

# VIATICAL SERVICES, INC.

## DEFINITION OF TERMS IN BILLING NOTICES

**MBC CF/AP Number** means the VSI internal control number assigned to a policy. Investors should use this number to identify the policy in which they hold an interest when corresponding with VSI.

**Investor Number** means the internal control number assigned to each Investor who holds an interest in a policy or policies. Investors should include this number on all checks remitted to VSI for payment of *Administration Fees*, *Policy Fees* or *Premiums* that are billed.

**Policy Number** means the actual policy number which is assigned by the insurance company and appears on the policy.

**Current Death Benefit** means the amount of death benefit or maturity proceeds that will be paid to Investors, pro-rata, based on their *Current Percentage of Interest*, upon the death of the insured.

**Current Percentage of Interest** means an individual Investor's percentage or share in the *Current Death Benefit* upon the death of the insured. This percentage is also used to calculate an individual Investors share of the Annual *Policy Fee* and any Premiums that come due on a policy.

**Administration Fee** means the annual fee each Investor will pay to VSI for administration of his or her interest in a policy. Investors will pay this fee for each policy in which they hold an interest. The fee is currently \$175.00.

**Policy Fee** means the annual fee each investor will pay to VSI in addition to the *Administration Fee*. This fee is currently \$195.00 annually but will be billed pro-rata based on an Investor's *Current Percentage of Interest*.

**Premium** means monies that are due the insurance company to continue coverage under the insurance policy.

**Cash Value** means the policy value less any surrender charges.

**Preference Form** means the form that was mailed to Investors on which an Investor voted to keep or sell his or her interest in a policy.

**Policy Detail Sheet** means the reverse side of the *Preference Form* that was mailed to each Investor which contains information about the policy such as the number of Investors on the policy, *Premium Obligation Start Dates*, plan of insurance, and estimated annual *Premium* amount.

**Premium Obligation Start Date** means the date upon which an Investors obligation to pay *Premiums* commenced. This date was included on the *Policy Detail Sheet*.

**Delayed Premium Obligation Start Date** means the future date upon which an Investor's obligation to pay *Premiums* commences. This applies only to policies that are still within MBC's estimated life expectancy or policies that had sufficient *Cash Value* to pay *Premiums* to a future date. This date was included on the *Policy Detail Sheet*

**Waiver of Premium Rider** means premiums for the policy are waived by the insurance company as long as the insured remains disabled and re-qualifies annually for continuation of the benefit. If the insured does not re-qualify, then premiums will become due.

**Group Plan** means insurance coverage that is provided to an insured under a master *Group* policy. Typically, these plans are through employers or associations. When an insured's employment terminates or their membership in an association terminates; it would become necessary to apply for a *Conversion Policy* to continue coverage.

**Conversion Policy** means a new policy that is applied for and issued by an insurance company to continue insurance coverage. Usually, this occurs when a *Group Plan* or *Term Plan* of insurance is terminating. If a *Conversion Policy* needs to be issued, *Premiums*, typically greater than those paid for the *Group* or *Term* coverage will become due. A *Conversion Policy* is a permanent plan of insurance.

**Dividend** means a refund of premium paid by the insurance company based on the company's profitability. Any *Dividends* that are paid will be credited to Investors pro-rata and will reduce the subsequent year's billed premium.

**Policy Anniversary Date** means the month and day coverage began under the policy. The *Policy Anniversary Date* is typically the date premiums are due each year.