

Instructions for Surrender - State of Kentucky Only

Please complete Sections 5 and 6 along with the other highlighted items in order to surrender this policy. Please have your written signature witnessed by a disinterested party. If a corporation owns the policy we require the signatures and titles of two of the officers in order to process this request.

Life insurance is a critical part of a broader financial plan. There are many options available and you have the right to shop around and seek advice from different financial advisers in order to find the option best suited to your needs.

Instead of surrendering the policy, you may want to consider one of your other options listed below:

- 1) Have your policy endorsed as a Guaranteed Reduced Paid Up Policy. You may wish to contact the Administrative Office at 1-833-508-0404 to obtain the amount of Paid Up Insurance available in your policy. (No further premium payments ever required, and the face amount will never decrease.) If you choose this option, complete Section 1 of the Policyholders Service Request Form and all other shaded items.

- 2) Request a policy loan up to the maximum available. You may wish to contact the Administrative Office at 1-833-508-0404 to obtain the amount of loan available. **For a policy loan, complete Section 3 of the Policyholders Service Request Form and all other shaded items.**

Before you complete the form and return it to the Administrative Office you may wish to call us to discuss these options regarding your policy



POLICY SERVICE REQUEST

Table with columns: POLICY NO., INSURED, OWNER, CHOOSE ONE: (Single, Married, Divorced, Widow/Widower)

The undersigned hereby requests and directs the Company to make the following changes or take the action requested below.

(Check the section you want changed and complete the required information.)

Section 1. REQUEST FOR NON-FORFEITURE OPTION OR AUTOMATIC PREMIUM LOAN PROVISION

TO: [] REDUCED PAID UP [] EXTENDED TERM [] ADD AUTOMATIC PREMIUM LOAN

Section 2. CHANGE DIVIDEND OPTION

TO: [] CASH [] REDUCE (Available with annual PREMIUMS premium payments only) [] ACCUMULATE [] PAID UP ADDITIONS

Section 3. CASH LOAN REQUEST

[] MAXIMUM AVAILABLE [] _____ CASH (UP TO MAXIMUM AVAILABLE)
[] INCLUDE CASH VALUE OF PAID UP ADDITIONS. (Cancels Self Support Dividend Option If Requested)

In consideration of the advance by State Mutual Insurance Company of this requested loan, all rights, title, and interest in this policy is assigned to the Company as sole security for the repayment of the loan with interest, subject to the loan provisions of the policy.

Section 4. WITHDRAWAL / SURRENDER OF FUNDS

\$ _____ DIVIDEND ACCUMULATIONS \$ _____ PREPAID PREMIUMS*
\$ _____ CASH SURRENDER OF PAID UP ADDITIONS \$ _____ ANNUAL PREMIUM LIFE*
\$ _____ FLEXIBLE PREMIUM ANNUITY* \$ _____ OTHER

*Have Withdrawal Penalty

Section 5. SURRENDER OF POLICY

For the Cash Surrender Value, the undersigned surrenders this policy, and all claims thereunder, and directs that a check be forwarded for the proceeds after deduction of indebtedness, if any.

Section 6. WITHHOLDING NOTICE

The federal tax law provides that any nonperiodic distribution to you from a policy or rider by State Mutual Insurance Company will be subject to Federal Income Tax. There will be no withholding on the portion of distribution, which represents the return of your own premium contributions.

Please check the appropriate box. [] I elect to have no income tax withheld from any distribution made from my policy. [] I elect to have withholding from any distribution made from my policy.

Section 7. SPECIAL INSTRUCTIONS

SIGNATURES OF POLICY OWNER AND/OR ASSIGNEE REQUIRED

OWNER SIGNATURE _____ TAX ID#/SS# _____
SHOW TITLE IF SIGNED ON BEHALF OF CORPORATION

ADDITIONAL SIGNATURE (if Required) _____
SHOW TITLE IF SIGNED ON BEHALF OF CORPORATION

OWNER'S MAILING ADDRESS _____
NUMBER STREET CITY STATE ZIP

WITNESS SIGNATURE* _____ DATE _____
*WITNESS MUST BE AN UNRELATED ADULT PERSON WITH NO INTEREST IN THE POLICY PRINTED NAME

IMPORTANT: DO NOT USE CORRECTION FLUID ON THIS FORM. IF YOU HAVE MADE AN ERROR, MARK THROUGH IT AND INITIAL YOUR CHANGE.

Lapse Disclosure

Important information about your life insurance policy from the
State of Kentucky Department of Insurance

Life insurance is a critical part of a broader financial plan. There are many options available, and you have the right to shop around and seek advice from different financial advisers in order to find the options best suited to your needs.

You are encouraged to consider the following possible alternatives to requesting a surrender of your life insurance policy. These alternatives include, but are not limited to:

- **Accelerated Death Benefit:** Your policy may provide an early or accelerated discounted benefit payment if you have a terminal or chronic illness.
- **Cash Surrender:** Your policy may have a cash surrender value your life insurer would pay you if you cancel it.
- **Gift:** You may be able to gift your policy to your beneficiary, who would then assume responsibility for paying premiums.
- **Life Settlement:** You may be able to sell your life insurance policy to a third party. You pay no further premium. The third party becomes the policyholder and receives the benefit upon the insured's death.
- **Maintain Your Policy:** You may be able to maintain your life insurance policy in force by paying the premiums directly or using your current policy values to pay the premiums.
- **Policy Changes:** You may be able to reduce or eliminate future premium payments by obtaining a paid-up policy, by reducing optional coverages, or through other options available from your life insurer.
- **Policy Loan:** You may be able to take out a loan from your life insurance company using the cash value of your policy as collateral. Loan proceeds can be used to pay the premiums or for other purposes.
- **Third-Party Loan:** You may be able to get a loan from another party to pay your policy's premiums. In return, the lender may require an assignment of a portion or all of the policy's death benefits.

These options may or may not be available depending on your circumstances and the terms of your life insurance policy. Please see your policy or contact your life insurance company, financial advisor, agent or broker to determine your particular options.

If you're a Kentucky state resident and have questions about life insurance and your rights, contact the Department of Insurance at 1-800-595-6053, or go to <http://insurance.ky.gov/>. Ask questions if you don't understand your policy. Here's a list of commonly used terms:

Accelerated death benefit: A benefit allowing terminally ill or chronically ill life insurance policyholders to receive cash advances of all or part of the expected death benefit. The accelerated death benefit can be used for health care treatments or any other purpose.

Cash surrender value: This term is also called "cash value," "surrender value," and "policyholder's equity." The amount of cash due to a policyholder who requests the insurance company cancel their life insurance policy before it matures or death occurs.

Expected death benefit: The face amount of the policy, less any policy loan amounts, that the insurance company is expected to pay the beneficiaries named in the life insurance policy upon the death of the insured.

Lapse: Refers to a life insurance policy ending or expiring when a policyholder stops making premium payments.

Life settlement: Refers to a contract in which the policyholder sells his or her life insurance policy to a third party for a one-time cash payment which is greater than the cash surrender value, but less than the death benefit of the policy. A life settlement includes a viatical settlement, defined below.

Policy loan: A loan issued by an insurance company using the cash value of a person's life insurance policy as collateral.

Viatical settlement: An arrangement in which someone with a terminal illness sells his or her life insurance policy at an amount less than the death benefit. The ill person receives cash, and the buyer receives the full amount of the death benefit. This death benefit is payable once the former policyholder dies.

This brochure is for informational purposes only and does not constitute an endorsement of any of the options described above.