

Producer Guide



Protective  SM

PROTECTIVE INDEXED CHOICESM UL

Indexed universal life insurance

Protective and Protective Life refers to Protective Life Insurance Company.
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Life insurance isn't always one size fits all

Your clients' financial situations and personal goals are unique to them. Helping them select the right policy is essential in meeting their particular needs, and developing a long-term relationship.

Protective Indexed ChoiceSM UL offers your clients an indexed universal life insurance policy which can provide lifetime protection, flexible features and potential cash-value accumulation.



Policy specifications

Product design	Flexible premium, indexed universal life insurance for clients desiring affordable lifetime coverage with potential cash-value accumulation.
Issue ages and risk classes	<ul style="list-style-type: none">• 0-17 Juvenile• 18-75 Select Preferred• 18-80 Preferred• 18-80 Non-Tobacco• 18-80* Tobacco
Minimum face amount	\$100,000
Death benefit tests	Cash Value Accumulation Test (CVAT) and Guideline Premium Test (GPT)
Death benefit options	Option A (Level) and Option B (Increasing)
Interest accounts and premium payments	<p>Fixed account, indexed account or both.</p> <p>All premiums received after policy issue will initially be allocated to the fixed account where they earn interest until the 15th of the month. At that time, the premium amount will be allocated to the Indexed Account according to the selected allocation percentage.</p> <p>The fixed account interest rate is guaranteed never to be below 1%. The current credited rate could be higher and is subject to change at the discretion of Protective.</p> <p>The indexed account earns interest based on a guaranteed 100% participation rate in the S&P 500 Index (excluding dividends). It has a guaranteed cap rate of 3% and a floor rate of 0%. The current cap rate could be higher and is subject to change at the discretion of Protective. See The indexed account section for more detailed information.</p>
Policy value	The total policy value equals the sum of the fixed account value and the indexed account value.
Monthly deductions	Monthly deductions are taken from the total policy value by charging the fixed account and each indexed segment in the same proportion that each bears to the total policy value. This deduction method could be advantageous because the client is not required to hold a minimum amount of funds in the fixed account for the sole purpose of deducting charges.
Maturity age	No stated maturity age. Premiums and charges discontinue at attained age 121.
Illustrations	A signed illustration is required.
1035 Exchange	1035 exchanges are allowed and a premium load will be applied to all premiums. 1035 loan carryovers are not allowed.

* In California maximum issue age is 75 for Tobacco.

The indexed account

Indexed segments

When a premium payment is allocated to the indexed account, an indexed segment is created. Indexed segments are created on the 15th of each month, and there may be 12 different segments in different stages of maturity at any given time.

Indexed crediting strategy

Annual point-to-point; each indexed segment will accrue interest based on the percentage change in the S&P 500 (excluding dividends) value on the 15th of the prior year to the index value on the 14th of the current year. Interest is applied to each segment at the segment's indexed crediting date which occurs one year after the allocation date.

Credited interest rate calculation

The interest rate credited to an indexed segment is subject to interest cap and floor rates and equals: $100\% \text{ Participation Rate} \times \left(\frac{\text{S\&P 500 Value End of Segment Year} - \text{S\&P 500 Value Beginning of Segment Year}}{\text{S\&P 500 Value Beginning of Segment Year}} \right)$

Participation rate

A 100% participation rate is guaranteed, subject to the policy's cap rate. The participation rate determines what percentage of the S&P 500's increase applies to your client's policy as interest.

Cap rate

The minimum guaranteed cap rate is 3%. The policy cap rate is the maximum interest rate that can be credited to a segment. The indexed account value is credited with an interest rate equal to any percentage increase in the S&P 500 (excluding dividends) during the indexed segment year, up to the specified current cap rate.

Floor rate

The guaranteed floor rate is 0%. Your client's policy will never lose value due to negative S&P 500 performance during that year. Policy charges and fees will continue to be withdrawn from the policy value.

Total indexed account value

The total indexed account value is the sum of all indexed segments.

Access to policy value

Loan details

The loaned value receives the same indexed crediting rate as the unloaned policy value.

Loan interest

Guaranteed maximum of 8% in arrears for all policy years. The current rate is subject to change at the discretion of Protective Life.

Surrender charges

- Full surrender is available at any time.
 - There is a declining surrender charge in the first 19 years of the policy.
 - On a face decrease resulting from an elected decrease or the result of a partial surrender, a partial surrender charge will be deducted from the policy value. It is calculated as follows:
 1. Calculate the total full-surrender charge (net of any prior partial surrender charges).
 2. Divide the face amount reduction by the total policy face amount prior to decrease.
 3. The partial surrender charge is equal to the result of step two times the result of step one.
 - After a face decrease, future surrender charges will be reduced proportionately by the amount of surrender charges already deducted.
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Withdrawals/ partial surrenders

Any surrender less than full surrender is considered a withdrawal or partial surrender.

- Partial surrenders are available after the first Policy Year.
- May reduce the face amount and affect policy accumulation
- Cannot reduce the face amount below minimum face amount
- May have a negative impact on the duration of the lapse protection
- Taxation may occur upon lapse or surrender
- A \$25 fee will be charged for each partial surrender

Access to policy value continued

Overloan protection endorsement

The policy will not lapse and the death benefit will be at least \$10,000 as long as:

- The policy has been in force for at least 20 years
- The insured is at least 65 years old
- Withdrawals equal the total premiums paid
- The policy debt is at least 95% of the cash value
- The policy debt exceeds the policy face amount
- Accelerated benefits have not been received under any riders or endorsements
- Monthly deductions or premiums are not being credited or waived under any riders or endorsements
- Invoking this benefit does not result in a death benefit not compliant with our reasonable interpretation of the Internal Revenue Code
- The policy is not a modified endowment contract (MEC)
- A fee of up to 5% of the policy value will be charged when the endorsement is invoked

Cost & expense summary

Premium load

- Guaranteed — 8%
- Current — 8% years 1-10, 4% thereafter

Monthly administrative charge

\$9 — applies to all years. Discontinued after attained age 121.

Monthly expense charge

Per \$1,000 of initial face amount. Varies by age, gender, underwriting class and face band. Applies to policy years 1-20. For California, the guaranteed expense charge applies to all years.

Monthly cost of insurance charge

Varies by issue age, gender, underwriting class, policy year and any ratings. Discontinued at age 121.

Withdrawal/partial surrender charge

\$25



Optional endorsements and riders

Accidental death benefit rider

Can provide coverage that pays an additional death benefit if the insured dies as the result of an accident.

Children's term life insurance rider

Rather than purchasing individual policies on their children, the policy owner can use this rider to provide death benefit protection for all natural, adopted and stepchildren within issue age limits.

ExtendCareSM rider

Advances a portion of the base policy's death benefit if the insured is certified by a licensed health care practitioner within the past 12 months as chronically ill. Please note the ExtendCare rider is not available in California.

Income provider option

Optional endorsement which allows the policy owner to select a guaranteed monthly or annual income stream for the death benefit payout.

Terminal illness/accelerated death benefit

Included at no extra charge, this benefit can accelerate up to 60% of the policy's death benefit, or \$1 million total, whichever is less.

Waiver of specified premium rider

Specified premiums are waived if you become disabled, with a six-month elimination period before the waiver benefit takes effect.

Lapse protection

Lapse protection endorsement

Lapse protection guarantees the policy death benefit for the duration of the guarantee and does not cover cash or surrender value. Loans, withdrawals and other policy and premium changes will affect the cost and length of protection. Failure to make premium payments as planned may cause the policy to lose lapse protection and premiums required to restore it could be significantly higher. Refer to the policy and endorsements for complete terms, conditions and limitations.

Catch-up

If lapse protection is lost, your clients may restore it by paying additional or higher premiums. The premiums required to restore lapse protection may be significantly higher than the premiums illustrated.

Policy lapses

Grace period

If on any monthly anniversary, the cash value minus the policy debt is insufficient to pay the monthly deduction for the upcoming month and the lapse protection is not in effect, the policy will enter the grace period. The policy owner has 61 days to cover the current and past due monthly deductions. The policy will remain in force during the grace period, but if the premium payment is not received by the end of the grace period, the policy will lapse. Premiums received 31 days or more past the due date will also incur an interest rate penalty.

Policy changes

Increase coverage

The minimum face amount increase allowed is \$25,000 and proof of insurability will be required.

Decrease coverage

After the policy has been in force for at least three years, a decrease may be requested. The new face amount may not be less than the minimum face amount. A withdrawal/partial surrender charge will be deducted with any face amount decrease.

Policy owner information

Annual report

A personalized report is sent after each policy anniversary. The report shows: the status of the Lapse Protection Account, premium payments, interest credits, cost of insurance charges, expense charges, loans, partial surrenders, surrender value and policy value.

The policy

Including the policy form and all endorsements, will provide information regarding benefits provided, premium payments, charges, determination of values, the Lapse Protection Endorsement and other provisions and charges.







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