

State: District of Columbia **Filing Company:** The Independent Order of Foresters
TOI/Sub-TOI: H21 Health - Other/H21.000 Health - Other
Product Name: Accelerated Benefit Rider - 2014 - Trad - Rate
Project Name/Number: /

Filing at a Glance

Company: The Independent Order of Foresters
Product Name: Accelerated Benefit Rider - 2014 - Trad - Rate
State: District of Columbia
TOI: H21 Health - Other
Sub-TOI: H21.000 Health - Other
Filing Type: Rate
Date Submitted: 05/07/2014
SERFF Tr Num: FRSS-129532989
SERFF Status: Assigned
State Tr Num:
State Status:
Co Tr Num:

Implementation On Approval
Date Requested:
Author(s): Jennifer Daigle, Kerry Shields, Tamara Levin, Art Vikari
Reviewer(s): Darniece Shirley (primary), John Rielley, Alula Selassie, Beichen Li
Disposition Date:
Disposition Status:
Implementation Date:

State Filing Description:

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General Information

Project Name: Status of Filing in Domicile: Not Filed
 Project Number: Date Approved in Domicile:
 Requested Filing Mode: Review & Approval Domicile Status Comments: The Insurance Laws of Canada where this Society is domiciled does not require approval of this filing.
 Explanation for Combination/Other: Market Type: Individual
 Submission Type: New Submission Individual Market Type: Individual
 Overall Rate Impact: Filing Status Changed: 05/14/2014
 State Status Changed:
 Deemer Date: Created By: Kerry Shields
 Submitted By: Kerry Shields Corresponding Filing Tracking Number:
 PPACA: Not PPACA-Related
 PPACA Notes: null
 Include Exchange Intentions: No
 Filing Description:
 RE: The Independent Order of Foresters
 NAIC #763-58068; FEIN: 980000680

Product Type: Accelerated Death Benefit Rider

Forms Submitted for Approval:

FORM NO. Marketing Name/Description
 TRAD-ABRCHCRTI-DC01-2014 Accelerated Death Benefit Rider (for Chronic, Critical and Terminal Illness)
 TRAD-ABRCRTI-DC01-2014 Accelerated Death Benefit Rider (for Critical and Terminal Illness)

The above listed forms for the certificates to which these memorandums are applicable has been submitted for approval under SERFF Filing #FRSS-129532783.

No part of this filing contains any unusual or possibly controversial items from normal industry standards. Approval of these forms is not required by the Insurance Laws of Canada where this Society is domiciled.

The riders will be marketed through the same distribution method as the certificate to which they are attached. If attached to an illustrated product, they will be included in the illustration used to market that product.

These riders provide the owner with the opportunity to accelerate a portion of the death benefit of the life insurance certificate to which they are attached and receive an accelerated death benefit payment, if the insured is diagnosed with a covered illness. The accelerated death benefit payment is paid to the owner during the lifetime of the insured in lieu of payment of that portion of the death benefit accelerated to the beneficiary(ies), upon the death of the insured. The accelerated death benefit payment is based upon a present value calculation and may be subject to an administrative fee. No additional premium is required for these riders.

A version of the accelerated death benefit rider will be attached to each newly issued life insurance certificate as long as (1)

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the certificate is issued subject to underwriting requirements (i.e. not issued as the result of a term conversion or guaranteed insurability privilege) and (2) the certificate's face amount is at least \$20,000. The versions are:

TRAD-ABRCHCRTI-DC01-2014 provides benefits for chronic, critical and terminal illness and will be attached, subject to underwriting approval, to non-rated certificates if the insured is issue age 75 or younger.

TRAD-ABRCRTI-DC01-2014 provides benefits for critical and terminal illness and will be attached, subject to underwriting approval, to non-rated certificates if the insured is issue age 75 or younger.

In addition to the above two forms, a third form in this rider suite, TRAD-ABRTI-DC01-2014, was submitted in filing FRSS-129462272, pending approval, as a life filing. It provides benefits for terminal illness only and will be attached to any certificate that is eligible for a version of an accelerated death benefit rider but is not eligible for one of the other two versions because of underwriting concerns or because the insured is issue age 76 or older.

Current product lines to which one of these riders may be attached are:

- WL-SPREM-DC01-2014: 'Foresters Your Legacy' Single Premium Whole Life Insurance Certificate, approved under FRSS-129413188 on March 21, 2014.
- WL-DC01-2011, WL20-DATA-DC01-2011 and WL100-DATA-DC01-2011: 'Foresters Advantage Plus' Whole Life Insurance Certificate, and related data pages, approved under FRSS-127024159 on June 22 2011,
- TERM-SF-DC01-2013, 'Foresters Strong Foundation' Term Life Insurance Certificate, approved under FRSS-129227623 on December 2, 2013.
- TERM-LF-DC01-2013 'Foresters Lifefirst' Term Life Insurance Certificate, approved under FRSS-129227623 on December 2, 2013.

They may also be attached to other traditional life products that Foresters develops in the future.

The eligibility conditions outlined above, such as issue age range, underwriting criteria, minimum face amount and product lines to which the riders can be attached may change in future, on a go forward basis, due to market conditions and business experience.

Enclosed please find:

- An actuarial memorandum for each rider version.

If I may provide any additional information relating to this submission, please feel free to contact me at 416-429-3000, ext. 4066 or email kshields@foresters.com.

Sincerely,

Kerry Shields
Compliance Analyst

Company and Contact

Filing Contact Information

Kerry Shields, Compliance Analyst

kshields@foresters.com

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789 Don Mills Road 416-429-3000 [Phone] 4066 [Ext]
Toronto, ON M3C 1T9 416-467-2525 [FAX]

Filing Company Information

The Independent Order of Foresters	CoCode: 58068	State of Domicile: Ontario
789 Don Mills Road	Group Code:	Company Type: Fraternal
Toronto, ON M3C 1T9	Group Name:	Benefit Society
(416) 429-3000 ext. [Phone]	FEIN Number: 98-0000680	State ID Number:

Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:

FRSS-129532989

State Tracking #:

Company Tracking #:

State:

District of Columbia

Filing Company:

The Independent Order of Foresters

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H21 Health - Other/H21.000 Health - Other

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Supporting Document Schedules

Satisfied - Item:	Cover Letter All Filings
Comments:	Please filing description under the General Information tab.
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Certificate of Authority to File
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum
Comments:	
Attachment(s):	ABR US Gen Memorandum - Trad CHCRTI.pdf ABR US Gen Memorandum - Trad CRTI.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Justification
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A
Attachment(s):	
Item Status:	

SERFF Tracking #:

FRSS-129532989

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Status Date:	
Bypassed - Item:	Consumer Disclosure Form
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	
Satisfied - Item:	Actuarial Memorandum and Certifications
Comments:	Actuarial memorandums are attached under the Actuarial Memorandum tab.
Attachment(s):	
Item Status:	
Status Date:	
Bypassed - Item:	Unified Rate Review Template
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

THE INDEPENDENT ORDER OF FORESTERS
ACTUARIAL MEMORANDUM
Accelerated Death Benefit Rider (for Chronic, Critical and Terminal Illness)
TRAD-ABRCHCRTI-XX01-2014

(XX will be replaced by US if your state uses the US general version,
or, if a variation, the postal abbreviation for your state)

Purpose and Scope

This actuarial memorandum has been prepared to support the filing of the above indicated accelerated death benefit rider. It has been prepared for the purpose of demonstrating compliance with regulatory authorities and may not be appropriate for other purposes.

Rider Description

This rider provides the opportunity for the owner to, during the lifetime of the insured, accelerate a portion of the certificate's eligible death benefit and receive an accelerated death benefit payment, if the insured is diagnosed with a chronic, critical or terminal illness. The accelerated death benefit payment is paid to the owner in lieu of payment, to the beneficiary(ies) upon the death of the insured, of the portion of the eligible death benefit being accelerated.

There is no additional premium required for this rider and the rider will automatically be added to each eligible certificate issued, subject to Foresters then current business rules with respect to eligibility for this rider. Our current rider eligibility rules are outlined in the cover letter submitted with this filing.

To be eligible for an accelerated death benefit payment the owner must submit proof, including certification by a physician of his/her diagnosis, that the insured has a chronic, critical or terminal illness, as described below:

Chronic Illness

The insured:

- is unable to perform, without substantial assistance from another person, at least two Activities of Daily Living for a period of at least 90 days, due to a loss of functional capacity; or
- requires substantial supervision by another person to protect the insured from threats to health and safety due to the insured's severe cognitive impairment.

The chronic illness must be diagnosed by a physician as being permanent.

Critical Illness

The insured has one of the following medical conditions:

- Advanced Alzheimer's Disease;
- Amyotrophic Lateral Sclerosis (ALS);
- End stage renal failure (kidney failure);
- Life threatening (invasive) cancer;
- Major organ failure;
- Myocardial infarction (heart attack); or
- Stroke.

Terminal Illness

The insured has a non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis.

Acceleration Amount Limits

The portion of the eligible death benefit (the sum of the certificate's face amount and paid-up additional insurance, if any) that the owner can request be accelerated, is referred to as the acceleration amount and is subject to the following limits:

Overall Limit

The total of all acceleration amounts under any one certificate cannot be greater than the lesser of the maximum lifetime acceleration amount and 95% of the eligible death benefit on the effective date of the initial acceleration under the rider.

The maximum lifetime acceleration amount, applicable for the lifetime of that rider, will be shown for each rider on the certificate data pages. Our current maximum lifetime acceleration amount is \$500,000.00.

Individual Claim Limits

- Each acceleration amount must be at least equal to the minimum acceleration amount. The minimum acceleration amount, applicable for the lifetime of the rider, will be shown on the certificate data pages. Our current minimum acceleration amount is \$4,500.00.
- Each acceleration amount must be an amount such that the certificate's face amount after acceleration is least equal to the residual face amount. The residual face amount, applicable for the lifetime of the rider, will be shown on the certificate data pages. Our current residual face amount is \$10,000.00.

Limit by Type of Illness

- For chronic illness - The maximum acceleration amount that can be accelerated in any 12 month period is 24% of the eligible death benefit on the effective date of the first payment due to a chronic illness.
- For critical or terminal illness - The maximum acceleration amount is 95% of the eligible death benefit on the effective date of the payment.

Administrative Fee

At the time of claim an administrative fee will be deducted in the calculation of the accelerated death benefit payment. The administrative fee covers the costs of processing the accelerated death benefit claim.

The administrative fee will vary depending on the type of claim and are currently:

- For chronic and critical illness - \$300.00
- For terminal illness - \$0.00

Since a claim for an accelerated death benefit could be received years, even decades, after the issue date of the rider we may increase our administrative fee, for chronic and critical illness only, subject to a maximum administrative fee set at issue. For each rider issued the maximum administrative fee, applicable for the lifetime of that rider, will be shown on the certificate data pages. Our current

maximum administrative fee will be \$500.00, which will allow us to increase the administrative fee that will actually be charged, based upon processing cost increases that could occur over the timeframe that the coverage could be provided under the rider. As indicated in our statement of variability we may also increase that maximum administrative fee to up to \$1,000.00, without re-filing, if in the future costs increase to a point where an increase to the maximum is justified.

Accelerated Death Benefit Payment (ADBP)

The ADBP will be determined based on a number of factors such as:

- The acceleration amount (AA) requested;
- The company's expectation of the future mortality of the insured;
- The accelerated death benefit interest rate;
- The future premiums required to be paid;
- The future dividends the company anticipates will be paid;
- The loan amount, if any; and
- The cash surrender value, if any.

The formula used to determine the ADBP is detailed below. For this purpose the following terms are defined:

AF	The Acceleration Factor. Equal to the AA divided by the eligible death benefit on the effective date of that ADBP.
LRA	The Loan Repayment Amount. Equal to the AF multiplied by the loan amount, if any, on the effective date of that ADBP.
Fee	The applicable administrative fee.

Any unpaid premiums will be deducted from the ADBP. The ADBP will be at least equal to the cash surrender value multiplied by the AF. The ADBP will be paid in a lump sum.

Sample ADBP calculations are provided in Appendix A.

ADBP Formula – Chronic Illness and Critical Illness

ADBP is equal to:

$$PVFB + PVFD - PVFP - LRA - Fee$$

Where:

PVFB	The present value of the AA.
PVFD	The AF multiplied by the present value of X% of future dividends expected to be payable. X% is determined by the company and will not be less than 50%.
PVFP	The AF multiplied by the present value of future premiums.

Present values are taken over the period from the effective date of the ADBP to the maturity date of the certificate in the case of a whole life certificate, and to the end of the initial term period in the case of a term certificate.

ADBP Formula – Terminal Illness

The discounting rate for a terminal illness claim is 0%. The current mortality assumption for terminal illness is 100%. There is no administrative fee charged for a terminal illness claim.

The ADDBA formula above thus simplifies to be:

AA – LRA

Accelerated Death Benefit Interest Rate

The interest rate used for discounting will not exceed the greater of:

- the current yield on 90-day U.S. Treasury Bills; and
- the maximum adjustable loan interest rate permitted under the NAIC Model Policy Loan Interest Rate Bill, as amended or superseded.

For terminal illness claims the interest rate used will be 0%.

Mortality

Present values are based on mortality rates which represent the company's expectation regarding mortality experience for individuals who are diagnosed to be chronically, critically or terminally ill, as applicable. The assumed mortality rates are not guaranteed and may be changed by the company. The mortality rates used will be sex distinct if the base certificate is issued on a sex distinct basis, while male mortality rates will be used if the base certificate is issued on a unisex basis. Samples of the current mortality assumptions for chronic and critical illness are shown in Appendix B; they are based on a multiple of the mortality assumption for standard risks. The current mortality assumption for terminal illness is 100%.

Effect of Acceleration on Policy Values

All applicable certificate values, such as face amount, paid-up additional insurance, cash value and loan amount, will be reduced on a pro-rata basis based upon the acceleration factor. After acceleration, premiums due and dividends credited, if any, will be as if the certificate had been issued at the reduced amount.

Reserves

Reserves for the base certificate to which this rider is attached will be determined as described in the Actuarial Memorandum for the base certificate, and will disregard the benefits provided by this rider. Since the ADBP is actuarially equivalent to the payment of the AA, and the reserves established for the base certificate cover the AA, no additional reserves are required for this rider.

Lynn M. Manchester, F.S.A., M.A.A.A.
AVP, Product Actuarial
Foresters

April 23, 2014

Date

Appendix A.1

Sample Calculation for a Whole Life Certificate

Female, Standard Non-Smoker, Issue Age 40

Election age	65	
Eligible death benefit	150,000.00	
Annual premium, base certificate	2,229.00	
Loan	10,000.00	
Cash value	48,488.39	
Cash surrender value	38,488.39	
Acceleration Amount requested (AA)	30,000.00	
Acceleration Factor (AF)	20.00%	
Accelerated Death Benefit Interest Rate	6.00%	Chronic and Critical only
PV Death Benefit per dollar	0.455488	See following page
PV Premiums per dollar	0.142947	See following page
PV 50% Dividends per dollar	0.051517	See following page
Loan Repayment Amount (LRA)	2,000.00	
Administrative fee	300.00	Chronic and Critical only

Accelerated Death Benefit Payment (ADBP):

Chronic or Critical Illness ADBP

$$\begin{aligned}
 &= \text{PVFB} + \text{PVFD} - \text{PVFP} - \text{LRA} - \text{Fee} \\
 &= 30,000.00 \times (0.455488 + 0.051517 - 0.142947) - 2,000.00 - 300.00 \\
 &= 13,664.63 + 1,545.50 - 4,288.40 - 2,000.00 - 300.00 \\
 &= 8,621.72
 \end{aligned}$$

Terminal Illness ADBP

$$\begin{aligned}
 &= \text{AA} - \text{LRA} \\
 &= 30,000.00 - 2,000.00 \\
 &= 28,000.00
 \end{aligned}$$

Minimum ADBP

$$\begin{aligned}
 &= \text{AF} \times \text{CSV} \\
 &= 20\% \times 38,488.39 \\
 &= 7,697.68
 \end{aligned}$$

Effects on Certificate Values

Certificate values are multiplied by 1 - AF.

	<u>Before Acceleration</u>	<u>After Acceleration</u>
Death benefit	150,000.00	120,000.00
Annual premium, base certificate	2,229.00	1,783.20
Loan	10,000.00	8,000.00
Cash value	48,488.39	38,790.71
Cash surrender value	38,488.39	30,790.71

Attained Age	Chronic / Critical Illness Mortality	Remaining Lives	Deaths	Discount Factor	Per \$1 Face Amount				
					PV DB	Premium	PV Prem	50% Div	PV 50% Div
65	0.020904	1.000000	0.020904	0.943396	0.019721	0.014860	0.014860	0.004665	0.004665
66	0.022944	0.979096	0.022465	0.889996	0.019994	0.014860	0.013726	0.004670	0.004314
67	0.025251	0.956631	0.024156	0.839619	0.020282	0.014860	0.012652	0.004727	0.004024
68	0.027871	0.932475	0.025989	0.792094	0.020586	0.014860	0.011634	0.004869	0.003812
69	0.030874	0.906486	0.027986	0.747258	0.020913	0.014860	0.010670	0.005008	0.003596
70	0.034293	0.878500	0.030127	0.704961	0.021238	0.014860	0.009755	0.005129	0.003367
71	0.038096	0.848373	0.032319	0.665057	0.021494	0.014860	0.008887	0.005236	0.003131
72	0.042385	0.816053	0.034589	0.627412	0.021701	0.014860	0.008065	0.005360	0.002909
73	0.047185	0.781465	0.036873	0.591898	0.021825	0.014860	0.007286	0.005480	0.002687
74	0.052518	0.744591	0.039104	0.558395	0.021836	0.014860	0.006549	0.005582	0.002460
75	0.058430	0.705487	0.041222	0.526788	0.021715	0.014860	0.005854	0.005676	0.002236
76	0.064946	0.664265	0.043141	0.496969	0.021440	0.014860	0.005200	0.005769	0.002019
77	0.072099	0.621124	0.044782	0.468839	0.020996	0.014860	0.004587	0.005858	0.001808
78	0.079913	0.576342	0.046057	0.442301	0.020371	0.014860	0.004015	0.005948	0.001607
79	0.088434	0.530285	0.046895	0.417265	0.019568	0.014860	0.003485	0.006047	0.001418
80	0.097709	0.483390	0.047231	0.393646	0.018592	0.014860	0.002997	0.006138	0.001238
81	0.107946	0.436158	0.047082	0.371364	0.017484	0.014860	0.002551	0.006251	0.001073
82	0.119018	0.389077	0.046307	0.350344	0.016223	0.014860	0.002147	0.006566	0.000949
83	0.130982	0.342770	0.044897	0.330513	0.014839	0.014860	0.001784	0.006921	0.000831
84	0.143851	0.297873	0.042849	0.311805	0.013361	0.014860	0.001463	0.007175	0.000706
85	0.157729	0.255024	0.040225	0.294155	0.011832	0.014860	0.001182	0.007452	0.000593
86	0.172534	0.214799	0.037060	0.277505	0.010284	0.014860	0.000939	0.007774	0.000491
87	0.188337	0.177739	0.033475	0.261797	0.008764	0.014860	0.000733	0.007897	0.000390
88	0.205195	0.144264	0.029602	0.246979	0.007311	0.014860	0.000561	0.008454	0.000319
89	0.223189	0.114662	0.025591	0.232999	0.005963	0.014860	0.000421	0.008952	0.000254
90	0.241694	0.089071	0.021528	0.219810	0.004732	0.014860	0.000308	0.009424	0.000196
91	0.264138	0.067543	0.017841	0.207368	0.003700	0.014860	0.000221	0.009705	0.000144
92	0.288113	0.049702	0.014320	0.195630	0.002801	0.014860	0.000153	0.009710	0.000100
93	0.313687	0.035382	0.011099	0.184557	0.002048	0.014860	0.000103	0.009715	0.000067
94	0.340885	0.024283	0.008278	0.174110	0.001441	0.014860	0.000067	0.009720	0.000044
95	0.369775	0.016005	0.005918	0.164255	0.000972	0.014860	0.000041	0.010237	0.000029
96	0.400427	0.010087	0.004039	0.154957	0.000626	0.014860	0.000025	0.011129	0.000018
97	0.432865	0.006048	0.002618	0.146186	0.000383	0.014860	0.000014	0.011719	0.000011
98	0.494170	0.003430	0.001695	0.137912	0.000234	0.014860	0.000007	0.012188	0.000006
99	0.556819	0.001735	0.000966	0.130105	0.000126	0.014860	0.000004	0.012193	0.000003
100	0.620118	0.000769	0.000477	0.122741	0.000059	0.000000	0.000000	0.012198	0.000001
101	0.683184	0.000292	0.000200	0.115793	0.000023	0.000000	0.000000	0.012203	0.000000
102	0.745092	0.000093	0.000069	0.109239	0.000008	0.000000	0.000000	0.012208	0.000000
103	0.804750	0.000024	0.000019	0.103056	0.000002	0.000000	0.000000	0.012213	0.000000
104	0.858542	0.000005	0.000004	0.097222	0.000000	0.000000	0.000000	0.012218	0.000000
105	0.912334	0.000001	0.000001	0.091719	0.000000	0.000000	0.000000	0.012223	0.000000
106	0.941711	0.000000	0.000000	0.086527	0.000000	0.000000	0.000000	0.012228	0.000000
107	0.969674	0.000000	0.000000	0.081630	0.000000	0.000000	0.000000	0.012233	0.000000
108	0.996037	0.000000	0.000000	0.077009	0.000000	0.000000	0.000000	0.012238	0.000000
109	1.000000	0.000000	0.000000	0.072650	0.000000	0.000000	0.000000	0.012243	0.000000
110	1.000000	0.000000	0.000000	0.068538	0.000000	0.000000	0.000000	0.012248	0.000000
111	1.000000	0.000000	0.000000	0.064658	0.000000	0.000000	0.000000	0.012253	0.000000
112	1.000000	0.000000	0.000000	0.060998	0.000000	0.000000	0.000000	0.012258	0.000000
113	1.000000	0.000000	0.000000	0.057546	0.000000	0.000000	0.000000	0.012377	0.000000
114	1.000000	0.000000	0.000000	0.054288	0.000000	0.000000	0.000000	0.012647	0.000000
115	1.000000	0.000000	0.000000	0.051215	0.000000	0.000000	0.000000	0.013094	0.000000
116	1.000000	0.000000	0.000000	0.048316	0.000000	0.000000	0.000000	0.013390	0.000000
117	1.000000	0.000000	0.000000	0.045582	0.000000	0.000000	0.000000	0.013395	0.000000
118	1.000000	0.000000	0.000000	0.043001	0.000000	0.000000	0.000000	0.013400	0.000000
119	1.000000	0.000000	0.000000	0.040567	0.000000	0.000000	0.000000	0.013405	0.000000
120	1.000000	0.000000	0.000000	0.038271	0.000000	0.000000	0.000000	0.013410	0.000000
Sum					0.455488		0.142947		0.051517

Appendix A.2

Sample Calculation for a Term 30 Certificate

Female, Standard Non-Smoker, Issue Age 55

Election age	75	
Eligible death benefit	150,000.00	
Annual premium, base certificate	1,912.05	
Loan	0.00	
Cash value	0.00	
Cash surrender value	0.00	
Acceleration Amount requested (AA)	30,000.00	
Acceleration Factor (AF)	20.00%	
Accelerated Death Benefit Interest Rate	6.00%	Chronic and Critical only
PV Death Benefit per dollar	0.449973	See following page
PV Premiums per dollar	0.076313	See following page
PV 50% Dividends per dollar	0.000000	See following page
Loan Repayment Amount (LRA)	0.00	
Administrative fee	300.00	Chronic and Critical only

Accelerated Death Benefit Payment (ADBP):

Chronic or Critical Illness ADBP
= PVFB - PVFP - Fee
= 30,000.00 x (0.449973 - 0.076313) - 300.00
= 13,499.19 - 2,289.40 - 300.00
= 10,909.79

Terminal Illness ADBP
= AA
= 30,000.00

Effects on Certificate Values

Certificate values are multiplied by 1 - AF.

	<u>Before Acceleration</u>	<u>After Acceleration</u>
Death benefit	150,000.00	120,000.00
Annual premium, base certificate	1,912.05	1,529.64

Attained Age	Chronic / Critical Illness Mortality	Remaining Lives	Deaths	Discount Factor	Per \$1 Face Amount		
					PV DB	Premium	PV Prem
75	0.046607	1.000000	0.046607	0.943396	0.043969	0.012747	0.012747
76	0.054323	0.953393	0.051791	0.889996	0.046094	0.012747	0.011465
77	0.063232	0.901602	0.057011	0.839619	0.047867	0.012747	0.010228
78	0.072842	0.844591	0.061522	0.792094	0.048731	0.012747	0.009039
79	0.084678	0.783069	0.066309	0.747258	0.049550	0.012747	0.007907
80	0.097709	0.716761	0.070034	0.704961	0.049371	0.012747	0.006827
81	0.107946	0.646727	0.069811	0.665057	0.046429	0.012747	0.005812
82	0.119018	0.576915	0.068663	0.627412	0.043080	0.012747	0.004891
83	0.130982	0.508252	0.066572	0.591898	0.039404	0.012747	0.004065
84	0.143851	0.441680	0.063536	0.558395	0.035478	0.012747	0.003332
Sum					0.449973		0.076313

THE INDEPENDENT ORDER OF FORESTERS
ACTUARIAL MEMORANDUM
Accelerated Death Benefit Rider (for Critical and Terminal Illness)
TRAD-ABRCRTI-XX01-2014

(XX will be replaced by US if your state uses the US general version,
or, if a variation, the postal abbreviation for your state)

Purpose and Scope

This actuarial memorandum has been prepared to support the filing of the above indicated accelerated death benefit rider. It has been prepared for the purpose of demonstrating compliance with regulatory authorities and may not be appropriate for other purposes.

Rider Description

This rider provides the opportunity for the owner to, during the lifetime of the insured, accelerate a portion of the certificate's eligible death benefit and receive an accelerated death benefit payment, if the insured is diagnosed with a critical or terminal illness. The accelerated death benefit payment is paid to the owner in lieu of payment, to the beneficiary(ies) upon the death of the insured, of the portion of the eligible death benefit being accelerated.

There is no additional premium required for this rider and the rider will automatically be added to each eligible certificate issued, subject to Foresters then current business rules with respect to eligibility for this rider. Our current rider eligibility rules are outlined in the cover letter submitted with this filing.

To be eligible for an accelerated death benefit payment the owner must submit proof, including certification by a physician of his/her diagnosis, that the insured has a critical or terminal illness, as described below:

Critical Illness

The insured has one of the following medical conditions:

- Advanced Alzheimer's Disease;
- Amyotrophic Lateral Sclerosis (ALS);
- End stage renal failure (kidney failure);
- Life threatening (invasive) cancer;
- Major organ failure;
- Myocardial infarction (heart attack); or
- Stroke.

Terminal Illness

The insured has a non-correctable illness or physical condition which is reasonably expected to result in death within 12 months of diagnosis.

Acceleration Amount Limits

The portion of the eligible death benefit (the sum of the certificate's face amount and paid-up additional insurance, if any) that the owner can request be accelerated, is referred to as the acceleration amount and is subject to the following limits:

Overall Limit

The total of all acceleration amounts under any one certificate cannot be greater than the lesser of the maximum lifetime acceleration amount and 95% of the eligible death benefit on the effective date of the initial acceleration under the rider.

The maximum lifetime acceleration amount, applicable for the lifetime of that rider, will be shown for each rider on the certificate data pages. Our current maximum lifetime acceleration amount is \$500,000.00.

Individual Claim Limits

- Each acceleration amount must be at least equal to the minimum acceleration amount. The minimum acceleration amount, applicable for the lifetime of the rider, will be shown on the certificate data pages. Our current minimum acceleration amount is \$4,500.00.
- Each acceleration amount must be an amount such that the certificate's face amount after acceleration is least equal to the residual face amount. The residual face amount, applicable for the lifetime of the rider, will be shown on the certificate data pages. Our current residual face amount is \$10,000.00.

Limit by Type of Illness

For critical or terminal illness - The maximum acceleration amount is 95% of the eligible death benefit on the effective date of the payment.

Administrative Fee

At the time of claim an administrative fee will be deducted in the calculation of the accelerated death benefit payment. The administrative fee covers the costs of processing the accelerated death benefit claim.

The administrative fee will vary depending on the type of claim and are currently:

- For critical illness - \$300.00
- For terminal illness - \$0.00

Since a claim for an accelerated death benefit could be received years, even decades, after the issue date of the rider we may increase our administrative fee, for critical illness only, subject to a maximum administrative fee set at issue. For each rider issued the maximum administrative fee, applicable for the lifetime of that rider, will be shown on the certificate data pages. Our current maximum administrative fee will be \$500.00, which will allow us to increase the administrative fee that will actually be charged, based upon processing cost increases that could occur over the timeframe that the coverage could be provided under the rider. As indicated in our statement of variability we may also increase that maximum administrative fee to up to \$1,000.00, without re-filing, if in the future costs increase to a point where an increase to the maximum is justified.

Accelerated Death Benefit Payment (ADBP)

The ADBP will be determined based on a number of factors such as:

- The acceleration amount (AA) requested;
- The company's expectation of the future mortality of the insured;
- The accelerated death benefit interest rate;
- The future premiums required to be paid;
- The future dividends the company anticipates will be paid;
- The loan amount, if any; and

- The cash surrender value, if any.

The formula used to determine the ADBP is detailed below. For this purpose the following terms are defined:

AF	The Acceleration Factor. Equal to the AA divided by the eligible death benefit on the effective date of that ADBP.
LRA	The Loan Repayment Amount. Equal to the AF multiplied by the loan amount, if any, on the effective date of that ADBP.
Fee	The applicable administrative fee.

Any unpaid premiums will be deducted from the ADBP. The ADBP will be at least equal to the cash surrender value multiplied by the AF. The ADBP will be paid in a lump sum.

Sample ADBP calculations are provided in Appendix A.

ADBP Formula – Critical Illness

ADBP is equal to:

$$PVFB + PVFD - PVFP - LRA - Fee$$

Where:

PVFB	The present value of the AA.
PVFD	The AF multiplied by the present value of X% of future dividends expected to be payable. X% is determined by the company and will not be less than 50%.
PVFP	The AF multiplied by the present value of future premiums.

Present values are taken over the period from the effective date of the ADBP to the maturity date of the certificate in the case of a whole life certificate, and to the end of the initial term period in the case of a term certificate.

ADBP Formula – Terminal Illness

The discounting rate for a terminal illness claim is 0%. The current mortality assumption for terminal illness is 100%. There is no administrative fee charged for a terminal illness claim.

The ADDBA formula above thus simplifies to be:

$$AA - LRA$$

Accelerated Death Benefit Interest Rate

The interest rate used for discounting will not exceed the greater of:

- the current yield on 90-day U.S. Treasury Bills; and
- the maximum adjustable loan interest rate permitted under the NAIC Model Policy Loan Interest Rate Bill, as amended or superseded.

For terminal illness claims the interest rate used will be 0%.

Mortality

Present values are based on mortality rates which represent the company's expectation regarding mortality experience for individuals who are diagnosed to be critically or terminally ill, as applicable. The assumed mortality rates are not guaranteed and may be changed by the company. The mortality rates used will be sex distinct if the base certificate is issued on a sex distinct basis, while male mortality rates will be used if the base certificate is issued on a unisex basis. Samples of the current mortality assumptions for critical illness are shown in Appendix B; they are based on a multiple of the mortality assumption for standard risks. The current mortality assumption for terminal illness is 100%.

Effect of Acceleration on Policy Values

All applicable certificate values, such as face amount, paid-up additional insurance, cash value and loan amount, will be reduced on a pro-rata basis based upon the acceleration factor. After acceleration, premiums due and dividends credited, if any, will be as if the certificate had been issued at the reduced amount.

Reserves

Reserves for the base certificate to which this rider is attached will be determined as described in the Actuarial Memorandum for the base certificate, and will disregard the benefits provided by this rider. Since the ADBP is actuarially equivalent to the payment of the AA, and the reserves established for the base certificate cover the AA, no additional reserves are required for this rider.

Lynn M. Manchester, F.S.A., M.A.A.A.
AVP, Product Actuarial
Foresters

April 23, 2014

Date

Appendix A.1

Sample Calculation for a Whole Life Certificate

Female, Standard Non-Smoker, Issue Age 40

Election age	65	
Eligible death benefit	150,000.00	
Annual premium, base certificate	2,229.00	
Loan	10,000.00	
Cash value	48,488.39	
Cash surrender value	38,488.39	
Acceleration Amount requested (AA)	30,000.00	
Acceleration Factor (AF)	20.00%	
Accelerated Death Benefit Interest Rate	6.00%	Critical only
PV Death Benefit per dollar	0.455488	See following page
PV Premiums per dollar	0.142947	See following page
PV 50% Dividends per dollar	0.051517	See following page
Loan Repayment Amount (LRA)	2,000.00	
Administrative fee	300.00	Critical only

Accelerated Death Benefit Payment (ADBP):

Critical Illness ADBP

$$\begin{aligned}
 &= \text{PVFB} + \text{PVFD} - \text{PVFP} - \text{LRA} - \text{Fee} \\
 &= 30,000.00 \times (0.455488 + 0.051517 - 0.142947) - 2,000.00 - 300.00 \\
 &= 13,664.63 + 1,545.50 - 4,288.40 - 2,000.00 - 300.00 \\
 &= 8,621.72
 \end{aligned}$$

Terminal Illness ADBP

$$\begin{aligned}
 &= \text{AA} - \text{LRA} \\
 &= 30,000.00 - 2,000.00 \\
 &= 28,000.00
 \end{aligned}$$

Minimum ADBP

$$\begin{aligned}
 &= \text{AF} \times \text{CSV} \\
 &= 20\% \times 38,488.39 \\
 &= 7,697.68
 \end{aligned}$$

Effects on Certificate Values

Certificate values are multiplied by 1 - AF.

	<u>Before Acceleration</u>	<u>After Acceleration</u>
Death benefit	150,000.00	120,000.00
Annual premium, base certificate	2,229.00	1,783.20
Loan	10,000.00	8,000.00
Cash value	48,488.39	38,790.71
Cash surrender value	38,488.39	30,790.71

Attained Age	Critical Illness Mortality	Remaining Lives	Deaths	Discount Factor	Per \$1 Face Amount				PV 50% Div
					PV DB	Premium	PV Prem	50% Div	
65	0.020904	1.000000	0.020904	0.943396	0.019721	0.014860	0.014860	0.004665	0.004665
66	0.022944	0.979096	0.022465	0.889996	0.019994	0.014860	0.013726	0.004670	0.004314
67	0.025251	0.956631	0.024156	0.839619	0.020282	0.014860	0.012652	0.004727	0.004024
68	0.027871	0.932475	0.025989	0.792094	0.020586	0.014860	0.011634	0.004869	0.003812
69	0.030874	0.906486	0.027986	0.747258	0.020913	0.014860	0.010670	0.005008	0.003596
70	0.034293	0.878500	0.030127	0.704961	0.021238	0.014860	0.009755	0.005129	0.003367
71	0.038096	0.848373	0.032319	0.665057	0.021494	0.014860	0.008887	0.005236	0.003131
72	0.042385	0.816053	0.034589	0.627412	0.021701	0.014860	0.008065	0.005360	0.002909
73	0.047185	0.781465	0.036873	0.591898	0.021825	0.014860	0.007286	0.005480	0.002687
74	0.052518	0.744591	0.039104	0.558395	0.021836	0.014860	0.006549	0.005582	0.002460
75	0.058430	0.705487	0.041222	0.526788	0.021715	0.014860	0.005854	0.005676	0.002236
76	0.064946	0.664265	0.043141	0.496969	0.021440	0.014860	0.005200	0.005769	0.002019
77	0.072099	0.621124	0.044782	0.468839	0.020996	0.014860	0.004587	0.005858	0.001808
78	0.079913	0.576342	0.046057	0.442301	0.020371	0.014860	0.004015	0.005948	0.001607
79	0.088434	0.530285	0.046895	0.417265	0.019568	0.014860	0.003485	0.006047	0.001418
80	0.097709	0.483390	0.047231	0.393646	0.018592	0.014860	0.002997	0.006138	0.001238
81	0.107946	0.436158	0.047082	0.371364	0.017484	0.014860	0.002551	0.006251	0.001073
82	0.119018	0.389077	0.046307	0.350344	0.016223	0.014860	0.002147	0.006566	0.000949
83	0.130982	0.342770	0.044897	0.330513	0.014839	0.014860	0.001784	0.006921	0.000831
84	0.143851	0.297873	0.042849	0.311805	0.013361	0.014860	0.001463	0.007175	0.000706
85	0.157729	0.255024	0.040225	0.294155	0.011832	0.014860	0.001182	0.007452	0.000593
86	0.172534	0.214799	0.037060	0.277505	0.010284	0.014860	0.000939	0.007774	0.000491
87	0.188337	0.177739	0.033475	0.261797	0.008764	0.014860	0.000733	0.007897	0.000390
88	0.205195	0.144264	0.029602	0.246979	0.007311	0.014860	0.000561	0.008454	0.000319
89	0.223189	0.114662	0.025591	0.232999	0.005963	0.014860	0.000421	0.008952	0.000254
90	0.241694	0.089071	0.021528	0.219810	0.004732	0.014860	0.000308	0.009424	0.000196
91	0.264138	0.067543	0.017841	0.207368	0.003700	0.014860	0.000221	0.009705	0.000144
92	0.288113	0.049702	0.014320	0.195630	0.002801	0.014860	0.000153	0.009710	0.000100
93	0.313687	0.035382	0.011099	0.184557	0.002048	0.014860	0.000103	0.009715	0.000067
94	0.340885	0.024283	0.008278	0.174110	0.001441	0.014860	0.000067	0.009720	0.000044
95	0.369775	0.016005	0.005918	0.164255	0.000972	0.014860	0.000041	0.010237	0.000029
96	0.400427	0.010087	0.004039	0.154957	0.000626	0.014860	0.000025	0.011129	0.000018
97	0.432865	0.006048	0.002618	0.146186	0.000383	0.014860	0.000014	0.011719	0.000011
98	0.494170	0.003430	0.001695	0.137912	0.000234	0.014860	0.000007	0.012188	0.000006
99	0.556819	0.001735	0.000966	0.130105	0.000126	0.014860	0.000004	0.012193	0.000003
100	0.620118	0.000769	0.000477	0.122741	0.000059	0.000000	0.000000	0.012198	0.000001
101	0.683184	0.000292	0.000200	0.115793	0.000023	0.000000	0.000000	0.012203	0.000000
102	0.745092	0.000093	0.000069	0.109239	0.000008	0.000000	0.000000	0.012208	0.000000
103	0.804750	0.000024	0.000019	0.103056	0.000002	0.000000	0.000000	0.012213	0.000000
104	0.858542	0.000005	0.000004	0.097222	0.000000	0.000000	0.000000	0.012218	0.000000
105	0.912334	0.000001	0.000001	0.091719	0.000000	0.000000	0.000000	0.012223	0.000000
106	0.941711	0.000000	0.000000	0.086527	0.000000	0.000000	0.000000	0.012228	0.000000
107	0.969674	0.000000	0.000000	0.081630	0.000000	0.000000	0.000000	0.012233	0.000000
108	0.996037	0.000000	0.000000	0.077009	0.000000	0.000000	0.000000	0.012238	0.000000
109	1.000000	0.000000	0.000000	0.072650	0.000000	0.000000	0.000000	0.012243	0.000000
110	1.000000	0.000000	0.000000	0.068538	0.000000	0.000000	0.000000	0.012248	0.000000
111	1.000000	0.000000	0.000000	0.064658	0.000000	0.000000	0.000000	0.012253	0.000000
112	1.000000	0.000000	0.000000	0.060998	0.000000	0.000000	0.000000	0.012258	0.000000
113	1.000000	0.000000	0.000000	0.057546	0.000000	0.000000	0.000000	0.012377	0.000000
114	1.000000	0.000000	0.000000	0.054288	0.000000	0.000000	0.000000	0.012647	0.000000
115	1.000000	0.000000	0.000000	0.051215	0.000000	0.000000	0.000000	0.013094	0.000000
116	1.000000	0.000000	0.000000	0.048316	0.000000	0.000000	0.000000	0.013390	0.000000
117	1.000000	0.000000	0.000000	0.045582	0.000000	0.000000	0.000000	0.013395	0.000000
118	1.000000	0.000000	0.000000	0.043001	0.000000	0.000000	0.000000	0.013400	0.000000
119	1.000000	0.000000	0.000000	0.040567	0.000000	0.000000	0.000000	0.013405	0.000000
120	1.000000	0.000000	0.000000	0.038271	0.000000	0.000000	0.000000	0.013410	0.000000
Sum					0.455488		0.142947		0.051517

Appendix A.2

Sample Calculation for a Term 30 Certificate

Female, Standard Non-Smoker, Issue Age 55

Election age	75	
Eligible death benefit	150,000.00	
Annual premium, base certificate	1,912.05	
Loan	0.00	
Cash value	0.00	
Cash surrender value	0.00	
Acceleration Amount requested (AA)	30,000.00	
Acceleration Factor (AF)	20.00%	
Accelerated Death Benefit Interest Rate	6.00%	Critical only
PV Death Benefit per dollar	0.449973	See following page
PV Premiums per dollar	0.076313	See following page
PV 50% Dividends per dollar	0.000000	See following page
Loan Repayment Amount (LRA)	0.00	
Administrative fee	300.00	Critical only

Accelerated Death Benefit Payment (ADBP):

Critical Illness ADBP
 = PVFB - PVFP - Fee
 = 30,000.00 x (0.449973 - 0.076313) - 300.00
 = 13,499.19 - 2,289.40 - 300.00
 = 10,909.79

Terminal Illness ADBP
 = AA
 = 30,000.00

Effects on Certificate Values

Certificate values are multiplied by 1 - AF.

	<u>Before Acceleration</u>	<u>After Acceleration</u>
Death benefit	150,000.00	120,000.00
Annual premium, base certificate	1,912.05	1,529.64

Attained Age	Critical Illness Mortality	Remaining Lives	Deaths	Discount Factor	Per \$1 Face Amount		
					PV DB	Premium	PV Prem
75	0.046607	1.000000	0.046607	0.943396	0.043969	0.012747	0.012747
76	0.054323	0.953393	0.051791	0.889996	0.046094	0.012747	0.011465
77	0.063232	0.901602	0.057011	0.839619	0.047867	0.012747	0.010228
78	0.072842	0.844591	0.061522	0.792094	0.048731	0.012747	0.009039
79	0.084678	0.783069	0.066309	0.747258	0.049550	0.012747	0.007907
80	0.097709	0.716761	0.070034	0.704961	0.049371	0.012747	0.006827
81	0.107946	0.646727	0.069811	0.665057	0.046429	0.012747	0.005812
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83	0.130982	0.508252	0.066572	0.591898	0.039404	0.012747	0.004065
84	0.143851	0.441680	0.063536	0.558395	0.035478	0.012747	0.003332
Sum					0.449973		0.076313

