

BULLETIN

A Communication from Pacific Life Insurance Company



PACIFIC LIFE

DATE: August 6, 2012
TO: Life Insurance Producers, Management, Office Administrators, and Technical Staff
SUBJECT: **Added to VUL, IUL, and UL Single Life Products: Premier Living Benefits Rider and Terminal Illness Rider (Accelerated Death Benefit Riders for Chronic Illness and Terminal Illness)**

Category	
<input type="checkbox"/>	Administration
<input type="checkbox"/>	Compliance
<input type="checkbox"/>	Marketing
<input checked="" type="checkbox"/>	Product
<input type="checkbox"/>	Risk Selection
<input type="checkbox"/>	Miscellaneous

Primed for Changing Conditions

2 New Riders to Access Death Benefit for Chronic and Terminal Illness Benefits

Expand the flexibility of clients' single life variable universal life (VUL), indexed universal life (IUL), and universal life (UL) insurance products. Now available, the Premier Living Benefits Rider and Terminal Illness Rider may help clients meet the unexpected cash flow needs of chronic or terminal illness. Beginning August 6, 2012 these riders are available on eligible policies at no additional charge.[‡] See rider eligibility requirements on page 2.

Premier Living Benefits Rider^{1,2}

Accelerated Death Benefit Rider for Chronic Illness

Accelerates payment[‡] of a portion of the death benefit when the insured is diagnosed with a permanent chronic illness (permanently unable to meet 2 of the 6 activities of daily living (ADL) or requiring substantial supervision due to permanent Severe Cognitive Impairment).

- No monthly rider charge.[‡]
- No elimination period before benefits are payable.
- No receipts required (cash benefit that may be used for any reason; medical or non-medical).
- Accelerates up to 24% of death benefit annually (2% if monthly), not to exceed 125% of IRS per diem limit. *In FL, the benefit is a one-time benefit payment not to exceed 125% of IRS per diem limit.*
- Entire death benefit up to \$1.5 million (lifetime maximum) may be accelerated; accelerating the entire death benefit will terminate the policy.

Terminal Illness Rider^{1,2}

Accelerated Death Benefit Rider for Terminal Illness

Accelerates payment[‡] of a portion of death benefit if insured is diagnosed as terminally ill with 12 months or fewer to live (check for state variations). The benefit is a lump sum payment not to exceed the lesser of 75% of the eligible Face Amount or \$250,000.

[‡] *There is no up-front cost or monthly rider charge. The cost of exercising the rider is that the death benefit is reduced by an amount greater than the rider benefit payment itself to reflect the early payment of the death benefit. Rider benefit payments will reduce the death benefit, cash surrender value, and any policy debt. Additionally, rider benefit payments may adversely affect the benefits under other riders. See contract for details.*

Endnotes on page 4.

AVAILABLE ON NEWLY-ISSUED POLICIES OF:

- **M's Versatile Product IX (MVP IX) VUL** (Policy Form #P11MVP or ICC11 P11MVP¹)
- **M's Versatile Product UL (MVP UL-CV and MVP UL-DB)** (Policy Form #P10VPM)³
- **Versa-Flex NLG — UL** (Policy Form #P08VN1)
- **PRIME Indexed UL — IUL** (Policy Form #P11P1I or ICC11 P11P1I⁴)
- **PRIME UL-NLG** (Policy Form #P10P1N)
- **PRIME UL** (Policy Form #P10P1U)

^{*} *Form # based on state in which policy is issued.*

Also available on the following products (See bulletin dated June 4, 2012 for additional information on):

- M's Versatile Product Indexed Universal Life-2 (MVP IUL-2)^{4,5}
- M's Versatile Product Indexed LTP (MVP Indexed LTP)^{4,6}
- Pacific Prime VUL⁷

Save Time with Pre-Qualifying Questionnaire!

The Terminal Illness Rider is automatically issued on new policies. However, the Premier Living Benefits Rider is subject to underwriting approval. Use the [Pre-Qualifying Questionnaire \(Form #15-40464\)](#) to help determine your client's eligibility for the Premier Living Benefits Rider.

If your client is not eligible for the Premier Living Benefits Rider, you can help avoid awkward decline notices and application delays by opting out of the rider at application. Simply write "Opt Out for Premier Living Benefits Rider" in the "Remarks" section of the life insurance application or Tele-App Life Ticket.

New Policies—Rider Eligibility

	Premier Living Benefits Rider	Terminal Illness Rider
Rider	• R12CIU or ICC12 R12CIU* on UL	• R12TIU or ICC12 R12TIU* on UL
Form #	• R12CII or ICC12 R12CII* on IUL • R12CIV or ICC12 R12CIV* on VUL	• R12TII or ICC12 R12TII* on IUL • R12TIV or ICC12 R12TIV* on VUL
Eligibility	• Issued for insureds issue ages 20 to 75 (may vary depending on product) with all risk class up to Table Rating E, subject to underwriting approval • Not available on Guaranteed Issue or Simplified Issue • Not available on policies with scheduled face amount increases [‡] or on policies that are issued as conversions from another Pacific Life product • Policyowner may opt out at any time • See Rates & Values Books for details	• Automatically issued • Exercising this rider will terminate the Premier Living Benefits Rider • Replaces Accelerated Living Benefit (ALB) Rider (Form #R06ALB or #R92-ABR—form number based on product) on all <u>newly issued</u> policies that previously featured the ALB Rider ¹

* Form number based on state in which policy is issued.

‡ Face Amount increases are scheduled using the Varying Increase Rider (form #R11VIR or #ICC11 R11 VIR), Scheduled Increase Rider (form #R10SIR or R11SIR or ICC11 R11SIR, or the Varying Annual Renewable Term (VART) or Group Term Carve Out (GTCO) schedules of Annual Renewable Term Rider (ARTR) (form #R11RTP, ICC11 R11RTP, R10ARS, or R08RTP). Form number based on product and/or state in which policy is issued.

State Approvals

As of August 6, 2012, the Premier Living Benefits Rider and the Terminal Illness Rider are available in all states except CA, CT, and NY.

Submission Guidelines for New Applications

Submit all of the following:

- Signed illustration.
- Most current, signed state-specific application or Tele-App Life Ticket.
- If applicable, all appropriate signed replacement paperwork.
- If the Insured is age 61 or older at time of application, a state-specific Supplement to Application (Form #A12CIS) must be completed.
- Normal 90-day reissue guidelines apply. Re-issues maintain the same policy effective date and account allocations.

NEW POLICIES WITH THE RIDER(S) WILL BEGIN BEING ISSUED AUGUST 6, 2012. POLICIES IN FLORIDA WILL NOT BE AVAILABLE FOR ISSUE BEFORE AUGUST 27, 2012.

Note: The Disclosure Notice for both riders must be provided to the applicant at time of application. You will find these disclosures in the client kits.

Navigator Illustration Software

The new riders are available in the most recent version of Navigator. To make sure you are using the most recent Navigator version, you can go to *Help* → *Check for Updates*.

Marketing Materials

Beginning August 27, 2012, you may order the following materials by contacting your Pacific Life representative, going to Lifeline.PacificLife.com, or calling the Marketing Order Desk at (800) 800-7681 ext. 3920.

Life Insurance Producer Materials	Order Code
• MVP IX Description Page*	15-40920
• MVP UL (MVP UL-CV and MVP UL-DB) Description Page*	15-40933
• Versa-Flex NLG Description Page*	15-40927
• PRIME UL Description Page*	15-40929
• PRIME UL-NLG Description Page*	15-40963
• PRIME IUL Description Page*	15-40930

Client Materials	Order Code
• MVP IX Client Guide	15-40960
• MVP UL-CV Client Guide	15-40964
• MVP UL-DB Client Guide	15-40965
• Versa-Flex NLG Client Guide	15-40928
• PRIME UL Client Guide	15-40938
• PRIME UL-NLG Client Guide	15-40937
• PRIME IUL Client Guide	15-40939

*Available August 6, 2012.

See how the Premier Living Benefits Rider can aid in advanced designs/sales concepts. Order the “Primed for Changing Conditions” Campaign Kit, Form #KT-10116

For questions, see below.

Resource and Contact Information

Your Pacific Life Representative, New Business Services
Team Supervisor, or Case Owner

<http://Lifeline.PacificLife.com>

Endnotes:

¹Riders will likely incur additional charges and are subject to availability, restrictions, and limitations. Clients should be shown policy illustrations with and without riders to help show the rider's impact on the policy's values.

²Benefits paid by accelerating the policy's death benefit may or may not qualify for favorable tax treatment under Section 101(g) of the Internal Revenue Code of 1986. Tax treatment of an accelerated death benefit may depend on factors such as life expectancy at the time benefits are accelerated, the amount of benefits, the amount of qualified expenses incurred or if similar benefits are being received under other contracts. Tax laws relating to accelerated death benefits are complex. Receipt of accelerated death benefits may affect eligibility for public assistance programs such as Medicaid. Clients are advised to consult with their legal and tax advisors for more information.

³MVP UL-CV and MVP UL-DB are coverage choices (referred to as “basic coverage types” in the contract) of policy form no P10VPM. The death benefit, cash surrender value, and other product features will vary by coverage choice. MVP UL-CV and MVP UL-DB have different current interest rates, non-guaranteed bonus interest rates and policy charges (including surrender charges). The coverage choice is elected at time of the policy's issue and cannot be changed.

⁴Indexed universal life insurance products do not participate in any stock or equity investments

⁵Policy Form #P11MIP or ICC11 P11MIP – form # based on state in which policy is issued

⁶Policy Form #P11MI2 or lcc11 P11MI2 – form # based on state in which policy is issued

⁷Policy Form #P11P1V or ICC11 P11P1V – form # based on state in which policy is issued

For Life Insurance Producer Use Only. Not For Use With The Public.



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Pacific Life Insurance Company is licensed to issue insurance products in all states except New York. Product availability and features may vary by state. Insurance products and their guarantees, including optional benefits and any fixed subaccount crediting rates, are backed by the financial strength and claims-paying ability of the issuing insurance company, but they do not protect the value of the variable investment options. Look to the strength of the life insurance company with regard to such guarantees as these guarantees are not backed by the broker-dealer, insurance agency or their affiliates from which this product is purchased. Neither these entities nor their representatives make any representation or assurance regarding the claims-paying ability of the life insurance company. Variable insurance products are distributed by **Pacific Select Distributors, Inc.** (member FINRA & SIPC), a subsidiary of Pacific Life Insurance Company, and are available through licensed third-party broker-dealers.

Non-guaranteed elements are not guaranteed by definition. As such, Pacific Life Insurance Company reserves the right to change or modify any non-guaranteed element. This right to change non-guaranteed elements is not limited to a specific time or reason.

Pacific Life Insurance Company's individual life insurance products are marketed exclusively through independent third-party life insurance producers, which may include bank affiliated entities. Some selling entities may limit availability of some optional riders based on their client's age and other factors. Your broker-dealer or firm can help you determine which optional riders are available and appropriate for your clients.

M Financial Group is not an affiliated company of Pacific Life Insurance Company.

Investment and Insurance Products: Not a Deposit – Not FDIC Insured – Not Insured by any Federal Government Agency – No Bank Guarantee – May Lose Value