Annual Statement Glossary

Accidental Death Benefit (ADB): A rider to the certificate that provides for the payment of a specified amount of accidental death benefit if the death of the insured is from accidental means.

Account Value: The account value of the Universal Life contract is the sum of net premiums and interest credited, less premium expense charges (if applicable), monthly deductions, and any partial withdrawals.

Base Insurance Amount: The specified face amount of the certificate at death, before adjustments for paid-up additional insurance, certificate loans, and other adjustments.

Cash Surrender Value: The cash surrender value is equal to the account value, less the amount needed to cover unpaid monthly deductions and any surrender charges and loan indebtedness.

Children's Term Rider: An elective rider to the certificate that provides insurance coverage on the lives of all eligible children, until the certificate anniversary date following their 23rd birthday. This rider allows conversion of up to five times the rider amount at ages 18 and 23.

Cost of Insurance: A monthly charge per $1,000 of coverage based on the amount at risk, duration of coverage, and the insured's age and risk class.

Custom Knight Life: A life insurance contract that combines permanent and term insurance. The initial face amount is guaran-teed to age 65 or 15 years, whichever is longer. At that time, the face amount will drop by 40%, but the certificate's guaranteed term benefit will automatically make up for the decrease in coverage. You may, at your option, remove the guaranteed term benefit from your certificate at any time.

Death Benefit: The amount of money payable upon the death of the insured. Total death benefit may include paid-up additional insurance and the amount of any dividends on deposit to accumulate with interest and less any loan balance.

Death Benefit Options: Option 1 [Level] – The death benefit is the face amount of the contract. Option 2 [Increasing] – The death benefit is the face amount, plus the account value.

Death Benefit Guarantee/No Lapse Guarantee: When specified premiums are paid and requirements met, the contract will remain in force and the death benefit will not be reduced, even if the net account value is less than zero.

Dividend: An amount that represents a return of premium due to various factors, including favorable mortality experience, investment results and expense control. The amount, if any, the Society will allocate for the payment of dividends on this certificate are within the sole discretion of the Society's board of directors. Dividends are not guaranteed and may be zero. Depending upon the terms of the certificate and the owner's election, dividends may be used to purchase paid-up additional insurance, reduce premiums, accumulate on deposit at interest, reduce a loan or be taken in cash. The amount of any annual dividend is payable on the certificate anniversary.

Guaranteed Insurability Option: An elective rider to the certificate that guarantees the primary insured the right to purchase additional insurance at specific times without evidence of insurability.

Increase in Cash Value: The current cash value less the prior year's cash value.

Joint Ordinary Life/Joint Knight Life: Covers the lives of two insureds, with the death benefit payable only at the time of the first death.

Juvenile Purchase Option: This is a 'no cost' rider that is automatically added to certificates where the issue age is between 0 & 15. It guarantees the primary insured the right to increase coverage by up to $50,000 without evidence of insurability.

Living Benefit Rider/Accelerated Benefit Rider: This is not a long term care policy or rider; it is a 'no cost' rider that allows for early payment of a portion of the contract death benefit while the insured is alive as defined in the policy certificate.

Living Value: Is the cash value and total dividends or participation credits, less any loan balance. This amount is available to the certificate owner, if the certificate is surrendered.

Loan: Loans include cash loans sent directly to the certificate owner and automatic premium loans used to pay premiums. A loan from the insurer to the certificate owner is secured by the certificate. If the insured dies while a loan is outstanding, the amount of the loan balance and any accrued interest are deducted from the total death benefit. Loans are also deducted from the total cash value when a certificate is surrendered.

Monthly Deductions: The monthly charges that are subtracted from the account value, consisting of the monthly premium expense charges (if applicable), monthly cost of insurance, and monthly costs of any additional benefits and riders.

Paid-Up Additional Insurance: Additional insurance, purchased with dividends, which has a death benefit and a cash value, but does not require payment of additional premiums.

Partial Withdrawal: The owner may withdraw limited amounts of cash from the account value, subject to applicable surrender charges and withdrawal guidelines as defined in the policy.

Participation Credits: Similar to dividends, it is an amount that represents a return of premium due to various factors, including favorable mortality experience, investment results and expense control. The amount of participation credit at any time is the excess, if any, of the total fund value over the guaranteed cash value amount. Participation credits are not guaranteed and are subject to change by the Society. Participation credits increase the value of the life insurance certificate in one of two ways: by increasing your certificate's total cash value and/or death benefit.

Premiums: The amount of money charged for the insurance certificate. Premiums may be payable monthly (EFT), quarterly, semi-annually, or annually, as elected by the certificate owner.

Premium Deposit Fund: As premiums are received for certain certificates, the payments are added to the certificate's Premium Deposit Fund (PDF). Each month, 1/12 of the annual premium is deducted from this fund to pay for the certificate's premium. The balance remained in the fund and earns interest to pay for the certificate's premium.

Scheduled Planned Premium: The amount of periodic premium payments that you choose to pay.

Single Premium Rider: A whole life rider that has a guaranteed cash value and a guaranteed death benefit. The rider's premium is paid by one single payment at the time of issue of the rider.

Surrender Charge: A fee that is applied at the time a contract is surrendered or partial withdrawals are made by the owner.

Ten Payment Whole Life Rider: A cash value rider that has a guaranteed cash value and a guaranteed level death benefit. The rider's premiums are payable for 10 years only. After the 10th year anniversary, the primary insured has the right to purchase an additional Ten Payment Whole Life rider without evidence of insurability.

Term Insurance Rider: This elective rider provides for an amount of insurance attached to a permanent life certificate which pays an additional term insurance benefit if the insured dies during a specified time, as defined in the rider.

Universal Life: A permanent life insurance contract characterized by flexible premiums, unbundled pricing, and an adjustable face amount. The net account value of the contract depends upon the amount of premium you paid, Loans you may have taken, and the interest and dividends earned. The insurance will lapse if the net account value becomes negative and is unable to cover the contract's monthly deduction.

Waiver of Deduction: This elective rider may be added to the contract to provide for the payment of premiums (premiums waived) during a period in which the primary insured has a qualifying total disability.

Important: This glossary provides only a general description of certificate terms and provision. It does not modify the terms and provisions of your specific certificate. Please refer to your certificate contract for exact definitions and details.