



Headquarters: 6200 S. Gilmore Road, Fairfield, OH 45014-5141

Mailing address: P.O. Box 145496, Cincinnati, OH 45250-5496

www.cinfin.com ■ 513-870-2000

Application for Worksite Life Insurance

Forms included:

Worksite Life Insurance Application Form CLI-1025-IIPRC (1/12)

Illinois Civil Union Administrative Notice Form CLI-12013-IL

Important Notice Form CLI-6273

Notice of Privacy Practices Form MI1659 (4/12)

Life Insurance Buyer's Guide Form CLI-6210-IL (12/06)



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NEW INCREASE EXISTING POLICY # _____ FOR INSURED _____

APPLICATION FOR INDIVIDUAL LIFE INSURANCE

Please print or type all information

EMPLOYEE	1. Employee (first, middle, last)		2. Employment Date		3. Employee No.			
	4. Mailing Address		No.	Street	Apt. #	City	State	Zip
	5. Phone No. (H) () (W) ()		6. Soc. Sec. No.		7. Occupation			
	8. Are you actively at work and currently working at least 20 hours per week? <input type="checkbox"/> Yes <input type="checkbox"/> No							
	9. Date of Birth		10. St./Ctry. of Birth		11. Gender <input type="checkbox"/> M <input type="checkbox"/> F			
	12. Do you now or have you smoked cigarettes within the last year? <input type="checkbox"/> Yes <input type="checkbox"/> No							
	13. Do you belong to or have you entered into a written agreement to join the armed forces, including reserves? <input type="checkbox"/> Yes <input type="checkbox"/> No							
	14. Plan		Amount of Ins.		Premium Incl. Rider(s)		15. Mode	
	A. <input type="checkbox"/> Term		\$ _____		\$ _____		<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly	
	B. <input type="checkbox"/> Term ROP		\$ _____		\$ _____		<input type="checkbox"/> Semi-Monthly <input type="checkbox"/> Monthly	
	C. <input type="checkbox"/> Universal Life		\$ _____		\$ _____		<input type="checkbox"/> Other _____	
	D. <input type="checkbox"/> Whole Life		\$ _____		\$ _____			
	16. Optional Benefit Riders:		<input type="checkbox"/> Accelerated Benefit		<input type="checkbox"/> CTR - \$10,000		<input type="checkbox"/> Accidental Death Benefit	
		<input type="checkbox"/> FAIR		<input type="checkbox"/> Waiver of Premium		<input type="checkbox"/> Other _____		
17. Automatic Premium Loan (if available)? <input type="checkbox"/> Yes <input type="checkbox"/> No								
18. Primary Beneficiary				19. Contingent Beneficiary				
Name: _____				Name: _____				
Relationship: _____				Relationship: _____				
City & State: _____				City & State: _____				
OTHER PROPOSED INSURED	20. Other Proposed Insured (first, middle, last)				21. Other Proposed Insured's Soc. Sec. No.			
	22. Relationship to Employee: <input type="checkbox"/> Spouse <input type="checkbox"/> Child <input type="checkbox"/> Grandchild				23. Occupation			
	24. Mailing Address		No.	Street	Apt. #	City	State	Zip
	(if different from above)							
	25. Date of Birth		26. St./Ctry. of Birth		27. Gender <input type="checkbox"/> M <input type="checkbox"/> F			
	28. Do you now or have you smoked cigarettes within the last year? <input type="checkbox"/> Yes <input type="checkbox"/> No							
	29. Do you belong to or have you entered into a written agreement to join the armed forces, including reserves? <input type="checkbox"/> Yes <input type="checkbox"/> No							
	30. Owner, if other than Employee: (Name and Address)					31. Relationship		
	32. Contingent Owner (Name & Soc. Sec. No.)					33. Relationship		
	34. Plan		Amount of Ins.		Premium Incl. Rider(s)		35. Mode	
	A. <input type="checkbox"/> Term		\$ _____		\$ _____		<input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly	
	B. <input type="checkbox"/> Term ROP		\$ _____		\$ _____		<input type="checkbox"/> Semi-Monthly <input type="checkbox"/> Monthly	
	C. <input type="checkbox"/> Universal Life		\$ _____		\$ _____		<input type="checkbox"/> Other _____	
D. <input type="checkbox"/> Whole Life		\$ _____		\$ _____				
36. Optional Benefit Riders:		<input type="checkbox"/> Accelerated Benefit		<input type="checkbox"/> CTR - \$10,000		<input type="checkbox"/> Accidental Death Benefit		
		<input type="checkbox"/> Waiver of Premium		<input type="checkbox"/> Other _____				
37. Automatic Premium Loan (if available)? <input type="checkbox"/> Yes <input type="checkbox"/> No								
38. Primary Beneficiary				39. Contingent Beneficiary				
Name: _____				Name: _____				
Relationship: _____				Relationship: _____				
City & State: _____				City & State: _____				

CTR	40. CHILDREN'S TERM RIDER – All unmarried children who are less than age 19 as of date of application. The beneficiary of children's coverage is, in all cases, the owner.							
	Full Names of Proposed Insured Children	Date of Birth	Gender M or F	Relationship to Employee	Full Names of Proposed Insured Children	Date of Birth	Gender M or F	Relationship to Employee

(Complete this section only as required by underwriting guidelines.)

CGI	41. CONTINGENT GUARANTEED ISSUE - In the past 90 days have you been hospitalized due to illness or injury or had medical treatment prescribed by a physician?	Employee Yes <input type="checkbox"/> No <input type="checkbox"/>		Other Proposed Insured Yes <input type="checkbox"/> No <input type="checkbox"/>	
	IF "YES", COMPLETE QUESTIONS #42 THROUGH #45 AND GIVE FULL DETAILS IN #46				

(Complete this section only as required by underwriting guidelines.)

SI	42. Employee: Height: _____ ft. _____ in. Weight: _____ lbs.	Primary Physician: Name: _____ Address: _____ City & State: _____
	43. Other Proposed Insured: Height: _____ ft. _____ in. Weight: _____ lbs.	Primary Physician: Name: _____ Address: _____ City & State: _____

GIVE FULL DETAILS TO ANY QUESTIONS ANSWERED "YES" IN #46

SI	44. In the past five years, have you:	Employee		Other Proposed Insured		Children (as listed in #40 above)	
		Yes	No	Yes	No	Yes	No
	a. been diagnosed, treated, tested positive for or been given medical advice by a member of the medical profession for cancer, tumor, stroke, high blood pressure or disease of the heart or blood vessels, kidney disease, diabetes, depression or anxiety, been hospitalized or had hospitalization recommended?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. been examined or treated by, any member of the medical profession not disclosed in response to the prior question (other than HIV)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
45. Have you ever been diagnosed by a member of the medical profession or tested positive for Human Immunodeficiency Virus (AIDS Virus) or Acquired Immune Deficiency Syndrome (AIDS)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

DETAILS	46. DETAILS OF "YES" ANSWERS:			
	Name (Including Children listed in #40)	Date/Duration	Physician and/or Hospital Name and Address	Question Number, Condition, and Treatment

REPLACEMENT	47. Does the Proposed Insured have any life insurance or annuities in force with The Cincinnati Life Insurance Company or any other company? (Complete any applicable replacement forms) <input type="checkbox"/> Yes <input type="checkbox"/> No				
	If "Yes," list and indicate if it is to be replaced, changed or borrowed against as a result of this application. Replaced?				
	Proposed Insured	Insurer	Policy Number	Amount	Yes <input type="checkbox"/> <input type="checkbox"/>

AGREEMENT	<p>AGREEMENT: I, the undersigned, agree that: 1. This Application will be part of any policy issued. 2. The answers and statements in this Application are the basis for any policy issued by The Cincinnati Life Insurance Company, and no information about them will be considered to have been given to The Cincinnati Life Insurance Company unless it is stated in this Application. 3. I have read this Application and to the best of my knowledge and belief, all the answers and statements that pertain to me are true and complete. 4. Upon acceptance of a policy other than as applied for, this Application and any amendments shall be for such modified policy. When required by statute or regulation, any change in A. Plan; B. Age; C. Amount; D. Classification; or E. Benefits shall be made only upon written agreement. 5. A sales representative does not have The Cincinnati Life Insurance Company's authorization to accept risk, pass on insurability, or make, void, waive, or change any conditions or provisions of this Application, policy, or receipt, as applicable. 6. The Cincinnati Life Insurance Company shall incur no liability unless: A. This Application is fully completed, dated, signed and witnessed; B. The first premium due is paid in full or the Payroll Deduction Authorization is completed while each proposed insured is alive; C. The insurability of each proposed insured remains as described in this Application and in any supplements to this Application; and D. A policy is formally approved by us and issued on this Application, and delivered to and accepted by the owner.</p> <p>I acknowledge having received and read the Important Notice to the Proposed Insured.</p> <p><input type="checkbox"/> I acknowledge that no illustration conforming to the policy applied for was provided and understand that an illustration conforming to the issued policy will be provided no later than at the time of policy delivery.</p> <p>Any person who, with intent to defraud or is knowingly facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.</p> <p>Signed at: _____ Signed On: _____ City State Month Day Year</p> <p>_____ Signature of Employee Signature of Other Proposed Insured (if required)</p> <p>_____ Signature of Owner, if other than Employee</p>				
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AGENT	<p>For Agent: I certify, to the best of my knowledge and belief, that the answers to the questions in all parts of this Application are true and correct. I further certify that to the best of my knowledge and belief, this policy <input type="checkbox"/> Will <input type="checkbox"/> Will Not replace or change any existing life insurance or annuity contract now in force.</p> <p><input type="checkbox"/> I certify no illustration was presented at the time of application; or, I certify that I did not provide an illustration conforming to the policy applied for.</p>		
	<p>_____ Signature of Enrolling Agent</p>	<p>_____ Enrolling Agent Name (please print)</p>	<p>_____ Enrolling Agent Code #</p>



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ILLINOIS CIVIL UNION ADMINISTRATIVE NOTICE
In Compliance With
Illinois Religious Freedom Protection and Civil Union Act

Effective June 1, 2011, the Illinois Religious Freedom Protection and Civil Union Act (Civil Union Act) establishes the legal relationship between two persons of the same or opposite sex who form a civil union. The Civil Union Act provides that couples who enter into a civil union are entitled to the same legal rights, obligations, protections and benefits that are provided to married spouses under Illinois law.

The Civil Union Act states that a "party to a civil union" is recognized and included within any definition or use of the terms 'spouse', 'family', 'immediate family', 'dependent', 'next of kin', and other terms that denote the spousal relationship, including any variations of 'marriage' or 'married'. Recognition of same sex civil unions or opposite sex civil unions legally entered into in other jurisdictions is required by the Civil Union Act.

In compliance with this Civil Union Act, all policies and contracts issued by The Cincinnati Life Insurance Company offer parties to a civil union and a marriage the identical rights, obligations, protections and benefits. Coverage for children that is provided in any policies of insurance is also provided for children of civil unions. Further, The Cincinnati Life Insurance Company administers all existing and newly-issued policies such that parties to a civil union and a marriage are provided identical benefits, protections and financial security.

For additional information, please contact the Illinois Department of Insurance toll free at 866-445-5364 or visit the website at <http://insurance.illinois.gov>.



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**THE IMPORTANT NOTICE PRINTED BELOW MUST BE
GIVEN TO THE PROPOSED INSURED**

IMPORTANT NOTICE TO THE PROPOSED INSURED

I (We) understand that The Cincinnati Life Insurance Company may obtain an investigative consumer report on me. The data for the report may be obtained through personal interviews with my neighbors, friends, associates or acquaintances. This report includes information about my health, character, reputation, occupation and personal characteristics. I understand that:

1. I may request to be interviewed if an investigative consumer report is obtained;
2. I am entitled to receive a copy of the report; and
3. I have the right to access and request correction with respect to all personal information collected.

Information regarding your insurability will be treated as confidential. The Cincinnati Life Insurance Company, or its reinsurers may, however, make a brief report thereon to the MIB, Inc., formerly known as Medical Information Bureau, a not-for-profit membership organization of insurance companies, which operates an information exchange on behalf of its members. If you apply to another MIB member company for life or health insurance coverage, or a claim for benefits is submitted to such a company, MIB, upon request, will supply such company with the information about you in its file. Upon receipt of a request from you, MIB will arrange disclosure of any information in your file. Please contact MIB at 866-692-6901 (TTY 866-346-3642). If you question the accuracy of information in MIB's file, you may contact MIB and seek a correction in accordance with the procedures set forth in the federal Fair Credit Reporting Act. The address of MIB's information office is 50 Braintree Hill Park, Suite 400, Braintree, Massachusetts 02184-8734. The Cincinnati Life Insurance Company, or its reinsurers, may also release information from its file to other insurance companies to whom you may apply for life or health insurance, or to whom a claim for benefits may be submitted. Information for consumers about MIB may be obtained on its website at www.mib.com.



Cincinnati Financial Corporation and affiliates: The Cincinnati Insurance Company
The Cincinnati Indemnity Company • The Cincinnati Casualty Company
The Cincinnati Specialty Underwriters Insurance Company • The Cincinnati Life Insurance Company
CFC Investment Company • CSU Producer Resources Inc.

Headquarters: 6200 S. Gilmore Road • Fairfield, Ohio 45014-5141
Mailing Address: P.O. Box 145496 • Cincinnati, Ohio 45250-5496
www.cinfin.com • 513-603-5992

NOTICE OF PRIVACY PRACTICES

OUR PRIVACY PLEDGE

You have received this notice because you have a policy with us or you have applied for or purchased a product or service from our family of companies. We believe that your personal information should be respected and protected. For this reason, we are committed to protecting your personal information and using it only as appropriate to provide you with the best possible service, products and opportunities.

This privacy notice describes our information practices and policies. It applies to our relationship with you if you are an individual who inquires about or obtains products or services from us for personal, family or household purposes.

INFORMATION WE COLLECT

To provide our products or services, we may collect personal information about you from a variety of sources, including:

- information that comes from you during the application process or when visiting www.cinfin.com
- information about you from our affiliates, your independent insurance agent, governmental entities, consumer - reporting agencies and other sources
- with your prior written consent, a medical professional who has treated you or members of your family

The type of information that we collect depends on the product or service requested, but may include:

- credit history
- motor vehicle reports
- inspections on your property
- claims history
- information concerning your previous insurance policies
- information to properly investigate and resolve any claims

INFORMATION WE DISCLOSE TO THIRD PARTIES

We do not sell your personal information to anyone. We do not disclose your personal information to third parties - people and companies that are not affiliated with us - for their own marketing purposes. For this reason, no "opt-out" is required. If we share some personal information about you with third parties without your specific authorization, it is to provide you with products and services that you request or expect from us, and as otherwise permitted by law.

For example, we may disclose the personal information we collect (as described above) as necessary to:

- service your policy, lease or account
- investigate and pay claims
- comply with state and federal regulatory requests or demands
- process other transactions that you request

To whom we make such disclosures depends on the product or service requested but may include:

- your independent insurance agent
- insurance regulators
- reinsurance companies
- consumer-reporting and fraud prevention agencies
- your mortgage or premium finance company
- insurance adjusters

We also may disclose personal information about you to companies that perform marketing services on our behalf or to other financial service providers with which we have joint marketing agreements. If information is disclosed, it will not result in telemarketing or direct mail marketing.

INFORMATION SECURITY

We restrict access to personal information about you to those employees who need access to that information in order to provide products and services to you. We maintain physical, electronic and procedural safeguards to guard your personal information.

A SPECIAL WORD ABOUT OUR INSURANCE INFORMATION PRACTICES

The information in this section applies to you only if you applied for or purchased an insurance product from us for personal, family or household purposes. This section is intended to supplement, but not replace, the other information contained in this Notice of Privacy Practices.

You have the right to access the personal information that we collect about you in connection with your insurance transactions with us. If you believe that any of that information is in error, you have the right to request us to correct it. Send your written request, including your policy number and the information about which you are concerned, to the address listed below.

To receive a more detailed notice regarding our insurance information practices and your information privacy rights, please contact us at the address or phone number given below.

EMAIL COMMUNICATIONS

We will **not** send you an email in which we ask for personal information from you (such as password or Social Security number) or link you to our website to ask you for such information unless we reference a specific transaction or information that you have requested. If you receive an unsolicited or suspicious email from The Cincinnati Insurance Companies, please forward the email to us at privacy@cinfin.com.

INFORMATION WE SHARE WITHIN OUR CORPORATE FAMILY

To serve you, we may share information about our experiences and transactions with you within our family of companies. Such information may include your payment or claims history or the types of insurance coverages you purchase from us.

The following companies comprise the Cincinnati Financial Corporation family of companies:

- Cincinnati Financial Corporation
- The Cincinnati Insurance Company
- The Cincinnati Casualty Company
- The Cincinnati Indemnity Company
- The Cincinnati Life Insurance Company
- CFC Investment Company
- The Cincinnati Specialty Underwriters Insurance Company
- CSU Producer Resources Inc.

This privacy notice applies to and is provided on behalf of all of the companies in the Cincinnati Financial Corporation family of companies with the exception of CFC Investment Company, which is governed by a separate and specific privacy policy.

ONGOING ACCESS TO OUR PRIVACY POLICY

We will provide a notice of our privacy policy annually, as long as you have a continuing customer relationship with us. This policy may change from time to time, but you can always review our current policy by visiting our website at www.cinfin.com or by contacting us at:

The Cincinnati Insurance Companies
Attn: Regulatory & Consumer Relations - Privacy
P.O. Box 145496
Cincinnati, Ohio 45250-5496
Phone: 888-744-2170 (toll free) or 513-603-5992
Email: privacy@cinfin.com

LIFE INSURANCE BUYER'S GUIDE

This guide can show you how to save money when you shop for life insurance. It helps you to:

- Decide how much life insurance you should buy,
- Decide what kind of life insurance policy you need, and
- Compare the relative cost of similar life insurance policies.

This guide has been prepared by the Illinois Department of Insurance, in part using materials developed by National Association of Insurance Commissioners.

The National Association of Insurance Commissioners is an association of state insurance regulatory officials. This association helps the various State Insurance Departments to coordinate insurance laws for the benefit of all consumers. You are urged to use this Guide in making a life insurance purchase.

THIS GUIDE DOES NOT ENDORSE ANY COMPANY OR POLICY

Reprinted by . . .

**THE
CINCINNATI LIFE INSURANCE COMPANY**
P.O. BOX 145496, CINCINNATI, OHIO 45250-5496

BUYING LIFE INSURANCE

When you buy life insurance, you want a policy which fits your needs without costing too much.

Your first step is to decide how much you need, how much you can afford to pay and the kind of policy you want. Then, find out what various companies charge for that kind of policy. You can find important differences in the cost of life insurance by using the life insurance cost indexes which are described in this guide. A good life insurance agent or company will be able and willing to help you with each of these shopping steps. If you are going to make a good choice when you buy life insurance, you need to understand which kinds are available. If one kind does not seem to fit your needs, ask about the other kinds which are described in this guide. If you feel that you need more information than is given here, you may want to check with a life insurance agent or company or books on life insurance in your public library. Life insurance can be bought either on an individual basis or on a group basis. Group insurance may be inexpensive when compared to individual insurance. It is important to remember that insurance purchased on this basis is usually term insurance, and hence will not develop cash values, and is dependent on your continued membership in the group or employment. Also, the amount of insurance that is available for purchase is usually limited.

Choosing The Amount

One way to decide how much life insurance you need is to figure how much cash and income your dependents would need if you were to die. Life insurance can provide cash for last expenses, and income for your family's future living expenses. Your insurance should come as close as you can afford to make up the difference between (1) what your dependents would have if you were to die now, and (2) what they would actually need at some time in the future when needs change.

Choosing The Right Kind

All life insurance policies agree to pay an amount of money if you die. But all policies are not the same.

There are three basic kinds of life insurance:

1. Term insurance
2. Whole life insurance
3. Endowment insurance

The kind of life insurance you purchase is dependent on the need you are trying to satisfy. Some needs are temporary, i.e. do not exist throughout your life, while other needs are permanent. As an example, the need to finance your children's education is a temporary need. The need to meet mortgage payments is also a temporary need since it exists only while the mortgage exists. On the other hand, the financial needs of your family after your death is a permanent need.

Remember, no matter how fancy the policy title or sales presentation might appear, all life insurance policies contain one or more of the three basic kinds. If you are confused about a policy that sounds complicated, ask the agent if it combines more than one kind of life insurance. The following is a brief description of the three basic kinds:

Term Insurance

Term Insurance is death protection for a "term" of one or more years. Death benefits will be paid only if you die within that term of years. Term insurance generally provides the largest immediate death protection for your premium dollar.

Some term insurance policies are "renewable" for one or more additional terms even if your health has changed. Each time you renew the policy for a new term, premiums will be higher. You should check the premiums at older ages and the length of time the policy can be continued.

Some term insurance policies are also "convertible." This means that before the end of the conversion period you may trade the term policy for a whole life or endowment insurance policy even if you are not in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

Whole Life Insurance

Whole Life Insurance gives death protection for as long as you live. The most common type is called "straight life" or "ordinary life" insurance, for which you pay the same premiums for as long as you live. These premiums can be several times higher than you would pay initially for the same amount of term insurance. But they are smaller than the premiums you would eventually pay if you were to keep renewing a term insurance policy until your later years.

Some whole life policies let you pay premiums for a shorter period such as 20 years, or until age 65. Premiums for these policies are higher than for ordinary life insurance since the premium payments are squeezed into a shorter period.

Although you pay higher premiums, to begin with, for whole life insurance than for term insurance, whole life insurance policies develop "cash values" which you may have if you stop paying premiums. You can generally either take the cash, or use it to buy some continuing insurance protection. Technically speaking, these values are called "nonforfeiture benefits." This refers to benefits you do not lose (or "forfeit") when you stop paying premiums. The amount of these benefits depends on the kind of policy you have, its size, and how long you have owned it.

A policy with cash values may also be used as collateral for a loan. If you borrow from the life insurance company, the rate of interest is shown in your policy. Any money which you owe on a policy loan would be deducted from the benefits if you were to die, or from the cash value if you were to stop paying premiums.

Endowment Insurance

An **Endowment Insurance** policy pays a sum or income to you - the policyholder - if you live to a certain age. If you were to die before then, the death benefit would be paid to your beneficiary. Premiums and cash values for endowment insurance are higher than for the same amount of whole life insurance. Thus endowment insurance gives you the least amount of death protection for your premium dollar.

Finding A Low Cost Policy

After you have decided which kind of life insurance fits your needs, look for a good buy. YOUR CHANCES OF FINDING A GOOD BUY ARE BETTER IF YOU USE TWO TYPES OF INDEX NUMBERS THAT HAVE BEEN DEVELOPED TO AID IN SHOPPING FOR LIFE INSURANCE. One is called the "Surrender Cost Index" and the other is the "Net Payment Cost Index." It will be worth your time to try to understand how these indexes are used, but in any event, use them **ONLY** for comparing the relative costs of similar policies. **LOOK FOR POLICIES WITH LOW COST INDEX NUMBERS.**

What Is Cost?

"Cost" is the difference between what you pay and what you get back. If you pay a premium for life insurance and get nothing back, your cost for the death protection is the premium. If you pay a premium and get something back later on, such as a cash value, your cost is smaller than the premium.

The cost of some policies can also be reduced by dividends; these are called "participating" policies. Companies may tell you what their current dividends are, but the size of future dividends is unknown today and cannot be guaranteed. Dividends actually paid are set each year by the company.

Some policies do not pay dividends. These are called "guaranteed cost" or "non-participating" policies. Every feature of a guaranteed cost policy is fixed so that you know in advance what your future cost will be.

The premiums and cash values of a participating policy are guaranteed, but the dividends are not. Premiums for participating policies are typically higher than for guaranteed cost policies, but the cost to you may be higher or lower, depending on the dividends actually paid.

What Are Cost Indexes?

In order to compare the cost of policies, you need to look at:

1. Premiums
2. Cash Values
3. Dividends

Cost indexes use one or more of these factors to give you a convenient way to compare relative costs of similar policies. When you compare costs, an adjustment must be made to take into account that money is paid and received at different times. It is not enough to just add up the premiums you will pay and to subtract the cash values and dividends you expect to get back. These indexes take care of the arithmetic for you. Instead of having to add, subtract, multiply and divide many numbers yourself, you just compare the index numbers which you can get from life insurance agents and companies:

1. Life Insurance Surrender Cost Index. This index is useful if you consider the level of the cash values to be of primary importance to you. It helps you compare costs if at some future point in time, such as 10 or 20 years, you were to surrender the policy and take its cash value.
2. Life Insurance Net Payment Cost Index. This index is useful if your main concern is the benefits that are to be paid at your death and if the level of cash values is of secondary importance to you. It helps you compare costs at some future point in time, such as 10 or 20 years, if you continue paying premiums on your policy and do not take its cash value.

There is another number called the Equivalent Level Annual Dividend. It shows the part dividends play in determining the cost index of a participating policy. Adding a policy's Equivalent Level Annual Dividend to its cost index allows you to compare total costs of similar policies before deducting dividends. However, if you make any cost comparisons of a participating policy with a non-participating policy, remember that the total cost of the participating policy will be reduced by dividends, but the cost of the non-participating policy will not change.

How Do I Use Cost Indexes?

The most important thing to remember when using cost indexes is that a policy with a small index number is generally a better buy than a comparable policy with a larger index number. The following rules are also important:

- (1) Cost comparisons should only be made between similar plans of life insurance. Similar plans are those which provide essentially the same basic benefits and require premium payments for approximately the same period of time. The closer policies are to being identical, the more reliable the cost comparison will be.
- (2) Compare index numbers only for the kind of policy, for your age and for the amount you intend to buy. Since no one company offers the lowest cost for all types of insurance at all ages and for all amounts of insurance, it is important that you get the indexes for the actual policy, age and amount which you intend to buy. Just because a "Shopper's Guide" tells you that one company's policy is a good buy for a particular age and amount, you should not assume that all of that company's policies are equally good buys.
- (3) Small differences in index numbers could be offset by other policy features, or differences in the quality of service you may expect from the company or its agent. Therefore, when you find small differences in cost indexes, your choice should be based on something other than cost.
- (4) In any event, you will need other information on which to base your purchase decision. **BE SURE YOU CAN AFFORD THE PREMIUMS, AND THAT YOU UNDERSTAND ITS CASH VALUES, DIVIDENDS AND DEATH BENEFITS.** You should also make a judgment on how well the life insurance company or agent will provide service in the future, to you as a policyholder.
- (5) These life insurance cost indexes apply to new policies and should not be used to determine whether you should drop a policy you have already owned for awhile, in favor of a new one. If such a replacement is suggested, you should ask for information from the company which issued the old policy before you take action.
- (6) An important fact to note is the difference in premium payments paid during one year's time based on an annual premium versus the annualized periodic premium. For example, if you choose to pay premiums on a monthly basis, the annualized periodic premium would be twelve (12) times the monthly premium. There may be a significant difference between the annualized periodic premium and the annual premium and it should be considered when deciding on a payment schedule.

Important Things To Remember - A Summary

The first decision you must make when buying a life insurance policy is choosing a policy whose benefits and premiums most closely meet your needs and ability to pay. Next, find a policy which is also a relatively good buy. If you compare Surrender Cost Indexes and Net Payment Cost Indexes of similar competing policies, your chances of finding a relatively good buy will be better than if you do not shop. **REMEMBER, LOOK FOR POLICIES WITH LOWER COST INDEX NUMBERS.** A good life insurance agent can help you to choose the amount of life insurance and kind of policy you want and will give you cost indexes so that you can make cost comparisons of similar policies. **DON'T BUY LIFE INSURANCE UNLESS YOU INTEND TO STICK WITH IT.** A policy which is a good buy when held for 20 years can be very costly if you quit during the early years of the policy. If you surrender such a policy during the first few years, you may get little or nothing back and much of your premium may have been used for company expenses.

Read your new policy carefully, and ask the agent or company for an explanation of anything you do not understand. Whatever you decide now, it is important to review your life insurance program every few years to keep up with changes in your income and responsibilities.

AGENT: **DETACH** HERE

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