

# Big Sky Classic



## WHOLE LIFE INSURANCE

**BIG SKY LIFE INSURANCE COMPANY.** We will pay the death benefit to the beneficiary upon receiving proof of the Insured's death, if the insured dies while this policy is in force. This agreement is subject to the terms of the policy.

**PLEASE EXAMINE THIS POLICY CAREFULLY.** This Contract is a legal contract between You and Us.

**THIS POLICY** is issued in consideration of:

1. the application; and
2. the payment of premiums as provided.

**NOTICE OF 10 DAY RIGHT TO EXAMINE THIS CONTRACT.** This Policy may be returned within 10 days after it is received. Return it to the Company's administrative office or the agent who sold it. The Company will cancel this Policy and return any premiums and Policy fee paid.

Signed at our Administrative Office on the Contract Date



Mark A. Oliver, President



Mark A. Oliver, Chairman

**PLEASE NOTE:** We have relied on the information in the application as being true and complete to the best of the knowledge and belief of the person giving it. A copy of the application is attached.

**THIS CONTRACT** was issued for delivery in the State of Montana. The telephone number for the Office of the Montana State Auditor, Commissioner of Securities & Insurance is 800-332-6148.

**FOR INFORMATION, OR TO MAKE A COMPLAINT, CALL US AT (800) XXX-1458.**

You may also email us at [moliver@bigskycapitalholdings.com](mailto:moliver@bigskycapitalholdings.com).

**PROCEEDS PAYABLE AT DEATH**

**WITH ADDITIONAL ANNUAL INCOME PROCEEDS DURING FIRST 20 YEARS**

**PREMIUMS PAYABLE FOR 20 YEARS**

**PARTICIPATING**



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**SCHEDULE OF BENEFITS AND PREMIUMS**

TABLE OF GUARANTEED VALUES FOR THE FACE AMOUNT

END OF YEAR	CASH OR LOAN VALUE	REDUCED PAID-UP INSURANCE	EXTENDED TERM INSURANCE	
			YEARS	DAYS
1	\$0.00	\$0	0	0
2	\$0.00	\$0	0	0
3	\$222.50	\$972	1	296
4	\$777.39	\$3,292	6	80
5	\$1,347.23	\$5,533	12	5
6	\$1,933.49	\$7,703	18	306
7	\$2,538.15	\$9,810	23	151
8	\$3,164.02	\$11,864	26	0
9	\$3,816.52	\$13,882	28	0
10	\$4,496.01	\$15,863	30	0
11	\$5,204.58	\$17,809	32	0
12	\$5,943.36	\$19,722	33	0
13	\$6,714.10	\$21,603	34	0
14	\$7,519.04	\$23,456	35	0
15	\$8,358.48	\$25,278	35	0
16	\$9,233.07	\$27,070	36	0
17	\$10,144.10	\$28,835	37	0
18	\$11,093.00	\$30,575	38	0
19	\$12,083.75	\$32,295	39	0
20	\$13,117.37	\$34,000	PAID IN FULL	





## DEFINITIONS:

**THE COMPANY, WE, US, OUR** refers to [BIG SKY INSURANCE COMPANY].

**POLICY** means the same as this Policy.

**YOU, YOUR** refers to the owner of this Policy, as shown in the Schedule, unless subsequently changed. The owner may be someone other than the insured.

**INSURED** is the person whose life is insured under this Policy. The insured is named in the Schedule.

**BENEFICIARY** means the person to receive the benefits payable at the insured's death.

**OWNER** refers to the owner of this Policy; the owner is the person who may exercise all Policy privileges and rights while the insured is living. The owner is named in the Schedule.

**POLICY EFFECTIVE DATE** means the date this Policy begins. This is the date from which Policy anniversaries, Policy years, Policy months, and premium due dates are determined. The Policy date is shown in the Schedule.

**POLICY ANNIVERSARY** means the same date and month as the Policy date for each succeeding year this Policy remains in force.

**POLICY YEAR** means the period from the Policy date to the first Policy anniversary, or from one Policy anniversary to the next. A Policy year does not include the Policy anniversary at the end of the Policy year.

**WRITTEN REQUEST** means a request in writing signed by you and acceptable by us and filed at our Administrative office.

**TERMINATE** means the insured's life is no longer insured under this Policy.

**AGE** means the insured's age at the insured's last birthday. The insured's age at any Policy anniversary is the insured's age at the insured's last birthday.

**LAPSE** means termination of this Policy due to nonpayment of premium.

**REINSTATEMENT** means the Policy is put back in force after it has lapsed.

**RIDER** means an additional agreement attached to this Policy.

**PROCEEDS** mean the amount payable, on the surrender of this policy, or upon the death of the Insured. When the policy is surrendered, the proceeds will be the Surrender Value. The proceeds payable on death will be the Death Benefit as shown on the Schedule, less any indebtedness.

**SCHEDULE** means the Schedule of Benefits and Premiums page.

## GENERAL PROVISIONS:

**CONTRACT** This Policy is issued in consideration of the application for this Policy and the payment of the premiums. The entire contract consists of this policy, the initial application and any later applications which we require for additional benefit riders and any changes, additions or amendments, providing that no changes, additions or amendments thereto shall destroy or diminish benefits which the Company contracted to give the insured as of the date of issuance. A copy of these applications are attached to and made a part of this Policy. Any statements made in the application(s) either by you or by the insured will, in the absence of fraud, be considered representations and not warranties. Only statements made in the attached application(s) may be used to deny a claim or void this policy. No change or waiver of any Policy provisions will be valid unless they are made in writing by us and signed by an officer of our Company. No agent or other person has the authority to change or waive any provision of this Policy. Any additional benefit rider attached to this Policy will become a part of this Policy and will be subject to all the terms and conditions of this Policy unless we state otherwise.

**INCONTESTABILITY** After this Policy has been in force during the lifetime of the Insured for two (2) years from the Policy Effective Date shown on page 2, we cannot contest this Policy, except for the nonpayment of premiums. This provision does not apply to any rider providing benefits for disability or death by accident. Any reinstatement for which we require an application showing insurability will be incontestable after this Policy has been in force during the insured's lifetime for two (2) years from the effective date of reinstatement. Any contest of a reinstatement will be based on the reinstatement application.

**SUICIDE.** If the insured, whether sane or insane, dies by suicide or self-destruction within two years from the Policy Effective Date, our liability will be limited to a refund of the amount equal to the premiums paid for this Policy. If the insured, whether sane or insane, dies by suicide or self-destruction within two years from the effective date of reinstatement, our liability will be limited to a refund of the amount equal to the premiums paid for this Policy since the effective date of reinstatement.

**MISSTATEMENT OF AGE.** We issued this Policy on the basis of the insured's age shown in the application for this Policy. If the insured's age has been misstated, we will adjust the death benefit. The death benefit payable will be that amount which the premiums would have purchased based upon the insured's correct age.







## OWNERSHIP, BENEFICIARY & ASSIGNMENT RIGHTS

**OWNER.** The owner for this Policy is the applicant unless otherwise stated in the application or later changed. The owner may exercise all the rights under this Policy during the insured's lifetime by making written request to us. All the rights of the owner are subject to the rights of any assignee and of any irrevocable beneficiary we have on record.

If the owner dies before the insured, the rights of the owner may be exercised by the owner's estate unless this Policy says otherwise.

If the insured is a minor on the Policy Effective Date, ownership will automatically pass to the insured on the insured's 21st birthday, unless this Policy says otherwise.

**BENEFICIARY.** The beneficiary is as named in the application unless changed as provided for in this Policy. If a beneficiary dies before the insured, the interest of that beneficiary will pass to you, unless this Policy says otherwise. We may rely on affidavits or other evidence in identifying the persons in any class named as beneficiary. Any payment we make in good faith based on this shall satisfy to that extent what we owe on this Policy

**CHANGES IN OWNER AND BENEFICIARY.** Unless this Policy provides otherwise, while you are living, the owner or beneficiary, or both, may be changed by filing a signed written request. If an irrevocable beneficiary has been named in the Policy and is still living, that person's written consent will be needed for any beneficiary change. This change will not take effect until recorded by us at our administrative office. Once recorded, the change will be effective as of the date the request was signed, but this change will be subject to any payment or action we took before recording it.

**ASSIGNMENT.** You may assign this Policy. The assignment must be in writing and filed at our administrative office. We are not responsible to the validity or effect of any assignment. Any benefits which become payable to an assignee will be payable in a lump sum. Any claim made by an assignee will be subject to proof of the assignee's interest and the extent of the assignment. The rights of the owner and of any irrevocable beneficiary are subject to any assignment.

## DEATH BENEFIT PROVISION

**DEATH BENEFIT.** The death benefit of this policy is the Face Amount if the policy is in full force. Otherwise, the death benefit is the amount of any paid-up life insurance in force. Adjustments in the death benefit will be made as provided in the following paragraphs.

**ADDITIONAL ANNUAL INCOME.** If death occurs within the first 20 policy years, We will pay an additional benefit in the form of an annual income. The amount of the annual payments is shown on the Schedule. These payments will be made through the 20th policy year, and will then terminate.

**PREMIUM REFUND.** We will refund the part of any premium paid for a period after the end of the policy month in which the Insured dies.

**PREMIUM DUE AT DEATH.** If the Insured should die with a premium due and unpaid during the 31 day period allowed for payment, we will deduct an amount to pay premiums to the end of this period.

**INDEBTEDNESS.** We will deduct any indebtedness from the death benefit.

**INCORRECT AGE.** If the Insured's age has been stated incorrectly, the benefits under this policy will be those the premium paid would have bought at the correct age.

**SUICIDE.** If the Insured should die by suicide, while sane or insane, within 2 years from the Policy Effective Date, the death benefit will be limited to the premiums paid.

**INTEREST.** If the death benefit is not to be paid under a payment option, we will include interest on the death benefit from the date we receive due proof of death to the date of the payment. Interest shall be paid at the discount rate on 90-day commercial paper in effect at the Federal Reserve Bank in the Ninth Federal Reserve District at the time of proof of death, but at no time shall it be less than 2.0%.

**PROOF OF DEATH.** Any death benefit payable will be paid when we receive due proof of the insured's death. Such proof must be sent to our Administrative office. Claim forms will be made available to the beneficiary upon request.

**DIVIDEND ACCUMULATIONS.** The death benefit will be increased by any Dividend Accumulations or Paid-Up Additions.

## PAYMENT OF BENEFITS

**LUMP SUM.** We will pay the death benefit in a lump sum, unless otherwise agreed. We will pay the benefit at our administrative office. This Policy must be turned in to us when we pay the benefit.

**CHOICE OF OTHER PAYMENT OPTIONS.** You may elect to have the proceeds of this policy paid under any of the payment options described below by making written request during the Insured's lifetime. If no election is in effect at the Insured's death, the beneficiary may elect a payment option not later than 6 months after the death benefit is payable and before it is paid. The proceeds may be paid in any other manner agreed to by us.





## SETTLEMENT OPTIONS AND RESTRICTIONS

**OPTION 1.** Death Benefit left on Deposit. The death benefit may be left with us on deposit for an agreed period of time. We will pay interest on this deposit at the rate of not less than 3.0% per year compounded yearly. The death benefit may be completely or partially withdrawn at any time, provided however, that if a partial withdrawal is made, it may not be less than \$100. If agreed upon in writing, all or part of the deposited amount may be reapplied under another payment option.

**OPTION 2.** Payments for a Specified Period. We will pay the death benefit in equal monthly payments for an agreed number of years. If asked, we will provide the amount of each monthly payment per \$1,000 of death benefit.

**OPTION 3.** Payments for Life with a Guaranteed Period. We will pay the death benefit in equal monthly payments for the life of the individual who is to receive them. The payments can be guaranteed for 10, 15, or 20 years. If asked, we will provide the amount of each monthly payment per \$1,000 of death benefit.

**OPTION 4.** Payments of a Specified Amount. We will pay the death benefit in equal annual, semiannual, quarterly, or monthly payments until the proceeds, together with interest at a rate of not less than 3% a year, are paid in full.

**RESTRICTIONS ON PAYMENT OPTIONS.** No one getting payments under a payment option may do anything that would in any way change or affect the option. This restriction does not apply if, during your lifetime and while the Policy is in force, you choose otherwise in a written election of the option. But no one may change payment option 3 once payments have begun.

All payment options are subject to the rights of any assignee and of any irrevocable beneficiary we have on record.

If this Policy has been assigned, we may pay in a lump sum all that is due the assignee. This would apply even though the benefits of this Policy are placed under a payment option. Any money left over would, however, be applied under the payment option chosen.

Minimum amounts applied under any payment option and the minimum amount of each payment must meet our rules in effect at the time the payment option is chosen.

If the death benefit is left on deposit with us under payment option 1, we may postpone the withdrawal of any portion of it for up to six (6) months. We will pay interest on such amount during the postponement.

Under payment option 3, we may require proof of the age of the person who gets the monthly payments. We may also, at any time, require proof that such person is still alive.

## PREMIUMS

**PREMIUM PAYMENTS.** The annual premiums and the premium paying period for this policy and for each rider are shown in the Schedule. All premiums are payable in advance beginning on the Policy Effective Date. Payment must be made at our Administrative office. Premiums may be paid annually, semi-annually, quarterly, or monthly at the published rates for this policy, or by any other method with our consent. The owner may change the frequency of premium payments shown in the Schedule, subject to the Company's approval. The premium for any method will be based on our rates in effect on the Policy Effective Date. If asked, we will send you a receipt for your payment, signed by an officer of the company.

**GRACE PERIOD.** We will allow a period of 31 days for the payment of each premium except the first. The policy will remain in full force during this grace period.

**If a Premium Is Not Paid.** If a premium is unpaid at the end of the grace period, the policy will immediately cease to be in force except as provided below.

**AUTOMATIC PREMIUM LOAN AGREEMENT.** If you have elected this agreement, we will automatically make a policy loan to pay premiums and interest to the next policy anniversary if the loan value is sufficient. Otherwise, we will pay premiums and interest to the end of the last month in the current policy year for which the loan value is sufficient. If the loan value is not sufficient to pay one-twelfth of an annual premium, we will pay premiums and interest for a fraction of a month.

If you did not elect this agreement in the application, you may do so by written request while the policy is in full force. You may cancel the agreement at any time by written request and return of the policy for endorsement.

**AUTOMATIC PAID-UP INSURANCE.** If the Automatic Premium Loan Agreement does not apply, the policy will cease to be in full force, and we will use the surrender value to continue the policy in force as Extended Term Insurance, effective on the due date of the unpaid premium. However, during the 60-day period following the due date of the unpaid premium you may elect to change that option to either the Reduced Life Insurance Paid-Up Option or the Surrender Option by written request and return of the policy. All of the Paid-Up Options are described in the Policy Values Section.

**REINSTATEMENT.** You may reinstate this policy to full force within 5 years of the due date of the unpaid premium, if it has not been returned for the surrender value. The requirements for reinstatement are:

1. evidence satisfactory to us of the insurability of the insured,
2. payment of all past due premiums with interest at 5% a year, and
3. payment or reinstatement of any loan on the due date of the first unpaid premium, with interest at 6% a year from that date.





## DIVIDENDS AND DIVIDEND OPTIONS

**DIVIDENDS.** At the end of each policy year, this policy, while in full force, will be credited with such dividend as may be apportioned from the divisible surplus as ascertained by the Board of Directors of the Company. Dividends, at the option of the Owner, may be:

**APPLIED** as a net single premium at the attained age of the Insured to purchase participating Paid-Up Additions to this policy, payable under the same conditions as this policy.

**PAID** in cash.

**LEVERAGED** to reduce the payment of any premium, provided the remainder of such premium is paid.

**LEFT TO ACCUMULATE** to the credit of this policy as Dividend Accumulations with compound interest at such rate as may be determined by the Company, but not less than three per cent (3%) a year.

**PAID-UP ADDITIONS AND DIVIDEND ACCUMULATIONS.** Paid-Up Additions and Dividend Accumulations, if not previously applied under the Non-Forfeiture Options or in reduction of indebtedness, may be surrendered at any time for their cash value. The Cash Value of Dividend Accumulations shall be the amount of such accumulations including interest. The Cash Value of Paid-Up Additions shall be equal to the actuarial cost therefore and will never be less than the original dividend applied to their purchase.

**OPTION TO PAY PREMIUMS USING DIVIDEND ADDITIONS.** The Owner may elect to use the cash value of the paid-up additions to pay future premiums. In order to elect this option, the policy must be in full force and a non-forfeiture option must not be in effect.

The Owner may elect to make this option effective on any policy anniversary on which the Company sends written notice that this option is available. This notice will be sent if:

The policy has been in force for at least 5 years; and

The amount of cash value of the paid-up additions together with the present value of projected dividends equal or exceed the present value of all projected future premiums.

The Owner has requested this option in writing.

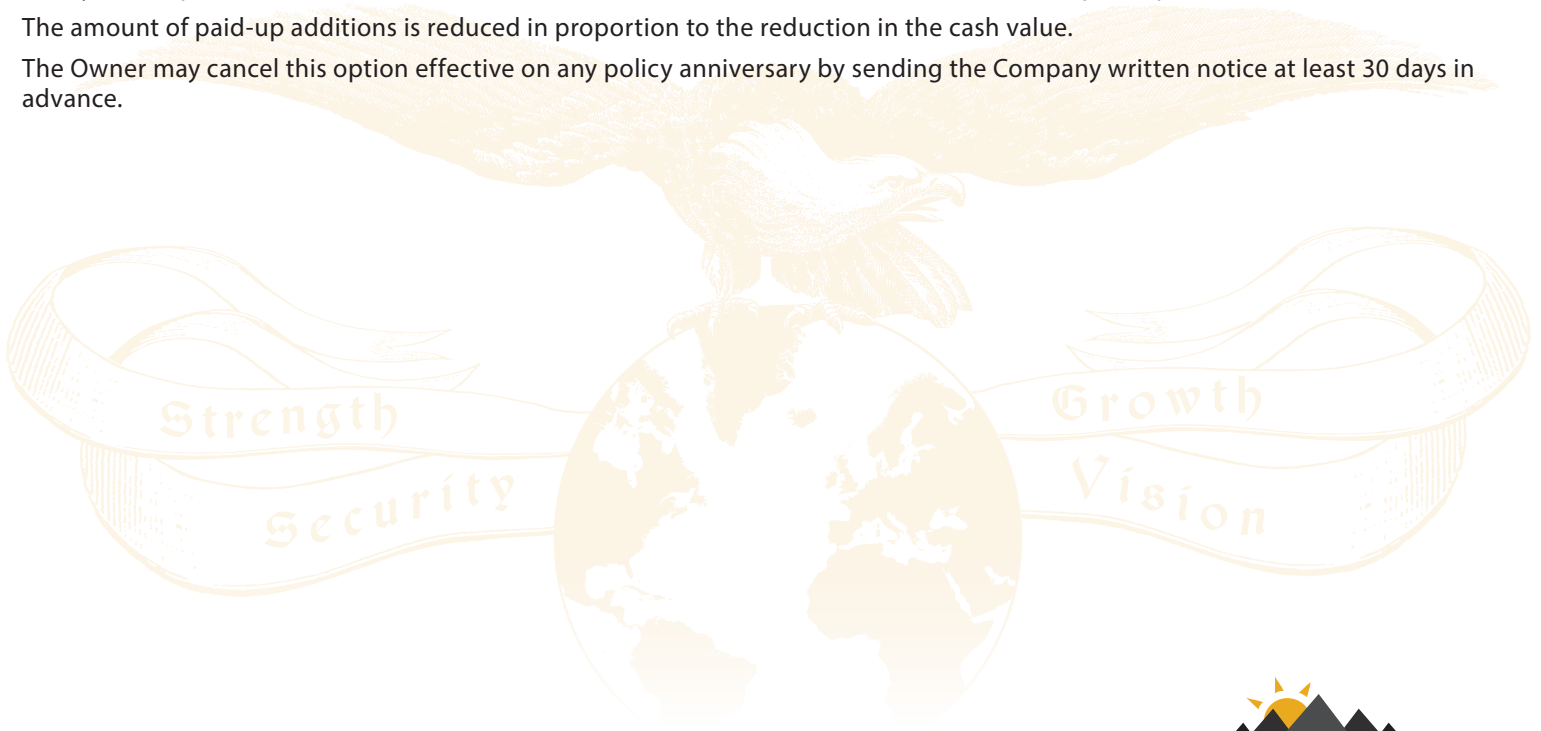
On each policy anniversary following the election of this option the Company will determine if the amount of cash value of the paid-up additions together with the present value of projected dividends continue to equal or exceed the present value of all projected future premiums. If not, the Company will send notice to the Owner that premium payments must be resumed for that policy year. All present values, projected dividends and future premiums are based on the mortality, interest rates and premiums in effect on that policy anniversary.

While this option is in effect, the amount of paid-up additions will be reduced as follows:

Each year the premium due less the dividend credited is deducted from the cash value of the paid-up additions; and

The amount of paid-up additions is reduced in proportion to the reduction in the cash value.

The Owner may cancel this option effective on any policy anniversary by sending the Company written notice at least 30 days in advance.







## POLICY VALUES

**CASH VALUE.** Cash values of this policy are shown in the Table of Guaranteed Values. Each value shown:

1. assumes premiums have been paid to the end of the policy year;
2. assumes there is no indebtedness;
3. includes the value, if any, of the additional annual income benefit; and
3. is exclusive of any dividend.

We will make allowance for premiums paid for a part of any policy year for which a cash value is shown in the table. During the 60-day period following the due date of an unpaid premium, the cash value will be the same as it was on the due date.

If this policy is being continued under one of the Non-Forfeiture Options, the cash value at any given time is the actuarial cost for the remaining insurance at the current age. However, within 30 days after a policy anniversary the cash value will not be less than the value on the anniversary.

The values provided by this policy are not less than the minimum values required by the state where this policy is delivered.

**SURRENDER VALUE.** The surrender value is the cash value at the end of the current policy month, increased by the part of any premium paid for a period after that month. However, there is no surrender value prior to the first policy anniversary.

**SURRENDER OPTION.** You may return this policy for its surrender value. The policy will cease to be in force when we receive it with your written request. We have the right to postpone payment of the surrender value for up to 6 months.

**PAID-UP OPTIONS.** While this policy is in full force with a surrender value, you may elect to stop paying premiums and continue the policy under one of the following options. You must make written request for the option and return the policy to us for endorsement.

**REDUCED PAID UP INSURANCE.** The policy continues in force from the due date of the unpaid premium as a reduced paid-up life insurance policy. The death benefit is whatever amount the surrender value will buy using the actuarial cost of life insurance at the current age. The amount shall continue in the same manner as on the day immediately preceding the due date of the unpaid premium.

**EXTENDED TERM INSURANCE.** The policy continues in force as an extended term life insurance policy with a death benefit equal to the Face Amount, decreased by any indebtedness. The term runs for whatever period the surrender value will buy using the actuarial cost of term insurance at the current age.

Amounts of reduced paid-up insurance and periods of extended term insurance, if available, are shown in the Table of Guaranteed Values without allowance for rider benefits, or indebtedness. The options will be effective on the due date of the unpaid premium. Any benefit rider attached to the policy will cease to be in force unless otherwise provided in the rider.

**POLICY LOAN.** While this policy has a cash value and is in force other than as extended term insurance, you can borrow any amount up to the maximum loan value less existing indebtedness. The maximum loan value is the cash value on the due date of the next premium, or on the next policy anniversary if no more premiums are due. The policy is the sole security for the loan.

We deduct from the loan amount:

1. interest on the total indebtedness to the end of the policy year, and
2. any premium due and unpaid when the loan is made.

The interest rate for loans is 6% a year, payable in advance. Interest not paid when due is added to the loan amount and will bear interest at the same rate.

We have the right to postpone making a loan for up to 6 months after the request unless the loan is made to pay a premium on a policy with us.

Whenever the indebtedness exceeds the maximum loan value, the policy will terminate without value. The termination will take effect 31 days after we mail notice to you and to any assignee on records at our Administrative office.

**BASIS OF VALUES.** Values, reserves and net single premiums on this policy are based on mortality table and interest rate shown on the Schedule of Benefits and Premiums. Values are computed by the Standard Nonforfeiture Value Method, assuming that premiums are on a level basis, that death occurs at the end of the policy year and that premiums are paid annually. Values are based on the interest rate shown on the Schedule of Benefits and Premiums. Any additional rider will not increase the Cash Value unless specifically provided by the rider.

A detailed explanation of the method of computation of policy values is on file with the insurance supervisory official of the state in which this policy has been delivered.

Reserves are computed by the Commissioner's Reserve Valuation Method. Reserves are based on the interest rate shown on the Schedule of Benefits and Premiums.

All values and reserves equal or exceed those required by law.







## OTHER INFORMATION

**EFFECTIVE DATES OF COVERAGE.** Coverage begins at 12:01 a.m. Standard Time at your residence on the applicable effective date. The effective dates of coverage under this Policy will be:

- the Policy date shown on the Schedule, for the death benefit and any riders issued on the initial application, and
- the Policy anniversary date on or after the date we approve the application, for any additional benefits applied for in a later application.

**TERMINATION.** This Policy will terminate on the earliest of:

- the premium paid to date following our receipt of your written request to surrender; or
- the date of the insured's death; or
- the date of lapse.

**CONFORMITY WITH STATE STATUTES.** The provisions of this policy shall conform to the minimum requirements of Montana law and control over any conflicting statutes of any state in which the insured resides on or after the effective date of this policy.

## WHOLE LIFE INSURANCE

PROCEEDS PAYABLE AT DEATH

WITH ADDITIONAL ANNUAL INCOME PROCEEDS DURING 1ST 20 YEARS

PREMIUMS PAYABLE FOR 20 YEARS

PARTICIPATING

