result is rounded to the nearest cent.
- 2) The result from 1) is modalized (i.e. multiplied by the modal factor), and rounded to the nearest cent.

The equation for the Base Premium, incorporating rounding where appropriate, is represented below:

$$\text{EQ 3-1 } \text{BasePrem} = \text{Round} [(\text{Round} [\text{PremiumRate} \times (\text{FaceAmount}/1000), 2] \times \text{ModalFactor}), 2]$$

- For a list of the modal factors, see **Table 3-2** on page 8

3.3.2.2 Table Rating Premium Calculation

Substandard issues are available through Table P for rate classes SNN and SNU only. Substandard table ratings are multiples of both the standard annual current premium and the standard annual maximum premium.

The table rating premium per \$1,000 for a substandard table rated policy is calculated as follows:

- 1) The premium rate per thousand is multiplied by .25 times the #ofTables.
- 2) The result from 1) is multiplied by the Face Amount Units and rounded to the nearest cent.
- 3) The result from 2) is modalized and rounded to the nearest cent.

The equation for the Table Rating Premium, incorporating rounding where appropriate, is represented below:

$$\begin{aligned} \text{EQ 3-2 } a &= \text{Round} (\text{PremiumRate} \times 0.25 \times \text{NumberofTables}, 2) \\ b &= \text{Round} (a * (\text{FaceAmount}/1000), 2) \\ \text{TableRatingPrem} &= \text{Round} (b * \text{ModalFactor}, 2) \end{aligned}$$

- For a list of the modal factors, see **Table 3-2** on page 8

3.3.2.3 Flat Extra Premium Calculation

Flat Extras, FE, may be added for medical or non medical reasons per the underwriting guidelines. They may be permanent or temporary and are structured as a FE Premium per \$1000 of Face. Flat Extras of 5 years or less are non-commissionable.

The flat extra premium per \$1,000 is calculated as follows:

- 1) The Flat Amount per \$1000 of Face is multiplied by the Face Amount Units and the result is rounded to the nearest cent.
- 2) The result from 1) is modalized and rounded to the nearest cent.

The equation for the Flat Extra Premium, incorporating rounding where appropriate, is represented below:

$$\text{EQ 3-3 } \text{FlatExtraPrem} = \text{Round}[(\text{Round}[(\text{FlatAmountPer } 1000 \times (\text{FaceAmount}/1000)), 2] \times \text{ModalFactor}), 2]$$

- For a list of the modal factors, see **Table 3-2** on page 8

3.3.2.4 Maximum Premium Rate

The maximum premium, inclusive of all table ratings and flat extras, should never exceed \$920 per thousand (the policy fee and rider premiums are excluded).

3.3.2.5 Rider Premium Calculation

Premiums for the Children's Term Rider, CT, will be added to the base policy premium each year until rider coverage expires. The premium rates provided are a fixed \$5.50 per \$1,000 of CT coverage. The formula for calculating the Premium for the CT Rider can be seen below:

- 1) The CT rate per thousand, \$5.50, is multiplied by the number of CT Units and the result is rounded to the nearest cent.
- 2) The result from 1) is modalized and rounded to the nearest cent.

The equation for the CT Premium, incorporating rounding where appropriate, is represented below:

$$\text{EQ 3-4 } \text{CTRiderPrem} = \text{Round} [(\text{Round} [(\$5.50 \times (\text{CT Coverage}/1000)), 2] \times \text{ModalFactor}), 2]$$

Premiums for the Waiver of Premium Rider, WP, will be added to the base policy premium each year until rider coverage expires. The premium rates provided are per \$1,000 of Face Amount. The WP rates are Nicotine Use specific and level

during the level term period and increase during the PLT period. The formula for calculating the Premium for the WP Rider can be seen below:

- 1) The WP rate per thousand is multiplied by the Face Amount Units and the result is rounded to the nearest cent.
 - a. The result of 1) is then multiplied by the ModalFactor and rounded to the nearest cent.
- 2) If both WP and CT riders are in force, an additional charge is added for the WP Premium. The “extra” charge, ExWPCharge, is determined by the insured’s issue age, and will remain level for the entire period the WP rider is in effect. The extra charge is multiplied by the number of CT units and the result is rounded to the nearest cent.
 - a. The result of 2) is then multiplied by the ModalFactor and rounded to the nearest cent.
- 3) The full waiver charge is the addition of 1) and 2).

The equation for the WP Premium, incorporating rounding where appropriate, is represented below:

$$\text{EQ 3-5 } WPRiderPrem = Round [(Round [((WPRate \times (FaceAmount/1000)), 2] \times ModalFactor, 2] + Round [(ExWPCharge \times (CT Coverage/1000)), 2] \times ModalFactor), 2]$$

The ExWPCharge rates based on the insured’s issue age are as follows:

Age	Added Annual Charge
18-29	0.06
30-39	0.11
40-49	0.18
50-55	0.27

- For a list of the modal factors, see **Table 3-2** on page 8

3.3.3 Modal Policy Fee

- Non-commissionable
- Annual
- \$60
- Modal policy Fees, **Table 3-2**:

Mode	Modal Factor	Modal Fee
Annual	1.00	\$60.00
Semiannual	0.51	\$30.60
Quarterly	0.26	\$15.60
Monthly EFT	0.085	\$5.10

3.3.4 Modal Factors

Premiums may be paid annually, semi-annually, quarterly or monthly.

- Semi-annual 0.51
- Quarterly 0.26
- Monthly (EFT only) 0.085
 - 0.085 is an improvement over our past 0.0875, which should make PL Promise Term more competitive on a monthly basis than annual basis.

3.4 Underwriting Classes

The following rate classes will be made available for PL Promise Term:

- Preferred Best No Nicotine Use (PBNN)
- Preferred No Nicotine Use (PNN)
- Select No Nicotine Use (SLNN)
- Standard No Nicotine Use (SNN)
- ~~Custom No Nicotine Use (CNN) – this class will no longer be available~~
- Preferred Nicotine Use (PNU)
- Standard Nicotine Use (SNU)
- ~~Custom Nicotine Use (CNU) – this class will no longer be available~~

3.5 Free Look Period

The Free Look Period will now correspond to the state specific minimum vs the previously standard 30 days used by Genworth. The owner may return the policy within this period of time. Immediately upon delivery or mailing, the policy will be deemed void from the beginning. Any premium paid will be returned.

3.6 Grace Period

A 31-day Grace Period begins on the date a premium payment is not made when due. If the owner does not pay the required amount by the end of the Grace Period, the policy and all riders will terminate at the end of the Grace Period due to nonpayment of premium.

3.7 Reinstatement

After the 31 day grace period, the policy can be reinstated but the Company would require evidence of insurability and all back due premiums plus interest. Interest rate used is 6% per year, compounded annually. However, payment of no more than 1 month's premium is required after the end of the level term period for reinstatement. See contract for more details.

The reinstatement period will be a maximum of 3 years.

3.9 Face Amount Increases

The base policy face amount cannot be increased after the policy is in force. A new policy will need to be purchased for additional coverage.

3.10 Face Amount Decreases

There is no contractual provision for decreases. Our business practice is to allow a decrease provided the policyholder doesn't decrease below the minimum face amount. The premium is recalculated based on the new premium band based on the new face amount. Decreases are allowed AFTER YEAR 1, or beginning years 2+.

Section 4: Riders and Benefit Description

4.1 Terminal Illness / Accelerated Death Benefit Rider

This rider is designed to be used with term and UL products. References to cash values, loan balances . . . applies to the UL products.

4.1.1 Description of Benefits

This Rider provides for payment before the Insured's death of a portion of the Death Benefit of the life insurance policy to which this rider is attached (Accelerated Death Benefit). This Rider is not intended or designed to provide health, nursing home, or long-term care insurance. Receipt of an Accelerated Death Benefit payment will reduce the death proceeds of the Policy and limit the amount payable for withdrawals and on surrender or as a loan.

Subject to other rider provisions, the Benefit payment requires:

- Acknowledgement of or concurrence for the payment of the accelerated death benefit signed by all irrevocable beneficiaries and collateral assignees; except collateral assignee of collateral assignments securing the Loan Balance
- Evidence acceptable to the Company that the Insured is living and has a life expectancy of twelve months or less; this evidence must include certification by a physician who is licensed to practice medicine in the United States or Canada and is acting within the scope of that license; and
- Evidence that only one of the Insureds is living if the Policy is a last survivor policy.

The life expectancy requirement is currently 12 months.

Upon receiving Notice and concurrent with payment, the Company will provide the policyholder with a disclosure that shows the affect of the accelerated payment on the policy. Payment will be made in a single sum. If the policy is in the grace period, the Company will deduct the amount specified in the grace period notice from the amount paid. Payment will be made if the above requirements are satisfied, notwithstanding termination of the policy.

The Company will make only one Accelerated Death Benefit payment under this Rider.

The Company will only make an accelerated death benefit payment if:

- all of the above requirements for payment are met;
- the Policy is not being continued as extended term insurance or paid-up insurance; and
- the Policy is not being contested.

4.1.2 Maximum Accelerated Death Benefit

The maximum Accelerated Death Benefit is calculated using values determined as of the date we approve payment of the Accelerated Death Benefit. The maximum Accelerated Death Benefit is

(1) minus (2), where:

- (1) is an amount equal to the lesser of (a) and (b) where
 - (a) equals the Maximum Accelerated Amount as shown in the **Schedule**; and
 - (b) equals the Loan Value* plus the Maximum Accelerating Percentage as shown in the **Schedule** times the sum of the Primary Death Benefit minus the loan value; and
- (2) is an amount equal to the loan balance.

* Loan Value is defined in the Policy if the Policy provides for policy loans. Otherwise, Loan Value is defined to be zero.

The Primary Death Benefit is the Amount of Insurance or Specified Amount, whichever applies, provided by the Policy and does not include any accidental death benefits, the amount of the death benefit of any riders, or any proceeds payable because of the death of any person other than the Insured.

Maximum Accelerated Amount from the Schedule = Minimum (Primary Death Benefit, \$500,000)

Maximum Accelerating Percentage from the Schedule = 75%

4.1.3 Charge for this Benefit

There is no premium or cost of insurance charge for this Rider; however, **an administrative fee of \$250** shown in the policy's schedule will be deducted from the Accelerated Death Benefit prior to payment. The justification for this one-time fee is that the company incurs costs for determining the validity of the claim along with clerical and mailing costs.

4.1.4 Effect of Accelerated Death Benefit Payment

The Accelerated Death Benefit will be treated as a lien against the primary Death Benefit. The amount available at any time upon surrender, for a policy loan, or for a withdrawal will be reduced by the lien amount and any Loan Balance at that time. This lien will not affect the Death Benefit provided by any rider attached to the Policy unless otherwise specified in that rider.

The lien amount at any time will equal (a) minus (b) where:

(a) is the sum of:

- the amount of the Accelerated Death Benefit payment;
- the administrative fee as shown in the policy Schedule;
- the amount specified in the grace period notice, if the Policy is in the Grace Period at the time the Accelerated Death Benefit payment is made;
- any unpaid premiums added to the lien;
- accrued lien interest;

(b) is any lien repayment.

For purposes of determining the interest charged, any portion of the lien amount up to the Loan Value will be treated as a policy loan. The interest rate charged on the portion of the lien amount that exceeds the Loan Value is a rate determined at the time the lien is created that will not exceed the greater of (a) and (b) where:

- a) is the current yield on a 90-day Treasury Bill; and
- b) the maximum fixed annual rate of 8% or a variable rate determined in accordance with the NAIC Model Policy Loan Interest Rate Bill, model #590.

After payment of the Accelerated Death Benefit, the proceeds payable under the Policy at the death of the Insured will equal:

- the death proceeds as defined in the Policy; minus
- the lien amount as of the date of death.

After an Accelerated Death Benefit payment has been made, the amount of any premium required to keep the Policy in effect that is not paid will be added to the lien. Any amount that is added to the lien to keep the Policy in effect will be treated as a premium payment for the Policy.

If we receive due proof that the Insured has died after we receive Notice of election to receive an Accelerated Death Benefit, but before payment is made, the election will be cancelled and the Death Benefit provisions of the policy will apply.

4.1.5 Termination

This Rider will terminate on the earlier of:

- the date of termination of the Policy; and
- the date Notice is provided to terminate this Rider.

If at any time the lien amount equals or exceeds the death proceeds as defined in the Policy, the Policy will terminate.

4.2 Waiver of Premium Rider (WP)

- Rider Benefit:
 - If Total Disability starts before Age 60, we will waive premiums as long as Total Disability continues until policy terminates
 - If Total Disability starts before Age 60 and continues to policy anniversary on which the Insured attains Age 65, we will waive all further premiums regardless of the Insured's disability status, until the policy terminates.
 - If Total Disability starts after Age 60, we will not waive any premiums after Age 65.
- WP rates are Nicotine Use specific and level during the level term period and increase during the PLT period.
- WP must be elected at the time of application and cannot be added.
- Each premium payment which falls due while the insured is totally disabled will be waived.
 - There is an incremental premium to cover Children's Insurance Rider that may be in effect on the policy as well.
- The insured must provide written notice and proof of total disability and provide proof that total disability has existed continuously for at least six months.

- This benefit will terminate on the policy anniversary nearest the insured's 65th birthday or upon termination of this policy or rider, if sooner.
- WP rider can be canceled at any time.
- Issue Ages: 18-55
- Maximum table rating is up to table 4.
- Maximum face amount for the rider is \$5M.
- Incontestability and suicide provisions for this rider coincide with the Policy provisions, since this rider must be issued with the original policy.
- Premiums associated with WP are fully commissionable.

4.3 Children's Level Term Insurance Rider

- The Children's Level Term Insurance Rider provides death benefit protection for families with one or multiple children.
- Children's Insurance Rider provides term life insurance for each dependent child ages 15 days – 18 years.
- A single rider charge covers all eligible children to the earlier of the child's 25th birthday or the policy anniversary nearest the insured's 65th birthday.
 - Eligible children means any child of the insured who is at least 15 days old but not more than 25 years old and named in the application for the rider. Includes natural child, step-child, financially dependent child or adopted child.
- The primary insured must be age 18-55
- Maximum table rating for the insured is up to table 4.
- Up to \$10,000 coverage may be purchased in \$1,000 increments. This will provide up to \$10,000 of coverage per child.
 - The maximum coverage amount per child is \$20,000 across all policies the insured has with Pacific Life.
- Coverage on a dependent child terminates on the earlier of the child's twenty-fifth birthday or the policy anniversary nearest the insured's 65th birthday or if the Insured dies before either of those dates.
 - However, the term insurance on the child may be converted to a new policy on the child's life prior to termination. The amount of insurance on the new policy may be up to 5x the children's term insurance amount.
 - If child rider terminates due to death of the insured, the claims department is required to return any unearned premium. This is normal course of business for the claims department, to return any and all unearned premium upon the death of the insured, whether the Child Rider is included or not.
- Children's Insurance Rider can be added at any time assuming the insured qualifies.
- Effective date for the rider will correspond to the Policy Date if the rider was issued with the original policy. If the Rider was issued after the policy, then the Rider Date will be specified in the Rider.
- Rider may be canceled at any time.
- Premiums associated with Children's Term Rider are fully commissionable.

4.4 Conversion Benefit

4.4.1 Description

This benefit allows the owner to convert, without providing evidence of insurability, to a designated permanent plan that we make available. We may make different plans of insurance available depending on: the length of time that a policy has been in effect, the class of insureds to be covered, and other factors.

4.4.2 Conditions for Conversion

The owner must satisfy these requirements for conversion:

- The policy must be in effect; and
- The following items are provided to us and received at our Service Center before the Conversion Expiry Date shown in the **Schedule**:
 - Your Notice to convert;
 - A signed illustration for the new policy, unless we tell you the new policy is not an illustrated product; and
 - This policy.

4.4.3 Conversion Expiry Date

Printed in the policy schedule page, the Conversion Expiry date is defined as the earlier of the policy owner's attained age 70 (age nearest birthday) or the end of the level term period.

Since PL Promise Term is issued up to age 80, insureds between the ages of 71-80 will have no period of time in which they can convert their policy.

No notification is sent to the policy owner to warn them of the upcoming conversion expiration. If owner is on EFT we will inform the owner of the end of term so that we don't overdraft an account without notifying them of the increase. If they are on paper bill they won't be notified of the end of term, but they will see the increase in premium on the bill. This has historically been a significant source for phone calls as people want to understand why the premium is increasing.

4.4.4 Amount of Insurance

The policy owner may choose the amount of insurance of the new life insurance policy subject to these limits:

- The amount is less than or equal to the Amount of Insurance of this policy as of the Date of Conversion;
- The amount does not exceed the Net Amount at Risk under this policy on the Date of Conversion;
- The amount is at least equal to the minimum amount required by the new life insurance policy; and
- The amount is in increments of \$1,000.

The Net Amount at Risk is equal to the Amount of Insurance in effect under this policy at the time of conversion.

4.4.5 Rider Conversion

Policyowner's Request may include any attached riders that are then in effect. Riders attached to this policy, cannot be converted unless this policy is also converted. We will require evidence of insurability for any **new** riders that are attached to the new life insurance policy.

4.4.6 New Policy

The Date of Conversion will be the earlier of:

- The first day of the Policy Month on or immediately following the date all requirements for conversion are satisfied; and
- The latest Premium Due Date for this policy that is due and unpaid.

The Date of Conversion will be the policy date for the new life insurance policy and all attached riders.

The Incontestability and Suicide provisions of the new life insurance policy and any converted riders, will be calculated from the earlier of the Date Insurance Begins and the Date of Issue of the policy. The Incontestability and Suicide limitations of any **new** riders attached to the new life insurance policy will be set out in each rider and will be calculated from the date of issue of the new life insurance policy to which those riders are attached.

4.4.7 Unearned Premium

Upon conversion, if any unearned term premium is refunded or transferred to the new permanent policy, a commission chargeback will occur on the Term policy. Commission on the unearned premium applied to the new permanent policy will be paid to the writing producer, even if it is not the original writing producer.

4.4.9 Premium Class

The new life insurance policy will have the same Premium Class as this policy, if that Premium Class is available. Otherwise, the new life insurance policy will be given the premium class that, in our sole discretion, is comparable to the Premium Class of this policy.

4.4.10 Conversion Credit

Not available.