

Colonial Life & Accident Insurance Company  
1200 Colonial Life Boulevard, P.O. Box 1365  
Columbia, South Carolina 29202  
(800) 325-4368

### Universal Life Insurance Disclosure

Applicable to policy forms ICC07-UL1000, ICC08-UL1000J, UL1000, UL1000J and applicable state versions.

You will receive a policy summary or illustration (whichever is applicable in your state) when your policy is issued.

The policy fund value earns interest at current interest rates which are subject to change. This can affect the performance of your policy. Low interest rates for a long period of time may require more premium to carry the policy to maturity.

Current interest rates may be changed by the company on a monthly basis. Current cost of insurance rates are lower than or equal to the maximum cost of insurance rates for your current age. We cannot change your rates due to a deterioration of your health. Any rate change must be made on everyone your age in your state.

#### Exclusions and Limitations

If the Insured commits suicide within two years from the Coverage Effective Date or the date of reinstatement, whether he is sane or insane, we will not pay the Death Benefit. We will terminate this policy and return the Premiums paid minus any loans, loan interest, and withdrawals, to you. We will not pay any increases in Death Benefits if the Insured commits suicide, whether he is sane or insane, within two years from the coverage effective date of the increase. Our only obligation will be to refund the Premiums paid for the increase in the event of suicide.

#### *State Variations:*

*LA - Suicide exclusion period does not begin again after the policy is reinstated.*

*MO - Commits suicide within one year*

*ND – Commits suicide within one year.*

We issued this policy based on the statements made in the application by or on behalf of the Insured. We consider these statements to be based on the applicant's present knowledge and belief. All statements made by the applicant for the issuance or reinstatement of a policy shall, in the absence of fraud (not applicable in CT, FL, SC, LA), be deemed representations and not warranties. We can contest this policy or deny a claim for any material misrepresentation of a fact. In order for us to do this, the misrepresentation must have been made in the application, and a copy of the application must have been attached to this policy. We cannot contest this policy after it has been in effect during the lifetime

of the Insured for two years from the Coverage Effective Date or date of reinstatement, unless you fail to pay the Premiums.

*State Variation:*

*MO – With increases in death benefit the contestability period is only one year.*

If there is a misstatement in the application of the Insured's age or the age of any person insured by rider, we will adjust the benefits payable to be the amount that would have been purchased at the correct age in consideration of the most recent mortality charge by adjusting the net amount at risk by the ratio of the incorrect Cost of Insurance rate to the correct Cost of Insurance rate. If the correct age is outside the issue age ranges of the policy or rider, a mortality charge and benefit shall be extrapolated. We will not make any retrospective recalculations to the account value. We will adjust future Monthly Deductions to reflect the correct age.

*State Variation:*

*OR - The amount payable at death on the policy after recalculation is not less than the cash value that would have been paid had the policy been surrendered on the date of death based upon the misstated age.*

If there is a misstatement in the application of the Insured's smoking status, we will adjust the benefits payable to the amount which would have been purchased at the correct smoking status in consideration of the most recent mortality charge by adjusting the Net Amount at Risk by the ratio of the incorrect Cost of Insurance rate to the correct Cost of Insurance rate. We will not make any retrospective recalculations to the account value. We will adjust future Monthly Deductions to reflect the correct smoking status.

*State Variations:*

*CT – Not applicable*

*DC – Not applicable*

*FL – Not applicable*

*OR - We will not make such an adjustment after this policy has been in force for two years from the Coverage Effective Date.*

*NJ – A new contestability period and suicide exclusion will apply to the coverage for two years after the date of reclassification due to a change in the smoking status.*

The Accelerated Death Benefit is a benefit which allows you to be advanced a portion of the death benefit if the Insured is diagnosed with a terminal illness after the coverage effective date. Terminal illness means an injury or sickness which results in the Insured having a life expectancy of 12 months or less and from which there is no reasonable prospect of recovery. Payment of this benefit will be made only once.

*State Variation:*

*IL – Terminal illness means an injury or sickness which results in the Insured have a life expectancy of 24 months or less and from which there is no reasonable prospect for recovery.*

An amount of up to 75% of the Cash Value or specified amount may be requested, up to a maximum of \$150,000. The policy must be in force on the date of the payment and must have a specified amount of at least \$5,000.

*State Variation:*

*CT - you may request an amount that is not less than 25 percent nor more than 75 percent of the greater of the Cash Value or specified amount (called the acceleration percentage), but not to exceed \$150,000.*

*OR – No maximum limit on face amount requested*

The Accelerated Death Benefit amount payable to you is reduced:

- first by any due but unpaid Premiums; then
- by the amount of any outstanding policy loan multiplied by the acceleration percentage; then
- by the administrative fee charged by us for Accelerated Death Benefit payments, in the amount in effect at the time of payment, not to exceed \$200; then

*State Variations:*

*FL – Administrative charge is \$100.00*

*SC – No administrative charge.*

- the remaining sum is discounted for a time period of one year using an interest rate no greater than the greater of: (a) the current yield on 90 day treasury bills; or (b) the current maximum statutory adjustable policy loan interest rate.

*State Variations:*

*CT - the current yield on 90 day treasury bills is not applicable.*

*MO – for section (a) Moody's Corporate Bond Yield averages-Monthly Average Corporates-published by Moody's Investors Services, Inc. or any successor thereto for the calendar month ending two months before the date of the application for an accelerated payment*

*OR – for section (b) it's a 6% interest rate*

The amount paid under this benefit may be taxable. We are not responsible for any tax on or other effects of any benefit paid. As with all tax matters, consult your personal tax advisor to assess the impact of this benefit.