

# The Piano Plan

## Single Deposit Investment Rider

The **Single Deposit Investment Rider (SDIR)** is a guaranteed interest investment plan. The interest rate is guaranteed by the Company. It is important that you read the terms of this Single Deposit Investment Rider (SDIR) and understand all of the fees that will be deducted from your deposits.

### INVESTMENT PROVISIONS

The Insured may invest a minimum of \$20,000 and up to a maximum of \$200,000 in the SDIR. The Insured must have either a Company qualified Term Life Policy or a Critical Illness Disability Policy. The Single Deposit Investment is equal to ten (10) annual investment deposits. In order to make a Single Deposit to fully fund the Investment Rider, the Insured must also pay in full, the ten year premium for the qualified Term Life or Critical Illness Disability Policy to which this rider is attached.

### DEPOSIT PROVISIONS

On the Policy Anniversary Date, the Insured must make the **Single Deposit Amount** chosen on his/her Policy Application. After the Single Deposit Amount is received by the Company certain expenses such as; Agent's commission, marketing and administrative expenses are deducted from the Single Deposit Amount paid into the SDIR. The Company will then credit the remaining amount to the **Accumulation Value**. At the end of the year, the **Current Interest Rate** or the **Minimum Guaranteed Interest Rate**, whichever is greater, will be credited to the **Accumulation Value**. This Accumulation Value is calculated at the end of each Policy Year, for the Investment Term Period of ten (10) years.

### EMERGENCY POLICY LOANS

**Policy Loans** are not recommended and should be carefully considered. There is no interest charge on the Policy Loan. If you make a Policy Loan, the Interest Bonus is forfeited and the **Minimum Guaranteed Interest Rate** on the SDIR is reduced from 4% to 1% for that current Policy Year. There is a **Policy Loan Fee** which is listed on the SDIR Schedule. The Policy Loan Fee will be deducted from the Policy Loan amount. The SDIR Minimum Guaranteed Interest Rate will continue at 1% until the Policy Loan is repaid in full. Repayment Deposits for Policy Loans may only be made at the **Anniversary Date**.

Policy Loans may be made at any time for an amount up to 50% of the **Accumulation Value** of the **SDIR**. If the policy loan amount requested causes the Accumulation Value to be less than \$2,000, the IR will be terminated and the **Surrender Value** will be returned to **You**.

### INTEREST BONUS BENEFIT

At the end of the Term Period, if You have not terminated the qualified Term Policy or Critical Illness Policy to which this SDIR is attached, the Company will pay You an **Interest Bonus** which is guaranteed to be a minimum of 5.74% of the Accumulation Value of the SDIR and the amount in your Accumulation Value will be equal to a minimum of 144% of the Single Deposit you deposited to Your SDIR on the Policy Date.

### TERMINATION PROVISION

If for any reason You terminate the SDIR or the Term Life or Critical Illness Disability Policy to which the SDIR is attached prior to end of the Term Period, the **Interest Bonus** at the end of the Term Period is forfeited.

If for any reason the SDIR or the Term Life Policy or the Critical Illness Disability Policy is terminated prior to the end of the Term Period, You will be charged a **Surrender Charge** and the **Surrender Value** will be returned to **You**. The amount of the Surrender Charge and the Surrender Value are listed in the SDIR Schedule.

## **CONTINUATION PROVISION**

If you decide to continue the SDIR after the Term Period has concluded, the Company will:

1. Continue to credit your Accumulation Account with the Current Interest Rate or the Minimum Guaranteed Interest Rate, whichever is greater.
2. No Surrender Charges will be applied when you terminate your account.
3. Your annual administration expense will be based on the amount in your Accumulation Account, not the amount of your annual deposit.
  - a. If your Accumulation Account is \$50,000 or less the annual administration charge will be .75%.
  - b. If your Accumulation Account is between \$50,001 and \$100,000 your annual administration charge will be .6%.
  - c. If your Accumulation Account is over \$100,000 your annual administration charge will be .5%.

## **DISTRIBUTION OPTIONS**

Any time after the Term Period has concluded, you can make the decision as to the method you will use to take distributions from the Accumulation Account of your SDIR. Depending on your needs, the Company provides the following options;

1. Lump Sum Distribution- one time distribution for the entire amount.
2. Annual Distribution- one annual distribution made in a five, ten, fifteen or twenty year term.
3. Monthly Distribution- monthly distributions made within a five, ten, fifteen or twenty year term.

When choosing Annual or Monthly Distribution option, the Current Interest Rate will continue to be applied to the balance of your Investment Rider until all funds within your Accumulation Account have been distributed.

## GENERAL PROVISIONS

- A. **MAXIMUM SINGLE DEPOSIT AMOUNT.** Maximum Single Deposit Amount is \$200,000.
- B. **DISPUTES AND LEGAL ACTIONS.** The parties hereon agree that any and all disputes, claims, or controversies arising out of or relating to this certificate, shall be submitted to final and binding arbitration. Such arbitration shall be conducted in the City of Hamilton, Bermuda, in accordance with Commercial Arbitration Rules of the Bermuda Arbitration Association, and judgment on any award rendered in such arbitration may be entered in any state or federal court in such country. Such arbitration shall be the sole remedy for any disputes, claims or controversies on this certificate. Notices in connection with such arbitration and process in any judicial proceeding in connection herewith may be served by personal delivery or registered mail or via courier to the Company at the address of its Administrator and to the Assured at the most current address appearing on the records of the Company, with the same effect as if personally served, sent by registered mail or via courier in such city. The Assured must file the request for arbitration to the Company within one hundred and eighty (180) days of the event which brought about the dispute, claim or controversy between the parties hereon. Failure of the Assured to give such notice to the Company within the one hundred and eighty (180) day period will relieve the Company of any and all liability for the dispute, claim or controversy. The Company's liability in any such arbitration shall be limited to such amounts that are specified under this certificate, with such interest thereon and such costs of the arbitration proceeding, if any, as the arbitrators may direct. In no event shall the Company be liable for any extra-contractual damages, whether characterized, without limitation, as consequential, exemplary, punitive or tort damages, for any disputes, claims or controversies arising out of or relating to this certificate.
- C. **PAYMENT TO DESIGNATED BENEFICIARY.** If requested by You, the payment of the SDIR benefits to Your Designated Beneficiary shall act as a full discharge and release of the Company's obligations under this SDIR.
- D. **DESIGNATED BENEFICIARY.** The Insured may designate a beneficiary to receive the SDIR Surrender Value due to the Death of the Insured by providing the Company written notice in the application form. Such designation may be changed in writing at any time by the Insured without the permission of any previously Designated Beneficiary unless the previously designated beneficiary was requested to be irrevocable.
- E. **ENTIRE CONTRACT.** Means the actual document, including the application for coverage, policy, rider, Certificate of Coverage, Provisions, Definitions, Conditions, Exclusions, and any Amendments or Endorsements.
- F. **AUTHORITY.** No agent, broker, or any other person has the authority to change the rider or to waive any of its provisions. No change to this rider will be effective until approved in writing by one of our authorized officers or the Administrator. This approval must be noted on or attached to this rider by an amendment or endorsement signed by an authorized officer or the Administrator.
- G. **HEADINGS.** The paragraph headings in this rider are included for convenience only and do not modify or control the scope of any of the provisions of the rider.
- H. **GOVERNING LAW.** Any matters relating to interpretation of this rider including any matters relating to the representations of the Insured in connection with the application for coverage or issuance of this insurance shall be resolved in accordance with the laws of Bermuda.
- I. **CONSIDERATION.** This rider is issued in consideration of the application and payment of the initial premium. Premiums must be paid in U. S. dollars.
- J. **SEVERABILITY.** If any Provision of this policy is found to be unenforceable, such Provision shall be considered severed from the remaining Provisions of this rider and such remaining provisions shall be and remain in full force and effect.

## DEFINITIONS

1. **Accumulation Value** means the value of your SDIR at the end of each Policy Year after commissions and fees have been deducted and the interest has been credited.
2. **Administration Fees** means the amount of money taken out of your Deposit Amounts used to provide administration of the underlying policy including, but not limited to, policy notices, billing and collection of premium and policy issuance. The amount of these fees will be 2% of the Single Deposit Amount during the Term Period and the amount listed in the **CONTINUATION PROVISIONS** after the Term Period if the SDIR remains in force.
3. **Term Date** means the date ten (10) years after the Effective Date of the Investment Rider (IR).
4. **Interest Bonus** means the amount of interest applied to the Accumulation Value of the IR at the Completion Date. The amount of the Interest Bonus is listed on the Schedule of Benefits of the IR. The Interest Bonus will be listed on the Certificate of Coverage, but for this Policy will not be less than 5.74%
5. **Surrender Charge** means the charge subtracted from the Accumulation Value of the IR if You Terminate the IR prior to the Completion Date. The Surrender Charge is a percentage of the Accumulation Value of the IR. It begins with 10% the first year and reduces by 1% each year until the tenth (10<sup>th</sup>) year. The Surrender Charge is listed on the IR Schedule.
6. **Surrender Value** means the Accumulation Value less the Surrender Charge. The Surrender Value for each year should you Terminate the IR prior to the Completion Date of your IR is listed on the IR Schedule.
7. **Single Deposit Amount** means a Single Deposit Investment of money in U.S. Dollars You agree to deposit in the SDIR equal to ten (10) annual investment deposits.
8. **Anniversary Date** means the date Your Policy renews each year. The Anniversary Date will either be on the first (1<sup>st</sup>) or fifteenth (15<sup>th</sup>) of the month in which it was issued and became effective.
9. **Current Interest Rate** means the amount of interest the Company is currently crediting to the Investment Rider.
10. **Minimum Credited Interest Rate** is 4% and is the rate that is applied to all deposits after any commissions, marketing fees, and administrative fees have been subtracted. This rate will change to 1% if a Policy Loan is made.
11. **Completion Date** means the date that is ten (10) years after the Policy Effective Date. The Completion Date is the date the Term Period has ended.
12. **Qualified Insurance Policy** means the Term Life Policy or the Critical Illness Disability Policy.
13. **Grace Period** means thirty (30) days after the Anniversary Date of the Policy or SDIR.
14. **Policy Loan** means a loan that is made from the Accumulation Value of the SDIR.
15. **Policy Loan Fee** means a charge made by the Company to make a Policy Loan. The amount of this fee is listed on the SDIR Schedule.

# The Piano Plan Single Deposit Investment Rider Schedule

Minimum Credited Interest Rate is 4%

Interest Bonus is 5.74%

Marketing Fees are 2% of Single Deposit Amount.

Administration Expense is 2% of Single Deposit Amount.

The Policy Loan Fee is \$350 per loan taken.

Surrender Charge

During or End of Policy Year

1	2	3	4	5	6	7	8	9	10
10%	9%	8%	7%	6%	5%	4%	3%	2%	1%

Surrender Value for Annual Deposit Plans

During or End of Policy Year

1	2	3	4	5	6	7	8	9	10
86.11%	90.55%	95.21%	100.09%	105.22%	110.59%	116.22%	122.13%	128.33%	134.82%