



INTEREST SENSITIVE WHOLE LIFE TRANSSECURE[®] II NY

From Transamerica Financial Life Insurance Company



New York Product Guide



Transamerica Financial Life Insurance Company

For producer use only. Not for distribution to the public.



Table of Contents

	Page
Quick Facts	3
Compensation	5
Underwriting	5
Qualified Plans Limited Underwriting Special Program	5
80/20 Rules to Qualify for Limited Underwriting	5
Limited Underwriting Criteria	6
Prior Approval	6
Submission of New Business	6
Kind Codes	6
Policy Description	7
No Maturity Date	7
Additional Features of TransSecure® II NY	8
Coverage Continuation Option	8
Full Death Benefit	9
Preferred Class A “Zero Net Cost” Loans Available	9
Death Benefit	9
Premiums	10
Required Policy Premium	10
Automatic Premium Payment (APP)	10
Premium Payment Modes	10
Free-Look Period and Delivery Period	11
Free-Look Period	11
Delivery Period	11
Monthly Deductions	11
Base Coverage	11
Current Monthly Deductions	11
Guaranteed Maximum Monthly Deductions	11
Administrative Charge, Expense Charges, and Policy Fee	12
Administrative Charge	12
Monthly Expense Charge per \$1,000	12
Policy Fee	12

This product guide provides highlights only.
Please see the policy contract for details, including conditions and limitations.



Interest Assumptions	12
Current Interest Rate	12
Guaranteed Minimum Interest Rate	13
Policy Lapse, Grace Period, and Reinstatements	13
Policy Lapse	13
Grace Period	13
Reinstatements	13
Surrenders and Withdrawals	14
Full Surrender	14
Partial Surrender	14
Loans	15
Preferred Loans (Class A)	15
Regular Loans (Class B)	15
Capitalization of Loan Interest	15
Loan Repayments	16
Premium Loan Provision (PLP)	16
Policy Changes	16
Policy Face Amount Increases	16
Policy Face Amount Decreases	16
Conversions	17
Rewrites	17
Information About Federal Tax Laws	17
Modified Endowment Contract (MEC)	17
Endorsements and Options	18
Premium Loan Provision (PLP)	18
Income Protection Option (IPO)	18
Option for Additional Insurance (OAI)	18
Waiver of Policy Fee Option	19
Nonforfeiture Options	19
Option 1. Paid-Up Life Insurance (PUL)	19
Option 2. Extended Term Insurance (EI)	20
Option 3. Full Surrender	21
Settlement Options	21

TransSecure® II NY (Policy Form No. 3-18038108) is a nonparticipating, limited payment interest sensitive whole life insurance policy issued by Transamerica Financial Life Insurance Company, Harrison, NY 10528. This policy is available only in New York.



TransSecure® II NY Quick Facts

Issue Ages	20–80 years (age last birthday)
Minimum Face Amount	\$25,000 Qualified; \$100,000 Nonqualified \$5,000 Qualified policies that meet Limited Underwriting Special Program criteria
Maturity Date	None
Premiums	Required, fixed, level premiums, selected limited pay period
Policy Features	<ul style="list-style-type: none"> ▪ Guaranteed coverage with guaranteed minimum cash values if required premiums paid as scheduled ▪ Potential for net cash value in excess of guaranteed minimums based on current interest credits ▪ Premium payment periods may range from a minimum of one policy year or, for recurring premiums, five policy years to a maximum period equal to payment to age 65 or, if later, 15 policy years ▪ No maturity date ▪ Preferred “Zero Net Cost” loans available ▪ Income Protection Option (IPO) ▪ Automatic Premium Payment provision ▪ Premium Loan Provision ▪ Coverage Continuation Option ▪ Settlement options
Interest Rate	<p>Current: Company-declared, banded by face amount. At face amounts of \$1,000,000 and above, the current interest rate is 0.25% higher than the rate declared for lower face amounts.</p> <p>Guaranteed minimum: annual effective rate of 4%</p>
Death Benefit Option	Level Death Benefit only
Policy Fee	Current fee is \$4 per month, guaranteed for the first policy year. In year two and later, the guaranteed maximum fee is \$10 per month.
Administrative Charge	<p>Qualified plans: 5.50% of base coverage premiums on a current basis; 7.50% of base coverage premiums on a guaranteed basis.</p> <p>Nonqualified plans: 7.50% of base coverage premiums, current and guaranteed</p> <p>Note: Base coverage premiums do not include premiums for extra ratings and riders.</p>



Per Thousand Charge	Currently, charges are assessed for the first 7 policy years. On a guaranteed basis, charges are assessed for the first 20 policy years. Both current and guaranteed charges are banded by face amount.
Surrender Charges	Decreasing over 10 years, charges are based on \$1,000 of face amount. Applies to Accumulation Value, not Guaranteed Minimum Cash Value.
Conversion	TransSecure II NY will be available under a Transamerica Financial Life Insurance policy term conversion or change of plan option.



Compensation

First-year commissions are paid on the Target Premium. The Target Premium is less than the required policy premium, and first-year premiums in excess of the Target Premium are paid at excess commission rates. Target Premiums for smokers (all ages) are 85% of the targets for nonsmokers. To qualify for first-year commissions, premiums must be received by the Company during the first 11 months and 5 days of the first policy year. Premiums received during the last 25 days of the first policy year will be paid at second-year renewal rates. Similar rules involving the 25-day period prior to the policy anniversary will determine whether a premium qualifies for third year, fourth year, or fifth or later year commissions.

Premiums received after the first 11 months and 5 days of the first policy year earn renewal commission rates. The renewal rates are higher for premiums received in the second through fourth policy years than premiums received in the fifth and later policy years.

Temporary Flat Extra premiums for durations of less than seven years are not commissionable as Target Premium.

Underwriting

Except for certain policies under the Limited Underwriting Special Program, TransSecure II NY is fully underwritten using the Company's Universal Life underwriting criteria.

For fully underwritten policies, the product is available for issue based on four risk classifications: Preferred Nonsmoker, Preferred Smoker, Standard Nonsmoker, and Standard Smoker.

Policies approved using limited underwriting criteria under the Special Program described below will be issued based on two risk classifications only: Standard Nonsmoker and Standard Smoker.

No substandard rating other than aviation extras will be allowed on Preferred risk classes for this product.

Qualified Plans Limited Underwriting Special Program

TransSecure II NY may be made available on a limited underwriting basis for face amounts of at least \$5,000 but less than \$25,000 for sale to approved qualified plans.

80/20 Rules to Qualify for Limited Underwriting

Availability of limited underwriting for TransSecure II NY applications is subject to our prior approval. Not all groups may qualify for this option.



Minimum requirements for a qualified plan to receive approval are:

1. Group must consist of at least seven lives;
2. At least two lives must be fully underwritten and approved;
3. At least two lives must be eligible for limited underwriting (i.e., face amount applied for per life must be at least \$5,000 but less than \$25,000);
4. Fully underwritten and approved face amounts must provide at least 80% of the total coverage requested for all participants; and
5. Up to 20% of the total coverage requested for all participants may be issued for face amounts of less than \$25,000 (but at least \$5,000) on a limited underwriting basis.

Limited Underwriting Criteria

Limited underwriting will consist of:

1. Reviewing the answers to Part 1 of the application for TransSecure II NY;
2. At the time of application, the proposed insured: (a) must be actively working, and (b) must not have been absent from work for more than 5 days within the past 6 months due to illness or accident;
3. Prescription drug check; and
4. Review of the Medical Information Bureau (MIB) information.

Prior Approval

Prior approval to participate under the special program must be obtained from Advanced Marketing.

Submission of New Business

A cover memo should be submitted with the applications explaining that the applications submitted are part of the Qualified Plans Limited Underwriting Special Program, and the face amounts less than \$25,000 are to be underwritten on a limited underwriting basis.

TransSecure II NY issued by Transamerica Financial Life Insurance Company under this special program is available for sale only in New York.

Kind Codes

Kind Codes must appear on all submitted applications along with a copy of the illustration presented to the applicant. See state-specific rules regarding signature requirements and application supplements. Kind Codes appear on every computer illustration.

Available as Cash Value Accumulation Test (CVAT) Only	
TransSecure II NY	Kind Codes
Preferred Nonsmoker Level	2993
Preferred Smoker Level	2992
Standard Nonsmoker Level	2991
Standard Smoker Level	2990



Policy Description

TransSecure II NY is a single life, nonparticipating, limited payment interest sensitive whole life insurance policy. It features a low minimum face amount and a guaranteed level premium, combining some of the best features of whole life and universal life insurance.

Premiums are fixed and level. For recurring premiums, the selected payment period can range between a minimum of five years and a maximum of up to age 65 or, if later, 15 policy years. The selected payment period is one policy year for a single premium or for modal premiums for one year. Once elected, a premium pay period cannot be changed. Timely payment of scheduled premiums provides a Guaranteed Minimum Cash Value, assuming no policy loans.

At the beginning of each policy month, the Company recalculates the Net Amount at Risk (the difference between the death benefit times the discount factor and the Accumulation Value) and deducts the Monthly Deduction from the policy's Accumulation Value. The policy accrues interest daily at Company-declared rates on policy values and the Company credits it monthly, on the monthly anniversary.

The policy is available for nonqualified sales and for sales with qualified pension plans. Sales in qualified plans will be issued using unisex rates. The fixed, level premium structure, Guaranteed Minimum Cash Value, and Automatic Premium Payment provision allowing Net Cash Value in excess of guaranteed values to be used to reduce cash premiums meet basic IRC Section 412(e)(3) requirements.

No Maturity Date¹

TransSecure II NY does not have a maturity date. If the TransSecure II NY policy is still in force at the policy anniversary at the Insured's age 121, the full death benefit continues from that point forward. After the policy reaches the policy anniversary of the Insured's age 121, the charges for the Monthly Deductions stop, and the policy earns the guaranteed minimum interest rate of 4%, but the policy continues on in all other respects.

¹ Transamerica Financial Life Insurance Company and its representatives do not give tax advice. Neither the Internal Revenue Code (IRC) nor the Internal Revenue Service (IRS) has defined life insurance beyond age 100 or addressed the tax effects of attaining age 100 or the actual or constructive receipt of proceeds at that time or later. Clients should be urged to consult with and rely solely upon their own independent advisors regarding their particular situation.



Additional Features of TransSecure® II NY

The following are highlights only. Please consult the policy for details.

Coverage Continuation Option

Beginning in the eighth policy year, this option allows the policy owner to exchange the TransSecure II NY policy, without evidence of insurability, for a Transamerica Financial Life Insurance Company universal life (UL) policy that the Company makes available at the time of exchange for this purpose. This option will automatically be included with all TransSecure II NY policies at no additional cost.

Exercise of this option is subject to the following:

1. The TransSecure II NY policy must be in force at the time the option is exercised.

2. The Policy Date of the new policy will be the original date of the TransSecure II NY policy.

3. The Insured's age on the new policy will be the same as the Insured's age on the TransSecure II NY policy.

4. The new policy will be for the same face amount as the TransSecure II NY policy.

5. If the new policy has multiple death benefit options available, the Level Death Benefit Option will be issued.

6. The new policy will be issued at the same class of risk as the TransSecure II NY policy. If the same class of risk is not available, the new policy will be issued at the most similar class of risk available at the time of the exchange.

7. No Cash Values shall be released or paid to the policy owner as part of the exchange. The entire Cash Value of the TransSecure II NY policy as of the date of exchange must be applied to the new policy. This value will not be subject to any administrative charges on the new policy.

8. There are no surrender charges applied as a result of exercising this option. Surrender charges following the exchange will be based on the applicable schedule in the new policy.

9. Any and all loans existing on this policy at the time of exchange will become loans on the new policy.

10. Any riders attached to the TransSecure II NY policy will be terminated when this option is exercised.

11. The contestability period shall apply to the new policy only to the extent that it has not been met under the TransSecure II NY policy.

12. All rights under the TransSecure II NY policy will be surrendered in exchange for the new policy. In no event will the TransSecure II NY policy and the new policy be in force simultaneously.

The option will terminate at the earliest of any of the following events:

1. The effective date of the exchange,

2. The date the TransSecure II NY policy terminates for any reason, or

3. The date the TransSecure II NY policy is continued as Paid-Up Life Insurance or Extended Term Insurance.



Full Death Benefit

TransSecure II NY has no maturity date. As long as the policy remains in force, the full death benefit will continue even beyond Insured's age 121. The death benefit option (Level) will remain in effect on and after age 121. The full death benefit feature is an inherent policy benefit.

Preferred Class A "Zero Net Cost" Loans Available

Allows policy loans beginning in the eighth policy year for up to the lesser of 25% of the Cash Value as of the loan request date or the maximum loan amount, as described below.

The maximum loan amount is the policy's Cash Value as of the date of the loan request, minus:

1. Any existing Policy Debt; and

2. The premium for the balance of the current policy year; and,

3. Interest at a rate not greater than 4.25% from the date of the loan request to the end of the current policy year on the Policy Debt and on any new loan.

For this purpose, the Cash Value will always be at least as great as the Cash Value on a guaranteed basis as of the next policy anniversary immediately following the date of the loan request, less the unpaid balance of the premium to the end of the current policy year.

On a current basis, Class A loans are "zero net cost" loans. Loan interest is charged at 4.00%. Interest is credited with respect to the loan amount at 4.00%. The maximum loan interest rate we may charge for Class A loans is 4.25%.

Death Benefit

The beneficiary receives the death benefit less any policy indebtedness. There is only one death benefit option available for TransSecure II NY, and this is the Level version.

The death benefit is equal to the greatest of:

1. The face amount of the policy,

2. The greater of Accumulation Value or the Guaranteed Minimum Cash Value times the death benefit factor, or

3. The amount required to satisfy IRC Section 7702.

The amount of death benefit payable is reduced by any overdue premiums during the Grace Period and by the amount of Policy Debt.



Premiums

Required Policy Premium

The TransSecure II NY policy owner commits to a Required Fixed Level Premium for the duration of the Premium Payment Period. The Premium Payment Period is elected by the policy owner at issue. Once elected, the Premium Payment Period cannot be changed.

At the end of the elected Premium Payment Period, the TransSecure II NY policy becomes paid up and no more premiums are payable. However, Monthly Deductions continue to the policy anniversary at Insured's age 121.

Important Note: On the application, the policy owner specifies the fixed level premium and the elected premium duration. If the application does not have a field for this information, it should be indicated on the Remarks section of the application.

We require an illustration before we will issue the TransSecure II NY policy.

Automatic Premium Payment (APP)

On or after the first policy anniversary, any premium due (full or partial) will be deducted from the policy's Accumulation Value if:

1. The premium due is not paid by the end of the 31-day Grace Period.

 2. The premium due is less than or equal to the excess, if any, of:
 - a) The Accumulation Value less the surrender charge, less any Policy Debt, over
 - b) The Guaranteed Minimum Cash Value.
-

Premium Payment Modes

On the application, the policy owner indicates the fixed level premium amount, the premium pay duration, and the mode of payment. The payment modes available are annual, annual PAC, semi-annual, semi-annual PAC, quarterly, quarterly PAC, monthly, and monthly PAC. All modes are available except direct monthly.



Free-Look Period and Delivery Period

Free-Look Period

The Free-Look Period for TransSecure II NY policies issued as new business is 10 days from the date the policy is delivered to the owner. TransSecure II NY policies issued as a replacement of existing coverage require a 60-day Free-Look Period. Should the Free-Look provision be exercised, we will refund all Gross Premiums paid. No interest will be paid with respect to such premiums.

Delivery Period

The Delivery Period for TransSecure II NY is 60 days.

Monthly Deductions

Base Coverage

Each month, the Company subtracts from the Accumulation Value a Monthly Deduction (MD). At the beginning of each policy month, the MD rates are applied to the Net Amount at Risk, which is the difference between (1) the death benefit of the policy multiplied by the monthly death benefit discount factor (0.99674) and (2) the Accumulation Value. Monthly Deductions cover cost factors that include, but are not limited to, the cost of insurance, expenses, any applicable federal, state and local taxes, any monthly per thousand charge, and the Policy Fee.

The Monthly Deduction rates vary based on gender (male, female, or unisex), age of Insured, tobacco use, risk class, number of years the policy has been in force, and face amount. Current MD rates are banded by face amounts as outlined below. The band for which the policy qualifies depends on the face amount.

Current Monthly Deductions

Current Monthly Deduction rates are not guaranteed. However, the Monthly Deduction rates will never be greater than the guaranteed rates printed in each issued policy.

The Current Monthly Deduction Rate Bands are:

Band 1: \$0–499,999

Band 2: \$500,000–999,999

Band 3: \$1,000,000 and greater

Guaranteed Maximum Monthly Deductions

The guaranteed MD rates are based on the 2001 CSO sex-distinct or unisex, ultimate, age last birthday tables for both smoker and nonsmoker. The table of guaranteed maximum MD rates is included in the policy contract.

Note: Extra ratings and rider charges result in an increase to the required policy premium due. However, the amount of the additional premium for extra ratings and rider charges is deducted prior to the net premium being allocated to the policy. The Monthly Deductions, therefore, are not increased due to extra ratings or riders.



Administrative Charge, Expense Charges, and Policy Fee

Administrative Charge

The administrative charge for Qualified policies is 5.50% of the base coverage premiums on a current basis; 7.50% on a guaranteed basis. For Nonqualified policies, this charge is 7.50% of base coverage premiums, current and guaranteed.

When we receive a premium, the Company first deducts the premiums for extra ratings and riders. From the remaining base coverage premium, we deduct the administrative charge, leaving a Net Premium. All Net Premiums will become part of the policy's Accumulation Value.

Monthly Expense Charge per \$1,000

Currently, charges are assessed for the first seven policy years. On a guaranteed basis, charges are assessed for the first 20 policy years (regardless of Premium Payment Period selected). The guaranteed maximum charges are shown in the policy and vary by face amount, age, and required Policy Premium Payment duration.

Policy Fee

The current Policy Fee is \$4 per month. The Company may change the amount of the Policy Fee, subject to the guaranteed maximum. Once the policy is issued, the "current" fee shown in the policy is guaranteed for the first policy year. In policy year two and later, the guaranteed maximum amount is \$10 per month until the policy anniversary at age 121 of the Insured. There is no fee from that point forward.

Interest Assumptions

The Accumulation Value accrues interest at the then-current Company-declared interest rates, until the policy anniversary at the Insured's age 121. Beginning at the policy anniversary of the Insured's age 121, the Accumulation Value will earn interest at the guaranteed minimum interest rate of 4%.

Current Interest Rate

The current interest rates are banded by face amount on this product. The current interest rate for face amounts of \$1 million and up is 25 basis points higher than that for lower face amounts. The current interest rate applicable to the Accumulation Value is Company-declared. Although the rate declared by the Company can change at any time, it can never fall below the guaranteed minimum interest rate of 4%.

The rate a particular premium receives depends on the policy face amount and the date we receive the premium payment in the Cedar Rapids Administrative Office. Consequently, more than one interest rate is often applicable to different portions of the Accumulation Value at the same time. The policy owner's annual statement itemizes the applicable current rates.

TransSecure II NY is supported on the Transamerica illustration software, TransWare®. The illustrated interest rate can be used in an example of how a policy may work. The illustrated interest rate is not guaranteed, nor is it a prediction of future policy values. Only the values and benefits in the columns on the micro-illustration labeled "Projected Values at Guaranteed Interest Rate/Guaranteed Monthly Deductions" represent amounts actually guaranteed in the policy.

**Guaranteed Minimum Interest Rate**

The guaranteed minimum annual effective interest rate is 4%.

Policy Lapse, Grace Period, and Reinstatements

Policy Lapse

To keep this policy in force, each premium must be paid in the amounts and at the specified modal intervals to the specified age shown in the policy. If any premium is not paid according to schedule, the policy will enter the 31-day Grace Period. A Grace Period letter will be sent to the policy owner. If the required policy premium due is not received within the 31-day Grace Period and there is no remaining Net Cash Value at the end of that Grace Period, the policy may lapse. If there is remaining Net Cash Value at the end of the Grace Period, it will be applied to the applicable Nonforfeiture Option (Cash Surrender, Paid-Up Life, or Extended Term Insurance) to the extent neither the Automatic Premium Payment nor the Premium Loan provisions are made effective.

Grace Period

If a premium payment is not received by the due date, the policy owner will have 31 days from that date to pay the premium. Failure to do so will cause the policy to lapse, except as provided for in the Automatic Premium Payment, the Premium Loan, or the Nonforfeiture Option provisions.

In a policy where the Cash Value minus the outstanding loans is ever less than the loan interest due, the policy will enter the 31-day Grace Period and will lapse at the end of that Grace Period unless the loan interest is paid, except as provided for in the Nonforfeiture Option provision of the policy.

If the Insured dies within the Grace Period, any overdue premium will be deducted from the proceeds in the normal manner.

Reinstatements

Reinstatements are allowed within three years after the lapse date or change to Paid-Up Life Insurance or Extended Term Insurance provided the policy was not surrendered. The reinstatement is subject to:

- Evidence of insurability sufficient to satisfy us that the Insured continues to qualify for the same class of risk and rating upon which we based the issuance of the policy
- Payment of the appropriate premium and reinstatement interest of 6%

If there is a loan, the policy owner must repay or reinstate any policy loan that was in existence as of the termination date, and the compounded loan interest must be paid.

If the policy is reinstated, any applicable surrender charges in effect for the reinstated policy will be determined based on the number of years elapsed since the original Policy Date, without regard to the fact that the policy was in a lapse status during a portion of that time.



Surrenders and Withdrawals

Company-imposed surrender penalties decrease each year and disappear entirely after the end of the 10th policy year.

Full Surrender

The amount available for full surrender is the Net Cash Value (plus any interest accrued to the date of the request). The Net Cash Value is:

- the greater of:
 - a) the Accumulation Value less surrender charge or
 - b) the Guaranteed Minimum Cash Value; minus
-

- the amount of any Policy Debt.
-

Partial Surrender

At any time after the Free-Look Period, the policy owner may surrender a portion of the policy's Net Cash Value by written request, subject to the following limitations.

During the Premium Payment Period, the maximum amount that may be received by partial surrender is:

- 1) the lesser of the annual scheduled premium for the current policy year and the excess of (a) over (b) where:
 - a) is the Cash Value as of the request date and
 - b) is the Guaranteed Minimum Cash Value as of the request date;
-

Minus 2) any existing Policy Debt;

Minus 3) a partial surrender fee of \$25.

After the Premium Payment Period, the maximum amount that may be received by partial surrender is:

- 1) the excess of (a) over (b) where:
 - a) is the Cash Value as of the request date and
 - b) is the Guaranteed Minimum Cash Value as of the request date;
-

Minus 2) any existing Policy Debt;

Minus 3) a partial surrender fee of \$25.

The minimum partial surrender amount is \$500. If the requested partial surrender is larger than the maximum described above, we will treat the request as a full surrender.

Because of policy limits on maximum partial surrender amounts, the face amount of the policy after a partial surrender remains unchanged.



Loans

Loan requests received prior to the eighth policy year will be handled as Class B loans. Beginning in the eighth policy year, one loan request per year may be designated as a Class A loan, subject to the limitations listed below. Any additional loans requested in the same policy year will be designated Class B loans.

Preferred Loans (Class A)

Class A policy loans allow the policy owner to borrow Net Cash Value at a preferred interest rate. This loan is available for up to 25% of the Cash Value beginning after the seventh policy anniversary, subject to the maximum loan amount. The maximum loan amount is the Cash Value as of the loan request date minus any existing Policy Debt, and minus the premium for the balance of the current policy year and interest at a rate not greater than 4.25% from the date of the loan request to the end of the current policy year on the Policy Debt and on any new loan. The current annual effective loan interest rate is 4.00% payable in arrears. Interest is credited with respect to the Accumulation Value securing the loan at an annual effective rate of 4.00%. On a guaranteed basis, the annual effective loan interest is 4.25% payable in arrears with a credited interest rate of 4.00%, resulting in a 0.25% spread.

Regular Loans (Class B)

The maximum loan amount the policy owner may receive is:

The Cash Value as of the loan request date minus:

a) any existing Policy Debt and

b) the premium for the balance of the current policy year; and,

c) interest at 6.00% from the date of the loan request to the end of the current policy year on the Policy Debt and on any new loan.

For this purpose, the Cash Value will always be at least as great as the Cash Value on a guaranteed basis as of the next policy anniversary immediately following the date of the loan request, less the unpaid balance of the premium to the end of the policy year.

As long as there is available loan value, there are no limits to the number of loans taken in any given year.

The maximum annual effective loan interest rate for Class B loans is 6.0%, payable in arrears, with interest credited with respect to Accumulation Value securing the loan at an annual effective rate of 4.00%, resulting in a 2.0% spread.

Capitalization of Loan Interest

If the policy owner does not pay policy loan interest in cash, we will create a new loan to pay the interest. Loan interest is due in arrears on the policy anniversary or, if earlier, upon (1) repayment of the loan in full or in part, (2) taking an additional loan, (3) death of the Insured, (4) lapse, surrender, or termination of the policy for any reason, or (5) change to Paid-Up Life Insurance or Extended Term Insurance.



Loan Repayments

The policy owner may repay any part of a loan at any time. The policy owner must specifically request that a payment be applied to repay the loan; otherwise, we will treat it as a premium payment, if a scheduled premium is due.

Premium Loan Provision (PLP)

PLP provides the policy owner with the opportunity to pay premiums by creating loans against the policy Net Cash Value. There must be sufficient Net Cash Value available to cover the amount of the premium. The Premium Loan Provision will be effective only if a written request is made to our Administrative Office in Cedar Rapids, Iowa. If the provision is effective, any overdue premium will automatically be paid by loan on the 31st day past the premium due date.

The authorization for this provision to be effective may be withdrawn by another written request.

Policy Changes

Policy Face Amount Increases

Face increases on the policy are not allowed. If an increase in the existing coverage is requested, it will be handled with the issuance of an entirely new policy, subject to underwriting approval. The new policy must meet the published minimum face amounts for the product:

- \$100,000 for Nonqualified policies;

- \$25,000 for fully underwritten Qualified policies;

- \$5,000 for Qualified policies eligible for limited underwriting under the Special Program.

(Total coverage per life on a limited underwriting basis must be less than \$25,000.)

Policy Face Amount Decreases

Option to Reduce Face Amount

On or after the eighth policy year, a one-time request to reduce the face amount of the policy may be made, under the following conditions:

1. The request must be in writing.

2. The amount of the requested face reduction must be at least \$25,000, not to exceed 50% of the original face amount.

3. The new face amount must not go below the published minimum for the product.

The level premium will be adjusted to reflect the decreased amount. After the decrease, the Monthly Deductions will be based on the new face amount. No surrender charge will be applied to the face reduction. However, if a full surrender of the policy occurs after the reduce-face transaction and during the surrender charge period of the policy, the charge that will apply will be based on the original face amount.



The Guaranteed Minimum Cash Value after the face reduction will be based on the new face amount. The difference between the Guaranteed Minimum Cash Value before the face reduction and after the face reduction will first be applied to offset any outstanding Policy Debt. Any excess will be refunded to the policy owner.

The Accumulation Value will be reduced accordingly (by the difference between the Guaranteed Minimum Cash Value before and after the face amount reduction).

Conversions

TransSecure II NY is available for issue under any qualifying Transamerica Financial Life Insurance policy's conversion option or change of plan option. The new policy will be issued at the same class of risk, if available, as the policy converted. If that class of risk is not available, the class of risk that is closest to that rate class will be issued. For example, a Standard Plus term policy could convert to a Standard Nonsmoker TransSecure II NY policy. If the policy has an undifferentiated class that was not considered "preferred," the Insured must provide satisfactory underwriting evidence for the preferred class; otherwise the policy will be issued as a standard class.

Rewrites

If a policy owner requests a "current date change" from a Transamerica Financial Life Insurance Company universal life policy to TransSecure II NY, full evidence of insurability will be required. Full surrender charges on the other policy's value will be assessed. First-year compensation will be paid only on any increase in the TransSecure II NY target premium over the other policy's target premium.

Information About Federal Tax Laws

In this guide, references to the IRC mean the Internal Revenue Code of 1986, as amended. IRC Sections 7702 and 7702A are discussed in a limited fashion.

Always urge policy owners to seek and rely solely upon the advice of a qualified tax counselor.

Transamerica Financial Life and its representatives do not give tax advice, nor should any information contained herein be construed as tax advice.

TransSecure II NY satisfies the definition of a life insurance policy using the Cash Value Accumulation Test method under IRC Section 7702.

To comply with the Tax Reform Act, the CVAT version uses Death Benefit Factors to maintain the required margin between the Accumulation Value and the death benefit. Therefore, as needed, the death benefit is increased, sending the death benefit into "corridor," to maintain the policy's qualification as life insurance.

Modified Endowment Contract (MEC)

In 1988, Congress created a new category of life insurance called a "Modified Endowment Contract" (MEC). Generally speaking, a life insurance policy becomes a MEC if the premium exceeds the cumulative limit during the first seven years after issue, or after a material change to the policy. New 7-pay limits may be established for the policy as a result of changes in policy terms or benefits.



Under current federal income tax law, a MEC still continues to earn tax-deferred interest on its Accumulation Value and generally qualifies for income tax-free distribution of the death benefit to the beneficiary. However, loans, withdrawals, surrenders, distributions, pledges, and assignments are treated as distribution of earnings first and distribution of cost basis last. This means that the policy owner of a MEC would have an immediate income tax liability for any money received as a result of any of these transactions on an “income-out-first” basis.

In addition, if the policy owner is under age 59½, he or she may be subject to a 10% federal income tax penalty on the taxable portion of any distribution. Though MECs can be valuable life insurance contracts, they should probably be avoided if an individual policy owner plans to withdraw policy values at retirement.

To prevent a policy from becoming a MEC, the premium submitted in each of the first seven policy years after issue or after a material change cannot exceed the 7-pay limit.

To determine the 7-pay premium for a particular case, you will need to run an illustration.

Endorsements and Options

(The following are highlights only. Please consult the policy, including endorsements and options, for details.)

Premium Loan Provision (PLP)

If requested in writing after the policy is in force, this provision allows for overdue premiums to be paid by premium loans from the policy if there is sufficient Net Cash Value available to provide a loan sufficient to pay the premium due. A request to make the provision effective may not be made on the application.

Cost: Free of charge.

Income Protection Option (IPO)

The IPO gives policy owners the ability to designate a guaranteed monthly income stream, to one or more beneficiaries, in addition to an initial lump sum and/or a final lump sum.

- Minimum lump-sum benefit amount: \$10,000

- Minimum monthly guaranteed income stream duration: 5 years

- Maximum monthly guaranteed income stream duration: 25 years

- Minimum monthly benefit amount: \$100

This option is available at no additional charge and is only available on Nonqualified policies.

Option for Additional Insurance (OAI)

This option is included on TransSecure II NY policies issued on a Nonqualified basis up through issue age 65 at no additional charge. This option is only attached to a policy that is not rated and is fully underwritten (i.e., conversions are not eligible for this option).



At the end of the first, second, and third policy years, the policy owner may purchase additional life insurance on the Insured, effective on the policy anniversary. If the option is exercised on a TransSecure II NY policy, a new, separate policy will be issued, as face increases are not permitted.

OAI gives the policy owner the opportunity to buy up to \$100,000 of additional life insurance on the Insured within 31 days of the first, second, and third policy anniversaries. If the Insured is 50 years old or younger and is not receiving disability benefits, additional coverage is guaranteed without evidence of insurability. For issue ages 51–65, the Insured will simply have to give us permission to check his or her Medical Information Bureau file and answer two health questions.

Waiver of Policy Fee Option

Since face increases are not allowed on TransSecure II NY policies, any additional coverage requested for an Insured will be provided, subject to underwriting approval, by issuing a separate policy for the additional coverage. The subsequent separate policy will be issued with a waiver of policy fee option. Under this option, we will waive the policy fee for the second and all subsequent TransSecure II NY policies taken out if:

1. There is an existing TransSecure NY or TransSecure II NY policy on the same Insured and policy owner, and

2. The existing policy is in force and is not on Paid-Up Life or Extended Term Insurance status under a nonforfeiture option, or

3. There is another application for a TransSecure II NY policy involving a 1035 exchange or direct rollover/transfer currently pending or submitted with another application for a TransSecure II NY policy. Under this scenario, we cannot add the policy fee waiver option to one of the applied-for TransSecure II NY policies until both policies have been approved by underwriting.

The waiver of policy fee option must be requested along with the identification of the in force policy that justifies the option. The “Remarks” section of the application may be used for this purpose.

This option is not available on policies issued under the OAI option.

Cost: Free of charge.

Nonforfeiture Options

Option 1. Paid-Up Life Insurance (PUL)

Subject to the following conditions, the TransSecure II NY policy may be continued as single premium Paid-Up Life Insurance. The conditions are:

1. Paid-Up Life Insurance is the default option when an amount due remains unpaid by the end of the policy’s 31-day Grace Period and no option (APP, PLP, PUL, EI, Surrender) is elected. In the event the available Net Cash Value is less than \$1,000, the default option becomes Full Surrender.

2. The policy owner may elect to exchange the policy for single premium Paid-Up Life Insurance at any time that the policy has sufficient Net Cash Value.



3. The amount of Paid-Up Life Insurance is calculated by using the Net Cash Value as of the effective date of change divided by the Net Single Premium, times \$1,000. If the difference between the amount of Paid-Up Life Insurance and the Net Cash Value is greater than the difference between the death benefit and the Accumulation Value (Net Amount at Risk), satisfactory evidence of insurability must be submitted. Otherwise, the amount of Paid-Up Life Insurance will be reduced accordingly and the excess Net Cash Value will be refunded to the policy owner.

4. The effective date of the change to Paid-Up Life Insurance will be the date the unpaid amount was due before entering the Grace Period or the date of the written request, whichever is earlier.

5. All riders terminate when this option is exercised.

6. The Paid-Up Life Insurance will mature for the Net Cash Value on the policy anniversary at Insured's age 121.

Option 2. Extended Term Insurance (EI)

Unless the class of risk is "Rated," the policy owner may continue the policy as nonparticipating Extended Term Insurance. The following conditions apply:

1. A written request must be submitted to continue the TransSecure II NY policy as Extended Term Insurance.

2. The effective date of the Extended Term Insurance will be the date the unpaid amount was due before entering the Grace Period or the date of the written request, whichever is earlier.

3. The TransSecure II NY policy face amount less any Policy Debt will be the face amount of the Extended Term Insurance.

4. The length of the Extended Term Insurance will be calculated by applying the Net Cash Value of the policy as the net single premium for the Extended Term Insurance.

5. All riders will terminate when this option is exercised.

Option 3. Full Surrender

The policy may be surrendered for the Net Cash Value. If a request for full surrender is made within 30 days of a policy anniversary, the surrender value will not be less than the surrender value on that anniversary, less any Policy Debt for loans taken and partial surrenders made after that last policy anniversary.



Settlement Options

Settlement options involving life contingencies are based on a guaranteed interest rate of 2% and the Annuity 2000 (male, female, unisex) mortality table projected for improvement using projection scale G. Policies issued as qualified will use the Unisex Table for Settlement Options. A settlement option involves life contingencies if payments continue so long as the Designated Individual is living. A Designated Individual is the person upon whose life continued payments under a settlement option depend.

Payments under a settlement option involving life contingencies are determined based on the adjusted age of the Designated Individual. The adjusted age is that person's actual age on that person's nearest birthday, as of the date the death benefits or surrender proceeds are applied to fund the payments under the option, adjusted as follows:

Settlement Option Funding Date	Adjusted Age
Before 2010	Actual Age
2010–2019	Actual Age minus 1
2020–2026	Actual Age minus 2
2027–2033	Actual Age minus 3
2034–2040	Actual Age minus 4
After 2040	Actual Age minus 5

An applicable adjustment assumes an increase in life expectancy, which results in lower payments.

The first monthly payment under a settlement option is due one month after the death benefit or surrender proceeds, as applicable, are applied to fund payments.

The TransSecure II NY policy provides for a Life Annuity; Life Annuity with Period Certain of 60, 120, or 180 months; and Joint and Survivor Annuity with 100%, 66²/₃%, or 50% benefit to the survivor. Other settlement options are available with our consent.



Transamerica Financial Life Insurance Company

an **AEGON** company