



LSW ProtectorLife

Whole Life Insurance
Product Guide

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Products issued by
Life Insurance Company of the Southwest®

Experience Life®

National Life Group® is a trade name representing various affiliates, which offer a variety of financial service products.
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Quick Reference Guide

Providing death benefit protection, guarantees,¹ and affordability. Get ready to experience a whole new way of life.

LSW ProtectorLife is the first Whole Life product from Life Insurance Company of the Southwest introduced by National Life Group. LSW ProtectorLife offers a guaranteed death benefit, level premiums and the chance to lock in insurability early while the client is young and healthy. This product is appropriate for consumers in a younger stage of life with a new family or new business who need permanent protection at a price that works with their budget.

Product Focus

- Guarantees and simplicity. LSW ProtectorLife has guaranteed death benefits and level premiums, with a streamlined underwriting process.
- LSW ProtectorLife is designed to work for any budget with its Automatic Conversion Rider which, each year, converts a portion of the term insurance coverage to whole life coverage over a 10 or 20 year period.
- Appropriate for prospects in their 30's or 40's who are either starting a family or a business, and may have a large amount of debt, but a larger expected income in the future.

Highlights

Strong Guarantees

- Protection For Life – With whole life insurance, coverage is permanent insurance.
- Premium – The premium remains level for life and is determined at the time of underwriting.
- Death Benefit – Whole life provides permanent coverage and guarantees a death benefit no matter how long the policy is in force.
- Cash Value – This policy guarantees tax-deferred cash value accumulation that is accessible at any time after the first year through policy loans.²

Optional Riders³

- Automatic Conversion Rider – The purpose of this rider is to let the policyholder grow into whole life coverage over time. Term insurance is purchased as a rider and then slowly converted to whole life following a schedule chosen at rider issue: 10 or 20 years.
- Accelerated Benefit Riders⁴ – Provides access to the death benefit that can be used to help pay medical expenses in the event of the insured's Terminal, Chronic, or Critical Illness.
- Other Insured Rider – The purpose of this rider is to provide term insurance on the life of an individual other than the primary insured.
- Children's Term Rider - The rider provides term life insurance on the insured's children until they reach age 23.

Underwriting

No routine medical testing for policies with face amounts of \$250,000 or less and age 65 or younger. Preferred underwriting not available. Face Amounts greater than \$250,000 or issue ages greater than age 65, will require full underwriting. Medical testing required for a face amount larger than \$250,000 or if the issue age is greater than 65.

¹ Guarantees dependent upon the claims-paying ability of the issuing company.

² Policy loans will reduce the cash value and death benefit and may result in a taxable event.

³ Riders are optional, may require an additional premium, and may not be available in all states. The use of some riders may reduce or eliminate other policy or rider benefits.

⁴ Receipt of accelerated benefits will reduce the policy's cash value and death benefit, may be a taxable event and may affect a family's eligibility for public assistance programs

Details

Issue Ages: 0-85 Age Nearest Birthday

Minimum Policy Size: Without ACR: \$25,000

With ACR: Overall minimum face of \$50,000. In other words, we will allow a \$5,000 base face amount with a \$45,000 Automatic Conversion Rider.

Pension Minimum Face Amount: Standard: Initial: \$5,000 ; Subsequent: \$5,000

Preferred: Initial: \$25,000 (For Ages Over 65)
 \$250,000 (For Ages Less Than Or Equal to 65);
 Subsequent: \$5,000

Premium Payments: Base premiums will be level and payable to age 100

Rate Classifications: Preferred Non-tobacco(ages 20-75): Preferred Non-tobacco is only available for face amounts greater than \$250,000 or issue ages greater than 65.

Verified Standard Non-tobacco (ages 0-85)

Express Standard Non-tobacco 1 (ages 0-85)

Express Standard Non-tobacco 2 (ages 0-85)

Preferred Tobacco (ages 20-75): Preferred Tobacco is only available for face amounts greater than \$250,000 or issue ages greater than 65.

Verified Standard Tobacco (ages 20-85)

Express Standard Tobacco (ages 20-85)

Note: Juveniles who are known smokers will be placed in the Express Standard Non-Tobacco 1 class

Substandard: Substandard premiums attributable to a flat extra rating are applied for the number of policy years indicated by the underwriter, but not longer than the premium paying period of the policy.

Premium Deposit Account: Minimum amount of \$25,000, surrender charge at the lesser of 10% of accumulated value or interest earned up to the current policy year.

Dividend Options¹: CASH: Dividends may be taken in cash.

APPLIED: Dividends may be applied toward payment of a policy premium due.

DIVIDEND ADDITIONS: Dividends may be applied to purchase paid-up life insurance.

DIVIDENDS HELD: Dividends may be left with the company.

TERM PURCHASE PROVISION (TPP): Available only with paid-up policies: applies dividends to purchase a blend of one-year term insurance and paid-up additions. This option is made available through a rider to the policy.

1035 Exchange with Loans: Cannot exceed 50% of the gross policy value transferred from the original policy.

Policy Loans: Variable Loan Interest Rate

Withdrawals: Any paid-up additions, or dividend additions may be surrendered at any time for their cash surrender value

Riders: Accelerated Benefits Riders	Other Insured Rider
Accidental Death Benefit Rider	Term Purchase Provision Rider
Additional Paid-Up Life Insurance Rider	Unemployment Rider
Automatic Conversion Rider	Qualified Plan Exchange Privilege Rider
Children’s Term Rider	Waiver of Premiums Rider
Guaranteed Insurability Rider	

¹ Dividends are not guaranteed

Prospect Profile

ProtectorLife is an appropriate product for younger prospects who are looking for the strong guarantees that come with Whole Life Insurance, but are worried about initially fitting it into their budget.

Prospect Profile #1

Prospects who are beginning a family.

Consider a recently married couple in their 30s, who have bought their first home, and have children. At this stage in their life, they may need the protection and strong guarantees of Whole Life but may have a large amount of debt and are worried about paying for the premiums initially.

LSW ProtectorLife has a level premium structure with a guaranteed death benefit, and the chance to lock in insurability early while the client is young and healthy. It is made affordable through the Automatic Conversion Rider which begins the rider as Term coverage with lower premiums and automatically converts it to Whole Life coverage over a 10 or 20 year schedule.

LSW ProtectorLife also provides Riders designed to protect their family, such as the Other Insured Rider, and Children's Term Rider.¹

Prospect Profile #2

Prospects who are beginning a business.

Consider a 40 year old who is starting a business. Employees and business partners may rely on the owner, and would be left with the debt in the event of a tragedy. An abundance of debt from starting the business may make affording the Whole Life protection needed to protect the business difficult.

The Automatic Conversion Rider on LSW ProtectorLife can help fit the coverage needed into the business owner's budget. Term insurance coverage is purchased as a rider, that over time is automatically converted to Whole Life coverage. The 10 or 20 year conversion periods allow the owner to pay off the debt, prior to paying a higher premium for a larger amount of Whole Life coverage.

No matter the situation, LSW ProtectorLife is an appropriate product for younger prospects looking for strong guarantees and permanent insurance protection that they can fit into their budget.

¹ Riders are optional, may require an additional premium and may not be available in all states.

Loans Withdrawals and 1035 Exchanges

Loans¹

Available any time after the first policy year. Policy must be in-force and assigned to the company. The amount available for a loan will not exceed the maximum loan value less any outstanding loans and accrued interest.

After a loan is made, interest will be due on the next and all later policy anniversaries. If interest is not paid when due, it will be added to the loan balance. Whenever the debt equals or exceeds the maximum loan value, the policy will terminate without value 31 days after we mail notice to the policyholder. We may defer any policy loan for not more than six months.

Loan Interest Rate

- Policy uses a variable loan interest rate based on the Moody's Corporate Bond Yield Average - Monthly Average Corporates, subject to a minimum rate of 5%.
- Generally, the loan rate is reset each policy anniversary.

Maximum Loan Value

- Maximum loan value on any given date is the amount which, with interest at the Loan Interest Rate, is equal to the cash value of the policy plus the value of any dividend additions on the date to which premiums are paid (or the next policy anniversary in the case of policies in force as paid-up insurance).

Dividend Adjustment

- The annual dividend for a policy with an outstanding loan will be adjusted based on the difference between the interest return realized on the loan and the interest return realized on other assets.

Automatic Premium Loan

- Any premium still unpaid at the end of the grace period less any dividend applied towards the payment of this premium may be paid by a loan against the policy. In order for this option to take effect, it must be requested in writing either on the application or separately after issue.

Withdrawals¹

Any paid-up additions, or dividend additions may be surrendered at any time for their cash surrender value.

1035 Exchanges

LSW ProtectorLife accepts the transfer of an existing policy loan as part of a 1035 exchange. The loan value transferred cannot exceed 50% of the gross policy value transferred from the original policy.

¹ Policy loans and withdrawals reduce the policy's cash value and death benefit and may result in a taxable event.

Premium Payments & PDA

Premiums

Policy premiums will be level and payable to age 100.

Standard Annual Premiums

- Rates per thousand will be a function of the issue age, sex and rate class of the insured.
- Annual, Semi-Annual, Quarterly, and Monthly Check-o-Matic premium modes will be available.
- A policy fee of \$50 will be added to the standard annual premium regardless of the face amount of the policy.

Substandard Annual Premiums

- Attributed to a Flat Extra Rating; applied for the number of policy years indicated by the underwriter, but not longer than the premium paying period of the policy.

Grace Period

- If any premium is not paid on or before its due date, the policy will enter a 61 day grace period on the premium due date.
- If the premiums are not paid before the end of the grace period, the policy value will be applied to the nonforfeiture option elected by the policyholder.
- Any premium still unpaid at the end of the grace period less any dividend applied towards the payment of this premium may be paid by a loan against the policy.

Premium Deposit Account

A Premium Deposit Account is available on this product to increase simplicity of premium payments.

Minimum amount: \$25,000

Surrender charge: Lesser of 10% of account value and interest earned.

Interest Rate: Fixed

Automatic Conversion Rider

Begin the rider as Term coverage and convert into Whole Life base policy coverage over time.

Overview

Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. The Automatic Conversion Rider (ACR) is designed to fit situations where Whole Life is the ultimate goal, but the premium is out of reach initially. Rider Coverage begins as Term and automatically converts to base policy Whole Life coverage over a pre-determined period of time. This approach provides for budgeting flexibility with less expensive premiums in early years.

Conditions

- Term automatically converted over 10 or 20 year schedule chosen at rider issue.
- Once chosen, schedule cannot be changed. Owner can choose to stop converting and maintain existing term and permanent coverage. If owner stops converting they cannot restart.
- 30 day window after each conversion where owner can request the last conversion be reversed and no future conversions take place.
- Cannot add Rider after issue. Cannot increase face amount after issue. Face amount may be decreased.
- Term rider will terminate at end of the initially chosen conversion period.
- Death benefit provided by the rider can be accelerated under the Accelerated Benefit Riders by first converting to whole life and then accelerating the new whole life coverage.

Availability

- Issue Age: 10 Year Period; 0-60
20 Year Period; 0-50
- Minimum Total Face Amount: \$50,000
– \$5,000 Base and \$45,000 Rider Face Amount
- The rider face amount must be 9 times the base face amount

Accelerated Benefits Riders (ABR)

ABR for Terminal Illness (ABR1)

Accelerates death benefit during lifetime for terminal illness

Overview

Riders are supplemental benefits that can be added to a life insurance policy and are not suitable unless the client has a need for life insurance. ABR1 is a no additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime, for terminal illness. A unique feature about ABR1 is that benefits do not have to be used to defray actual expenses associated with the terminal illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc.

Terminal Illness Definition

Terminal Illness benefit advances payment, under certain circumstances and on a Discounted basis, payment of all or part of the policy's death benefit prior to the death of the insured. The accelerated payment can be made if the Insured is suffering from a terminal illness that will result in death within 24 months.

Note: 12 month requirement in certain states.
Make sure to check your policy form.

ABR Terminal Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated will reduce the death benefit, the cash value and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the NLGroup illustration system.

ABR for Chronic Illness (ABR2)

Accelerates death benefit during lifetime for chronic illness

Overview

ABR2 is a no additional premium rider that allows for the death benefit, on a discounted basis, to be accelerated during lifetime, for chronic illness. A unique feature about ABR is that benefits do not have to be used to defray actual expenses associated with the chronic illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc. however ABR proceeds in the state of MA can only used to pay for expenses incurred for Qualified Long-Term Care Services.¹

Chronic Illness Definition

A chronically ill individual is one who has been certified, within the past 12 months, by a licensed health care practitioner as being unable to perform, without substantial assistance, at least 2 out of 6 activities of daily living - ADLs - for a period of at least 90 days due to a loss of functional capacity. The six activities are defined as eating, toileting, transferring, bathing, dressing and continence. Cognitive Impairment is also a qualifier.

ABR Chronic Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated will reduce the death benefit, the cash value and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the NLGroup illustration system.

¹ Qualified Long-Term Care Services: The necessary diagnostic, preventative, therapeutic, curing, treating, mitigating and rehabilitative services, and maintenance or personal care services that are required by a chronically ill individual and are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

ABR is optional, may not be available in all states and is issued and underwritten by Life Insurance Company of the Southwest, Addison TX.

Payment of Accelerated Benefits will reduce the Cash Value and Death Benefit otherwise payable under the policy. Receipt of Accelerated Benefits may be a taxable event and may affect eligibility for public assistance programs. Policyholders should consult their personal tax advisor to determine the tax status of any benefits paid under this rider and with social service agencies concerning how receipt of such a payment will affect eligibility for public assistance.

Accelerated Benefits Riders (ABR)

ABR for Critical Illness (ABR3)

Accelerates death benefit during lifetime for critical illness

Overview

ABR3 is a no additional premium rider that allows for the death benefit, under certain circumstances and on a discounted basis, to be accelerated during lifetime, for critical illness. A unique feature about ABR3 is that benefits do not have to be used to defray actual expenses associated with the critical illness. They could be used for such things as making structural changes to a home to accommodate the illness, compensating a non-licensed care provider, etc.

Critical Illness Definition

ABR 3 accelerates the death benefit when a client is suffering from a triggering illness.¹ Triggering illnesses include:

- Heart Attack
- End Stage Renal Failure
- Cancer
- Major Organ Transplant
- Stroke
- ALS (Lou Gehrig's Disease)²
- Blindness

ABR Critical Benefit

The amount of benefit available for ABR payout is based on a discount factor of the death benefit amount. The amount accelerated will reduce the death benefit, the cash value and the loan value. A summary of the projected discounted death benefit amount can be illustrated through the NLGroup illustration system.

The critically ill client can request a full acceleration or partial acceleration of the policy's death benefit in the form of a lump sum. The level of discounting applied to the death benefit varies depending on the insured's age and the severity of the critical illness.

ABR Critical is not available on Annual Renewable Term.

¹ Covered Critical Illness in the state of Massachusetts includes: End stage renal disease; Coronary artery disease resulting in acute infarction vascular or requiring surgery; Major organ transplant; Permanent neurological deficit resulting from cerebral vascular accident; Diagnosis of an invasive malignancy characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue. Cancer does not include: Stage A Prostate Cancer; Any skin cancer except invasive malignant melanoma into the dermis or deeper; Premalignant lesions, benign tumors, or polyps; and Carcinoma in-situ.

² Upon diagnosis

Accidental Death Benefit Rider (ADB)

Provides extra death benefit if death results from accidental injury

Overview

Accidental Death Benefit Rider (ADB) provides an additional death benefit, for the rider amount, in the event death results purely from accidental bodily injury. If death results while the insured is a fare-paying passenger in a public conveyance operated by a common carrier for passenger service, the benefit amount of the rider is doubled.

The rider provides coverage and does not terminate until attained age 70. Premiums are payable through attained age 70.

The ADB Rider is appropriate for individuals who want additional benefits for their beneficiaries should they die by reason of an accident.

Availability

The ADB Rider may be added at or after issue and is not available for policies rated more than 200%, for policies rated more than \$5.00 per thousand for two or more years, or for certain occupations, aviation or avocations. It is also not available on Express Standard Non-Tobacco 2 rate class

Available issue ages: 0-60
(18-60 LSW Term)

Ratings and Amounts

- The ADB rider can be rated at 150% or 200%
- Minimum Rider Amount: \$10,000
- Maximum Rider Amount
Lesser of the sum of the base policy face amount and the amount of any Additional Protection Benefit riders, or \$250,000.

Lesser of the sum of the base policy face amount and the amount of any Automatic Conversion Rider, or \$250,000.

Charges

There is a charge for this rider.

Children’s Term Rider

Provides term coverage on insured’s children.

Overview

The Children’s Term Rider provides term life insurance on all of the insured’s children until they reach age 23. Each child is covered for the same selected benefit amount. Children born or adopted after issue (after they reach the age of 15 days), and dependent step-children living in the insured’s home will be covered as well.

The rider can be converted while in force and within 31 days of the insured’s death; within 31 days of the dependent child’s marriage; or within 31 days of the policy anniversary following the dependent child’s 23rd birthday.

The children’s coverage is convertible for double the rider face amount when the child reaches age 23 or marries, or at the death of the primary insured.

Availability

- Issue ages 15 days - 16 years
- Rider stays in force until the policy anniversary following the last covered child’s 23rd birthday, as long as the base policy remains in force.
- Minimum rider amount - \$5,000
- Maximum rider amount - \$25,000
- Premiums are a level amount per \$1,000, regardless of the number of children covered.

Guaranteed Insurability Rider

Increase coverage without evidence of insurability

Overview

The Guaranteed Insurability Rider (GIR) allows the insured to increase coverage without evidence of insurability during specified option periods.

Availability

Issue Ages	0 – 37
Minimum Option Amount	\$5,000
Maximum Option Amount	Lesser of policy’s total face amount and \$50,000
Substandard	This rider is not available on sub-standard policies and will not be issued with ratings.
Available After Issue	Yes
Termination	Coverage under this rider will terminate on: The policy anniversary following the insured’s 40th birthday.

Charges

The current rate scale will be used for this rider.

Other Insured Rider

Provides low-cost renewable term

Overview

The Other Insured Rider (OIR) provides low-cost renewable term insurance on the life of the other insured. The term insurance provided by this rider may be converted to a permanent policy during the first 20 years or until age 70 if earlier.

Conditions

The following may be designated as other insured	All legally-sanctioned domestic partnerships, civil union partnerships, or marriages unless the state does not legally recognize such partnerships or marriages
Issue Ages	Preferred and Standard: 20-65; Express Standard: 20-60
Risk Classes	Offers the same risk classes as the base policy
Minimum Total Face Amount	\$25,000
Maximum Total Face Amount	Sum of the base Policy Face Amount and Automatic Conversion Rider Face Amount
Substandard	Rider may be issued with flat extra ratings and may be issued on a policy with flat extra ratings
Available Riders	Accelerated Benefits Riders
Charges	Requires an additional premium

Term coverage under this rider can be accelerated under Accelerated Benefits Riders by first converting the policy to permanent coverage and then converting.

Qualified Plan Exchange Privilege Rider (QPEP)

For Qualified Pension and Profit Sharing Plan trust owned life insurance

Overview

The QPEP rider will permit the exchange of the policy to which it is attached for a new policy without evidence of insurability.

Availability

This rider is automatically added to all pension cases at issue.

No evidence of insurability will be required.

Rider Conditions

This rider may be exercised when one of the following events occurs:

- The participant retires or terminates employment with the employer.
- The entire plan is being terminated.
- The plan is discontinuing the life insurance provision.
- Incidental limits have been violated.

The rider is only available with policies that are issued as part of a qualified pension plan.

The original policy will be surrendered while still owned by the pension trust.

Consult your policy form for conditions necessary to exercise this rider for the specific product.

Conditions of new policy:

- New policy will be issued based on the age the insured has attained on the date of the exchange.
- The face amount of the new policy cannot exceed the lesser of \$2 million or the face amount of the original policy, less the cash value on the date of the exchange. The flex-term dividend options may not be use.
- The maximum face amount under the new policy cannot exceed \$2,000,000 and must be at least \$25,000.
- The class of risk under the new Policy will be the same as under the pension policy.
- The new policy date will be the date of the exchange.
- The new policy may be any traditional whole life policy or flexible premium adjustable benefit life policy offered by the company, and will be issued as an individually owned policy outside of the pension plan.

Charges

There is no charge for this rider.

Unemployment Rider

Provides a one-time lump sum benefit in the event of unemployment.

Overview

The Unemployment Rider provides for a one-time lump sum payment into the policy after the insured has been involuntarily unemployed from full-time employment.

Availability

- This rider is automatically included on SecurePlus Provider, Foundation, Protector Life, IncomeBuilder, Harbor and Horizon universal life policies issued in states where approved.
- Issue ages 0 - 60 (age last birthday)
- Rider stays in-force until the policy anniversary following the insured's 65th birthday, as long as the base policy remains in-force.
- The benefit will only be paid once

Eligibility and Payment

When the primary insured is involuntarily unemployed for three consecutive months, and submits proof such as state or federal unemployment certification, a termination notice or union certification, the insured will receive three months "target" premium into the policy's accumulated value (the target premium is the monthly planned premium, up to $\frac{1}{2}$ of the policy commissionable target premium (CTP)).

The policy must be in force when the unemployment begins and must remain in force during the waiting period.

Charges

There is no premium for this rider.

Waiver of Premiums Rider (WP)

Provides that the policy premiums will be waived if the insured becomes totally disabled.

Overview

Waiver of Premiums Rider (WP) for traditional policies provides that base and rider policy premiums, except for the Additional Paid Up Life Insurance Rider, will be waived should the insured be totally disabled.

Conditions

- Waiver begins after the 121st consecutive day of total disability and continues as long as premiums are due if the disability begins before age 60.
- If the disability begins after age 60 and before age 65, premiums will be waived to age 65 or two years if longer.
- The waiver applies if injury or disease causes the insured's inability to work at an occupation¹ for economic gain.
- The waiver applies if the insured has sustained complete and permanent loss of:
 - Sight.
 - Use of both feet.
 - Use of one hand and one foot.

Other Rider Information

LSW ProtectorLife offers more Rider options making the product even more appealing!

Additional Paid-Up Life Insurance Rider

The purpose of this rider is to increase the death benefit and cash value through the purchase of additional paid-up life insurance. The Rider is used to improve the “efficiency” of a product and the value can be applied toward premium payments in the future.

This rider has Single Premium, and Modal Premium options.

Term Purchase Provision Rider

Term Purchase Provision is a method used to illustrate the use of the policy dividends to shorten the policy's premium paying period. At the time the option is elected, the policy cash value is used to purchase a paid-up policy. The death benefit of the paid-up policy will be less than the death benefit of the original policy. To make up the difference, the annual dividend is used to purchase one year term insurance and additions.

¹ For the first two years of disability, occupation means the occupation of the insured at the time disability begins. After two years it means any occupation for which the insured is reasonably fitted.