



Application for Individual
Single Premium Whole Life Insurance

PART 1

SECTION 1 – Proposed Insured

Name, Street, City, State, ZIP, Phone number, Identification, DOB, SSN/Tax ID, ID number, Marital status, Sex, ID issuer, State/Country of birth, Email address, Are you a U.S. citizen?

SECTION 2 – Other Insurance

1. EXISTING or APPLIED FOR INSURANCE

Does the Proposed Insured have any existing life insurance (L) or annuity (A) contracts with this or any other company? Yes No
IF YES, complete and submit state replacement forms, if required, with this application.

2. REPLACEMENT

In connection with this application, has there been, or will there be, with this or any other company any: surrender transaction; loan; withdrawal; lapse; reduction or redirection of premium/consideration; or change transaction (except conversions), involving an annuity or other life insurance? Yes No

If Yes, complete and submit a replacement questionnaire AND any other state required replacement forms with this application.

SECTION 3 – Proposed Owner*

* Complete if Proposed Owner is other than Proposed Insured

Sex, Name, Street, City, State, ZIP, SSN/Tax ID, Phone number, Relationship to Proposed Insured, Email address, Identification, U.S. driver's license, Government issued ID, ID number, ID issuer, Are you a U.S. citizen?

SECTION 4 – Beneficiary(ies)

Multiple Beneficiaries will receive an equal percentage of proceeds per capita unless otherwise instructed.

PRIMARY

Name, Street, City, State, ZIP, DOB, SSN/Tax ID, Relationship to Proposed Insured, Percent of proceeds

PRIMARY CONTINGENT

Name, Street, City, State, ZIP, DOB, SSN/Tax ID, Relationship to Proposed Insured, Percent of proceeds

SECTION 5 – Information Regarding Insurance Applied for

1. SINGLE PREMIUM WHOLE LIFE

2. SINGLE PREMIUM - Cash with application, Cash to be received before issue, Funds from \$1035 Exchange

3. ESTIMATED FACE AMOUNT

4. RIDERS

Accelerated Death Benefit - Terminal Illness, Accelerated Death Benefit - Chronic Illness, Accelerated Death Benefit - Critical Illness

5. DIVIDEND OPTION

Paid in cash, Left on deposit to accumulate at interest



SECTION 6 – Financial Questions

Has the Proposed Insured or Proposed Owner:

1. Entered into any agreement or arrangement providing for the future sale of the insurance Certificate applied for in this application? Yes No
2. Entered into any agreement or arrangement where someone else will pay some or all of the premium, or the Proposed Insured or Proposed Owner will receive financing or a loan, including forgivable loans, to pay some or all of the premium, costs or other expenses associated with this loan? Yes No
3. Entered into any agreement either orally or in writing by which you are to receive any form of consideration in exchange for procuring the insurance Certificate applied for? Yes No

Financial Information: (Please initial box if you do not want to disclose information)

Annual Gross Income\$

Liquid assets (e.g. checking account, savings account, CDs)\$

Source of Funds to Pay Single Premium (e.g. savings): _____

Available Funds:

Do you have sufficient cash or other liquid funds for living expenses and emergencies, such as unexpected medical expenses, in addition to the money you plan to use to purchase this life insurance. Yes No

PART 2

SECTION 1 – Proposed Insured Physician Information

Provide name and address of primary physician, practitioner, or health care facility who can provide the most complete and up-to-date information concerning the present health of the Proposed Insured:

Physician name _____ Name of practice/clinic _____
 Street _____ City, State, ZIP _____
 Phone number () _____ Fax number () _____

SECTION 2 – Proposed Insured Medical Information

1. Height (ft. and in.) _____ Weight (lbs.) _____
2. In the past 12 months has the Proposed Insured used any product containing tobacco and/or nicotine? Yes No
3. In the past 12 months has the Proposed Insured:
 - a. been recommended or had any surgery or diagnostic testing by a medical professional which has not been completed or for which the results have not been received? Yes No
 - b. been confined to a wheelchair, used oxygen to assist breathing, or hospitalized or in a medical or a long term care facility? .. Yes No
4. Within the past 5-years has a member of the medical profession diagnosed the Proposed Insured as having, treated, or advised to seek treatment for, or prescribed medication for:
 - a. cancer, diabetes, stroke or any disease or disorder of the heart, circulatory, respiratory, kidney, liver, brain or nervous system? Yes No
 - b. Brain, mental or emotional nervous disorder; dementia, Alzheimer's, eye disorder; epilepsy, seizures, paralysis; depression; anxiety; or any other disease or disorder of the nervous system? Yes No
 - c. Arthritis; loss of limb, or deformity; disorder of bone, joint, muscle, back, or spine; lupus, connective tissue disorder; or any other disorder of the musculoskeletal system? Yes No
5. Within the past 5-years has the Proposed Insured:
 - a. used narcotics, barbiturates, amphetamines, hallucinogens, heroin, cocaine, or other habit forming drugs, except as prescribed by a physician? Yes No
 - b. received medical treatment or counseling for, or been advised by a physician to discontinue, the use of alcohol or prescribed or non-prescribed drugs? Yes No
6. Has the Proposed Insured been diagnosed by a member of the medical profession or tested positive for Human Immunodeficiency Virus (AIDS virus) or Acquired Immune Deficiency Syndrome (AIDS)? Yes No

For questions 3 through 6, please circle the applicable item(s) in each question above and provide details to all YES answers below.

| Question # | Name of Physician/Address | Illness Date/Duration | Diagnosis/Medications/Treatments |
|------------|---------------------------|-----------------------|----------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |



Additional Information:

Corrections and Amendments (For Home Office Use Only)

Agreement/Acknowledgement

Agreement/Disclosure: I have read this application for life insurance including any amendments and supplements and, to the best of my knowledge and belief, all statements are true and complete. I also agree that:

- My statements in this application and any amendment(s), paramedical/medical exam, and supplement(s) are the basis of any certificate issued and will be attached to and, along with the articles of incorporation and bylaws of Royal Neighbors of America (Royal Neighbors), become part of the new Certificate.
- No information will be deemed to have been given to Royal Neighbors unless it is stated in this application and amendment(s), paramedical/medical exam, and any supplement(s).
- Only authorized officers of Royal Neighbors may: a) make or change any contract of insurance; b) make a binding promise about insurance; or c) change or waive any term of an application, receipt, or Certificate.
- Corrections, additions, or changes to this application may be made by Royal Neighbors. Any such changes will be shown under "Corrections and Amendments." Acceptance of a certificate issued with such changes will constitute acceptance of the changes. No change will be made in classification (including age at issue), plan, amount, or benefits unless agreed to in writing by the Applicant.
- If not a current member, I, the Proposed Insured, hereby apply to become a member of Royal Neighbors as indicated by my signature on page 4. As a member, I agree to uphold the principles of Faith, Unselfishness, Courage, Endurance, and Humility upon which Royal Neighbors was founded more than 120 years ago.
- **The type of insurance product I am purchasing has characteristics which generally require treatment as a Modified Endowment contract (MEC). I have received information regarding MEC's and understand that if the transaction now pending with respect to my life insurance Certificate becomes a MEC, it may result in future tax liability for me.**

Authorization

I, the Proposed Insured, hereby authorize any licensed physician, medical practitioner, hospital, clinic, laboratory, pharmacy, pharmacy benefit manager, or other medical facility, insurance or reinsurance company, MIB, Inc., consumer reporting agency, division of motor vehicles, the veterans administration, or other government agency or department having information as to the diagnosis, treatment, or prognosis with respect to any physical or mental condition, or having any non-medical information, concerning me to release and disclose the entire medical record and any other protected health or other information concerning me within the past 10 years, without restriction, to Royal Neighbors of America (Royal Neighbors), its agents, employees, or representatives. I further authorize Royal Neighbors, or its reinsurers, to make a brief report of my personal health information to MIB. This includes information on the treatment of alcohol, drug, and tobacco abuse, and psychiatric diagnosis and treatment. **In order to facilitate the rapid transmission of such information, I authorize all the sources named above, except MIB, to give such information to any legal representative or agent employed by Royal Neighbors. I understand this authorization complies with the HIPAA Privacy Rule.**

I understand that the protected information is to be disclosed under this authorization so that Royal Neighbors may underwrite my application for life insurance, determine my eligibility for insurance, risk rating, or certificate issuance determinations, administer claims and determine or fulfill responsibility for coverage and provision of benefits, administer coverage, and conduct other legally permissible activities that relate to any coverage I have applied for with Royal Neighbors. Any protected information obtained will not be released and or reported by Royal Neighbors to any person or organization EXCEPT to other divisions and/or departments of Royal Neighbors, MIB, other life/health insurance organizations or fraternal benefit societies with which I have insurance contracts or to whom I may apply for insurance or to whom a claim for benefits may be submitted, or other persons or organizations performing business or legal services in connection with my application, insurance certificate(s), or claim for benefits or as may be otherwise lawfully required or as I may further authorize.

I understand that this authorization shall remain in force for 24 months or as permitted by applicable law in the state where the certificate is delivered or issued for delivery from the date signed if used in connection with an application for a life insurance certificate, an application for reinstatement of a life insurance certificate, or a request for change in certificate benefits; or for the duration of a claim if used for the purpose of collecting information in connection with a claim for benefits under a certificate.

I understand and agree that a copy of this authorization is as valid as the original and that I or my authorized representative is entitled to receive a copy. I understand that this authorization may be revoked by me at any time in writing, and if I refuse to sign or if I subsequently revoke this authorization, Royal Neighbors may not be able to process this application, and if coverage has been issued, may not be able to process any benefit payments. I agree that Royal Neighbors shall be fully protected if it acts in reliance on this authorization prior to receiving notice of revocation at its Home Office or to the extent that Royal Neighbors has a legal right to contest a claim under an insurance contract. Any information that is disclosed pursuant to this authorization may be re-disclosed as provided herein or as required or authorized by law and may then no longer be covered by federal rules governing privacy and confidentiality of health information.



Taxpayer Identification Number Certification

Under penalties of perjury, I, the Proposed Owner, certify that:

The number shown in this application is my correct taxpayer identification number, and I am not subject to backup withholding because:

- a) I have not been notified by the IRS that I am subject to backup withholding as a result of a failure to report all interest or dividends; **OR**
b) the IRS has notified me that I am not subject to backup withholding. *(If you have been notified by the IRS that you are currently subject to backup withholding because of under reporting interest or dividends on your tax return, you must cross out and initial this item.)*



I am a U.S. citizen or a U.S. resident alien for tax purposes. **Please note:** The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

FRAUD NOTICE/WARNING: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.

Signatures

Except as may be provided under the Conditional Receipt on page 5 of this application, Royal Neighbors will have no liability under this application unless and until: a) it has been received and approved by Royal Neighbors at its Home Office; b) the Certificate has been issued and delivered to the Certificateowner; c) the first premium has been paid to and accepted by Royal Neighbors; and d) at the time of delivery and payment, the facts concerning the insurability of the Proposed Insured are as stated in this application.

I acknowledge receiving and signing the Rider Disclosure Statement, Form 9745-A, from my agent, if applicable.

| | | |
|-------------|---|---|
| SIGNATURES: |  | Signed at city, state _____ Date _____ |
| | | Proposed Insured _____ |
| |  | Signed at city, state _____ Date _____ |
| | | Proposed Owner _____ (If other than Proposed Insured) |

Agent's Report

REPLACEMENT:

Do you have any knowledge or reason to believe the Proposed Insured has any existing or applied for life insurance or annuity contracts with this or any other company? Yes No

If Yes, and applicable, have you completed a replacement questionnaire and any other state required replacement forms? Yes No

Do you have any knowledge or reason to believe that the Proposed Insured has in-force life insurance or annuity contracts that may be replaced as a result of this transaction? Yes No

If Yes, and applicable, have you completed a replacement questionnaire and any other state required replacement forms? Yes No

Did you use only written sales material approved for use by Royal Neighbors? Yes No


Did you personally review a photo I.D. of the Proposed Insured? Yes No If Yes, form of I.D. _____

Did you personally review a photo I.D. of the Proposed Owner? Yes No If Yes, form of I.D. _____

Was interview completed at point-of-sale? Yes No

Was Rider Disclosure Statement, Form 9745-A, delivered and signed by you and the Proposed Insured and Proposed Owner, if applicable? Yes No

Note: Refer to language at top of Conditional Receipt for circumstances when Conditional Receipt should not be used.

| | |
|---|---|
|  | Agent no. _____ Agent license no. _____ |
| | Signature of Writing Agent _____ Date _____ |
| | Printed name of Writing Agent _____ |

If applicable, complete the following:

Agent Name _____ ID Number _____ Percent _____
Please print





Royal Neighbors of America
230 16th Street
Rock Island, IL 61201
Toll-free (800) 627-4762

A Fraternal Benefit Society

Conditional Receipt

IMPORTANT: If face amount is over \$400,000 or if within the past 12 months the Proposed Insured has been treated by a member of the medical profession for heart trouble, stroke, or cancer, payment (including authorization to draft the first premium) cannot be received with application and no conditional receipt may be given and there will be no coverage under any conditional receipt. If no check or money order is received with this application or funds from an IRS Section 1035 Exchange have not been received at the Home Office, then this conditional insurance is not effective and there will be no insurance in effect unless and until a certificate for the insurance applied for has been issued and delivered and the full amount of the premium due has been received at the Home Office of Royal Neighbors.

Unless each and every condition specified below is fulfilled exactly, no insurance will become effective prior to delivery of the Certificate of insurance. No agent of Royal Neighbors of America (*Royal Neighbors*) is authorized to alter or waive any of the conditions.

Received from _____ on (Date) _____ the sum of \$ _____ (in the form of a check or cashier's check only) / no money received with application in connection with an application to Royal Neighbors for the following insurance Certificate:

Proposed Insured: _____ Life Insurance Amount: \$ _____ Plan: _____

1. All of the following conditions must be met before insurance may become effective prior to delivery of the Certificate:
 - a) The payment indicated above must be at least equal to the greater of \$10,000 or the single premium necessary to pay the premium for the face amount applied for at the standard rate class. Assuming all the other conditions under this paragraph have been met, if Royal Neighbors, in accordance with its rules, would have issued the Certificate for a lesser amount than applied for, and the premium paid was at least equal to the premium that would have been required for the issuance of a certificate at this new face amount, then the death benefit payable under the receipt shall be such as the premium paid would have purchased.
 - b) All medical examinations, records, and tests required by Royal Neighbors must be completed and received at the Home Office of Royal Neighbors.
 - c) As of the effective date, as defined below, the Proposed Insured must be a standard risk under rules and practices of Royal Neighbors for the plan and the amount of life insurance applied for, without change and at the rate of premium paid.
 - d) As of the effective date, the state of health and all factors affecting the insurance of the Proposed Insured must be as stated in the application.
2. When each and every one of the conditions of paragraph 1 have been met, the insurance coverage, as provided by the terms and conditions of the Certificate of life insurance applied for, but not greater than \$400,000, will begin as of the Effective Date. "Effective Date" as used herein, means the later of:
 - a) the date of completion of the application; or
 - b) the date of completion of all medical examinations, electrocardiograms, blood/urine tests, and other tests required by Royal Neighbors; or
 - c) the receipt in the Home Office of all funds from the Proposed Owner or through an IRS Section 1035 Exchange sufficient to meet the requirements for insurance coverage under paragraph 1.
3. If the conditions have been met and coverage begins, coverage under this receipt will terminate 60 days from the date of this receipt unless prior to that date the insurance Certificate is issued, delivered, and accepted.

NO AGENT OR OTHER PERSON IS AUTHORIZED BY ROYAL NEIGHBORS TO WAIVE OR MODIFY ANY OF THE PROVISIONS OF THE CONDITIONAL RECEIPT.

 Signature of Agent Receiving the Payment _____

 Signature of Proposed Insured _____

I understand and agree to the terms, conditions, and limits of this receipt and the agreements in the application, all of which have been fully explained to me by the agent.

 Signature of Proposed Owner _____



MIB, Inc., Notice

Information regarding your insurability will be treated as confidential. Royal Neighbors or its reinsurers may make a brief report thereon to MIB, Inc., formerly known as Medical Information Bureau, a not-for-profit membership organization of insurance companies which operates an information exchange on behalf of its members. If you apply to another MIB member company for life or health insurance coverage, or if a claim for benefits is submitted to such a company, MIB, upon request, will supply such company with the information in its file.

Upon receipt of a request from you, MIB will arrange disclosure of any information it may have in your file. Please contact MIB at (866) 692-6901. If you question the accuracy of information in MIB's file, you may contact MIB and seek a correction in accordance with the procedures set forth in the federal Fair Credit Report Act. The address of MIB's information office is: MIB, 50 Braintree Hill Park, Suite 400, Braintree, MA 02184.

Royal Neighbors or its reinsurers may also release information in its file to other insurance companies to whom you apply for life or health insurance, or to whom a claim for benefits may be submitted. Information for consumers about MIB may be obtained on its website at www.mib.com.

Fair Credit Report Act Notice

This is to inform you that as part of our underwriting procedures in connection with this application, an investigative consumer report may be obtained on the Proposed Insured and the Proposed Owner. This report will provide applicable information concerning character, general reputation, personal characteristics, and mode of living.* This information will be obtained through personal interviews with neighbors, friends, and associates. You may request to be interviewed in connection with the preparation of the investigative consumer report. You have the right to make a written request within a reasonable period of time to receive additional detailed information about the nature and scope of this investigation. No information collected concerning the sexual orientation of the Proposed Insured or Proposed Owner will be used to determine her or his eligibility for life insurance.

**Information obtained will not be used to determine sexual orientation.*

Notice of Potential Modified Endowment Contract

Section 7702A of the Internal Revenue Code places a limit on the amount and timing of premium payments for a life insurance contract. If the limit is exceeded, the contract becomes a Modified Endowment Contract (MEC).

Death benefits under a MEC are income tax free to the beneficiary. Any other value received from a MEC is referred to as a "distribution" and may result in an income tax liability. Distributions include cash withdrawals; cash surrender of the contract, loans, and assignment of the contract to another person or institution.

Distributions are first considered to be any gain under the contract and the gain is taxable in the year that it is received. In addition, a taxable distribution is subject to a 10% tax penalty if the taxpayer has not attained age 59 ½, subject to certain exceptions contained in the tax code. Also, distributions received in the two year period prior to the date the contract becomes a MEC may be taxable.

Distributions that exceed the gain under the contract are not taxable.

Tax laws are subject to change.



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

Royal Neighbors of America

www.royalneighbors.org

Rock Island, Home Office

230 16th St., Rock Island, IL 61201

(800) 627-4762





**INSURING LIVES
SUPPORTING WOMEN
SERVING COMMUNITIESSM**

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**SINGLE PREMIUM WHOLE LIFE (SPWL)
DECLARATION OF SOURCE OF FUNDS**
(Premium Amounts \$25,000 to \$49,000)

In order to complete your application, you are required to provide the following information:

The source(s) of the funds that I will be using to pay for this SPWL product is/are (check all that apply):

- 1035 Exchange CD* Existing Fixed Annuity*
- Existing Variable Annuity* Inheritance Checking/Savings
- IRA /Qualified Funds* Other (please specify) _____

Name of bank or financial institution where funds are currently held? _____

Name of Account Holder? _____

*If a surrender charge or penalty is involved, what is the amount of the charge? \$ _____

- I certify that the funds to purchase this certificate originated from accounts owned by me and that no part of the funds to pay for this certificate have been loaned or advanced to me.
- I understand that once my premium is paid into the certificate, I will have limited access to my cash value and 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 savings for emergency cash needs.
- I have reviewed the details of this Single Premium Whole Life Policy and understand that it fits my needs and overall financial planning goals.

Applicant Signature

Date

I hereby acknowledge that:

- Based on the information disclosed to me by the applicant, my recommendation of Single Premium Whole Life insurance certificate 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 Royal Neighbors of America in the event it is needed.

Agent's Signature

Date

**A Fraternal Benefit Society
Incorporated in 1895**



INSURING LIVES • SUPPORTING WOMEN • SERVING COMMUNITIES™

**Royal Neighbors of America
Home Office
230 Sixteenth St.
Rock Island, IL 61201
(800) 627-4762
(309) 788-4561
www.royalneighbors.org**

Please check the box for each rider applied for.

**Accelerated Gross Death Benefit Rider – Terminal Illness
Rider Disclosure Statement**

The rider provides prepayment, to the Owner, a portion of the Death Benefit of the Certificate to which the rider is attached when Royal Neighbors receives written proof that the Insured has been certified by a Physician as having a Terminal Illness pursuant to the terms of the rider. There is no premium or cost of insurance charged for the rider.

IMPORTANT NOTICE

This is a life insurance rider providing for an accelerated gross death benefit payment of the certificate to which it is attached. Payment of an accelerated gross death benefit will result in a reduction of the gross death benefit and cash, loan or accumulation values of the certificate and either premiums or cost of insurance charges, as applicable.

Although the payments made under this rider are intended to qualify for favorable tax treatment under Section 101(g) of the Internal Revenue Code, as amended, receipt of accelerated gross death benefits may be taxable or may affect the owners' eligibility for benefits under state or federal law. The owner should consult with her or his personal tax advisor and social service agencies before requesting accelerated death benefits under this rider.

Royal Neighbors will pay the accelerated benefit, at the Owner's request, subject to the provisions of the rider, if the Insured is diagnosed as having a Terminal Illness. A Terminal Illness is an illness or physical injury, certified by a Physician, which is reasonably expected to result in a drastically limited life span for the Insured. The Terminal Illness cannot be the result of an intentional self-inflicted injury.

Upon written request by the Owner of the certificate, Royal Neighbors will pay an accelerated death benefit described below, subject to the limitation and requirements outlined in the Accelerated Gross Death Benefit Rider. Any assignee or irrevocable beneficiary must consent before Royal Neighbors pays an accelerated death benefit.

The Owner may request an acceleration of a portion of the death benefit in an amount not to exceed the lesser of 90% of the eligible coverage or \$450,000. Amounts accelerated under this rider and other accelerated benefit rider issued by Royal Neighbors covering the Insured will count toward that maximum.

Any accidental death coverage provided in the Certificate or by a rider, if any, will not be affected by the payment of the accelerated benefit under the rider.

A \$250 Administrative Fee will be charged at time of acceleration

The following charts show the effect of an accelerated benefit payment for both a Universal and Whole Life Insurance Certificate. The examples shown are illustrative only and are not intended to show actual values.

| Universal Life | | | | | |
|---------------------|--------------|--------------------------------|-------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$100,000.00 | Acceleration Percentage 90% | \$90,000.00 | Death Benefit | \$10,000.00 |
| Cash Value | \$7,704.24 | | | Cash Value | \$770.42 |
| Loan Balance | \$1,200.00 | | | Loan Balance | \$120.00 |
| Monthly Deduction | \$27.99 | | | Monthly Deduction | \$13.32 |
| | | Less Acceleration Discount | \$2,860.00 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$1,080.00 | | |
| | | Net Payment to Owner | \$85,810.00 | | |

| Whole Life | | | | | |
|---------------------|--------------|--------------------------------|-------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$100,000.00 | Acceleration Percentage 90% | \$90,000.00 | Death Benefit | \$10,000.00 |
| Cash Value | \$13,887.00 | | | Cash Value | \$1,388.70 |
| Loan Balance | \$12,000.00 | | | Loan Balance | \$1,200.00 |
| Annualized Premium | \$2,272.00 | | | Annualized Premium | \$272.20 |
| | | Less Acceleration Discount | \$2,860.00 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$10,800.00 | | |
| | | Net Payment to Owner | \$76,090.00 | | |

**☐ Accelerated Gross Death Benefit Rider – Chronic Illness
Rider Disclosure Statement**

The rider provides prepayment, to the Owner, a portion of the Death Benefit of the Certificate to which the rider is attached when Royal Neighbors receives written proof that the Insured has been certified by a Licensed Health Care Practitioner as having a Chronic Illness pursuant to the terms of the rider. There is no premium or cost of insurance charged for the rider.

IMPORTANT NOTICE

This is a life insurance rider providing for an accelerated gross death benefit payment of the Certificate to which it is attached. Payment of an accelerated gross death benefit will result in a reduction of the gross death benefit and cash, loan, or accumulation values of the certificate and either premiums or cost of insurance charges, as applicable.

Although the payments made under this rider are intended to qualify for favorable tax treatment under Section 101(g) and 7702B of the Internal Revenue Code, as amended, receipt of accelerated gross death benefits may be taxable or may affect the owners' eligibility for benefits under state or federal law. The Owner should consult with her or his personal tax advisor and social service agencies before requesting accelerated death benefits under this rider.

Royal Neighbors will pay the accelerated benefit, at the Owner's request, subject to the provisions of the rider, if the Insured is diagnosed as having a Chronic Illness. A Chronic Illness is a disease, injury or condition causing an individual to be reasonably determined to be permanently:

- 1) Unable to perform 2 or more Activities of daily living (without substantial assistance of another individual) for a period of at least 90 days due to loss of functional capacity, or
- 2) Requiring an individual to need Substantial Supervision to protect the individual from threats to health or safety due to Severe Cognitive Impairment.

Upon written request by the Owner of the certificate, Royal Neighbors will pay an accelerated death benefit described below, subject to the limitation and requirements outlined in the Accelerated Gross Death Benefit Rider. Any assignee or irrevocable beneficiary must consent before Royal Neighbors pays an accelerated death benefit.

The Owner may request an acceleration of a portion of the death benefit in an amount not to exceed the lesser of 80% of the eligible coverage or \$400,000. Amounts accelerated under this rider and any other accelerated benefit rider issued by Royal Neighbors covering the Insured will count toward that maximum.

Any accidental death coverage provided in the Certificate or by a rider, if any, will not be affected by the payment of the accelerated benefit under the rider.

A \$250 Administrative Fee will be charged at time of acceleration.

The following charts show the effect of an accelerated benefit payment for both a Universal and a Whole Life Insurance Certificate. The examples shown are illustrative only and are not intended to show actual values.

| Universal Life | | | | | |
|---------------------|--------------|-------------------------------|--------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$125,000.00 | Acceleration Percentage 80% | \$100,000.00 | Death Benefit | \$25,000.00 |
| Cash Value | \$17,083.34 | | | Cash Value | \$3,416.67 |
| Loan Balance | \$12,000.00 | | | Loan Balance | \$2,400.00 |
| Monthly Deduction | \$71.95 | | | Monthly Deduction | \$65.32 |
| | | Less Acceleration Discount | \$15,042.16 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$9,600.00 | | |
| | | Net Payment to Owner | \$75,107.84 | | |

| Whole Life | | | | | |
|---------------------|--------------|-------------------------------|--------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$125,000.00 | Acceleration Percentage 80% | \$100,000.00 | Death Benefit | \$25,000.00 |
| Cash Value | \$19,005.00 | | | Cash Value | \$3,801.00 |
| Loan Balance | \$12,000.00 | | | Loan Balance | \$2,400.00 |
| Annualized Premium | \$2,951.88 | | | Annualized Premium | \$632.16 |
| | | Less Acceleration Discount | \$15,042.16 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$9,600.00 | | |
| | | Net Payment to Owner | \$75,107.84 | | |

**Accelerated Gross Death Benefit Rider – Critical Illness
Rider Disclosure Statement**

The rider provides prepayment, to the Owner, a portion of the Death Benefit of the Certificate to which the rider is attached when Royal Neighbors receives written proof that the Insured had been certified by a Physician as having a Critical Illness pursuant to the terms of the rider. There is no premium or cost of insurance charged for the rider.

IMPORTANT NOTICE

This is a life insurance rider providing for an accelerated gross death benefit payment of the Certificate to which it is attached. Payment of an accelerated gross death benefit will result in a reduction of the gross death benefit and cash, loan or accumulation values of the certificate and either premiums or cost of insurance charges, as applicable.

Choosing this rider may affect the Owner's eligibility for high deductible health insurance plans. The Owner should consult with her or his personal tax advisor and social service agencies before requesting accelerated death benefits under this rider.

Royal Neighbors will pay the accelerated benefit, at the Owner's request, subject to the provisions of the rider, if the Insured is diagnosed as having a Critical Illness. A Critical Illness is defined in the rider as one or more of the following:

1. Cancer
2. Heart Attack
3. Stroke
4. Paralysis
5. End Stage Renal Failure
6. Major Organ Transplant

Upon written request by the Owner of the Certificate, Royal Neighbors will pay an accelerated death benefit described below, subject to the limitation and requirements outlined in the Accelerated Gross Death Benefit Rider. Any assignee or irrevocable beneficiary must consent before Royal Neighbors pays an accelerated death benefit.

The Owner may request an acceleration of a portion of the death benefit in an amount not to exceed the lesser of 25% of the eligible coverage or \$100,000. Amounts accelerated under this rider and any other accelerated benefit rider issued by Royal Neighbors covering the Insured will count toward that maximum.

Any accidental death coverage provided in the Certificate or by a rider, if any, will not be affected by the payment of the accelerated benefit under the rider.

A \$250 Administrative Fee will be charged at time of acceleration.

The following charts show the effect of an accelerated benefit payment for a both a Universal Insurance and a Whole Certificate. The examples shown are illustrative only and are not intended to show actual values.

| Universal Life | | | | | |
|---------------------|--------------|--------------------------------|-------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$100,000.00 | Acceleration Percentage 25% | \$25,000.00 | Death Benefit | \$75,000.00 |
| Cash Value | \$13,431.17 | | | Cash Value | \$10,073.38 |
| Loan Balance | \$12,000.00 | | | Loan Balance | \$9,000.00 |
| Monthly Deduction | \$59.15 | | | Monthly Deduction | \$50.93 |
| | | Less Acceleration Discount | \$15,799.27 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$3,000.00 | | |
| | | Net Payment to Owner | \$5,950.73 | | |

| Whole Life | | | | | |
|---------------------|--------------|--------------------------------|-------------|--------------------|-------------|
| Before Acceleration | | Requested Acceleration | | After Acceleration | |
| Death Benefit | \$100,000.00 | Acceleration Percentage 25% | \$25,000.00 | Death Benefit | \$75,000.00 |
| Cash Value | \$15,204.00 | | | Cash Value | \$11,403.00 |
| Loan Balance | \$12,000.00 | | | Loan Balance | \$9,000.00 |
| Annualized Premium | \$2,371.92 | | | Annualized Premium | \$1,792.08 |
| | | Less Acceleration Discount | \$15,799.27 | | |
| | | Less Administrative Fee | \$250.00 | | |
| | | Less Accelerated Loan Balance | \$3,000.00 | | |
| | | Net Payment to Owner | \$5,950.73 | | |

I acknowledge that I have received and read this disclosure statement which has been furnished to me on this date.

Proposed Insured Signature _____ Date _____

Proposed Owner Signature _____ Date _____

Agent Signature _____ Date _____



Life Insurance Buyer's Guide

This guide is 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 insurer or policy.

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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.

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 a representative (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 representative (agent) or company about anything that is not clear to you.
7. Review your life insurance program with your representative 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. A representative 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 representative 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 representative 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 representative 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, and 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 payments 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

representative 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 buildup. A year-by-year display of values and benefits can be very helpful. (The representative 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.



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