

Single Premium Whole Life

**Life Product Guide – Circular Memo
Single Premium Whole Life (SPWL)**



To: Guardian Associates

From: Jim Suslavich, Vice President, Life Product Development & Support

Date: September 14, 2009

Subject: Introducing Single Premium Whole Life

More details about this product are located in the Life Product Guide – Details section.

<p>Introducing Single Premium Whole Life (SPWL)</p>	<ul style="list-style-type: none"> ▪ Guardian’s single premium whole life is a permanent, traditional whole life insurance plan. It is an addition to the product portfolio, sold by The Guardian Life Insurance Company ▪ The single premium, due at issue, will provide paid-up insurance coverage during the insured’s life ▪ There will not be a PT version of this product ▪ Unless the product is paid for via 1035 exchange money, this product will always be a MEC
<p>Background</p>	<ul style="list-style-type: none"> ▪ Currently, Guardian does not have a single premium whole life product in its portfolio. Guardian is making this product available to clients who: <ul style="list-style-type: none"> ○ Opt for a single premium product when they exercise either the Beneficiary Insurance Option (BIO) or Survivor Insurance Purchase Option (SIPO) version of the DuoGuard (DG) rider ○ Want to purchase single pay whole life insurance ▪ When the DuoGuard rider is exercised, the beneficiary can purchase a single pay product without underwriting subject to the face amount limits stated in the original policy within 90 days after the death of the primary insured ▪ If a client chooses a single pay product without exercising the DuoGuard rider, the insured is subject to normal underwriting requirements
<p>Conversions</p>	<ul style="list-style-type: none"> ▪ Term conversions to this product are permitted; however, there are no conversion credits

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Exchanges	<ul style="list-style-type: none"> ▪ External 1035 Exchanges are permitted; Internal 1035 Exchanges are not permitted
How To Apply	<p>Applications must be submitted using STP. The product is not supported in NBAP.</p> <ul style="list-style-type: none"> ▪ The applicant completes the appropriate state variation of application form L-AP-2004 and all other appropriate forms ▪ The plan of insurance is “Single Premium Whole Life”
Illustrations	<p>The new Single Premium Whole Life (SPWL) product can be illustrated in FDP/XL-32 version 49.5, which is now available through Guardian Online’s Software Download. The system will also be included in the September 2009 CD Software Pack.</p>
Sales Support and Marketing Materials	<p>An electronic flyer for producers that highlights the key features of this and other recent enhancements to Guardian's life portfolio is being sent out via email and will be available on GOL.</p>
Compensation	<p>Please see your General Agent for compensation details</p>
State Approvals	<ul style="list-style-type: none"> ▪ Applications for the new SPWL are now being accepted in all approved states ▪ Please refer to the document accompanying this memo for the current availability of this plan and rider in your state (or jurisdiction) of business or check the New Business Resource Center on Guardian Online
Questions?	<p>If you have questions about the SPWL or any of our other products, please contact Life Product Services at 1 (800) 871 – 7780, press #2</p>

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Single Premium Whole Life (SPWL)**

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General Information

- Descriptions and availability of certain policy features may vary from state to state. Specific variations will be set forth in the policy issued to the policyowner
- Please consult the New Business Resource Center on Guardian On-line for availability and variations in your state
- Please consult the contract for definitions of terms used in this guide and not defined here

Product Description

- The marketing name is **Single Premium Whole Life (SPWL)**
- Guardian's Single Premium Whole Life is a permanent, traditional whole life insurance plan. It is an addition to the product portfolio, sold by The Guardian Life Insurance Company
- The single premium, due at issue, will provide paid-up insurance coverage during the insured's life
- The maturity date of the policy equals the anniversary nearest the insured's attained age 121
- The product is based on the 2001 CSO table
- This product was developed for clients who:
 - Opt for a single premium product when they exercise either the Beneficiary Insurance Option (BIO) or Survivor Insurance Purchase Option (SIPO) version of the DuoGuard (DG) rider OR
 - Want to purchase single pay whole life insurance
- When the DuoGuard rider is exercised, the beneficiary can purchase a single pay product without underwriting subject to the face amount limits stated in the original policy within 90 days after the death of the primary insured
- If a client chooses a single pay product without exercising the DuoGuard rider, the insured is subject to normal underwriting requirements
- The cash values, reserves, and net single premiums are based on 2001 CSO composite mortality table. They only vary by attained age and sex

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- Loans are permitted when there is sufficient cash value in the 2nd year, except in states where a first year loan is required to be made available
- There will be a unisex version of product sold in Montana
- There will not be a PT version of this product
- Since these products are single premium payment products, there are no reinstatements, grace period or lapse processing
- There is also no need to select non-forfeiture options of Extended Insurance or Reduced Paid Up at issue
- This product cannot be purchased from a group conversion

Issue Rules

ISSUE AGES

- Ages 20 – 85 – all classes

FACE AMOUNT

- Face Amount Minimum \$100,000 for all classes except Preferred Plus NT which is \$250,000
- Face Amount Maximum
 - The maximum amount of insurance that may be purchased will be determined on a case-by-case basis. It depends on the retention limits, the availability of reinsurance and on the amount of other insurance, if any, on the life of the insured

BAND BREAKS

- There are no band breaks

GENDER

- Male
- Female
- Unisex in Montana

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UNDERWRITING CLASSES

- Preferred Plus NT (best class – non-tobacco)
- Preferred NT (2nd best class – non-tobacco)
- Non-Smoker (standard non-cigarette)
- Standard (cigarette users)
- Substandard N/C (non-cigarette)
- Substandard Class (cigarette users)

PREMIUMS

- Premiums are the same for all underwriting classes

SUBSTANDARD EXTRAS

- Unlike other products, this product does not consider the substandard extras in its premium calculations; however, the substandard extras do affect dividends. See details in subsequent sections

FLAT EXTRAS

- There are no flat extras on this policy

PREMIUM MODE

- Single Premium

POLICY FEE

- None

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BACK DATING

- Guardian permits backdating up to a maximum of 6 months to save age. (Some states only permit backdating for shorter periods of time)
- Backdating is subject to normal rules
- Backdating prior to introduction of the product in the state is allowed

DEATH BENEFIT

- The death benefit is equal to the face amount

Plus:

Any insurance on the insured's life purchased as dividend additions
The value of dividends left at interest
Any dividends credited at death

Less:

Any outstanding loans and loan interest

CONVERSIONS AND EXCHANGES

- Term conversions to this product are permitted, however there are no conversion credits
- External 1035 Exchanges are permitted; internal 1035 Exchanges are not permitted

MATURITY DATE

- This product matures at attained age 121 of the insured

MODIFIED ENDOWMENT CONTRACTS (MEC) – 7 PAY PREMIUM TEST

- The taxation issues and MEC testing follows the same protocol as L99

TAXATION OF MODIFIED ENDOWMENT CONTRACTS

- Distributions, including loans, from a MEC are taxed immediately up to the gain in the policy and may be subject to a 10% penalty tax
- Since there are no premiums after the initial premium, there can be no material change, so there is no need for deemed cash values

DIVIDEND OPTIONS

- The policy is participating

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- Dividends are not guaranteed. They are declared annually by Guardian’s Board of Directors
- The first dividend is payable at the end of year 2
- The dividend calculations vary by sex, attained age and are affected by policy class, including substandard classes
- The policyowner may elect any of the following dividend options. The default is Option D:

Option:	Description:
A	Cash Payment
B	Reduce Premium*
C	Dividend Accumulation
D	Paid Up Additions
U	Loan Repayment Option

* Although this dividend option is principally for reducing the premium on level premium contracts, it can also be used to reduce or pay off loan interest each year. For this policy, option B reduces loan interest

AVAILABLE RIDERS

- The following riders are available with this product. Riders may incur additional costs. Unless otherwise stated, no rider has cash or loan value. All riders attached to a policy will terminate if the base policy lapses. Refer to the *Traditional Riders Manual* for more details
 - Enhanced Accelerated Benefit Rider/Accelerated Benefit Rider
 - Select Security Rider

LOAN PROVISION

- The policy loan rate decreases from 8% to 5% at the later of the 20th policy anniversary or the anniversary nearest age 65
- Because of Direct Recognition, policies with a loan at the 5% interest rate will receive lower dividends than a policy with the same loan at 8%
- First year loans are not permitted in most states
- There is no minimum loan
- The maximum loan is equal to the cash value of the basic policy, plus cash value adds from dividends or rider payments less any outstanding loans and loan interest to the next policy anniversary

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- The requested amount can be either a specific amount or the maximum amount
- Unpaid loan interest is capitalized each anniversary
- Repayments are accepted at any time
- Policy benefits are reduced by any outstanding loans and loan interest

DIRECT RECOGNITION

- Guardian computes dividends for all permanent policies, based on the direct recognition of policy loans. This means that the average loan balance during the policy year affects the dividend for each policy
- Please refer to the *Summary of Policy Provisions Document* in *Guardian Online/Products/Life*, for detailed information on direct recognition

CASH VALUE

- There will be first year cash values (but no loan values unless required by state)
- Guaranteed cash values are the net single premiums for paid-up life

REINSTATEMENT

- There is no reinstatement on this product because it is a single pay product. If loan indebtedness exceeds the cash value, the contract is satisfied

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PROVIDED BY:

The Guardian Life Insurance Company of America, New York, NY.

CONTACT US

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