

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
NORTHEASTERN DIVISION**

**RONALD B. HARDY, Individually and)
on Behalf of All Others Similarly)
Situating,)
Plaintiff)
v.)
TRANSAMERICA LIFE INSURANCE)
COMPANY)
Defendant.)**

Case No. _____

DEMAND FOR JURY TRIAL

CLASS ACTION COMPLAINT

COMES NOW, Plaintiff, Ronald B. Hardy, individually and on behalf of all others similarly situated, and files this Class Action Complaint against Defendant Transamerica Life Insurance Company. In support thereof, Plaintiff alleges the following upon personal knowledge as to himself and his own acts, and as to all other matters upon information and belief, based upon the investigation made by and through his attorneys:

NATURE OF THE CASE

1. This is a class action brought pursuant to FED. R. CIV. P. 23 on behalf of two separate classes for Defendant’s breaches of a Direct Recognition Life I Group Insurance Certificate (“Certificate”) and an associated endorsement to the Certificate.

2. The first class (the “Enhancement Endorsement Class”) was harmed when Defendant breached an endorsement to their life insurance Certificate that was to provide Plaintiff and individual class members each year for a period of eighteen years a guaranteed one percent enhancement to the minimum interest rate otherwise provided by the terms of their Certificates. Plaintiff and individual class members did not receive the benefit of this enhancement in each of

the years where the Defendant failed to credit the additional one percent interest to the cash value of the certificates. Likewise, the Plaintiff and class members did not receive the benefits that would have otherwise accrued over time had the interest been properly credited.

3. The second class (the “Asset Management Fee Class”) was harmed by the Defendant’s unauthorized deduction of an “asset management fee” from Plaintiff and putative class members’ cash values.

JURISDICTION & VENUE

4. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332(d) because this is a class action with diversity of citizenship between the parties and the matter in controversy exceeds \$5,000,000.

5. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because Defendant is subject to the personal jurisdiction of this Court and Plaintiff resides in this district, the contracts at issue were entered into in this district, and the Plaintiff suffered harm here.

PARTIES

6. Plaintiff, Ronald (“Ron”) B. Hardy is a citizen and current resident of Huntsville, Alabama.

7. Defendant Transamerica Life Insurance Company (“Transamerica”) is a corporation organized under Iowa law, with its principal place of business at 4333 Edgewood Road NE, Cedar Rapids, Iowa 52499, and regularly conducts business in this district. Transamerica may be served via its registered agent at CT Corporation System, 2 North Jackson Street, Suite 605, Montgomery, Alabama, 36104.

8. Plaintiff’s Direct Recognition Life Certificate was issued by General Services Life Insurance Company (“General Services”) and/or Pacific Fidelity Life Insurance Company

(“Pacific Fidelity”).¹ General Services was an Iowa corporation, which changed its name to Medco Containment Life Insurance Company (“Medco Containment”) on August 5, 1994. Medco Containment is currently listed as inactive on the Iowa Secretary of State’s website, with the last reported filing being an Annual Report filed on April 10, 1995. A corporation with the same name – Medco Containment Life Insurance Company – was incorporated in Pennsylvania on July 20, 1995. While it is unclear if there is any affiliation of the Pennsylvania company with General Services, the inactive Medco Containment lists its home office address as being the same as that of Transamerica (333 Edgewood Road NE, Cedar Rapids, Iowa 52499). Thus, upon information and belief, General Services is, or was, affiliated with Transamerica. Plaintiff was unable to locate any information regarding Pacific Fidelity and assumes that it is an inactive corporation.

9. By August 17, 1996 when Plaintiff was offered and accepted the interest enhancement endorsement discussed herein, Bankers United Life Assurance Company (“Bankers United”) had become the insurer for Plaintiff’s policy. Bankers United merged with Life Investors Insurance Company of America (“Life Investors”), taking the latter’s name on September 27, 2001.

10. Life Investors merged with Transamerica Life Insurance Company, taking the latter’s name on October 2, 2008.

11. In sum, through these transitions, Transamerica ultimately became the insurer for Plaintiff’s Certificate and the Class Certificates, assumed all related liabilities, and currently administers these Certificates. As used herein, the term “Defendant” refers collectively to Transamerica, Life Investors, Bankers United, General Services, and Pacific Fidelity.

¹ The Face Page of Plaintiff’s Group Insurance Certificate identifies “Pacific Fidelity Life Insurance Company” in the heading, but the pages following it, including the signature page, list “General Services Life Insurance Company” as the insurer.

FACTUAL ALLEGATIONS

12. Plaintiff Hardy purchased and was issued a certificate of life insurance from Pacific Fidelity and/or General Services on September 29, 1988, bearing the certificate number xxx0438, with a face amount of \$550,000. According to the certificate and illustrations provided, Plaintiff's premiums would be \$500/month, and his coverage began on August 9, 1988. A true and accurate copy of the Certificate is attached hereto as Exhibit A and incorporated herein by reference.

13. On July 22, 2016, Defendant sent Plaintiff a letter that indicated his death benefit would terminate in 2020. On August 31, 2016, Plaintiff's agent sent him a letter confirming this information and informing him that his premium would increase substantially if he wanted to maintain the death benefit beyond 2020. After receiving the letters, Plaintiff engaged counsel who undertook investigation of Plaintiff's claims and through the course of that investigation the claims asserted herein were discovered. Prior to the July 22, 2016 and August 31, 2016 letters mentioned above, Defendant actively concealed the facts of its breaches. The concealment was accomplished through issuance of misleading and incomplete annual statements, and other communications from the company that failed to disclose the whole truth of Defendant's conscious decision to not honor the terms of the interest enhancement endorsement or the terms of the Certificate issued to the Plaintiff.

The Interest Enhancement Endorsement

14. On August 19, 1996, Plaintiff received a letter acknowledging his acceptance of the "Enhancement '96 offer." *See* Enhancement Endorsement and Associated Documents, attached as Exhibit B. The letter enclosed an endorsement and explained "[t]he endorsement generally

provides that the cash value of your certificate will be credited with an additional one percent interest for the next eighteen (18) years.” *Id.*

15. Specifically, the endorsement states:

**LEVERAGED SPLIT DOLLAR LIFE INSURANCE PLAN INTEREST
ENHANCEMENT ENDORSEMENT**

On the anniversary of the Coverage Effective Date of the above numbered certificate (the “Certificate”) following the date of this Endorsement, and for the subsequent seventeen (17) anniversaries, the Company will credit the Cash Values of the Certificate with additional interest of one percent (1%) per year in excess of the then current effective annual net interest earnings rate applicable to the Interest Earnings Strategy(ies) underlying the Certificate’s Cash Values.

The additional annual interest credits described above shall be effective only on the anniversary date(s) of the Certificate, provided the Certificate is in force on such date(s), and shall not be credited on a pro-rata basis if the Certificate lapses or is surrendered other than on an anniversary date.

Id.

16. The effective date of the endorsement was June 17, 1996, and the one percent enhancement was required to begin being credited on August 9, 1996 pursuant to the endorsement’s terms.

Defendant’s Failure to Honor the Endorsement

17. Plaintiff’s Certificate provides that four percent is the minimum guaranteed interest rate:

ACCOUNT VALUES; INTEREST AND EXCESS INTEREST CREDITED TO ACCOUNT VALUES. . . . The effective annual “Interest Earnings Rate” for a particular interest earnings strategy, shall be determined net of direct investment expenses and any taxes which may be levied on investment income, and shall be applied to the accumulated balance of your Account Values held in that interest earnings strategy. . . . The Interest Earnings Rate will be credited in full, first to the 4% minimum guarantees or such higher guaranteed rate as we may declare from time to time, and then to Excess Interest for your Certificate.

See Exhibit A.

18. With issuance of the Interest Enhancement Endorsement, Plaintiff was guaranteed to receive a minimum of five percent interest on his Policy from August 9, 1996 – August 8, 2014. Thus, the Interest Enhancement Endorsement created a continuous contractual duty for the term of the Endorsement.

19. Defendant breached Plaintiff's Interest Enhancement Endorsement each year by failing to credit the additional interest guaranteed by the terms of the Endorsement and/or by incorrectly calculating the "Minimum Guaranteed Rate Next 12 Months." Every year that Defendant failed to credit the additional 1% interest and/or incorrectly calculated the "Minimum Guaranteed Rate Next 12 Months" constituted a separate breach of contract and each breach caused damages.

The Asset Management Fee

20. Defendant also charged Plaintiff (and putative Class members of the Asset Management Fee Class) an "Asset Management Fee."

21. The Certificate and Class Certificates do not mention an "asset management fee," and thus, do not authorize the charging of such fee.

22. Rather, the Certificate and Class Certificates contemplate only the charging of an "administrative charge" and other specified fees. *See, e.g.*, Exhibit A at p. G-DRL 0160-5 ("We . . . shall deduct from the Account Values any applicable Administrative Charge, Risk Charge and monthly service charge, as reflected in the account values shown in the Illustration.").

23. Both the authorized administrative charge and the unauthorized asset management fee were deducted from Plaintiff's cash values and the cash values of putative Class members of the Asset Management Fee Class. The deduction of the Asset Management Fee diminished the cash value, undermined the performance of the Certificates and caused damages.

CLASS ALLEGATIONS

24. Plaintiff brings this case as a class action under FED. R. CIV. P. 23, on behalf of himself and as a representative of the following Classes:

Enhancement Endorsement Class: All persons who were issued a Leveraged Split Dollar Life Insurance Plan Interest Enhancement Endorsement (“Enhancement ‘96”) guaranteeing that Transamerica Life Insurance Company and/or its predecessors, including but not limited to Bankers United Life Assurance Company and/or Western Reserve Life Assurance Company of Ohio, would credit additional interest to the cash value of a Life Insurance Certificate or policy and for which it failed to honor during some or all of the required term of the endorsement.

Asset Management Fee Class: All persons who own, or previously owned, a Life Insurance Certificate or policy issued by Transamerica Life Insurance Company or its predecessors, including, but not limited to, Pacific Fidelity Life Insurance Company and General Services Life Insurance Company, that were charged an “Asset Management Fee” that was not authorized by the terms of the certificate or policy.

25. Excluded from the Classes is the Defendant, any entity in which the Defendant has a controlling interest, any of the officers, directors, or employees of the Defendant, the legal representatives, heirs, successors, and assigns of the Defendant, anyone employed with Plaintiff’s counsel’s firms, and any Judge to whom this case is assigned, and his or her immediate family.

26. The Classes satisfy the numerosity, commonality, typicality, adequacy, and superiority requirements of a class action under Rule 23, as set forth more fully herein.

27. The persons who fall within each of the Classes number in at least the hundreds and most likely thousands, and thus the numerosity standard is satisfied. Because Class members are geographically dispersed across the nation, joinder of all Class members in a single action is impracticable. Class members may be informed of the pendency of this class action through direct mail.

28. There are questions of fact and law common to each Class that predominate over any questions affecting only individual members.

29. The questions of law and fact common to the Enhancement Endorsement Class arising from Defendant's actions include, without limitation, the following:

- a. Whether Defendant failed to add the one percent enhancement to Plaintiff and putative Class members' cash values during the eighteen-year term provided by the enhancement;
- b. Whether Defendant breached the terms of Plaintiff and putative Class members' Interest Enhancement Endorsement by failing to add the one percent enhancement to Plaintiff and putative Class members' cash values;
- c. Whether the Class sustained damages as a result of Defendant's breaches of contract; and
- d. Whether the Class is entitled to damages, restitution, and/or other relief as a remedy for Defendant's breaches of contract.

30. The questions of law and fact common to the Asset Management Fee Class arising from Defendant's actions include, without limitation, the following:

- a. Whether Defendant deducted an asset management fee from the interest earned or cash values on Plaintiff and putative Class members' certificates and/or policies;
- b. Whether Defendant breached the terms of Plaintiff and putative Class members' certificates and/or policies by charging an asset management fee;
- c. Whether Defendant was authorized to deduct an asset management fee from Plaintiff and putative Class members' certificates and/or policies;
- d. Whether the Class sustained damages as a result of Defendant's breaches of contract; and
- e. Whether the Class is entitled to damages, restitution, and/or other relief as a remedy for Defendant's breaches of contract.

31. The questions set forth above predominate over any questions affecting only individual persons, and a class action is superior with respect to considerations of consistency, economy, efficiency, fairness, and equity to other available methods for the fair and efficient adjudication of the claims asserted herein.

32. Plaintiff's claims are typical of those of each of the Classes. Class members of the Enhancement Endorsement Class were offered and accepted the one percent Interest Enhancement Endorsement, and Class members of the Asset Management Fee Class were charged asset management fees although their Certificates did not authorize the charging of asset management fees.

33. A class action is the appropriate method for the fair and efficient adjudication of this controversy. Defendant has acted or refused to act on grounds generally applicable to the Classes. The presentation of separate actions by individual Class members would create a risk of inconsistent and varying adjudications, establish incompatible standards of conduct for Defendant, and/or substantially impair or impede the ability of Class members to protect their interests.

34. Plaintiff is an adequate representative of the Classes because he is a member of each Class and his interests do not conflict with the interests of those he seeks to represent. The interests of the Class members will be fairly and adequately protected by Plaintiff and his counsel, who have extensive experience prosecuting complex class litigation.

35. Maintenance of this action as a class action is a fair and efficient method for adjudicating this controversy. It would be impracticable and undesirable for each member of the Classes who suffered harm to bring a separate action. In addition, the maintenance of separate actions would place a substantial and unnecessary burden on the courts and could result in inconsistent adjudications, while a single class action can determine, with judicial economy, the rights of all Class members.

COUNT I – BREACH OF CONTRACT
(Enhancement Endorsement Class)

36. Plaintiff incorporates and restates by reference all of the preceding allegations as though fully set forth herein.

37. Plaintiff and the Enhancement Endorsement Class (referred to as the “Class” in this Count I) purchased the Certificate and Class Certificates and/or Policies from Defendant and then were offered and accepted an Enhancement Endorsement.

38. Plaintiff and the Class agreed to accept the Interest Enhancement Endorsement offered by Defendant for their Certificates and/or Policies with the expectation that they would receive an additional one percent interest per year to their cash values.

39. The Endorsement provided that Defendant would “credit the Cash Values of the Certificate with additional interest of one percent (1%) per year in excess of the then current effective annual net interest earnings rate applicable to the Interest Earnings Strategy(ies) underlying the Certificate’s Cash Values.”

40. Plaintiff and the Class substantially performed their obligations under the terms of the Certificate and Class Certificates and/or Policies.

41. Each year, within the time frame provided by the Interest Enhancement Endorsement, that Defendant failed to add one percent interest to Plaintiff and the Class members’ cash values constituted a breach of the Certificate and Class Certificates and/or Policies.

42. As a direct and proximate result of Defendant’s breaches, Plaintiff and the Class have been damaged.

COUNT II – BREACH OF CONTRACT
(Asset Management Fee Class)

43. Plaintiff incorporates and restates by reference all of the preceding allegations as though fully set forth herein.

44. Plaintiff and the Asset Management Fee Class (referred to as the “Class” in this Count II) purchased the Certificate and Class Certificates and/or Policies, from Defendant.

45. Plaintiff and the Class substantially performed their obligations under the terms of the Certificate and Class Certificates and/or Policies.

46. The Certificate and Class Certificates and/or Policies contemplate the charging of an administrative charge, risk charge, and monthly service charge, but do not provide for the deduction of an asset management fee.

47. By deducting an unauthorized asset management fee from the cash values of Plaintiff and the Class, Defendant breached the terms of the Certificate and Class Certificates and/or Policies. Each time the Defendant deducted the unauthorized asset management fee constituted a separate breach of contract.

48. As a direct and proximate result of Defendant's breaches, Plaintiff and the Class have been damaged.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, requests relief as follows: an order certifying this case as a class action under FED. R. CIV. P. 23, compensatory damages in an amount to be proven at trial; pre- and post-judgment interest at the maximum rate allowed by law; disgorgement; and such other legal and equitable relief as the Court deems proper.

DEMAND FOR JURY TRIAL

Plaintiff hereby requests a trial by jury of all issues so triable.

Dated: May 4, 2018

/s/ Michael Yancey

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DEFENDANT TO BE SERVED VIA CERTIFIED MAIL

Transamerica Life Insurance Company

c/o CT Corporation System

2 North Jackson Street, Suite 605,

Montgomery, Alabama, 36104

EXHIBIT A

001

05/04/17 WED 10:01 FAX
 DIRECT REDEMPTION LIFE
 DEATH BENEFIT OPTION 'A'
 VANISHING PREMIUMS
 NON-LEVEL FACE AMOUNTS
 VARIABLE INTEREST

SPLIT DOLLAR RETIREMENT SUPPLEMENT

BANKERS UNITED LIFE ASSURANCE COMPA.
 GROUP PERMANENT INSURANCE ILLUSTRATION

THIS IS A SALES ILLUSTRATION. AN ISSUE ILLUSTRATION WILL BE ATTACHED AND MADE PART OF THE CERTIFICATE WHICH YOU RECEIVE AS EVIDENCE OF INSURANCE UNDER THE GROUP MASTER POLICY AND ITS RIDERS.

PREPARED FOR: Ronald B. Hardy PREPARED BY: Candi Dow DATE OF ILLUSTRATION: 04/25/97
 MALE-NON-SMOKER AGE 45 NEAREST BIRTHDAY TARGETED FOR PAID-UP STATUS AT AGE 91 CONTRACT NUMBER: 0438
 PROJECTED INITIAL FACE AMOUNT: \$368,000 PROJECTED FACE AMOUNT AFTER AGE 91: \$3,121
 INITIAL UNSCHEDULED PREMIUM: \$50,000

368,500

BUSINESS					EMPLOYEE								
YEAR	AGE	PREMIUM PD BY LOAN	INTEREST ON LOAN	AFTER TAX COST @ 40%	SCHEDULED PREMIUMS	TAXABLE INCOME	LESS CASH WITHDRAWAL	UNSC PREM ACTIVITY	NET ULTIM CASH VALUE	DEATH BENEFIT	CURRENT ILLUST.	CASH VALUE GUARANTEE	
***** >>> SPLIT DOLLAR AGREEMENT TERMINATED <<< *****													
		LOAN	INTEREST	INCOME									
8	52	0	0	0	2,400	0	0	0	22,747	418,508	578	561	
9	53	0	0	0	1,200	0	0	0	24,362	418,508	620	581	
10	54	0	0	0	0	0	0	8,000	33,216	418,508	8,983	8,671	
11	55	0	0	0	0	0	0	0	34,223	418,508	9,639	9,019	
12	56	0	0	0	0	0	0	0	35,178	418,508	10,343	9,380	
13	57	0	0	0	0	0	0	0	36,048	418,508	11,098	9,751	
14	58	0	0	0	0	0	0	0	36,774	418,508	11,908	6,221	
15	59	0	0	0	0	0	0	0	37,393	418,508	12,777	182	
16	60	0	0	0	0	0	0	0	37,847	418,508	13,710	(
17	61	0	0	0	0	0	0	0	38,036	418,508	19,100	(
18	62	0	0	0	0	0	0	0	37,986	418,508	25,362	(
19	63	0	0	0	0	0	0	0	37,563	418,508	31,251	(
20	64	0	0	0	0	0	0	0	47,973	418,508	47,973	(
21	65	0	0	0	0	0	0	0	47,553	418,508	47,553	(
22	66	0	0	0	0	0	0	0	46,679	418,508	46,679	(
23	67	0	0	0	0	0	0	0	45,264	418,508	45,264	(
24	68	0	0	0	0	0	0	0	43,194	418,508	43,194	(
25	69	0	0	0	0	0	0	0	40,463	418,508	40,463	(
26	70	0	0	0	0	0	0	0	36,944	418,508	36,944	(
27	71	0	0	0	0	0	0	0	32,467	418,508	32,467	(
28	72	0	0	0	0	0	0	0	26,521	418,508	26,521	(
29	73	0	0	0	0	0	0	0	19,224	418,508	19,224	(
30	74	0	0	0	0	0	0	0	122,861	418,508	122,861	(
31	75	0	0	0	0	0	0	0	122,577	418,508	122,577	(
32	76	0	0	0	0	0	0	0	121,306	418,508	121,306	(
33	77	0	0	0	0	0	0	0	118,820	418,508	118,820	(
34	78	0	0	0	0	0	0	0	114,843	418,508	114,843	(
35	79	0	0	0	0	0	0	0	109,099	418,508	109,099	(
36	80	0	0	0	0	0	0	0	101,195	418,508	101,195	(
37	81	0	0	0	0	0	0	0	90,788	418,508	90,788	(
38	82	0	0	0	0	0	0	0	77,242	418,508	77,242	(
39	83	0	0	0	0	0	0	0	59,813	418,508	59,813	(
40	84	0	0	0	0	0	0	0	149,983	418,508	149,983	(
41	85	0	0	0	0	0	0	0	138,011	418,508	138,011	(
42	86	0	0	0	0	0	0	0	122,561	418,508	122,561	(
43	87	0	0	0	0	0	0	0	102,841	418,508	102,841	(
44	88	0	0	0	0	0	0	0	77,853	418,508	77,853	(
45	89	0	0	0	0	0	0	0	45,533	418,508	45,533	(
46	90	0	0	0	0	0	0	0	2,613	418,508	2,613	(

TOTALS	46	90	0	0	0	3,600	0	0	8,000	2,613	418,508	2,613	0

34,232

Please see page 2 of this illustration for important explanatory material and disclosure information.

7/0 10:07 WED 10:00 FAX

0003

PREMIUMS: The Illustration assumes that scheduled premiums are paid quarterly in advance, and that unscheduled premiums are paid annually in advance.

ULTIMATE CASH VALUE: The Ultimate Cash Value represents the accumulation of policy values assuming a levelized amortization of costs and expenses. It is not the amount available for loans, withdrawals or surrenders.

CASH VALUE: This is the amount which, subject to any Market Value Equity Concept adjustment, is available for loans, withdrawals, or surrenders. It is calculated by (i) crediting Premiums Paid, (ii) deducting applicable Loads and Policy Fees, (iii) crediting Interest, and (iv) deducting the Administrative Charge and applicable Risk Charge. Loads include provisions for commissions paid to agents and premium taxes paid to the state of issue. Policy fees are determined by the company and are \$30 annually. The Administrative Charge is defined in the certificate and will not exceed the greater of 10% of interest earnings or 1.5% per annum of account values. The Risk Charge is deducted monthly and will not exceed the amount shown in the table of maximum risk rates per \$1,000 attached to the group master policy.

INTEREST RATE ASSUMPTIONS: The Ultimate Cash Values and Current Cash Values assume varying hypothetical interest rates (after the Administrative Charge). This illustration is not valid without an accompanying list of interest rates used. The guaranteed Cash Values assume a net interest rate of 4% (after the administrative charge).

CASH VALUE INCREASE: This illustration assumes an increase in Cash Values equal to the following percentages of premiums (excluding unscheduled premiums and recurring unscheduled premiums) paid during the first ten years; and of 20th year 30%; and of 30th year 300%; end of 40th year 300%.

MORTALITY ASSUMPTIONS: The Ultimate Cash Values and Current Cash Values assume the Risk Charge currently being used by the company. The Guaranteed Cash Values assume the maximum Risk Charge allowed under the group master policy.

POLICY LOAN INTEREST RATE: The illustration assumes a policy loan interest rate of 15% from years 1 to 5 and a rate of 5.5% from years 6 to 91.

INCOME: Income column above assumes that the policy loan interest payments are deductible to the owner to the extent of \$0 in years 1 through 5, and \$0 in years 6 through 99, and that the owner is in a 38% tax bracket for the purposes of these deductions.

WITHDRAWALS AND SURRENDERS: Upon a surrender your Cash Values will be adjusted by a surrender charge equal to the lesser of the Cash Values or the following amounts per thousand of initial face amount; years 1 to 15 \$85.76; year 16 \$68.61; year 17 \$51.46; year 18 \$34.3; year 19 \$17.15; years 20 on - zero. The surrender charge applies only to Cash Value created by scheduled premiums. The Cash Value illustrated is net of the surrender charge.

GUARANTEE: You are guaranteed that your Cash Values, subject to any Market Value Equity Concept adjustment, will never be less than those illustrated in the column headed Current Cash Value-Guaranteed. Under guaranteed assumptions the certificate will lapse in year 15.

I hereby acknowledge receipt of a copy of this sales illustration, and confirm that the guarantees, benefits and the relation between deposits and premiums to the account values, costs and benefits under the group master policy and its riders have been explained to me, have been fully disclosed to my satisfaction, are acceptable and that I have been given an opportunity to ask any questions about it. I acknowledge that I have been advised to consult with independent tax counsel regarding the tax treatment of the life insurance coverage evidenced by this certificate.

Signed by: Ronald B. Hardy Date: 6/13/97 Witness: John S. Cook
VERSION:ORL A10.B(18M 8/1/92) MOD=V PREPARED BY:CEB CASE:Hardy EMP #1 STOLO UP.L13.1 CP.L110 RR:REG NS GLP:0
EAV:

LOANS: loaned UP in year 1 of \$50,000 repaid in year 6; 17 - 99: Zero Net;

FIDELITY LIFE INSURANCE COMPANY
 Pasadena, California
 ("We"/"Us"/"Our")

Direct Recognition Life I
GROUP INSURANCE CERTIFICATE
 To Group Policy No. D-1 ("Policy")

Name of Participating Employer ("Employer"):
 HARDY MACHINERY INC.

Certificate Issue Date: September 29, 1988

Group No.: [REDACTED]

Coverage Effective Date: August 9, 1988 ✓

Certificate No.: [REDACTED] 0438

Age (nearest birthday) on Coverage Effective Date: 45

Name of Insured Participant(s) ("You or Your")
 RONALD B. HARDY

Paid-Up Date: The anniversary of your Coverage Effective Date nearest your 80th birthday

(Joint Life) N/A

Beneficiary as designated by Owner:
 Estate of Ronald B. Hardy
 (Primary)
 (Contingent)

Applicant Owner (if any):
 Ronald B. Hardy
 (Primary)
 (Contingent)

Type of Life Insurance Coverage	Initial Mode Premium	Death Benefit Face Amount
Initial Group Permanent Coverage (Waiver of Premium Rider Premium Waived \$ per <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No)	\$ 500.00/mo. \$	\$ 550,000.00
Initial Group Life Rider (Waiver of Risk Charge Rider <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No)	\$	\$
Initial Group Term Rider Coverage (Waiver of Risk Charge Rider <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No)	\$	\$
Initial Group Accidental Death Rider Coverage (Waiver of Risk Charge Rider <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No)	\$	\$
Group Deferred Annuity Rider Coverage (Waiver of Risk Charge Rider <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No)	\$	\$
Cost of Living Benefit Rider and terminates: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	% applies to:	

Other Conditions and Riders:

This Certificate is issued as evidence of insurance under the Policy and its Riders. It replaces and supersedes any Certificate issued previously under the Policy bearing the same number. The Certificate contains a summary of the essential features of the insurance coverage. It is subject to, and is to be read in conjunction with, the terms of the Policy and its Riders. The Policy and its Riders apply to the insurance whether set out in this Certificate or not. The entire contract consists of the Policy and its Riders providing group permanent, group term and other insurance and/or annuity coverage(s); the application of the Policyholder; and the applications, health questionnaires, and medical examinations; a copy each of which is included in and made a part of each Certificate provided to the Owner of such rights and benefits. The Policy and its Riders may be examined at any reasonable time at the head office of the Participating Employer or the Trustee.

Any changes to the provisions of this Certificate will be shown on the SPECIAL INFORMATION SECTION.

DIRECT RECOGNITION LIFE.....GENERAL SERVICES LIFE INSURANCE
 DEATH BENEFIT OPTION 'A' GROUP PERMANENT POLICY ILLUSTRATION
 CANCELING PREMIUMS

Group No. : ██████████ Participating Employer: HARDY MACHINERY INC
 Certificate No. ██████████ 0438 Insured Participant: RONALD B HARDY
 Male-Non-Smoker Age 45 Nearest Birthday Targeted for Paid Up Status at Age 80
 Date of Birth : ██████████

Coverage Effective Date: 08/09/19E
 Certificate Issue Date : 09/29/19E

PROJECTED FACE AMOUNTS: \$550,000 Before Age 80 and \$1,787,182 After Age 80
 INITIAL UNSCHEDULED PREMIUM: \$50,000
 IN CERTAIN YEARS, ACTUAL DEATH BENEFITS MAY EXCEED PLANNED DEATH BENEFIT
 IN ORDER TO COMPLY WITH FEDERAL LAW.

YEAR	AGE	SCHEDULED PREMIUMS	UNSCHEDULED PREMIUM	ULTIMATE EXCESS ACCOUNT VALUE	REGULAR CURRENT CASH VALUE	NET TOTAL CASH VALUE	TOTAL CURRENT CASH VALUE MINIMUM INTEREST(A)	DEATH BENEFIT
1	45	6,000.00	50,000	54,575	0	52,883	50,388	550,000
2	46	6,000.00	0	59,379	0	57,722	52,404	550,000
3	47	6,000.00	0	64,606	0	63,004	54,500	550,000
4	48	6,000.00	0	70,294	0	68,768	56,680	550,000
5	49	6,000.00	0	76,483	0	75,061	58,947	550,000
6	50	6,000.00	0	83,219	0	81,929	61,305	550,000
7	51	6,000.00	0	90,548	0	89,425	63,757	550,000
8	52	6,000.00	0	98,524	0	97,608	66,307	550,000
9	53	6,000.00	0	107,203	3,605	110,144	68,959	550,000
10	54	6,000.00	0	116,649	11,942	128,229	71,718	550,000
11	55	0.00	0	126,927	15,304	142,231	74,587	550,000
12	56	0.00	0	138,541	18,874	157,415	77,570	550,000
13	57	0.00	0	151,218	22,688	173,906	80,673	550,000
14	58	0.00	0	165,054	26,744	191,798	83,900	550,000
15	59	0.00	0	180,156	31,129	211,285	87,256	550,000
16	60	0.00	0	196,641	43,811	240,452	90,746	550,000
17	61	0.00	0	214,633	56,844	271,477	94,376	550,000
18	62	0.00	0	234,272	70,340	304,612	98,151	550,000
19	63	0.00	0	255,708	84,326	340,034	98,918	550,000
20	64	0.00	0	279,106	116,914	396,020	112,214	550,000
21	65	0.00	0	304,644	126,112	430,756	112,155	550,000
22	66	0.00	0	332,519	136,416	468,935	111,608	558,032
23	67	0.00	0	362,944	147,727	510,671	110,490	602,592
24	68	0.00	0	396,154	159,912	556,066	108,699	650,597
25	69	0.00	0	432,402	173,062	605,464	106,256	702,337
26	70	0.00	0	471,966	187,248	659,214	103,048	758,097
27	71	0.00	0	515,151	202,676	717,827	98,924	811,144
28	72	0.00	0	562,288	219,483	781,771	93,674	867,766
29	73	0.00	0	613,737	237,857	851,594	87,130	928,237
30	74	0.00	0	669,894	438,023	1,107,917	124,105	1,185,471
31	75	0.00	0	731,189	476,491	1,207,680	117,587	1,268,064
32	76	0.00	0	797,774	518,452	1,316,226	109,231	1,382,037
33	77	0.00	0	869,368	564,911	1,434,279	98,670	1,505,993
34	78	0.00	0	947,176	615,439	1,562,615	85,453	1,640,746
35	79	0.00	0	1,031,730	670,348	1,702,078	69,125	1,787,182
<hr/>								
TOTALS								
35	79	60,000.00	50,000	1,031,730	670,348	1,702,078	69,125	1,787,182

THE FINAL CASH VALUE WILL PROVIDE THE CERTIFICATE OWNER WITH THE ILLUSTRATED DEATH BENEFIT AT THE TARGETED PAID UP DATE
 --AND--EITHER \$660,075 IN EXCESS CASH RETURNED, OR \$1,132,122 IN ADDITIONAL DEATH BENEFIT SUBJECT TO PROVIDING
 SATISFACTORY EVIDENCE OF INSURABILITY AT THAT TIME.

IRECT RECOGNITION LIFE.....GENERAL SERVICES LIFE INSURANCE PAGE ;

ASSUMPTIONS FOR ILLUSTRATIONS:

The values illustrated above assume that net interest (net of administrative charge and other deductions under the policy) of 9.15% before the targeted paid up date and 9.15% thereafter and that the illustrated premiums (including any unscheduled premiums shown) are paid MONTHLY in advance. (A) assumes guaranteed minimum interest credits of 4% and current mortality charges.

The above illustrates an increase in cash values. The amount of the increase is a percentage of all due premiums paid in the first ten years (excluding unscheduled premiums), according to the following schedule: End of the 20th year 30%; End of the 30th year 300%. The minimum interest column illustrates 22% 20th year; 75% 30th year. These are the amounts which are guaranteed. (B) These values are the adjusted current cash values net of any applicable surrender charges, which is the amount on which we will base any loans and surrenders. The surrender charges, which apply only to current cash values arising from regular scheduled premiums, including CVPIS, are equal to the lesser of the current cash values or the following amounts per thousand of initial face amount: Years 1 to 15 \$ 72; Year 16 \$ 57; Year 17 \$ 43; Year 18 \$ 28; Year 19 \$ 14; Years 20 on - zero.

The maximum amounts available for surrender, withdrawal, or loan in accordance with the provisions of your certificate will be your current cash value subject to any applicable Market Value Equity Concept Adjustment which guarantees that you will always receive the full value of the assets underlying your cash values on that date which may produce greater values than those illustrated, but will never produce less than your net principal payments (gross premium - net of loading, premature withdrawal and surrender charges, policy fees and monthly deductions under the policy) plus 4% minimum guaranteed interest. Because the company's practice is to generally hold longer dated assets in the Long Term High Current Yield and Long Term Investment Grade High Current Yield strategies, the potential for Market Value Equity Concept Adjustment will be greater in those strategies.

This illustration is to be read in conjunction with the attached explanatory notes on the proposal cover.

I hereby acknowledge receipt of a copy of this illustration and the explanatory notes on the proposal cover, and confirm that the relation of deposits and premiums to the account values and costs and benefits under the policy have been explained to me, have been fully disclosed to my satisfaction, are acceptable, and that I have been advised to consult with independent tax counsel regarding the tax treatment of this policy.

I have reviewed this illustration, been given an opportunity to ask any questions about it, and accept it.

Certificate Owner Date

-Vers.: 10.2 -Prep'd by: CRB CERT - G010438 UP.L - 3.10 CP.L - 10.00 LDTBL - BO RE= 0 RTS: REG WANG(08/31/88)

Regional Office: 475 Gate Five Road, #A-215, Sausalito, California 94965

GROUP PERMANENT LIFE INSURANCE CERTIFICATE

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DEFINITIONS

ACCOUNT - An Account established under the Policy and administered by us for you. The Account encompasses the Ultimate and Current Cash Values (which include the Excess Account Values) available from time to time to the Owner, all of which constitute the "Account Values" for your Group Permanent Certificate.

ACCOUNTING YEAR - A 12-month period beginning on your Coverage Effective Date. Each subsequent Accounting Year shall be a 12-month period beginning on the respective anniversary(ies) of your Coverage Effective Date.

BENEFICIARY - The person or entity so designated by an Owner of any Certificate to receive the benefits payable upon the death of a Participant.

CERTIFICATE - The respective Certificate(s) of insurance, including any Illustrations, applications, medical statements, endorsements and riders, issued for each Participant. The Certificate states and defines: (1) the benefits to which each Certificate Owner is entitled; (2) to whom benefits are payable; and (3) the manner in which benefits are payable to Beneficiary. This document in hand is your Certificate.

CONVERSION DATE - The date (within 31 days after your insurance ceases) that the Owner may convert to individual coverage.

COVERAGE EFFECTIVE DATE - The date the Certificate is effective for a Participant as to any benefits described thereunder.

DEPENDENT - An Eligible Individual's spouse, parent, or descendant.

EVIDENCE - Evidence of insurability satisfactory to us.

ILLUSTRATION - The Illustration(s) attached to this Certificate or otherwise furnished to the Owner. It shows the premiums and assumptions required to provide the benefits and Account Values specified herein.

MARKET VALUE EQUITY CONCEPT. The Market Value Equity Concept adjustment is a factor equal to the weighted average value of the ratio of the Market Value Factor in the month of a surrender, withdrawal or a transfer due to a change in an interest earning strategy to the Market Value Factor in the month premiums were paid, on a First-In-First-Out basis. The Market Value Factors are calculated by dividing the market value of the managed assets at the end of each month by the corresponding book value. The Market Value Factors are available from the Company upon request.

OWNER - The Owner of the rights and benefits described by the Certificate.

PARTICIPANT/YOU/YOUR - An Eligible Individual or Dependent who has applied to and been accepted by us under the Policy.

POLICY - The group Master Policy under which this Certificate is issued.

REGIONAL OFFICE - General Services Life Insurance Company's regional office located in Sausalito, California.

RIDERS - The agreement(s) providing additional benefits by us and made a part of the Policy.

TARGETED PAID-UP DATE - The anniversary of the Coverage Effective Date which completes a period of full Accounting Years between your age on the Coverage Effective Date and the paid-up age specified in your application for insurance, or such earlier date elected by the Owner.

WE/US/OUR - General Services Life Insurance Company

INSURANCE BENEFITS

You are insured for the benefits described on the FACE PAGE and the Illustration(s), if the required premiums for the described benefits have been paid on time. All premiums are payable in advance by check made payable only to us. Any changes will be shown on the FACE PAGE, or SPECIAL INFORMATION SECTION.

The initial face amount of the Death Benefits is the amount shown on the FACE PAGE. Upon receipt of due proof of death, we will pay the Death Benefit if the insured Participant dies while the benefits described by this Certificate are in force and no premium is unpaid beyond its grace period.

TERMINATION OF COVERAGE

Your insurance will terminate on the earlier of: (1) the date of surrender of your Certificate; and (2) the Coverage Effective Date for a new Participant requested by the Owner under the "Change of Participant" provision of the Policy; and (3) the end of the period for which premiums have been paid for your insurance; and (4) the date the Current Cash Value would be insufficient to pay any Risk Charge due; and (5) the date that any indebtedness exceeds the Amount Available For Loans; and (6) the date you cease to be employed, unless: (a) continuation of insurance coverage following cessation of employment is elected; or (b) you are a member of a class of Eligible Individuals for whom continued employment or continued membership in an association is not required; or (c) you are an eligible Dependent for whom employment was not required.

BENEFICIARY

The death benefits shall be paid to the Primary Beneficiary named by the Owner. If no Beneficiary has been so named or if the Primary Beneficiary does not survive you, the death benefits shall be paid to the surviving person or persons in the first of the following classes of successive preference beneficiaries of which a member survives you: (1) the Contingent Beneficiary; (2) your: (a) spouse; (b) children, including legally adopted children; (c) natural parents; (d) full brothers and sisters; (e) executor or administrator.

Unless we are told otherwise in writing, we will follow these rules: (1) we will pay equal shares when more than one Beneficiary will share the funds; (2) if any Beneficiary dies at the same time as you, or within 30 days after and before we make any payments, we will pay as if that Beneficiary did not live as long as you; (3) when Beneficiaries are not shown by name (such as "children"), we may determine who they are from sworn statements and not wait for court records; (4) the word "child" means only a child born to or adopted by you.

TRUSTEES AS OWNERS OR BENEFICIARY

The fact that the Owner or the Beneficiary is a designated trust will not make any difference in the way we deal with this Certificate. If there is any conflict between the terms of the Policy and its Riders and the terms of a designated trust, we will follow the terms of the Policy and its Riders. Payment of any money to the trustee of the designated trust will release us from any liability for that money.

acknowledged the assignment, it will become effective as of the date of the assignment. After we have validity of any assignment. The rights of the Owner and the Beneficiary may be restricted or ended if these benefits are assigned.

NON-ALIENATION OF BENEFITS

Amounts payable as described in this Certificate may not be pledged, commuted, encumbered or assigned by any person other than the Owner; and, to the extent permitted by law, no amount will be subject to any legal process to satisfy the payment of a claim against any such person.

CHANGE OF OWNER AND BENEFICIARY

The Owner can name someone else as the Owner at any time before you die by notice to us. Or, subject to the rights of any irrevocable Beneficiary, he can name someone else as Beneficiary at any time before you die by notice to us. Any change must be acknowledged by us. If acknowledged, it will take effect on the date the notice was signed by the Owner. We will not be liable for any payments we make, or actions we take before the change is acknowledged.

CHANGE OF DEATH BENEFIT

Any increase in the Death Benefit or any increases in the Risk Insurance Amount including increases resulting from a change in the Paid-Up Date requested by the Owner, will be subject to all our requirements for new applicants including Evidence.

CONTINUATION PRIVILEGE

If you become ineligible for coverage under your employer's Program, we will allow your coverage described in the Certificate to continue unless the Owner has requested us not to do so; provided your Certificate is still in force and all premiums with respect to your Certificate have been and continue to be paid when due. The Certificate will continue to be subject to all the terms and conditions of the Policy, its Riders.

GRACE PERIOD, AUTOMATIC PREMIUM LOAN AND REINSTATEMENT PROVISIONS

If any premium is not paid on or before the due date, we will allow a period of 31 days after such due date during which time the Certificate will remain in force. This is called the grace period. If a Group Permanent premium is not paid before the end of the grace period, the premium for such coverage(s) will be made as a policy loan from the Amount Available For Loans under the Certificate(s); however, the Amount Available For Loans must be sufficient so that all coverage will remain in full force and effect. This process will continue until the loan amount exceeds the Amount Available For Loans. When the loan amount exceeds the Amount Available For Loans, the coverage will lapse, and the Certificate will be of no force and effect; subject to 31 days' written notice being sent to the Owner at his last known address.

If the coverage lapses then the Owner may apply to us to have such coverage reinstated. We will reinstate such coverage on four conditions: (1) reinstatement must be requested; (2) Evidence must be supplied by the insured Participant; (3) payment of the overdue premiums, with interest, compounded yearly must be made; and (4) payment or reinstatement of indebtedness with interest compounded yearly must be made.

Any Policy Loan resulting from these provisions will be given effect to and accounted for on the same terms as any other Policy Loan under the Policy Loan section of this Certificate. The interest rate charged under this provision will not exceed the applicable policy loan interest rate. A portion of the Account Values equal to the amount loaned will be regarded as being in the Policy Loan Interest Earning Strategy for the period involved.

CONVERSION PRIVILEGE

Within 31 days after your insurance ceases, the Owner may convert the benefits described in this Certificate. He must apply to us in writing. He must also surrender this Certificate if we request it to be surrendered; but you will not have to provide Evidence.

The new policy may be any plan of life or endowment insurance on you that we are then routinely issuing. We have limits on the minimum amount of insurance we will issue. These vary from plan to plan. These may limit the choice of policies; however, they will not be used to deny conversion.

We will not issue a policy which has a provision which puts us at any greater risk than a similar provision of the Policy and its Riders. A waiver of premium, waiver of risk charge, or accidental death benefit may be included only if such benefit(s) is provided under this Certificate and shown on the FACE PAGE. We will not include a waiver of premium benefit or waiver of risk charge benefit in the new policy if you are over age 55 on the conversion date.

ESTABLISHING THE ACCOUNT. We shall establish for each Certificate an Account which includes the Ultimate and Current Cash Values (which include the Excess Account Values). This Account will be credited with premiums paid, net of any applicable Loading Charges, policy fees, and taxes. We shall credit interest on the Account Values and shall deduct from the Account Values any applicable Administrative Charge, Risk Charge and monthly service charge, as reflected in the account values shown in the Illustration. The Ultimate Cash and Excess Account Values represent the accumulation of policy values assuming a levelized amortization of costs and expenses. In the event of early withdrawals the Ultimate Cash and Excess Account Values, will be adjusted by the Premature Withdrawal Penalty as shown in the Illustration or in the Table of Premature Withdrawal Penalties which are attached to and made part of the Certificate. Each year the Company may prepare a statement showing the balance of the Account Values for each Participant.

"Excess Account Values" are created by unscheduled premiums and are included in the Account Values. The Excess Account Values are an amount (not to exceed the Current Cash Value less loans outstanding) which equals (1)-(2) where (1) is the sum of any unscheduled premiums paid, net of any applicable taxes and Loading Charges, plus interest and Excess Interest thereon; and (2) is any applicable Administrative Charges, Risk Charges, monthly service charges, and any prior withdrawals of Excess Account Values or use of Surplus Interest thereon other than option 4 (account value additions). Any Excess Account Values may be withdrawn by the Owner at any time upon 30-days' written notice to us subject to any applicable Market Value Equity Concept adjustment and/or Premature Withdrawal Penalty and/or Surrender Charge as specified in the Participant's Illustration and/or the Table of Premature Withdrawal and/or Surrender Charges which is attached to and made part of the Certificate. Any withdrawals of Excess Account Values which total less than 10% of the Excess Account Value on an annual basis are not subject to any Surrender Charge or Market Value Equity Concept adjustment. We may require that such withdrawals be taken within 30 days of any anniversary of a Coverage Effective Date. The Company has the right to automatically reduce the face amount of the Death Benefits by an amount equal to the Unscheduled Premium withdrawal if the Risk Insurance Amount would be increased by such withdrawal. If it is necessary to reduce the face amount as a result of withdrawals of Excess Account Values, such reductions in the face amount will be made on a first-in first-out basis.

ACCOUNT VALUES; INTEREST AND EXCESS INTEREST CREDITED TO ACCOUNT VALUES. We will invest the Policy reserves in our sole discretion but will attempt to recognize the Owner's preference as indicated in the Participant's application. The assets held under the Policy will at all times remain our sole property. The effective annual "Interest Earnings Rate" for a particular interest earnings strategy, shall be determined net of direct investment expenses and any taxes which may be levied on investment income, and shall be applied to the accumulated balance of your Account Values held in that interest earnings strategy. The Interest Earnings Rate will be related only to our overall portfolio performance for the particular interest earnings strategy(ies) underlying your Account Values, and shall have no individual investment characteristics whatsoever. Neither the Policyholder, nor you, nor the Owner, will have any right to direct us concerning any investments owned by us in any of the interest earnings strategies. The Interest Earnings Rate will be credited in full, first to the 4% minimum guarantees or such higher guaranteed rate as we may declare from time to time, and then to Excess Interest for your Certificate. The payment of Excess Interest (in excess of the guaranteed rates) for any period does not guarantee that such Excess Interest will be credited in future periods.

USE OF INTEREST EARNINGS IN EXCESS OF PREMIUM ASSUMPTIONS. On the anniversary of each Accounting Year prior to the Targeted Paid-Up Date, "Surplus" interest earnings on the Current Cash Value which are attributable to the immediately preceding Accounting Year, which are in excess of the interest earnings assumptions selected by the Owner to determine Group Permanent Premiums may be applied by the Owner on behalf of you under the Group Permanent Certificate in any of these ways:

1. **PREMIUM PAYMENT** - To pay part or all of the annual premium currently due. Any amounts in excess of the premium due will be added to your Account Values or may be withdrawn in cash.
2. **PAID-UP ADDITIONS** - To establish additions to the face amount of the Group Permanent Death Benefit prior to the Targeted Paid-Up Date. Such additions will be calculated from the table of Sufficient Values Per \$1,000 Insurance at the then attained age and interest assumption chosen by the Owner for premiums before the Targeted Paid-Up Date. The values attributable to these additions will remain in your Account and share in Excess Interest and be available at the Targeted Paid-Up Date for application to the Paid-Up Option selected by the Owner.
3. **CASH** - To be paid in cash.
4. **ACCOUNT VALUE ADDITIONS** - To increase the Account Values and/or reduce the premium payment period.
5. **FIFTH INTEREST OPTION** - To purchase additional one-year term insurance.

The Owner may change the use of Surplus Interest by giving us written notice at least 31 days prior to any Accounting Year Anniversary. Such change may be subject to Evidence if such change would increase the Risk Insurance Amount. If no election is made, Surplus Interest will automatically be used to increase the Account Values.

LIMITATION ON CHANGES IN INTEREST EARNING STRATEGY. The Owner may request a change in interest earnings strategy for your Account Values by giving us thirty-one (31) days notice. No change in interest earnings strategy used by us for reserves under this Policy will be made more than twice in any Accounting Year as to your Certificate unless such change is the automatic result of a request for a policy loan. We may cease to accept premiums for a particular interest earnings strategy upon giving of written notice to that effect whereupon any new premiums submitted on your behalf, will be accepted subject to the terms and conditions in existence for other new premiums received by us in respect of the interest earnings strategy(ies) available at that time. When a change in interest earnings strategy is effected as a result of the Owner's request, or a change arises from transfers to the Policy Loan Interest Earnings Strategy, we reserve the right to adjust the amount of the Account Values being transferred to a different interest earnings strategy by the Market Value Equity Concept adjustment.

POLICY LOANS

AMOUNT AVAILABLE FOR LOANS. The amount available to the Owner for loans will be at least 95% of the adjusted Current Cash Value, which includes the Current Cash Value of any paid up additions and any Excess Account Values. The adjusted Current Cash Value will be determined as an amount after the Account Value has been transferred to the Policy Loan Interest Earnings Strategy, less: (1) any due and unpaid premium as of the loan date to pay the Certificate to its next Accounting Year anniversary, which shall become a loan subject to loan interest; and (2) any loan interest to the next Accounting Year anniversary; and (3) any monthly charges to the next Accounting Year anniversary.

TERMS OF POLICY LOANS. We will give a Policy Loan on the sole security of the your Certificate if: (1) written request is made for a loan by the Owner of your Certificate; (2) your Certificate is in force; (3) the Account has a Current Cash Value; and (4) the Owner has completed the documentation required by us.

Any portion of the Current Cash Values which is loaned will automatically be regarded as a request to transfer a sufficient portion of the Account Value from the selected interest earnings strategy to the "Policy Loan Interest Earnings Strategy", subject to the conditions on "Limitation On Changes In Interest Earnings Strategy". The resulting net amount, equal to the loan, will be held in the Policy Loan Interest Earnings Strategy until such loan is repaid. Policy loans will be regarded as applying to any Current Cash Values attributable to premiums other than unscheduled premiums; and thereafter to any Account Values under a Participant's Certificate. Any Policy loans outstanding will be deducted from any Death Benefits payable.

LOAN INTEREST. Interest, payable in advance, will be charged on a loan, and shall be due and payable on each Accounting Year anniversary; subject however to the restriction that the maximum rate charged will not exceed the greater of Moody's Corporate Bond Yield Average or the Interest Earnings Rate credited to that portion of the Account Values held under the Policy Loan Interest Earnings Strategy, which will never be less than fifteen percent (15%). The interest rate charged, and credited to loaned Account Values, may be changed from time to time, but not more often than once every three (3) months. Interest not paid when due will be treated as an automatic request for an additional loan and accounted for under the terms of this section in the same way as a request for a new loan.

LOAN REPAYMENT. All or any part of a loan may be repaid by payments of at least \$100 at any time while you are alive and the Certificate is in force.

DEFERMENT. We have the right to delay making any loan, except for a loan to pay a premium, for up to six months after the date the loan is requested.

RIGHT OF TERMINATION. If indebtedness at any time exceeds the amount available for Loans, we will have the right to terminate the Certificate without further value 31 days after notice of termination has been mailed to the last known address of the Owner and of any assignee of record.

WITHDRAWALS AND SETTLEMENT OPTIONS

VALUE AVAILABLE FOR APPLICATION TO PAID-UP/SETTLEMENT OPTIONS. The amount available for application to any Paid-Up/Settlement Option will be the Death Benefit proceeds, or the Current Cash Value calculated as of the date of such application. If not paid in a lump sum, Death Benefit proceeds may only be applied to Option 4. Current Cash Values may be applied by the Owner to any of the Paid-Up/Settlement Options, and the Owner may request a change from one option to another for the application of your Current Cash Values at any time prior to the Paid-Up Date. Values under Option 1 and Option 2 will be subject to existing indebtedness and assignment.

OPTION 1 - Universal Option: If Option 1 is selected by the Owner, we will withdraw from your Account Values such amount as may be required in accordance with the Company's Risk Rates in effect at that time to pay the Risk Charge on the Risk Insurance Amount attributable to the Group Permanent life insurance on you, including the face amount of any Paid-Up Additions and term Riders. If agreed to by the Owner(s), the Risk Charge attributable to any term Certificate on you or any other family member of yours may be deducted from your Account Values. If your Current Cash Value at any withdrawal date is insufficient to fully pay our then required Risk Charge, policy fees and loan interest, if any, for the following year, we will notify the Owner of the amount of the deficiency and request payment. If the deficiency is paid within 31 days after the date of request, the coverage will remain in force in the same manner; and with the same effect as if there had been no deficiency. If the deficiency amount is not paid within the stated time, the Certificate will terminate without further value 31 days after notice of termination have been mailed to the last known address of the Owner and any assignee of record.

OPTION 2 - Interest Sufficiency Option: If Option 2 is selected by the Owner, we will apply to Paid-Up Status a level "Amount" of life insurance coverage based on the Current Cash Values, the interest assumptions selected by the Owner and the table of Sufficient Values Per \$1,000 Insurance. The maximum Amount of life insurance coverage placed on Paid-Up Status will be (1) + (2), where (1) is the Risk Insurance Amount provided by the Certificate(s) on you on the Targeted Paid-Up Date including the face amount of any Paid-Up Additions and term Riders; and (2) is the Current Cash Value applied under this Option. If in any Accounting Year the cumulative net interest earnings credited on the Current Cash Values (net of the Administrative Charge and the applicable policy fees), expressed as a net rate of return thereon, is equal to or greater than the interest rate assumption selected by the Owner for the purpose of calculating such Amount; then the Current Cash Values will remain sufficient to maintain such Amount in Paid-Up Status. If in any subsequent Accounting Year the cumulative net interest earnings is less than the interest earnings resulting from the assumption selected, the Owner must pay the shortfall determined by us, or else:

- (1) the life insurance coverage will be multiplied by a fraction, the numerator of which is the Current Cash Value, and the denominator of which is the amount required in the table of Sufficient Values Per \$1,000 Insurance at the age applicable on the beginning of the next Accounting year based on the interest assumption selected by the Owner; or
- (2) if requested by the Owner, we will switch your Current Cash Values to another Paid-Up Option.

OPTION 3 - Full Guaranteed Option: If Option 3 is selected by the Owner, we will apply to Paid-Up Status a level Amount no greater than (1) + (2), where (1) is the Risk Insurance Amount provided by the Certificate(s) on you on the Targeted Paid-Up Date, including the face amount of any Paid-Up Additions and term Riders; and (2) is the Current Cash Value applied under this Option. The Current Cash Value applied under this Option will be net of any outstanding indebtedness unless otherwise agreed to by us. The Amount will be based on our rates at that time and the Current Cash Value available at the time this Option is elected and given effect.

The table of Sufficient Values Per \$1,000 Insurance, attached to your Certificate, shows in the column headed "GUARANTEED MAXIMUM" the maximum amount which is guaranteed by us to be sufficient if paid as a single sum under Option 3 to pay up \$1,000 (one thousand U.S. dollars) of life insurance coverage at the respective ages shown in the table. After this Option has been exercised Current Cash Values, and any Amount Available For Loans will be determined by our actuary.

If the Amount calculated under the preceding options includes all or a portion of the life insurance coverage provided under any of the Riders, the Death Benefit under those Riders will be reduced to such Amount as will ensure that we do not have any greater Risk Insurance Amount than existed prior to the exercise of these options.

OPTION 4 - Payments at Intervals: The death proceeds or Current Cash Value which is withdrawn from the Account and applied to any interval payment alternative must be at least \$10,000 and periodic payments to any payee must be at least \$100. If proceeds are payable to an administrator, association, corporation, executor, partnership or trustee, a lump sum payment will be made unless we agree to an alternative payment. An assignee's portion of proceeds must be paid in a lump sum. The balance of proceeds may be paid under an alternative. If payment is being made under an alternative payment arrangement no part of any payment may be alienated, anticipated, assigned, commuted, encumbered or withdrawn, unless we agree.

The following interval payment alternatives are available:

1. Interest Alternative: (a) interest is compounded annually on the proceeds held by us and principal and total interest are paid at the end of an agreed upon period; or (b) interest is paid at the end of each month on the proceeds held by us and the principal and any unpaid accrued interest are paid at the end of an agreed upon period.
2. Installment Alternative: (a) installments are paid at the beginning of each month of a fixed amount until the proceeds and compounded interest are all paid out; or (b) installments are paid at the beginning of each month for a fixed period.
3. Life Income Alternative: (a) installments are paid at the beginning of each month during the payee's lifetime; or (b) installments are paid at the beginning of each month during the payee's lifetime, and are continued during the balance of the period certain; or (c) installments are paid at the beginning of each month during the payee's and the joint payee's lifetime. Under this option, evidence of each payee's age satisfactory to us is required before the first installment is made. Also, we may require proof each time an installment is to be made that the payee(s) is then alive. Payments under this option are based on 1971 Group Annuity Mortality Tables at 4% interest.
4. Other Alternatives: any other alternative agreed to by us may be elected.

The amounts payable under any of the alternatives above will be determined by us upon written request by the Owner or Beneficiary. The guaranteed effective annual interest rate under alternative 1, 2 and 3 is 4% or such greater guaranteed rate as we may establish from time to time. Interest in excess of 4% may be declared by us, at our sole discretion, to be payable under any of the interval payment alternatives. Should we declare interest in excess of 4% on interval payment alternatives for any group of policies or certificate holders, at any time, certificate holders under this group Master Policy will receive at least such greater amount of interest.

Upon written request before payments begin, any alternative paying monthly installments may be changed to make quarterly, semi-annual or annual installments.

OPTION 5 - Surrender for Cash. Any Group Permanent Certificate may be surrendered for its Current Cash Value less any Policy Loans outstanding and applicable surrender charges. We reserve the right to adjust the Current Cash Value, in the event of such surrender, by the amount of any Market Value Equity Concept adjustment. However, we guarantee that in no event will the Current Cash Value, after application of the Market Value Equity Concept adjustment, but before deduction of any Policy Loans or applicable surrender charges, be less than the sum of the participant's Net Principal Payments corresponding to such Current Cash Value accumulated at 4% interest per annum. For this purpose, Net Principal Payments are defined as premiums paid less applicable Loading Charges, Administrative Charges, Taxes, and a proportionate share of applicable Risk Charges, monthly service charges, and annual policy fees. The Owner must return the Certificate to our Regional Office and complete our requirements for surrendered Certificates. We have the right to delay making any payments for up to six months from the date surrender is requested and in accordance with established rules have the right to deduct a surrender charge as shown in the Participant's Illustration and/or Table of Surrender Charges which is a part of the Group Permanent Certificate being surrendered.

SPECIAL INFORMATION SECTION

IN WITNESS WHEREOF, General Services Life Insurance Company, has, by its President and Secretary, executed this Certificate and caused the same to be effective as of the Coverage Effective Date.


SECRETARY


PRESIDENT

GENERAL SERVICES LIFE INSURANCE COMPANY (The "Company")

Proposed Insured: RONALD B. HARDY
 Street Address: [REDACTED]
 City: HUNTSVILLE State: AL Zip: 35816
 Telephone: (205) 859- [REDACTED] Best Time to Call: AFTER 6 PM
 Soc. Sec. #: [REDACTED]
 Sex: M Date of Birth: [REDACTED] Place of Birth: TENN
 Plan: DRL 500,000 FACE, LOAN LEV

Occupation & Duties: OWNER/MANAGER EQUIPMENT SALES AND SERVICE
 Name and Address of Employer: HARDY MACHINERY INC.
1333 MERIDIAN
HUNTSVILLE, AL

Face Amount: \$ 500,000
 Cash Value Pour-In/Unscheduled Premium: \$ 0
 Fund Transfer/Cash Value Transfer from Existing Policy: \$ 0
 Scheduled Mode Premium: \$ MONTHLY
 Number of Years Premium Scheduled to be Paid: 10
 Cash Submitted with Application: 2250.00
 A. Scheduled Mode Premium: \$ 625 INT 500 PRM - 1125
 B. Cash Value Pour-In/Unscheduled Premium: \$ 0
 C. Fund Transfer/Cash Value Transfer from Existing Policy: \$ 0
 Premium Mode: [] -A [] -S [] -Q [X] -PAC [] -List Bill
 Target Paid-Up Age: _____ 1035 Exchange: [] Yes [] No
 Paid-Up Option: 2 or _____ Interest Assumptions: 9.15

Primary Beneficiary: ESTATE OF RONALD B. HARDY Relationship: _____
 Contingent Beneficiary: _____ Relationship: _____

Riders
 Waiver of Premium CERT A#B [REDACTED] 0438
 Waiver of Risk GROUP-TL [REDACTED] %
 Other _____

Special Instructions
CONVERSION OF POLICY # [REDACTED] 4326 GP.
NO D.893 ISSUED 7/19/96 WHICH IS A DRL
TERM - WE WANT LOAN LEV, DRL AS ILL.

Death Benefit Option: [X] -A [] -B [] -C
 Interest Earnings Strategy: _____

- Name and address of your regular physician who would be most apt to have complete records pertaining to your health:
 (a) Name: DR. BRUCE DIPLA EIDO Address: 117 LONGWOOD DR., HUNTSVILLE, AL 35801
 (b) When was the last time you consulted your physician? _____ What was the reason? _____
- Have you consulted any other doctors in the past two years? Yes [] No [X]. (If "yes," give details, dates and doctors below.)
- Have you ever had, been told you had, or been treated for:

- | | |
|---|--------|
| (a) Heart attack, stroke, high blood pressure, chest pain, heart murmur or other disorder of the heart/blood vessels?.....[] | Yes No |
| (b) Cancer or any other tumor or cyst of any kind?.....[] | |
| (c) Ulcer, chronic colitis, jaundice, other disorder of stomach, liver or intestines?.....[] | |
| (d) Arthritis, gout, muscular or skeletal disorder?.....[] | |
| (e) Depression, persistent headaches, nervous or mental disorders?.....[] | |
| (f) Asthma, emphysema, other disorder of the lungs?.....[] | |
| (g) Disorder of eyes, throat, nose, ears or skin?.....[] | |
| (h) Diabetes, thyroid, pancreas, adrenal, or lymph gland disorder?.....[] | |
| (i) Alcoholism or drug abuse?.....[] | |
| (j) Any other disease or impairment requiring hospitalization or surgery?.....[] | |
| (k) Loss of consciousness, epilepsy, convulsions, or paralysis?.....[] | |
| (l) Anemia or disorder of the blood?.....[] | |
| (m) Kidney, bladder, urinary tract disease or disorder?.....[] | |

REDACTED

- | | |
|---|--------|
| (n) Disease or disorder of breasts, prostate, or reproductive organs?.....[] | Yes No |
| (o) AIDS or AIDS Related Complex (ARC) or a test result indicating exposure to the AIDS virus? ...[] | |
| (p) Have you gained or lost more than 10 lbs. in the past year?.....[] | |
| (q) What is your current: weight? <u>185</u> lbs. height? <u>6</u> ft. <u>2 1/2</u> | |
- Within the past 5 years, have you:
 (a) Had an Electrocardiogram, X-Ray, or other diagnostic test?.....[]
 (b) Had an Electrocardiogram, X-Ray, or other diagnostic test recommended by a medical practitioner but not completed?.....[]
 (c) Been a patient in a medical facility or hospital?.....[]

REDACTED

Family History	Age if Living	Current Status of Health	Age at Death	Cause of Death
Father				
Mother				

REDACTED

If answer is yes to any of the above, please supply details: _____

- (b) Have you flown in any aircraft as a pilot or crew member or engaged in any other aviation activity; scuba diving; sky diving or racing in the past two years? No Yes [14]
- (c) Have you smoked one or more cigarettes in the past 12 months? No Yes [14]
- (d) Have you ever been convicted for possession of drugs including LSD, cocaine, heroin or marijuana within the past 5 years? No Yes [14]
- (e) Have you been charged with two or more moving vehicle violations or with driving under the influence of alcohol or drugs within the past 3 years? No Yes [14]
- (f) Have you any intention of residing or traveling over 30 days outside of the United States? No Yes [14]
- (g) How much life insurance (personal and business): (a) Do you have inforce - \$ 500,000; (b) Are you applying for (all companies) - \$ 0; (c) do you intend to replace (annuities and life insurance) - \$ YES.
- (h) If answer is yes to any of the above, please supply details: _____

WE ARE CONVERSION EXISTING CFL POLICY TO NEW CFL POLICY

I authorize any of the following persons or agencies to give any and all medical and non-medical information available on me to General Services Life Insurance Company or their reinsurers: 1) physicians; 2) medical practitioners; 3) hospitals; 4) clinics; 5) other medical or medically related facilities; 6) insurers or insuring companies; 7) The Medical Information Bureau, Inc.; 8) consumer reporting agencies; 9) employer; or 10) other organizations, institutions or persons having information available.

I understand that such information: (1) may relate to the diagnosis, treatment and prognosis of any physical or mental condition; (2) may be any other non-medical information about me; (3) will be used by the Company to determine eligibility for insurance or for any other business purpose in connection with the insurance relationship; and (4) will not be released by the Company to any person or organization, EXCEPT to: (a) reinsuring companies; (b) the Medical Information Bureau, Inc.; (c) other persons or organizations performing business or legal services in connection with this application (except for the release of MIB reports); or (d) other persons or organizations as may be otherwise lawfully required or as I may further authorize.

I know that I may request to receive a copy of this Authorization. I agree that (1) a photographic copy of this Authorization shall be as valid as the original; and (2) this Authorization shall be valid for two and one-half years from the date shown below.

I, the Proposed Insured, hereby declare all the recorded answers included herein and on any additional sheets to the best of my knowledge and belief are as of this date: (1) full; (2) complete; and (3) true. I acknowledge receipt of: (1) the Medical Information Bureau pre-notice; and (2) notification under the Fair Credit Reporting Act.

PROPOSED INSURED'S SIGNATURE X Ken Hardy DATE 7-28-14
 Signed at Meridian St Huntsville AL 35801
Street City State ZIP

COMPLETE THIS SECTION ONLY IF SOMEONE OTHER THAN THE PROPOSED INSURED IS TO BE THE OWNER
 Primary Owner: _____ Contingent Owner: _____
First Initial Last First Initial Last

I, the Applicant Owner, hereby apply to the Company for the life insurance on the life of the Proposed Insured to which the Proposed Insured would be entitled. I understand and agree that the Company will rely upon the accuracy of the recorded answers included herein in making its decision to issue the insurance applied for herein.

Applicant-Owner's Signature X _____ Date _____ SS #: _____
 Address _____
Street City State ZIP

TO BE COMPLETED BY PRODUCER
 Will any insurance or annuity in force be replaced by this application? No Yes (Explain) CONVERSION-PFL [REDACTED] BRL Term
 Is an "Unscheduled Premium" contemplated to be paid at issue? No Yes Amount TO BFL-LOAD LVL BFL

THIS IS: A New Case An increase in Coverage on Certificate No. _____
 FINANCIAL COMMENTS: Annual Compensation: \$ 50,000
 Estimated Net Worth: \$ 500,000
 Driver's License #: _____
 INSTRUCTIONS: CONVERT
500,000 BRL Term to 500,000
BRL - Load LVL

Program Regular Simplified Issue Other (explain) _____
 Producer [Print]: Charles E. Cox Share kw % Signature Charles Cox Date 7-28-14
 Producer [Print]: _____ Share _____ % Signature _____ Date _____
 Address: PO Box 83 Hav AL 35804 REC'D. P.F.I.
Street City State
 General Agent: Charles E. Cox 205-533-0001 205-533-0001 1988 000260
Name Phone # Phone # Contract #

SPLSD.

General Services Life Insurance Company

A legal reserve Capital Stock company

Home Office: Washington, DC

Regional Office: 475 Gate Five Road, #A-215, Sausalito, California 94965

APPLICATION CLARIFICATION

NAME OF INSURED: Ronald B. Hardy CERTIFICATE NO.: ██████0438

FACE AMOUNT: \$550,000.00


SECRETARY


PRESIDENT

GSL/TD [DOC004-MCW]

TABLE OF GUARANTEED ANNUAL PREMIUMS

TABLE OF PREMIUMS REQUIRED TO ACCUMULATE \$1,000 OF PRINCIPAL OVER A SELECTED PERIOD OF YEARS AND AT DIFFERENT ASSUMED NET RATES OF INTEREST (SEE EXPLANATION BELOW)*

ASSUMED ANNUAL RATE OF NET INTEREST EARNINGS

Number of Years Premiums Are Payable	ASSUMED ANNUAL RATE OF NET INTEREST EARNINGS									
	4.00%	5.00%	6.00%	7.00%	8.00%	9.00%	10.00%	11.00%	12.00%	13.00%
1	1479.29	1465.20	1451.38	1437.81	1424.50	1411.43	1398.60	1386.00	1373.63	1361.47
2	666.81	657.95	649.27	640.78	632.46	624.32	616.33	608.51	600.85	593.33
3	427.14	419.71	412.46	405.39	398.47	391.72	385.13	378.68	372.38	366.23
4	315.56	308.73	302.09	295.62	289.32	283.19	277.22	271.40	265.73	260.21
5	249.86	243.40	237.13	231.05	225.14	219.41	213.85	208.44	203.20	198.11
6	208.20	201.85	195.71	189.78	184.04	178.49	173.12	167.93	162.91	158.05
7	175.93	169.79	163.89	158.19	152.70	147.42	142.32	137.41	132.67	128.11
8	153.67	147.61	141.79	136.20	130.83	125.68	120.73	115.98	111.43	107.05
9	134.71	128.81	123.17	117.76	112.60	107.65	102.92	98.40	94.08	89.95
10	118.04	112.31	106.84	101.62	96.65	91.92	87.41	83.12	79.03	75.14
11	107.38	101.88	96.26	91.10	86.21	81.56	77.15	72.97	69.00	65.25
12	94.74	89.29	84.13	79.23	74.60	70.22	66.08	62.17	58.47	54.99
13	84.85	79.60	74.64	69.96	65.55	61.39	57.47	53.78	50.31	47.05
14	76.59	71.52	66.74	62.25	58.03	54.06	50.35	46.86	43.60	40.56
15	71.70	66.72	62.03	57.64	53.53	49.68	46.08	42.72	39.59	36.67
16	64.85	60.02	55.49	51.27	47.33	43.67	40.26	37.09	34.16	31.44
17	58.99	54.29	49.91	45.85	42.08	38.58	35.35	32.36	29.61	27.07
18	53.92	49.35	45.11	41.19	37.57	34.23	31.17	28.35	25.76	23.40
19	49.50	45.04	40.93	37.15	33.67	30.49	27.58	24.92	22.49	20.29
20	45.61	41.26	37.27	33.62	30.28	27.24	24.47	21.97	19.69	17.64
21	42.16	37.92	34.04	30.52	27.31	24.41	21.78	19.41	17.28	15.37
22	39.09	34.95	31.18	27.77	24.69	21.92	19.43	17.20	15.20	13.42
23	36.34	32.29	28.63	25.34	22.38	19.73	17.37	15.26	13.39	11.74
24	33.86	29.90	26.35	23.16	20.32	17.79	15.55	13.57	11.82	10.28
25	31.61	27.75	24.29	21.22	18.48	16.07	13.94	12.08	10.44	9.02
26	29.59	25.80	22.44	19.46	16.84	14.54	12.52	10.77	9.24	7.92
27	27.72	24.02	20.76	17.88	15.37	13.17	11.26	9.61	8.18	6.96
28	26.02	22.41	19.23	16.46	14.04	11.94	10.14	8.58	7.25	6.12
29	24.46	20.93	17.84	15.16	12.84	10.84	9.13	7.68	6.44	5.39
30	23.02	19.57	16.57	13.98	11.76	9.85	8.24	6.87	5.71	4.74
31	21.69	18.32	15.41	12.91	10.77	8.96	7.43	6.15	5.08	4.18
32	20.47	17.17	14.34	11.93	9.88	8.16	6.71	5.51	4.51	3.69
33	19.33	16.11	13.36	11.03	9.07	7.43	6.07	4.94	4.01	3.25
34	18.28	15.13	12.46	10.21	8.33	6.77	5.49	4.43	3.57	2.87
35	17.30	14.22	11.63	9.46	7.66	6.18	4.96	3.98	3.18	2.53
36	16.38	13.38	10.86	8.77	7.04	5.64	4.49	3.57	2.83	2.24
37	15.53	12.59	10.15	8.13	6.48	5.15	4.07	3.21	2.52	1.98
38	14.73	11.86	9.49	7.54	5.97	4.70	3.69	2.88	2.25	1.75
39	13.98	11.18	8.88	7.00	5.50	4.29	3.34	2.59	2.00	1.54
40	13.28	10.54	8.31	6.51	5.07	3.92	3.03	2.33	1.78	1.36
41	12.62	9.95	7.78	6.05	4.67	3.59	2.74	2.09	1.59	1.20
42	12.00	9.39	7.29	5.62	4.31	3.28	2.49	1.88	1.42	1.06
43	11.42	8.87	6.83	5.23	3.97	3.00	2.26	1.69	1.26	0.94
44	10.87	8.38	6.41	4.86	3.66	2.75	2.05	1.52	1.13	0.83
45	10.36	7.93	6.01	4.52	3.38	2.51	1.86	1.37	1.01	0.74
46	9.87	7.50	5.64	4.21	3.12	2.30	1.69	1.23	0.90	0.65
47	9.41	7.09	5.30	3.92	2.88	2.11	1.53	1.11	0.80	0.58
48	8.97	6.71	4.97	3.65	2.66	1.93	1.39	1.00	0.71	0.51
49	8.56	6.36	4.67	3.40	2.46	1.77	1.26	0.90	0.64	0.45
50	8.17	6.02	4.49	3.17	2.27	1.62	1.15	0.81	0.57	0.40

*EXPLANATION—THE TABLE ABOVE ASSUMES THAT PREMIUMS WILL BE PAID ANNUALLY IN ADVANCE AT THE BEGINNING OF EACH YEAR AND THAT THE RATE OF NET INTEREST EARNINGS WILL BE EARNED NET OF ANY TAXES ON INCOME; DIRECT EXPENSES AND THE ADMINISTRATIVE CHARGE UNDER THE POLICY. IN ADDITION TO THE ABOVE PREMIUMS, FEDERAL, STATE OR LOCAL GOVERNMENT PREMIUM TAXES, THE THEN CURRENT POLICY FEES AND RISK CHARGES REQUIRED TO MAINTAIN THE LIFE INSURANCE COVERAGE IN FORCE THROUGHOUT THE PERIOD SELECTED ARE ALSO PAYABLE. IF NOT PAID, THEY WILL BE DEDUCTED FROM THE ACCOUNT VALUES ACCUMULATED UNDER THE POLICY.

EXHIBIT B

Electronic FAX SYSTEM

PHONE NO. : 205 536 1322

Aug. 27 1996 01:38PM P2

Bankers United Life Assurance Company
Western Reserve Life Assurance Co. of Ohio

Administrative Offices

P.O. Box 5068
Clearwater, FL 34618-5068
(813) 585-6565

Callid

Monica

August 19, 1996

HARDY MACHINERY INC
P O BOX 5155
HUNTSVILLE AL 38814

RE: Enhancement '96

Contract Number: [REDACTED] 0438

Dear Contract Owner:

We acknowledge receipt of your acceptance of our Enhancement '96 offer. Enclosed is an endorsement to your life insurance certificate which you should keep with your certificate. The endorsement generally provides that the cash value of your certificate will be credited with an additional one percent interest for the next eighteen (18) years. Please refer to the provisions of the endorsement for complete information.

Thank you for accepting Enhancement '96.

Sincerely,

Paul Samuels/nwr

Paul E. Samuels, JD, LLM
Vice President, Advanced Sales

endltr96

ices Division

sonic FAX SYSTEM

PHONE NO. : 205 536 1522

Aug. 27 1996 01:39PM P3

BANKERS UNITED LIFE ASSURANCE COMPANY

Home Office: Cedar Rapids, Iowa
Administrative Office: P.O. Box 9008, Clearwater, Florida 34618-9008
(the "Company")

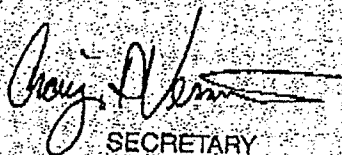
**LEVERAGED SPLIT-DOLLAR LIFE INSURANCE PLAN
INTEREST ENHANCEMENT ENDORSEMENT**

CERTIFICATE NUMBER [REDACTED] 0438

On the anniversary of the Coverage Effective Date of the above numbered certificate (the "Certificate") following the date of this Endorsement, and for the subsequent seventeen (17) anniversaries, the Company will credit the Cash Values of the Certificate with additional interest of one percent (1%) per year in excess of the then current effective annual net interest earnings rate applicable to the Interest Earnings Strategy(ies) underlying the Certificate's Cash Values.

The additional annual interest credits described above shall be effective only on the anniversary date(s) of the Certificate, provided the Certificate is in force on such date(s), and shall not be credited on a pro-rata basis if the Certificate lapses or is surrendered other than on an anniversary date.

IN WITNESS WHEREOF, Bankers United Life Assurance Company has, by its President and Secretary, executed this Endorsement effective this 17th day of June, 1996.


SECRETARY


PRESIDENT

copy

Enhancement '96

Acknowledgment Form

M. Miller
6/17/96

This form acknowledges that I, the undersigned owner, met with the undersigned agent, during which time the agent:

- Reviewed the Enhancement '96 Explanation, or made the Enhancement '96 Video available for my viewing,
- Reviewed TAM 9604001 and its potential adverse effects on equity split dollar programs like my leveraged split dollar plan and the Revised Split Dollar Option,
- Answered all my questions to my satisfaction,
- Advised me of the desirability of consulting with my tax advisor, and
- Gave me an Acceptance and Release form.

Certificate Number: 0438

Date: 6-17-96 Witness: Donald B. Fard
Owner

Date: 6-17-96 Witness: Charles E. Cat Sr
Agent
Alfred S. Lotz

Hardy

ACCEPTANCE AND RELEASE

The undersigned owner as purchased life insurance coverage from Bankers United Life Assurance Company or one of its affiliates ("BULAC"). The undersigned owner has been offered an opportunity to view BULAC's Leveraged Split Dollar Life Insurance Plan Enhancement video or read the written "Enhancement '96" explanation. The undersigned owner hereby accepts the BULAC Enhancement (an annual increase of 1% of the interest crediting rate payable on the Certificate anniversary for 18 years, which will not affect any guarantees in the Certificate) to his coverage under the Certificate Number below issued by BULAC.

The undersigned recognizes and agrees that BULAC's enhancement of the Certificate set forth below has substantial value, and provides additional benefits to the Certificate that do not currently exist. In return for receiving this enhancement, the undersigned voluntarily agrees to release BULAC and its agents from any and all legal claims and agrees to give up any and all legal rights the undersigned now has or may have, including but not limited to claims or rights based on representations or promises made by BULAC or its agents in connection with the sale, purchase or administration of the Certificate as to Federal, state or municipal income tax consequences. This release does not remove from BULAC its commitment to provide assistance with legal representation for the undersigned with respect to Internal Revenue Service audits and claims relating to his leveraged split dollar insurance plan for years before 1996. This release will not affect any contract rights to the cash values and death benefit under the Certificate of life insurance.

Certificate Number: ██████████ 0438

Date: 6-17-96 Witness: [Signature] [Signature]
Owner Hardy

The undersigned Employer hereby approves the above Acceptance and Release signed by the Owner.

Date: 6-17-96 Attest: [Signature] [Signature]
Employer Ron Hardy
Owner

DECLINATION

The undersigned owner has been offered the BULAC Enhancement and hereby declines the BULAC Enhancement.

Date: 6-17-96 Witness: [Signature] _____
Owner

accept

Enhancement '96

ILLUSTRATION REQUEST FAX FORM

Date: 5/17/96

To: Patrick Belvill (Bankers United Life)

Fax #: 817-285-3488

From: Donna Clayton

Re: Contract # [REDACTED] 438

Number of Pages including cover sheet: 3

Agent Information

Name Charles E. Cox, Sr.

SGA 0026

Telephone # 205-[REDACTED]

Fax # 205-[REDACTED]

Address P.O.Box 83, 115 Manning Suite 202B(35801)

City Huntsville

State AL

Zipcode 35804

Contract Information

Insured Ronald B. Hardy

Contract # [REDACTED] 0438

Premium Mode (Choose One)

Annual

Quarterly

Monthly

Anniversary Date 8/09/88

Next Premium Due 6/9/96

Request - Check the applicable illustration(s)

Revised Split Dollar Option

Loan Assumption Option

Loan Assumption Option with no tax reimbursement

Scheduled Premium Only, Eliminate Loan

Other _____

Date of Appointment with Client ASAP

A copy of the original signed sales illustration should accompany this fax.

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Lawsuit Claims TransAmerica Robbed Life Insurance Policyholders by Withholding Promised Interest](#)
