

## Memorandum

- Massachusetts Mutual Life Insurance Company
- C.M. Life Insurance Company
- MML Bay State Life Insurance Company

To: All Representatives  
From: Life Product Development  
Re: 2010 Vantage Term<sup>SM</sup> Product Series

No: 2010-048  
Date: August 16, 2010  
Discard After: Hold Indefinitely

Index: 28

***TREAT THIS AS CONFIDENTIAL MATERIAL!***

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**Summary:** Effective August 30, 2010, the 2010 Vantage Term<sup>SM</sup> Life Insurance Product Series will be available for sale. The Vantage Term series consists of the following three annually renewable products\*:

- **Vantage Term<sup>SM</sup> -ART (VT-ART)** – with premiums that are guaranteed and increase annually
- **Vantage Term<sup>SM</sup> -10 (VT-10)** – with premiums that are guaranteed level for the first 10 years
- **Vantage Term<sup>SM</sup> -20 (VT-20)** – with premiums that are guaranteed level for the first 20 years

The Vantage Term portfolio was priced to be consistently competitive in the term life insurance marketplace. These products were developed in conjunction with the new Straight-Through-Processing (STP) initiative. The new STP system offers the potential for significant mortality and expense savings – critical drivers of term insurance prices.

**Key features common to all three products include:**

- **Revised pricing** – to be consistently competitive in the marketplace
- **Tele-interview** – for application “Part 2” underwriting questions
- **Six available risk classes** – including a new non-tobacco risk class: Non-Tobacco Plus
- **Automatically renewable** – to age 90
- **Convertible** – to MassMutual permanent life products during the conversion period
- **Conversion Credit** – for eligible conversions
- **Non-illustrated** – marketed based on guaranteed values only

\*Note: Non-Convertible Term (NCT) and Non-Convertible Survivorship Term (NCST) are non-convertible, non-renewable term products available for a maximum coverage period of one year. Both products continue to be available and were not affected by the 2010 Vantage Term Life Insurance product rollout. For more information, please see Company Memo 2001-031.

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**Availability:** VT-ART, VT-10 and VT-20 will be made available for all distribution channels. The products will be made available in all states, subject to state approval.

**Intro. Date** August 30, 2010

**Issue Company:** Massachusetts Mutual Life Insurance Company (MassMutual)

**Non-illustrated:** The products will be offered on a non-illustrated basis (i.e. marketed based on guaranteed values only). A presentation can be run that displays the guaranteed values.

**Markets:** The products will be available for Qualified and Non-qualified markets.  
The products will not available for GAPE (Guaranteed Acceptance Program for Executives).

**Unisex:** Montana policies and policies issued in connection with an employer-sponsored Qualified plan will be issued with unisex rates. For policies issued in connection with an employer-sponsored non-qualified plan, the applicant will need to choose between unisex and sex-distinct rates on the application. All other policies will be issued with sex-distinct rates.

**Issue Ages:** The issue age ranges vary by product.

	<b>VT-ART</b>	<b>VT-10</b>	<b>VT-20</b>
Qualified and Non-qualified	18-75 (19-75 for WA)	18-65 (19-65 for WA)	18-65 (19-65 for WA)

**Policy Fee:** \$75 (non-commissionable)

**Policy Size:** The minimum policy size is \$100,000. The contract will terminate if the face amount drops below the minimum policy size for any reason.

The maximum policy size varies by product.

	Maximum Policy Size
<b>VT-ART</b>	\$10,000,000 Aggregate of all inforce and applied for ART(2006) and VT-ART, including any ART(2006) and VT-ART amounts being replaced.
<b>VT-10 &amp; VT-20</b>	Subject to MassMutual retention limits and reinsurance availability.

The same policy size limits apply to both Qualified and Non-qualified markets.

**Bands:** Policies will be issued in one of five policy size bands;

Band 1: \$100,000 - \$249,999

Band 2: \$250,000 - \$499,999

Band 3: \$500,000 - \$999,999

Band 4: \$1,000,000 - \$4,999,999

Band 5: \$5,000,000 and above

**Risk Classes:** A fourth non-tobacco class (Non-Tobacco Plus) has been added for use with the Vantage Term products. The following six underwriting classes are available:

- Ultra Preferred Non-Tobacco
- Select Preferred Non-Tobacco
- Non-Tobacco Plus
- Non-Tobacco
- Select Preferred Tobacco
- Tobacco

**STP****Underwriting:**

The following Straight-Through-Processing (STP) underwriting features/tools enabled MassMutual to competitively price the new Vantage Term portfolio:

- Tele-Interview process is required for every Vantage Term policy
  - Produces more complete underwriting information via a thorough series of questions that elicit full details of any medical or non-medical issue.
  - Any required Attending Physician Statements (APS) will be ordered after completion of the tele-interview. We expect to be able to significantly reduce the number of APS's required as a result of the more complete information collected during the Tele-Interview.
- Term specific preferred risk class criteria
  - Permanent products will continue to use the points-based system  
To qualify for a particular risk class, the insured must amass a minimum number of preferred risk points. It is possible to qualify for the best risk class without getting every single point.
  - Term products will move to a "Hurdle" or "Knock-out" system  
To qualify for a particular preferred risk class, the insured must meet each of the criteria for that class. If any of the criteria are not met, the insured will be considered for the next best class for which they qualify.
- In order to preserve the pricing integrity of the products, underwriting exceptions to the preferred criteria cannot be granted.

**Substandard:**

The following substandard classifications are available for the products:

- Table ratings A, B, C, D, E, F, H and J
- Temporary and permanent flat extra premiums
- Military aviation ratings are considered flat extra premiums. (No other military ratings are available.)
- Aviation exclusion riders
- Avocation exclusion riders

Permanent table ratings and permanent flat extras will drop off the policy after 20 years or the insured's age 65, whichever is later. All rates and values will be recalculated if the rating drops as a result of an adjustment of rating with evidence of insurability/underwriting.

**Risk class restrictions**

Risk Class	Table Ratings	Permanent Flat Extra	Temporary Flat Extra
Ultra Preferred NT	No	No	No
Select Preferred NT	No	Non-medical only*	Non-medical only*
Non-Tobacco Plus	No	Non-medical only*	Non-medical only*
Non-Tobacco	Yes	Yes	Yes
Select Preferred Tobacco	No	Non-medical only*	Non-medical only*
Tobacco	Yes	Yes	Yes

\*Home office illustration capability only.

**Riders:**

There are two riders available for the products;

- Waiver of Premium Rider (WP)
- Accelerated Death Benefit Rider (ABR)

**Waiver of Premium:**

Description

The Waiver of Premium Rider waives policy premiums, as well as the premium for this rider, during the total disability of the insured.

This benefit will be provided after the Insured has been totally disabled for six continuous months or longer and all conditions of this rider are met. Subject to the other provisions of this rider, the premiums that will be waived are:

- Any premium that becomes due after the Insured has been totally disabled for six continuous months; and
- any premium that was due during the first six continuous months of the Insured's total disability; and
- any premium (except the first one) that was due during the 31-day period before total disability began.
- If any of these premiums have been paid to us, they will be refunded when the waiver benefit is allowed.

If disability occurs after the insured's age 60, but prior to age 65, premiums will be waived as long as disability continues, or to the insured's age 70, if earlier. If the disability begins prior to age 60, premiums will be waived for the duration of the disability.

A similar rider may be included upon conversion to a new policy under the following conditions:

- If not totally disabled at the time of the conversion, premiums for the new policy must be payable for at least five years from the conversion date and the insured's age must be within the rider issue limits as of the policy date.
- If totally disabled at the time of the conversion, conversion must be on an attained age basis to the lowest premium whole life or comparable policy we make available at that time. Premiums for the new policy will be waived, subject to the terms of that rider.

#### Own Occupation Period

A five-year own occupation period applies to the definition of disability.

For the first 60 months of any period of total disability, the Insured's occupation is the Insured's usual work, employment, business, or profession at the time total disability began. After total disability has continued for 60 months, any occupation the Insured is or may become qualified to perform means any work, employment, business, or profession the Insured is reasonably qualified to do based on education, training, or experience.

#### Issue Ages

18 – 59

#### Availability

Not allowed if a table rating of E or greater is assessed; or, a flat extra over \$10.00 per \$1,000 on the base policy is assessed.

#### Ratings

WP may be rated 1.5, 2 or 3 times the standard rate.

#### Rider Termination

The rider terminates at age 65.

#### Limits

The maximum limit is \$5 million of total face amount or the Company retention limit for ages 18-49 and \$2.5 million of total face amount or the Company retention limit for ages 50-59.

### **Accelerated Death Benefit:**

#### Description

The Accelerated Death Benefit Rider (ABR), available at no additional cost at issue, allows the policy owner to receive an advance of a portion of the policy death benefit when the Company receives satisfactory proof that the insured has a terminal illness, expected to result in death within 12 months. The funds may be used for any purpose, but typically will be used to pay medical and living expenses of the insured.

Issue Ages

The rider is automatically attached at issue, subject to state approval. It may be attached after issue upon state approval.

Availability

The rider is not available on policies with a contract state of New York

Ratings

Policy ratings do not impact availability.

Rider Termination

The rider terminates upon acceleration.

Limits

The minimum amount allowed to be accelerated is \$25,000. The maximum amount that may be accelerated is the lesser of \$250,000 or 75% of the eligible amount.

The maximum amount which may be accelerated under all policies on the life of any one insured is \$250,000.

Eligible Amount

The eligible amount is determined as of the acceleration date. It is the total death benefit payable upon the death of the insured under the base policy.

Accelerated Benefit Payment

The accelerated benefit generally will be paid to the policy owner in a lump sum. Only one acceleration per policy is allowed. If the policy owner lives past the 12-month expectancy, the accelerated benefit amount cannot be returned to the Company.

Administrative and Interest Charges

The accelerated benefit payment will be reduced by an administrative fee (currently \$150, never more than \$250) and 12 months of interest, at a rate declared by the company (never more than the greater of the 90-day US T-Bills and the adjustable policy loan interest rate at date of acceleration).

**Dividends:** While the Vantage Term products are nominally participating, we do not expect to pay dividends.

**Conversions:** The conversion and conversion credit periods vary by product.

	<b>Conversion Period</b>	<b>Conversion Credit Period</b>
<b>VT-ART</b>	The conversion period begins on the policy date and ends on the 10 <sup>th</sup> policy anniversary, or the policy anniversary nearest the insured's age 65, whichever period is shorter. However, the conversion period will never be less than 5 policy years.	1 <sup>st</sup> policy anniversary to the 5 <sup>th</sup> policy anniversary – <b>but not to exceed</b> the conversion period.
<b>VT-10 &amp; VT-20</b>	The conversion period begins on the policy date and ends on the 10 <sup>th</sup> policy anniversary, or the policy anniversary nearest the insured's age 65, whichever period is shorter. However, the conversion period will never be less than 2 policy years.	1 <sup>st</sup> policy anniversary to the 7 <sup>th</sup> policy anniversary – <b>but not to exceed</b> the conversion period.

The following conversion features apply to all three Vantage Term products:

Conversions

During the conversion period, the policy is convertible to:

- any new permanent individual life insurance policy that MassMutual is selling at the time of conversion.
- an existing in-force MassMutual whole life policy that allows for increases – or another permanent life policy that we make available for increase by conversion.

During the first 5 policy years, the contract offers a choice of conversion methods – on an **attained age or original age** basis. Only the attained age method is available for the remainder of the conversion period. Original age conversions to UL-type (non-Trad) products are not available.

An **additional right to convert** (beyond the conversion period) is provided at the end of the level premium period if the insured is totally disabled and the policy is on disability waiver at that time. Refer to Waiver of Premium Rider section for information on transferring the rider upon conversion while totally disabled.

For conversion purposes, MassMutual will map the risk classes available on the Vantage Term portfolio to the risk classes available on the portfolio of permanent life insurance products being sold at the time of conversion. The conversion risk classes will be mapped to the permanent coverage risk class that is most similar to the Vantage Term risk classes. The **conversion mapping** for the currently available permanent products is:

<b>Vantage Term Risk Classes</b>	<b>=&gt;</b>	<b>Current Permanent Portfolio Risk Classes</b>
Ultra Preferred Non-Tobacco	=>	Ultra Preferred Non-Tobacco
Select Preferred	=>	Select Preferred Non-Tobacco
Non-Tobacco Plus	=>	Non-Tobacco
Non-Tobacco	=>	Non-Tobacco
Select Preferred Tobacco	=>	Select Preferred Tobacco
Tobacco	=>	Tobacco

The Vantage Term policy will be **“dual” underwritten** using “Term” underwriting guidelines and “Permanent” underwriting guidelines. If the resulting “Permanent” class is better than the “Term” class, an endorsement will be included with the policy, subject to state approval. The term policy will be issued with the “Term” classification. As per the endorsement, upon conversion to a whole life policy, the new policy will be issued with a risk class one better than that most comparable to the “Term” class used to issue the term policy (if a better class is available).

On a **partial conversion**, the face amount not converted may be continued, as long as at least \$100,000 of term insurance remains, after conversion. If partial conversion results in the term policy moving to a lower band, premiums will be calculated on the previous/higher band basis.

A series of **conversion letters** will be generated that bring attention to the conversion and conversion credit opportunities.

#### Conversion Credit

A non-commissionable **conversion credit** will be offered during the conversion credit period applicable for the product. The credit will be in addition to any pro rata refund of premium otherwise due at the time of conversion. Any refund of premium applied to the new policy is commissionable.

The credit will be applicable on attained age conversions to whole life policies available for conversion credits at the time of conversion (currently just Whole Life Legacy 100). The credit will be applied toward the initial payment for the new whole life policy (or increase segment if available on an existing eligible policy). Please refer to FieldNet (New Sales/Business Submissions/Life Insurance/Applying/Term Conversions) for the most up-to-date listing of products eligible for conversion credits.

The credit will be equal to 10% of the annual mode base policy premium for the converted face amount of the new whole life base policy (or increase segment), including any substandard ratings but not including any rider charges.

A pro-rata credit will be available if the converted term face amount is less than the total face amount of the new policy (or increase segment). For example, if a \$250,000 policy was converted into a \$500,000 whole life policy (with \$250,000 subject to underwriting) the conversion credit would equal 50% of what the credit would have been for a \$500,000 whole life policy.

Please refer to Company Memo 2007-049 for the administration rules supporting term conversion credits.

#### **Internal Term-To-Term Replacements:**

This type of transaction requires new underwriting, appropriate age and amount evidence of insurability and replacement forms. Other state-related forms may also be required.

New suicide and contestability periods will begin upon issue of the new term contract.

Refer to the Internal Replacement Commissions section for additional information.

**Reinstatements:** Prior to the policy expiration date, the policy may be reinstated within five years of the date of lapse. The policy may be reinstated without evidence of insurability if all overdue premiums are paid within 31 days after the end of the grace period (“Prompt Reinstatement”). Reinstatement more than 31 days after the end of the grace period requires evidence of insurability and all overdue premiums paid with interest (“Later Reinstatement”). A new suicide period begins upon a Later Reinstatement.

#### **Transition and Reissues:**

The Vantage Term products will replace the following Term products: Convertible ART(2006), Term 5 Guaranteed (T5G), Term 10 Guaranteed (T10G) and Term 20 Guaranteed (T20G). The last day to ADE these products will be 8/31/10.

Term policies within the 90-day period following their original issue date are eligible to be reissued to one of the new Vantage Term products. The eligible period is June 1 thru August 29, 2010. Reported (inforce) policies will be reissued using the original policy date. Unreported policies will be reissued using a current policy date unless otherwise specified at time of request.

**Please take note of the following ...**

- Reissues to one of the Vantage Term products will require a new A70 Part 1 and Tele-Interview and will be subject to a new underwriting/risk classification.
- Generally, the medical requirements secured for the original application (exams, lab work, etc.) will be re-used if still within the published expiration limits - provided there is no new information in the application or tele-interview that triggers the need for new/updated requirements.
- As a result of the new application and underwriting, the risk classification for the new term policy may not be as favorable as that of the original policy. There is also a risk that the new underwriting process may uncover a risk that was not disclosed on the original policy application and may provide cause for a risk classification change on the original policy.

**Backdating:** Backdating will be allowed for a period of time not to exceed six months (three months for Ohio).

**Career Agent Commissions:**

<b>VT-ART &amp; VT-20</b>		
Year	Commission	Vested/Not Vested
1	45%	Vested
2 – 5	2%	Vested
6 - 10	2%	Not Vested
11+	0%	-

<b>VT-10</b>		
Year	Commission	Vested/Not Vested
1	40%	Vested
2 – 5	2%	Vested
6 - 10	2%	Not Vested
11+	0%	-

<b>Rider Commissions</b>	
Accelerated Death Benefit Rider (ABR)	No commission is paid
Waiver of Premium (WP)	Same as basic rates listed above.

For the base policy and its riders, commissions are not paid on temporary tables or flat extras with duration of 5 years or less.

Commissions are not transferable.

The annual policy fee is non-commissionable.

The products do not offer asset based commissions, state-specific compensation or compensation influenced by the issue age of the insured.

For annualized commission contracts, a pro-rata chargeback of unearned commissions will be applied for lapses, surrenders, conversions, billing changes, cancellations, and free looks. For non-annualized commission contracts, a chargeback will be applied for refunds of unearned

premium associated with surrenders, conversions, cancellations and free looks. Commissions will not be charged back upon the death of the insured.

#### Internal Replacement Commissions

Term insurance replacing Permanent insurance:

- Year 1 – 35% of the normal first year commission (FYC) rate will apply to premium attributable to the replaced face amount, and, the normal FYC rate will apply to premium attributable to the increase in insurance face amount.
- Years 2+ - The normal renewal year commission rates will apply to all premium.

Term insurance replacing Term insurance:

- Year 1 – The second year renewal commission rate will apply to premium attributable to the replaced face amount, and, the normal FYC rate will apply to premium attributable to the increase in insurance face amount.
- Years 2+ - The normal renewal commission rates will apply to all premium.

Exception:

- If the replaced term policy has been in force at least 10 years then the normal commission rates will apply to all premiums in all years.

Refer to the Career Agent Commission Schedule and Vesting Provisions located on FieldNet/My Practice/Compensation for additional compensation information.

#### **Allowances and Field Benefit**

##### **Programs:**

The products will have a Tier 1 compensation structure.

Refer to Company Memorandum located on FieldNet/Communications/Company Memos for information regarding allowances and Field benefit programs.

Note: Compensation must comply with applicable laws and regulations. The company reserves the right to change the terms and conditions of this compensation program or to terminate the program. No compensation will be paid if payment would violate legal requirements.