

02-1267-CD
NANCY E. LINGLE -vs- PRUDENTIAL INSURANCE CO.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,
Plaintiff

vs

PRUDENTIAL INSURANCE COMPANY
OF AMERICA,
Defendant

No. 02-1267-00
IN EQUITY

Type of Case: Civil

Type of Pleading: Complaint

Filed on Behalf of: Plaintiff

Counsel of Record for this Party:

CHRIS A. PENTZ, Esquire

Supreme Court I.D. # 39232

211 ½ East Locust Street

P. O. Box 552

Clearfield PA 16830

814 765-4000

FILED

AUG 14 2002

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William A. Shaw
Prothonotary

pd 80.00

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,	*	
Plaintiff	*	
	*	No.
	*	IN EQUITY
vs	*	
	*	
PRUDENTIAL INSURANCE COMPANY	*	
OF AMERICA	*	
Defendant	*	
	*	

NOTICE

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for the money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Office of Court Administrator
Clearfield County Courthouse
1 North Second Street
Clearfield PA 16830
814 765-2641

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,	*	
Plaintiff	*	
vs.	*	No.
	*	IN EQUITY
PRUDENTIAL INSURANCE COMPANY	*	
OF AMERICA,	*	
Defendant	*	

COMPLAINT

1. The Plaintiff is NANCY E. LINGLE, sui juris, with a mailing address of 802 49th A Avenue East, Bradenton FL 34203.
2. The Defendant is the PRUDENTIAL INSURANCE OF AMERICA, a mutual life insurance company, with a place of business at Prudential Plaza, Newark, NJ 07101.
3. The Plaintiff purchased policy # 99-324-713 on or about December 21, 1989. A copy of that policy is marked Exhibit "A" and attached hereto and incorporated herein by reference.
4. The policy was purchased from Steven Percy, an agent for the Prudential Insurance of America, at Plaintiff's then residence being 725 Old Town Road, Clearfield, Clearfield County Pennsylvania 16830.
5. The Plaintiff was advised by the Defendant's agent that the policy would be self paying after a period of ten (10) years.
6. The Plaintiff contacted Jeffrey Norris, a duly authorized agent for the Defendant, on the eleventh year of the policy and inquired as to whether the policy had reached a self pay status.
7. The Plaintiff was advised by Mr. Norris that the policy had indeed reached self pay status and that the dividends generated by the policy would be sufficient to pay the annual premium.
8. On or about June 12, 2001, the Plaintiff received a Notice of Lapse in Coverage due to non-payment of premium.
9. In response to receiving a Notice of Lapse, the Plaintiff contacted Mr. Norris to determine why she received the Notice of Lapse.

10. The Plaintiff was advised by Mr. Norris to contact the Defendant at their main office.

11. The Plaintiff contacted the Defendant at its main office and was advised that the policy issued did not provide for self payment of the premiums through the policy's dividends contrary to the representations made to the Plaintiff by Defendant's agent at the time of purchasing the policy.

12. The Plaintiff has been required to make payments of \$5,789.94 to the Defendant to maintain the policy in effect.

13. The Plaintiff relied on the representations of the Defendant's agents that the policy would reach self pay status at the end of the tenth year when purchasing the policy in question.

WHEREFORE, the Plaintiff demands judgment against the Defendant

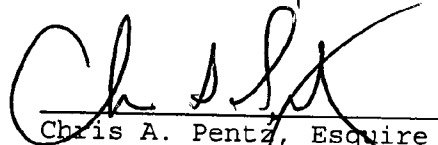
as follows:

a. The issuance of a policy upon the same terms and conditions as the policy subject to this litigation with the additional provision that the premiums will be paid in full from the dividends of the policy.

b. Reimbursement in the amount of \$5,789.94 for funds paid by the Plaintiff to keep the policy in effect subsequent to the tenth year.

c. Such other relief as the Court deems appropriate.

Respectfully submitted this 14 day of Aug, 2002


Chris A. Pentz, Esquire
Attorney for Plaintiff

VERIFICATION

I, NANCY E. LINGLE, verify that the statements made in this COMPLAINT are true and correct. I understand that false statements herein are made subject to the penalties of 18 Pa.C.S. §4904 relating to unsworn falsification to authorities.

6-14-02
Date

Nancy E. Lingle
Nancy E. Lingle



The Prudential Insurance Company of America
a mutual life insurance company
Prudential Plaza, Newark, New Jersey 07101

Insured NANCY E LINGLE

99 324 713 Policy Number
DEC 21, 1989 Contract Date

Face Amount \$150,000--

Premium Period LIFE
Agency K-DUBO-D-007

We will pay the beneficiary the proceeds of this contract promptly if we receive due proof that the Insured died. We make this promise subject to all the provisions of the contract.

The proceeds arising from the Insured's death will be the insurance amount, plus the amount of any extra benefit arising from the Insured's death (unless the contract is in default or there is contract debt). The insurance amount may be fixed or variable depending on the payment of premiums, the investment experience of the variable investment options, any excess interest credited to the fixed investment options, and the charges made. But it will not be less than the face amount. (We describe the insurance amount on page 16.)

The cash value may increase or decrease daily depending on the payment of premiums, the investment experience of the variable investment options, any excess interest credited to the fixed investment options, and the charges made. There is no guaranteed minimum.

We specify a schedule of premiums. Additional premiums may be paid at your option subject to the limitations in the contract.

Please read this contract with care. A summary is on page 5. If there is ever a question about it, or if there is a claim, just see one of our agents or get in touch with one of our offices.

Right to Cancel Contract.—You may return this contract to us within: (1) 10 days after you get it, or (2) 45 days after Part 1 of the application was signed, or (3) 10 days after we mail or deliver to you any withdrawal right notice required by the Securities and Exchange Commission, whichever is latest. All you have to do is take the contract or mail it to one of our offices or to the agent who sold it to you. It will be canceled from the start and we will promptly give back your money within ten days after we receive the contract.

Signed for Prudential.

Secretary

President

Modified Premium Variable Whole Life Insurance Policy with variable insurance amount. Insurance payable only upon death. Scheduled premiums payable throughout Insured's lifetime. Provision for optional additional premiums. Benefits reflect premium payments, investment results and charges. Death benefit guaranteed if scheduled premiums duly paid and no contract debt or withdrawals. Increase in face amount at attained age 21 if contract issued at age 14 or lower. Eligible for annual dividends as stated under Dividends.

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Any supplementary benefits and a copy of the application follow page 26.

CONTRACT DATA

Insured's Sex and Issue Age F-50

Insured NANCY E LINGLE

99 324 713
DEC 21, 1989

Policy Number
Contract Date

Face Amount \$150,000--

Premium Period LIFE

Agency K-DUBO-D-007

Beneficiary CLASS 1 DARRELL D LINGLE SR, HUSBAND
CLASS 2 BRYAN K LINGLE JR, GRANDSON

Fixed Loan Interest Rate

LIST OF CONTRACT MINIMUMS

The minimum unscheduled Premium is \$25.
The minimum increase in Face Amount is \$25,000.
The minimum decrease in Face Amount is \$10,000.
The minimum Face Amount is \$50,000.

***** END OF LIST *****

LIST OF SUPPLEMENTARY BENEFITS

(Each benefit is described in the form
that bears the number shown for it)

AL100B Insured's Waiver of Premium Benefit.
AL110BP Insured's Accidental Death Benefit in Amount of \$300,000--
***** END OF LIST *****

SUMMARY OF FACE AMOUNT

	AMOUNT	EFFECTIVE DATE	RATING CLASS	CONTRACT CHANGE DATE
Initial	\$150,000--	DEC 21, 1989	NONSMOKER	DEC 21, 2004

***** END OF SUMMARY *****

CONTRACT DATA CONTINUED ON NEXT PAGE

CONTRACT DATA CONTINUED

SCHEDULE OF PREMIUMS

Scheduled premiums are equal to the basic premium plus the charge for applicable taxes. The initial scheduled premium due on the contract date is \$1,382.65. Due dates of scheduled premiums occur on the contract date and at intervals of 6 months after that date.

Basic Premiums are	\$1,355.00	each
Changing on DEC 21, 2004 to	\$3,029.00	each

Basic premiums include the premiums for benefit AL100B and the following supplementary benefit premiums.

Basic premiums for benefit AL110BP are \$162.00 each

***** END OF SCHEDULE *****

CONTRACT DATA CONTINUED ON NEXT PAGE

SCHEDULE OF DEDUCTIONS FROM PREMIUM PAYMENTS

From each premium paid we first deduct a charge for applicable taxes (other than taxes discussed on page 17) of 2%. We reserve the right to change this percentage to conform to changes in the law or if the insured changes residence.

From the remainder, we deduct a charge for payment processing of up to \$2.00. After deduction of this amount, the balance is the invested premium amount.

***** END OF SCHEDULE *****

SCHEDULE OF MONTHLY DEDUCTIONS FROM THE CONTRACT FUND

The maximum monthly deduction, which provides for administration expenses, sales expenses, the guaranteed minimum death benefit and the expected cost of mortality is equal to:

- (a) \$19.29, changing on DEC 21, 2004 to \$36.90, plus
- (b) an amount equal to the maximum monthly rate (See Table of Maximum Monthly Rates) multiplied by the coverage amount (described on page 18).

Monthly deductions for any supplementary benefits are as follows:

The maximum monthly deductions are	\$47.47 each
Changing on DEC 21, 2004 to	\$26.98 each

***** END OF SCHEDULE *****

SCHEDULE OF OTHER CHARGES

There is a charge of up to \$15 for any partial withdrawal or decrease in Face Amount.

***** END OF SCHEDULE *****

CONTRACT DATA CONTINUED ON NEXT PAGE

SCHEDULE OF MAXIMUM SURRENDER CHARGES

For full surrender at the beginning of the contract year indicated, the maximum charge we will deduct from the contract fund is shown below. For surrender at other times, the amount of the charge will reflect the number of days since the beginning of the contract year. For any decrease in Face Amount, we will deduct a proportionate part of the surrender charge.

<u>Year of Surrender</u>	<u>Surrender Charge</u>	<u>Year of Surrender</u>	<u>Surrender Charge</u>
1	\$1,779.00	6	\$1,423.50
2	\$1,779.00	7	\$1,068.00
3	\$1,779.00	8	\$711.00
4	\$1,779.00	9	\$355.50
5	\$1,779.00	10	\$0.00
		11 and later	zero

***** END OF SCHEDULE *****

CONTRACT DATA CONTINUED ON NEXT PAGE

TABLE OF MAXIMUM MONTHLY RATES PER \$1000
FOR MONTHLY DEDUCTION (SEE PAGE 18)

Insured's Attained Age	Maximum Rate	Insured's Attained Age	Maximum Rate
50	\$.3611	75	\$3.2979
51	.3885	76	3.7039
52	.4201	77	4.1391
53	.4551	78	4.6100
54	.4909	79	5.1316
55	.5291	80	5.7248
56	.5674	81	6.4070
57	.6048	82	7.1932
58	.6423	83	8.0801
59	.6847	84	9.0577
60	.7346	85	10.1151
61	.7962	86	11.2449
62	.8727	87	12.4455
63	.9668	88	13.7176
64	1.0724	89	15.0712
65	1.1864	90	16.5172
66	1.3045	91	18.0888
67	1.4252	92	19.8451
68	1.5500	93	21.9100
69	1.6889	94	24.5623
70	1.8520	95	28.3719
71	2.0508	96	34.4337
72	2.2946	97	44.6969
73	2.5866	98	61.8955
74	2.9227	99	83.1973

CONTRACT DATA CONTINUED ON NEXT PAGE

LIST OF INVESTMENT OPTIONS

I. THE PRUDENTIAL VARIABLE APPRECIABLE ACCOUNT

This account is registered with the SEC under the Investment Company Act of 1940. Each investment option of this account invests in a specific portfolio of the Prudential Series Fund. The fund is registered with the SEC under the Investment Company Act of 1940 as an open-end diversified management investment company. The fund has several portfolios. We show below the available investment options and the fund portfolios they invest in.

<u>Investment Option</u>	<u>Fund Portfolio</u>
MONEY MARKET	MONEY MARKET
BOND	BOND
COMMON STOCK	COMMON STOCK
AGGRESSIVELY MANAGED FLX	AGGRESSIVELY MANAGED FLX
CONSERVATIVE MANAGED FLX	CONSERVATIVE MANAGED FLX
ZERO COUPON BOND 1990	ZERO COUPON BOND 1990
ZERO COUPON BOND 1995	ZERO COUPON BOND 1995
ZERO COUPON BOND 2000	ZERO COUPON BOND 2000
ZERO COUPON BOND 2005	ZERO COUPON BOND 2005
HIGH DIVIDEND STOCK	HIGH DIVIDEND STOCK
HIGH YIELD BOND	HIGH YIELD BOND
NATURAL RESOURCES	NATURAL RESOURCES
STOCK INDEX	STOCK INDEX
GOVERNMENT SECURITIES	GOVERNMENT SECURITIES

***** END OF LIST *****

II. THE PRUDENTIAL REAL PROPERTY ACCOUNT

This account is not registered with the SEC under the Investment Company Act of 1940. The following investment option is available.

<u>Investment Option</u>
Real Property

CONTRACT DATA CONTINUED ON NEXT PAGE

TABULAR VALUES

Tabular values are calculated based on the scheduled premiums, guaranteed charges and assumed rate of interest. Actual values may be different than the tabular amounts shown below.

End of Contract Year	Tabular Contract Fund	Tabular Cash Value	Tabular Reduced Paid-Up Insurance	Tabular Extended Insurance [⌘]	
				Year	Days
1	\$1,278.00	0.00	0.00	0	0
2	2,562.00	\$783.00	\$2,140.00	0	296
3	3,847.50	2,068.50	5,482.00	1	347
4	5,127.00	3,348.00	8,607.00	2	326
5	6,402.00	4,623.00	11,532.00	3	257
6	7,668.00	6,244.50	15,118.00	4	241
7	8,926.50	7,858.50	18,468.00	5	159
8	10,177.50	9,466.50	21,597.00	6	6
9	11,425.50	11,070.00	24,520.00	6	148
10	12,660.00	12,660.00	27,227.00	6	241
11	13,869.00	13,869.00	28,967.00	6	241
12	15,034.50	15,034.50	30,502.00	6	219
13	16,131.00	16,131.00	31,801.00	6	178
14	17,127.00	17,127.00	32,827.00	6	120
15	18,000.00	18,000.00	33,558.00	6	44
16	22,206.00	22,206.00	40,290.00	6	308
17	26,457.00	26,457.00	46,737.00	7	135
18	30,765.00	30,765.00	52,932.00	7	269
19	35,139.00	35,139.00	58,901.00	7	358
20	39,576.00	39,576.00	64,649.00	8	50
Attained Age					
60	12,660.00	12,660.00	27,227.00	6	241
62	15,034.50	15,034.50	30,502.00	6	219
65	18,000.00	18,000.00	33,558.00	6	44

⌘ There may be extra days of term insurance. We explain this under the Extended Insurance provision.

Nonforfeiture Factors, applicable during
premium period, per \$1,000 of initial face amount:

Contract years 1 through 15	12.68318
Contract years 16 and later	35.22515

III. FIXED INVESTMENT OPTIONS

The fixed investment options are funded by the general account of the company. The following investment option is available.

**Investment
Option**

Fixed Interest Rate

***** END OF LIST *****

SCHEDULE OF INITIAL ALLOCATION OF INVESTED PREMIUM AMOUNTS

FIXED RATE OPTION

100%

***** END OF SCHEDULE *****

CONTRACT SUMMARY

This life insurance contract will provide benefits while the Insured is living and upon the Insured's death as described below.

Unless we endorse the contract to say otherwise, it gives you the following rights, among others, subject to certain limitations and requirements:

- You may change the beneficiary.
- You may borrow on it up to its loan value.
- You may change the allocation of future invested premium amounts among the investment options.
- You may transfer amounts among the investment options.
- You may change the face amount.
- You may withdraw a portion of the contract's value.
- You may surrender the contract. If you do, the proceeds will be the net cash value.

To compute the proceeds payable upon the Insured's death, we start with a basic amount and adjust that amount as described in the table below.

TABLE OF BASIC AMOUNTS		
If the contract is in force:	Then the basic amount is:	And we adjust the basic amount for:
and not in default past its days of grace	the insurance amount (see page 16) plus the amount of any extra benefits arising from the Insured's death	contract debt (see page 20), dividend credits (see page 14), and any charges due in the days of grace (see page 11).
as reduced paid-up insurance (see pages 18 & 19)	the amount of reduced paid-up insurance (see pages 18 & 19)	contract debt and dividend credits since the reduced paid-up insurance began.
as extended insurance (see page 18)	the amount of term insurance, if the Insured dies in the term (see page 18); otherwise zero	nothing.

The contract may have extra benefits that we call supplementary benefits. If it does, we list them under Supplementary Benefits on the contract data pages and describe them after page 26. The contract may have other extra benefits. If it does, we add them by rider. Any extra benefit ends as soon as the contract is in default past its days of grace, unless the form that describes it states otherwise.

Proceeds need not be taken in one sum. For instance, on surrender, you may be able to choose a settlement option to provide retirement income or for some other purpose. If a death benefit becomes payable the beneficiary may also be able to make such a choice. We will pay interest under Option 3 from the date of death on any death benefit to which no other manner of payment applies. This will be automatic as we state on page 24.

GENERAL PROVISIONS

Definitions We define here some of the words and phrases used all through this contract. We explain others, not defined here, in other parts of the text.

We, Our, Us and Company.—Prudential.

You and Your.—The owner of the contract.

Insured.—The person named as the Insured on the first page. He or she need not be the owner.

Example: *Suppose we issue a contract on the life of your spouse. You applied for it and named no one else as owner. Your spouse is the Insured and you are the owner.*

SEC.—The Securities and Exchange Commission.

Issue Date.—The contract date.

Monthly Date.—The contract date and the same day as the contract date in each later month.

Example: *If the contract date is May 9, 1988, the monthly dates are each May 9, June 9, July 9 and so on.*

Anniversary or Contract Anniversary.—The same day and month as the contract date in each later year.

Example: *If the contract date is May 9, 1988, the first anniversary is May 9, 1989. The second is May 9, 1990, and so on.*

Contract Year.—A year that starts on the contract date or on an anniversary.

Example: *If the contract date is May 9, 1988, the first contract year starts then and ends on May 8, 1989. The second starts on May 9, 1989 and ends on May 8, 1990, and so on.*

Contract Month.—A month that starts on a monthly date.

Example: *If May 9, 1988 is a monthly date, a contract month starts then and ends on June 8, 1988. The next contract month starts on June 9, 1988 and ends on July 8, 1988, and so on.*

Attained Age.—The Insured's attained age at any time is the issue age plus the length of time since the contract date. You will find the issue age near the top of page 3.

Assumed Rate of Return.—The assumed rate of return is an effective rate of 4% a year. This is the same as 0.01074598% a day compounded daily.

The Contract This policy, and the attached copy of the initial application, together with copies of any subsequent applications to change the policy, and any additional contract data pages added to the policy, form the whole contract. We assume that all statements in an application are made to the best of the knowledge and belief of the person(s) who make them; in the absence of fraud they are deemed to be representations and not warranties. We rely on those statements when we issue or change the contract. We will not use any statement, unless made in an application, to try to void the contract or to deny a claim.

Contract Modifications Only a Prudential officer with the rank or title of vice president or above may agree to modify this contract, and then only in writing.

Ownership and Control Unless we endorse this contract to say otherwise: (1) the owner of the contract is the Insured; and (2) while the Insured is living the owner alone is entitled to (a) any contract benefit and value, and (b) the exercise of any right and privilege granted by the contract or by us.

Suicide Exclusion If the Insured, whether sane or insane, dies by suicide within two years from the issue date, we will pay no more under this contract than the sum of the premiums paid.

Also, for any increase in the face amount, if the Insured, whether sane or insane, dies by suicide within two years from the effective date of the increase, we will pay, as to the increase in amount, no more than the sum of the scheduled premiums that were due for the increase.

Currency	Any money we pay, or that is paid to us, must be in United States currency. Any amount we owe will be payable at our Corporate Office.
Misstatement of Age or Sex	<p>If the Insured's stated age or sex or both are not correct, we will adjust each benefit and any amount to be paid to reflect the correct age and sex. Any death benefit will be based on what item (b) of the most recent monthly deduction (see pages 3A and 18), would have provided at the correct age and sex. Where required, we have given the insurance regulator a detailed statement of how we will make these adjustments.</p> <p>The Schedule of Premiums may show that basic premiums change or stop on a certain date. We may have used that date because the Insured would attain a certain age on that date. If we find that the issue age was wrong, we will correct that date and, if necessary, the amount of any changed premiums.</p> <p>If the contract is not in default and the Insured is living when we learn of the error, we will determine a new face amount and tabular value such that the accumulated scheduled premiums at 4% interest for the incorrect contract equal the accumulated scheduled premiums at 4% interest for the new face amount at the correct age and sex.</p>
Incontestability	Except as we state in the next sentence, we will not contest this contract after it has been in force during the Insured's lifetime for two years from the issue date. There are two exceptions: (1) non-payment of enough premium to provide the required charges; and (2) any change in the contract that requires our approval and that would increase our liability. For any such change, we will not contest the change after it has been in effect during the Insured's lifetime for two years from the date it takes effect.
Assignment	We will not be deemed to know of an assignment unless we receive it, or a copy of it, at our Home Office. We are not obliged to see that an assignment is valid or sufficient. This contract may not be assigned to another insurance company or to any employee benefit plan without our consent. This contract may not be assigned if such assignment would violate any federal, state, or local law or regulation prohibiting sex distinct rates for insurance.
Annual Report	<p>Each year we will send you a report. It will show: (1) the current death benefit; (2) the amount of the contract fund in each investment option; (3) the net cash value; (4) premiums paid, investment results, and charges deducted since the last report; (5) any withdrawals since the last report; and (6) any contract debt and the interest on the debt for the prior year. The report will also include any other data that may be currently required where this contract is delivered. No report will be sent if this contract is being continued under fixed reduced paid-up insurance or extended term insurance.</p> <p>You may ask for a similar report at some other time during the year. Or you may request from time to time a report projecting results under your contract on the basis of premium payment assumptions and assumed investment results. We have the right to make a reasonable charge for reports such as these that you ask for and to limit the scope and frequency of such requests.</p>
Increase in Face Amount at Age 21 for Contracts Issued at Age 14 or Lower	If this contract was issued at age 14 or lower, it shows on page 3 an increase in face amount at attained age 21 which applies if the contract is not then in default beyond its days of grace. In that case, any references in the contract to face amount or death benefit which apply at or after attained age 21 will be based on the increased face amount, unless otherwise stated.
Payment of Death Claim	If we settle this contract in one sum as a death claim, we will usually pay the proceeds within seven days after we receive at our Home Office proof of death and any other information we need to pay the claim. But we have the right to postpone paying the part of the proceeds in excess of the face amount that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying the remainder of any excess for up to six months.
Change in Plan	You may be able to have this contract changed to another plan of life insurance either with us or with a subsidiary of ours. But any change may be made only if we consent, and will be subject to conditions and charges that are then determined.

BENEFICIARY

You may designate or change a beneficiary. Your request must be in writing and in a form that meets our needs. It will take effect only when we file it at our Home Office; this will be after you send the contract to us to be endorsed, if we ask you to do so. Then any previous beneficiary's interest will end as of the date of the request. It will end then even if the Insured is not living when we file the request. Any beneficiary's interest is subject to the rights of any assignee of whom we know.

When a beneficiary is designated, any relationship shown is to the Insured, unless otherwise stated. To show priority, we may use numbered classes, so that the class with first priority is called class 1, the class with next priority is called class 2, and so on. When we use numbered classes, these statements apply to beneficiaries unless the form states otherwise:

1. One who survives the Insured will have the right to be paid only if no one in a prior class survives the Insured.
2. One who has the right to be paid will be the only one paid if no one else in the same class survives the Insured.
3. Two or more in the same class who have the right to be paid will be paid in equal shares.
4. If none survives the Insured, we will pay in one sum to the Insured's estate.

Example: Suppose the class 1 beneficiary is Jane and the class 2 beneficiaries are Paul and John. We owe Jane the proceeds if she is living at the Insured's death. We owe Paul and John the proceeds if they are living then but Jane is not. But if only one of them is living, we owe him the proceeds. If none of them is living we owe the Insured's estate.

Beneficiaries who do not have a right to be paid under these terms may still have a right to be paid under the Automatic Mode of Settlement.

Before we make a payment, we have the right to decide what proof we need of the identity, age or any other facts about any persons designated as beneficiaries. If beneficiaries are not designated by name and we make payment(s) based on that proof, we will not have to make the payment(s) again.

PREMIUM PAYMENT AND REINSTATEMENT

Payment of Premiums

Premiums may be paid at our Home Office or to any of our authorized agents. If we are asked to do so, we will give a signed receipt.

Premium payments will in most cases be credited as of the date of receipt at our Home Office. In the following cases, part or all of a premium payment will be credited as of a date other than the date of receipt:

1. If the first premium payment is received after the contract date, the scheduled portion will be credited as of the contract date.

2. If the first premium payment is received before the contract date, it will be credited as of the contract date.
3. If a premium payment is received during the 61-day period after a scheduled premium due date and the premium account is negative by no more than the scheduled premium then due, the portion of the payment needed to bring the premium account up to zero will be credited to the premium account, but not the contract fund, as of the due date.
4. If the contract is in default and premium payments are received during the days of grace while the contract is in default, we will credit to the contract fund and the premium account those parts of the premium payments needed to end the default status as of the applicable monthly dates.

Basic Premiums	We show the amount and frequency of the basic premiums in the Schedule of Premiums in the contract data pages. An increase or decrease in the face amount will change the basic premiums.
Charge for Applicable Taxes	<p>The charge for applicable taxes is a percentage of each premium paid that we set from time to time. It will change only on a contract anniversary.</p> <p>At least sixty days before the start of each contract year, we will determine the rate we will charge for that contract year. The rate will be based on the rates of any federal, state or local premium taxes that apply at the last known address of the Insured.</p>
Scheduled Premiums	<p>The scheduled premiums are equal to the basic premiums plus the charge for applicable taxes. The scheduled premiums will change if the basic premiums change or the charge for applicable taxes changes. We show the amount of the first scheduled premium in the Schedule of Premiums. It is due on the contract date. There is no insurance under this contract unless an amount at least equal to the first scheduled premium is paid.</p> <p>The scheduled premium is the minimum premium required, at the frequency chosen, to continue the contract in full force if you pay all scheduled premiums when due, you make no withdrawals, and any contract debt does not exceed the cash value.</p> <p>If you wish to pay, on a regular basis, premiums that are higher than the scheduled premiums, we will bill you for the higher amount you choose. Or if you wish, you may from time to time make a premium payment smaller than the scheduled amount, subject to the minimum premium amount shown on page 3.</p> <p>If scheduled premiums that are due are not paid, or if smaller payments are made, the contract may then or at some future time go into default. Payment of less than the scheduled premium increases the risk that the contract will end if investment results are not favorable. The conditions under which the contract will be in default are described below.</p>
Unscheduled Premiums	<p>Except as we state in the next paragraph, unscheduled premiums may be paid at any time during the Insured's lifetime as long as the contract is not in default beyond its days of grace. We show on page 3 the minimum premium we will accept.</p> <p>We have the right to limit unscheduled premiums to a total of \$10,000 in any contract year. We also have the right to refuse any payment that increases the insurance amount by more than it increases the contract fund.</p>
Invested Premium Amount	This is the portion of each premium paid that we will add to the premium account and the contract fund. It is equal to the premium paid minus the charges described in the contract data pages under Schedule of Deductions from Premium Payments.
Contract Change Date(s)	We show the contract change date(s) in the contract data pages. We also show in the Schedule of Premiums on these pages that the amount of each basic premium will change on each contract change date and what the new premium will be. However, when a contract change date arrives we will compute a new premium amount to be used in calculating the premium account. The new premium that we compute will be no greater than the new premium for that date which we show in the contract data pages. In addition, if the premium account is less than zero, we will set the premium account to zero.

The Schedule of Premiums may show that the premium changes at times other than contract change dates. This may occur, for example, with a contract issued with extra benefits or in an extra rating class.

Allocations You may allocate all or a part of your invested premium amount to one or more of the investment options listed in the contract data pages. You may choose to allocate nothing to a particular investment option. But any allocation you make must be at least 10%; you may not choose a fractional percent.

Example: You may choose a percentage of 0, or 100, or 10, 11, 12, and so on, up to 90. But you may not choose a percentage of 1 through 9, or 91 through 99, or any percentage that is not a whole number. The total for all investment options must be 100%.

The initial allocation of invested premium amounts is shown in the contract data pages. You may change the allocation for future invested premium amounts at any time if the contract is not in default. To do so, you must notify us in a form that meets our needs. The change will take effect on the date we receive your notice at our Home Office.

A premium might be paid when the contract fund is less than zero. In that case we first use as much of the invested premium amount as we need to bring the fund up to zero. We will then allocate any remainder of the invested premium amount in accord with your most recent request.

Premium Account On the contract date, the premium account is equal to the invested premium amount credited on that date, minus the basic premium then due, plus the charge for payment processing. On any other day, the premium account is equal to:

1. what it was on the prior day; plus
2. if the premium account was greater than zero on the prior day, interest on the excess at 4% a year; minus
3. if the premium account was less than zero on the prior day, interest on the deficit at 4% a year; plus
4. any invested premium amount credited on that day; minus
5. any basic premium due on that day less the charge for payment processing; minus
6. any withdrawals on that day.

If we credit a part of a payment as of an earlier date, as we describe under Payment of Premiums, the premium account for all days from the crediting date to the date of receipt will be recalculated.

Default Unless the contract is already in the grace period, we will determine on each monthly date whether the contract is in default. To do so, we will first deduct any applicable charges from the contract fund and add any applicable credits to it (the contract fund is described on page 16). We will then compute the amount which will grow to equal the tabular contract fund on the next monthly date if, during the current contract month: (1) any investment results are at the assumed rate and (2) we receive no premiums or loan repayments, make no loans and grant no withdrawals. We will compare this amount to the contract fund.

If this amount is more than the contract fund, the difference is the fund deficit. In this case the contract is in default if the premium account is also less than zero.

Grace Period The days of grace begin on any monthly date, other than the contract date, on which the contract goes into default. Within 30 days after any default we will send you a notice that your contract is in default. We will indicate the minimum payment required to bring the contract out of default and the length of the grace period for making that payment.

We grant at least 61 days of grace from the date we mail you a notice of default. During the days of grace we will continue to accept premiums and make the charges we have set.

If at any time during the days of grace we have received payments that in total are at least equal to the lesser of (a) the sum of the fund deficit on the date of default and any additional fund deficits on any subsequent monthly dates since the date of default, and (b) the sum of the amount by which the premium account is negative on the date of default and any scheduled premiums due since the date of default, the default will end.

If at any time during the days of grace we have received payments that in total are at least equal to the lesser of (a) the fund deficit on the date of default and (b) the amount by which the premium account is negative on the date of default, but that are insufficient to end the default, here is what we will do. We will determine a new default date which is the monthly date after the old default date. We will grant at least 61 days of grace from the new default date.

If the contract is still in default when the days of grace are over, it will end and have no value, except as we state under Contract Value Options (see page 18). Any premiums paid during the days of grace will remain in the contract fund.

The Insured might die in the days of grace while the contract is in default. If so, the amount needed to bring the contract out of default is due us. We will make an adjustment so that the proceeds will not include that amount.

This contract might have an extra benefit that insures someone other than the Insured. And there might be a claim under that benefit while the Insured is living and in the days of grace while the contract is in default. In this case, we will subtract the amount needed to bring the contract out of default before we settle the claim.

Reinstatement If this contract is still in default after the last day of grace, you may reinstate it. All these conditions must be met:

1. The contract must not have been in default more than five years.
2. You must not have surrendered the contract for its net cash value.
3. You must give us any facts we need to satisfy us that the Insured is insurable for the contract.
4. We must be paid a premium at least equal to the amount required to bring the premium account up to zero on the first monthly date on which a scheduled premium is due after the date of reinstatement.
5. If before reinstatement the contract is in force as reduced paid-up insurance (see pages 18 & 19), any contract debt under reduced paid-up insurance must be repaid with interest or carried over to the reinstated contract.

If we approve the reinstatement, these statements apply. The date of reinstatement will be the date of your request or the date the required premium is paid, if later. We will start to make daily and monthly charges and credits again as of the date of reinstatement. We will deduct from the premium paid the charges from premium payments described in the contract data pages, and any charges in arrears, other than item (b) of the monthly deduction (see pages 3A and 18), with 4% interest to the date of reinstatement. The contract fund will be equal to the remainder, plus the cash value of the contract immediately before reinstatement, plus a refund of that part of any surrender charge deducted at the time of default which would be charged if the contract were surrendered immediately after reinstatement.

If we consent, you may be able to reinstate the contract for a premium less than that described above. We will deduct the same charges and adjust the contract fund in the same manner. In that case, the premium account will be less than zero and you may need to pay more than the scheduled premiums to guarantee that the contract will not go into default again at some future time.

FACE AMOUNT CHANGES AND WITHDRAWALS

- Face Amount** The face amount is shown on page 3. It will change if: (1) you increase or decrease it, or (2) you make a withdrawal.
- Increase in Face Amount** After the first contract year, you may increase the face amount once each contract year. You may do so subject to all these conditions and the paragraph that follows:
1. You must ask for the increase in writing in a form that meets our needs; if you are not the Insured and the Insured is age 8 or over, he or she must sign the form too.
 2. The amount of the increase must be at least equal to the minimum increase in face amount, which we show on page 3.
 3. You must give us any facts we need to satisfy us that the Insured is insurable for the amount of the increase.
 4. If we ask you to do so, you must send us the contract to be endorsed.
 5. The contract must not be in default.
 6. We must not since the issue date, have changed the basis on which benefits and charges are calculated under newly issued contracts.
 7. You must make any required payment.
 8. The Insured must be eligible for the same rating class and benefits as shown on page 3.
 9. We must not be waiving premiums in accord with any waiver of premium benefit that may be included in the contract.

An increase will take effect only if we approve your request for it at our Home Office. If we approve the increase, we will recompute the contract's basic premiums, maximum surrender charges, tabular values, monthly deductions, and expense charges. We will send you new contract data pages showing the amount and effective date of the increase and the recomputed values. If the Insured is not living on the effective date, the increase will not take effect.

Decrease in Face Amount After the first contract year, you may decrease the face amount. You may do so subject to all these conditions and the paragraphs that follow:

1. You must ask for the decrease in writing in a form that meets our needs.
2. The amount of the decrease must be at least equal to the minimum decrease in face amount, which we show on page 3.
3. The face amount after the decrease must be at least equal to the minimum face amount which we show on page 3.
4. If we ask you to do so, you must send us the contract to be endorsed.

A decrease will take effect only if we approve your request for it at our Home Office. If we approve the decrease we will recompute the contract's basic premiums, maximum surrender charges, tabular values, monthly deductions and expense charges. A decrease in face amount may also affect the amount of any extra benefits this contract might have. We will send you new contract data pages showing the amount and effective date of the decrease and the recomputed values. If the Insured is not living on the effective date, the decrease will not take effect.

We may deduct an administrative fee of up to \$15.00, and a proportionate part of any then applicable surrender charge from the contract fund.

Withdrawals You may make withdrawals from the contract. You may do so subject to all these conditions and the paragraphs that follow:

1. You must ask for the withdrawal in writing in a form that meets our needs.
2. The amount withdrawn, plus the net cash value after withdrawal, may not be more than the net cash value before withdrawal.
3. The contract fund after withdrawal must not be less than the tabular contract fund.
4. The amount you withdraw must be at least \$500.
5. You may make up to four withdrawals in any contract year.
6. If we ask you to do so, you must send us the contract to be endorsed.

We may deduct an administrative fee of up to \$15.00.

We will normally pay any withdrawal within seven days after we receive your request at our Home Office. But we have the right to postpone paying the part of the proceeds that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds for up to six months. If we do so for more than thirty days, we will pay interest at the rate of 3% a year.

An amount withdrawn may not be repaid, except as a premium subject to charges.

We will tell you how much you may withdraw if you ask us.

DIVIDENDS

- Participation** We will decide each year what part, if any, of our surplus to credit to this contract as a dividend. While the contract is in force other than as extended or reduced paid-up insurance, it will be eligible for such a dividend if the Insured is living. We will credit any such dividend on the anniversary. We do not expect to credit any dividends to this contract.
- Dividend Options** If you ask us in writing in a form that meets our needs, you may choose any of these uses for any such dividend:
1. Cash.—We will pay it to you in cash.
 2. Premium Reduction.—We will use it to reduce any premium then due. If no premium is then required, we will apply the dividend under dividend option 3.
 3. Dividend Addition.—We will use it at the net single premium rate as of the anniversary to provide a dividend addition, which is paid-up life insurance on the Insured's life.
 4. Accumulation.—We will hold it at interest. The rate will be at least 3% a year. We may use a higher rate.
- If you have not made another choice by 31 days after the anniversary, we will use the dividend as we state under dividend option 3. But if a contract is in default at the end of the last day of grace, we will use the dividend as we state under Contract Value Options. You may surrender any of the above additions or accumulations for their net value if: (1) we have not included them in the net cash value used to provide extended or reduced paid-up insurance; (2) we do not need them as security for contract debt; and (3) we have your request in writing in a form that meets our needs. The surrender value of those additions will not be less than the dividends we use to provide them.
- While the contract is in force as reduced paid-up insurance, it will be eligible for a dividend if the Insured is living. We will credit any such dividend on the anniversary as a paid-up life insurance addition on the Insured's life.
- Dividend Credits Described** The phrase dividend credits means the total of: (1) either the amount or value, as we explain in the next sentence, of any dividend additions under dividend option 3 or on reduced paid-up insurance; (2) any dividends and interest we hold under dividend option 4; and (3) any other dividends we have credited to the contract but have not yet used or paid. For dividend additions, the phrase means the amount of any of those additions when we set the amount of any extended insurance and when we refer to the proceeds that arise from the Insured's death; the phrase means the net value of any of those additions when we refer to loans, net cash values, or the proceeds that arise on surrender.
- Settlement** We will include any dividend credits in the proceeds when we settle the contract.

SEPARATE ACCOUNTS

Separate Account The words separate account, when we use them in this contract without qualification, mean any separate account we establish to support variable life insurance contracts like this one. We list the separate accounts available to you in the contract data pages. We may establish additional separate accounts. We will notify you within one year if we do so.

A separate account may or may not be registered with the SEC under the Investment Company Act of 1940. The contract data pages will tell you whether or not a particular separate account is so registered.

The investment policy of a separate account will not be changed without the approval of our domicile state. The approval process is on file with the insurance regulator where this contract is delivered.

Variable Investment Options A separate account may have one or more variable investment options. We list them in the contract data pages. We may establish additional variable investment options. We will notify you within one year if we do so.

Income and realized and unrealized gains and losses from assets in each variable investment option are credited to, or charged against, that variable investment option. This is without regard to income, gains, or losses in our other investment accounts.

Separate Account Investments We may invest the assets of different separate accounts in different ways. But we will do so only with the consent of the SEC and, where required, of the insurance regulator where this contract is delivered.

We will always keep assets in the separate accounts with a total value at least equal to the amount of the variable investment options under contracts like this one. To the extent those assets do not exceed that amount, we use them only to support those contracts; we do not use those assets to support any other business we conduct. We may use any excess over that amount in any way we choose.

We will determine the value of the assets in each separate account and any variable investment option at regular intervals.

FIXED INVESTMENT OPTIONS

You may allocate all or part of your invested premium amount to a fixed investment option. Fixed investment options are credited with interest as described under Guaranteed Interest and Excess Interest on page 17.

We may establish additional fixed investment options. We will notify you within one year if we do so.

TRANSFERS

Four transfers may be made in a contract year. There is no charge for these transfers.

You may transfer amounts into or out of variable investment options of separate accounts registered under the Investment Company Act of 1940 and into the fixed investment options at any time if the contract is not in default or if the contract is being continued under the variable reduced paid-up option. Other transfers are allowed only with our consent.

In addition, the entire amount in all investment options may be transferred to a fixed investment option at any time within the first two contract years.

To make a transfer, you must notify us in a form that meets our needs. The transfer will take effect on the date we receive your notice at our Home Office.

INSURANCE AMOUNT

The insurance amount on any date is equal to the greatest of: (1) the face amount, (2) the face amount, plus the contract fund before deduction of any monthly charges due on that date, minus the tabular contract fund, and (3) the contract fund before deduction of any monthly charges due on that date, divided by the net single premium per \$1 at the Insured's attained age.

CONTRACT FUND

Contract Fund Defined On the contract date the contract fund is equal to the invested premium amounts credited on that date, minus any of the charges described below which may be due on that date. On any day after that the contract fund is equal to what it was on the previous day, plus any invested premium amounts credited that day, plus these items:

- (a) any increase due to investment results in the value of the variable investment options.
- (b) guaranteed interest on that portion of the contract fund that is not in a variable investment option; and
- (c) any excess interest on that portion of the contract fund that is not in a variable investment option;

and minus any of these items applicable on that day:

- (d) any decrease due to investment results in the value of the variable investment options;
- (e) a charge against the variable investment options at a rate of not more than 0.00245475% a day (0.90% a year) for mortality and expense risks that we assume;
- (f) any amount charged against the variable investment options for federal or state income taxes;
- (g) any monthly deduction;
- (h) any charge for extra rating class;
- (i) any charge for extra benefits;
- (j) any withdrawals; and
- (k) any surrender charges, administrative charges or contract debt cancelled that may result from a withdrawal, a decrease in face amount or a change in status to variable reduced paid-up insurance.

We describe under Reinstatement on page 11 what the contract fund will be on any reinstatement date. There is no contract fund for a contract in force as extended insurance or fixed reduced paid-up insurance.

Guaranteed Interest We will credit interest each day on any portion of the contract fund not in a variable investment option. We will credit 0.01074598% a day, which is equivalent to an effective rate of 4% a year.

Excess Interest We may credit excess interest, that is, interest in addition to the guaranteed interest, on any portion of the contract fund not in a variable investment option. The rate of any excess interest will be determined from time to time and will continue thereafter until a new rate is determined. We may use different rates of excess interest for different portions of the contract fund. We may from time to time guarantee rates of excess interest on some portions of the contract fund.

Charge for Extra Rating Class If the contract is not in default past its days of grace and there is an extra charge because of the rating class of the Insured, we will deduct it from the contract fund on each monthly date. The maximum amount of any charge is included in the amount shown in the contract data pages under Schedule of Monthly Deductions from the Contract Fund.

Charge for Extra Benefits If the contract has extra benefits, we will deduct the charges for them from the contract fund on each monthly date. The maximum amount of any such charges are included in the amount shown in the contract data pages under Schedule of Monthly Deductions from the Contract Fund.

Monthly Deduction On each monthly date, we will make a deduction. We show the maximum amount of this deduction in the contract data pages. We may deduct less than the maximum amount. The coverage amount (referred to on page 3A) is the difference between the insurance amount and the adjusted contract fund. The adjusted contract fund is equal to the tabular contract fund at the end of the contract year multiplied by 0.98051782 plus the contract fund before deduction of any monthly charges due on the monthly date, minus the tabular contract fund on the monthly date.

The maximum monthly rates are based on the Insured's sex, rating class and attained age and are shown in the contract data pages. At least once every five years, but not more often than once a year, we will consider the need to change the rates based on actual or anticipated mortality and expense experience under contracts like this one. We will change them only if we do so for all contracts like this one dated in the same year as this one.

CONTRACT VALUE OPTIONS

Benefit After the Grace Period If the contract is in default beyond its days of grace, we will use any net cash value to keep the contract in force as one of three kinds of insurance:

1. Extended insurance applies to most contracts.
2. Fixed reduced paid-up insurance always applies if we issued the contract in a rating class for which we do not provide extended insurance; in this case, the phrase No Extended Insurance will appear under the heading Rating Class in the contract data pages.
3. Variable reduced paid-up insurance applies if the amount of paid-up insurance would be at least as great as the amount of extended insurance and the contract was issued in a rating class permitting extended insurance.

We describe each kind of insurance below. Any extra benefit will end as soon as the contract is in default past its days of grace, unless the form that describes the extra benefit states otherwise.

Extended Insurance This will be term insurance on the Insured's life. We will pay the amount of term insurance if the Insured dies in the term we describe below. Before the end of the term there will be cash values but no loan value.

The amount of term insurance will be: (1) the insurance amount, plus (2) any dividend credits minus (3) any contract debt. The term is a period of time that will start on the day the contract went into default. The length of the term will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date.

There may be extra days of term insurance. This will occur if, on the day the contract goes into default, the term of extended insurance provided by the net cash value does not exceed 90 days, or the number of days the contract was in force before the default began, if less. The number of extra days will be: (1) 90, or the number of days the contract was in force before the default began, if less, minus (2) the number of days of extended insurance that would be provided by the net cash value if there were no contract debt. The extra days, if any, start on the day after the last day of term insurance provided by the net cash value, if any. If there is no such term insurance, they start on the day the contract goes into default. The term insurance for the extra days has no cash value. There will be no extra days if you replace the extended insurance with reduced paid-up insurance or you surrender the contract before the extra days start.

Fixed Reduced Paid-up Insurance This will be paid-up life insurance on the Insured's life. We will pay the amount of this insurance when the Insured dies. There will be cash values and loan values.

The amount of this insurance will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date.

**Variable Reduced
Paid-up Insurance**

This will be paid-up variable life insurance on the Insured's life. We will pay the amount of this insurance when the Insured dies. The death benefit may change from day to day, as we explain below, but if there is no contract debt it will not be less than the minimum guaranteed amount. There will be cash values and loan values.

The minimum guaranteed amount of insurance will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date. The amount payable in the event of death will be the greater of (a) the minimum guaranteed amount, and (b) the contract fund divided by the net single premium per \$1 at the Insured's attained age. In either case the amount will be adjusted for any contract debt.

The variable reduced paid-up insurance option will be available only if the minimum guaranteed amount under the option is at least \$5,000 and if we issued the contract in a rating class permitting extended insurance.

Computations

We will make all computations for any of these benefits as of the date the contract goes into default. But we will consider any dividend credits you surrender, any loan you take out or pay back, or any premium payments, withdrawals, or changes in face amount you make in the days of grace.

Optional Benefit

You may choose to replace any extended insurance that has a cash value by fixed reduced paid-up insurance or by variable reduced paid-up insurance if it is available. To make this choice you must do so in writing in a form that meets our needs not more than three months after the date the contract goes into default. You must also send the contract to us to be endorsed.

Cash Value Option

You may surrender this contract for its net cash value. The net cash value at any time is the cash value at that time less any contract debt. To surrender this contract, you must ask us in writing in a form that meets our needs. You must also send the contract to us. Here is how we will compute the net cash value:

1. If the contract is not in default, the net cash value on any date will be the contract fund, before deduction of any monthly charges due on that date, minus any surrender charge, plus any dividend credits, minus any contract debt. The Schedule of Maximum Surrender Charges for this contract is in the contract data pages.
2. If the contract is in default during its days of grace, we will compute the net cash value as of the date the contract went into default. But we will adjust this value for any dividend credits you surrender, any loan you take out or payback and any premium payments, withdrawals or decreases in face amount you make in the days of grace.
3. If the contract is in default beyond its days of grace, the net cash value will be either: (1) the net value on that date of any extended insurance benefit then in force, or (2) the net value on that date of any reduced paid-up insurance benefit then in force, including any dividend credits, less any contract debt.

Within thirty days after an anniversary, the net cash value of any extended insurance or fixed reduced paid-up insurance will not be less than the value on that anniversary adjusted for any dividend credits you surrender and any loan you take out or pay back in those thirty days.

We will usually pay any net cash value within seven days after we receive your request and the contract at our Home Office. But we have the right to defer paying the part of the proceeds that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds for up to six months. If we do so for more than thirty days, we will pay interest at the rate of 3% a year.

Tabular Values We show tabular contract fund values and tabular cash values at the ends of contract years in the contract data pages.

If we need to compute tabular values at some time during a contract year, we will count the time since the start of the year. We will let you know the tabular values for other durations if you ask for them.

LOANS

Loan Requirements You may borrow from us on the contract. All these conditions must be met:

1. The Insured must be living.
2. The contract must be in force other than as extended insurance.
3. The contract debt will not be more than the loan value.
4. As sole security for the loan, you assign the contract to us in a form that meets our needs.
5. Except to pay premiums on this contract, you may not borrow less than \$200 at any one time.

If there is already contract debt when you borrow from us, we will add the new amount you borrow to that debt.

Contract Debt Contract debt at any time means the loan on the contract, plus the interest we have charged that is not yet due and that we have not yet added to the loan.

Example 1: Suppose the contract has a loan value of \$6,000. A few months ago you borrowed \$1,500. By now there is interest of \$55 charged but not yet due. The contract debt is now \$1,555, which is made up of the \$1,500 loan and the \$55 interest.

Loan Value You may borrow any amount up to the difference between the loan value and any existing contract debt. Except as we state in the next paragraph, the loan value at any time is equal to the sum of (a) 90% of the portion of the cash value that is attributable to the variable investment options, and (b) the balance of the cash value.

There are two exceptions. The first is that, if the contract is in default, the loan value during the days of grace is what it was on the date of default adjusted for any dividend credits you surrender and any premium payments, withdrawals, or decreases in face amount you make in the days of grace. The second is that, if the contract is in force as fixed reduced paid-up insurance, the loan value is equal to the amount that would grow at interest to equal the cash value on the next anniversary.

Example 2: Suppose, in example 1, you want to borrow all that you can. We will lend you \$4,445 which is the difference between the \$6,000 loan value and the \$1,555 contract debt. This will increase the contract debt to \$6,000. We will add the new amount borrowed to the existing loan and will charge interest on it, too.

Interest Charge You may select either the fixed loan rate option or the variable loan rate option. Both are described below. We show on page 3 the option you have selected. If you request a change from one option to the other and we agree, we will tell you the effective date of the change.

We charge interest daily on any loan. Interest is due on each contract anniversary, or when the loan is paid back, whichever comes first. If interest is not paid when due, it becomes part of the loan. Then we start to charge interest on it, too.

Example 3: Suppose the contract date is in 1988. Six months before the anniversary in 1997 you borrow \$1,600 out of a \$4,000 loan value. We charge 5½% a year. Three months later, but still three months before the anniversary, we will have charged about \$22 interest. This amount will be a few cents more or less than \$22 since some months have more days than others. The interest will not be due until the anniversary unless the loan is paid back sooner. The loan will still be \$1,600. The contract debt will be \$1,622, since contract debt includes interest charged but not yet due.

On the anniversary in 1997 we will have charged about \$44 interest. The interest will then be due.

Example 4: Suppose the \$44 interest in example 3 was paid on the anniversary. The loan and contract debt each became \$1,600 right after the payment.

Example 5: Suppose the \$44 interest in example 3 was not paid on the anniversary. The interest became part of the loan, and we began to charge interest on it, too. The loan and contract debt each became \$1,644.

Fixed Loan Rate Option

The loan interest rate is 5½% a year.

**Variable Loan Rate
Option**

The loan interest rate is the annual rate we set from time to time. The rate will never be greater than is permitted by law. It will change only on a contract anniversary.

Before the start of each contract year, we will determine the loan interest rate we can charge for that contract year. To do this, we will first find the rate that is the greater of: (1) The Published Monthly Average (which we describe below) for the calendar month ending two months before the calendar month of the contract anniversary; and (2) 5%.

If that greater rate is at least ½% more than the loan interest rate we had set for the current contract year, we have the right to increase the loan interest rate by at least ½%, up to that greater rate. If it is at least ½% less, we will decrease the loan interest rate to be no more than the greater rate. We will not change the loan interest rate by less than ½%.

When you make a loan we will tell you the initial interest rate for the loan. We will send you a notice if there is to be an increase in the rate.

The Published Monthly Average means:

1. Moody's Corporate Bond Yield Average—Monthly Average Corporates, as published by Moody's Investors Service, Inc. or any successor to that service; or
2. If that average is no longer published, a substantially similar average, established by the insurance regulator where this contract is delivered.

Repayment

All or part of any contract debt may be paid back at any time while the Insured is living. But if there is contract debt at the end of the last day of grace when the contract is in default, it will be deducted from the cash value to determine the net cash value. When we settle the contract, any contract debt is due us. We will make an adjustment so that the proceeds will not include the amount of that debt.

Effect of a Loan

When you take a loan, the amount of the loan continues to be part of the contract fund and is credited with interest at the guaranteed rate of 4% a year. If you have selected the variable loan rate option, we will credit excess interest at an effective rate of not less than the loan interest rate for the contract year less 5%.

We will reduce the portion of the contract fund allocated to the investment options by the amount you borrow, and by loan interest that becomes part of the loan because it is not paid when due.

On each transaction date, if there is a contract loan outstanding, we will increase the portion of the contract fund in the investment options by interest credits accrued on the loan since the last transaction date. When you repay part or all of a loan we will increase the portion of the contract fund in the investment options by the amount of loan you repay, plus interest credits accrued on the loan since the last transaction date. We will not increase the portion of the contract fund allocated to the investment options by loan interest that is paid before we make it part of the loan.

- Excess Contract Debt** If contract debt ever grows to be equal to or more than the cash value, all the contract's benefits will end 61 days after we mail a notice to you and any assignee we know of. Also, we may send a notice to the Insured's last known address. In the notice we will state the amount that, if paid to us, will keep the contract's benefits from ending for a limited time.
- Postponement of Loan** We will usually make a loan within seven days after we receive your request at our Home Office. But we have the right to postpone making the part of the loan that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds of a loan for up to six months, unless it will be used to pay premiums on this or other contracts with us.
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SETTLEMENT OPTIONS

- Payee Defined** In these provisions and under the Automatic Mode of Settlement, the word payee means a person who has a right to receive a settlement under the contract. Such a person may be the Insured, the owner, a beneficiary, or a contingent payee.
- Choosing an Option** A payee may choose an option for all or part of any proceeds or residue that becomes payable to him or her in one sum. We describe residue on page 23.
- In some cases, a payee will need our consent to choose an option. We describe these cases under Conditions.
- Options Described** Here are the options we offer. We may also consent to other arrangements.
- Option 1 (Instalments for a Fixed Period)** We will make equal payments for up to 25 years based on the Option 1 Table. The payments will include interest at an effective rate of 3½ % a year. We may credit more interest. If and while we do so, the payments will be larger.
- Option 2 (Life Income)** We will make equal monthly payments for as long as the person on whose life the settlement is based lives, with payments certain for the period chosen. The choices are either ten years (10-Year Certain) or until the sum of the payments equals the amount put under this option (Instalment Refund). The amount of each payment will be based on the Option 2 Table and on the sex and age, on the due date of the first payment, of the person on whose life the settlement is based. But if a choice is made more than two years after the contract proceeds first become payable, we may use the Option 2 rates in ordinary policies we regularly issue, based on United States currency, on the due date of the first payment. On request, we will quote the payment rates in policies we then issue. We must have proof of the date of birth of the person on whose life the settlement is based. The settlement will share in our surplus to the extent and in the way we decide.

Option 3 (Interest Payment)	We will hold an amount at interest. We will pay interest at an effective rate of at least 3% a year (\$30.00 annually, \$14.89 semi-annually, \$7.42 quarterly or \$2.47 monthly per \$1,000). We may pay more interest.
Option 4 (Instalments of a Fixed Amount)	We will make equal annual, semi-annual, quarterly or monthly payments if they total at least \$90 a year for each \$1,000 put under this option. We will credit the unpaid balance with interest at an effective rate of at least 3½% a year. We may credit more interest. If we do so, the balance will be larger. The final payment will be any balance equal to or less than one payment.
Option 5 (Non-Participating Income)	We will make payments like those of any annuity we then regularly issue that: (1) is based on United States currency; (2) is bought by a single sum; (3) does not provide for dividends; and (4) does not normally provide for deferral of the first payment. The payment will be at least what we would pay under that kind of annuity with its first payment due on its contract date. At least one of the persons on whose life the Option 5 is based must be a payee. If a life income is chosen, we must have proof of the date of birth of any person on whose life the option is based. Option 5 cannot be chosen more than 30 days before the due date of the first payment. On request, we will quote the payment that would apply for any amount placed under the option at that time.
First Payment Due Date	Unless a different date is stated when the option is chosen: (1) the first payment for Option 3 will be due at the end of the chosen payment interval; and (2) the first payment for any of the other options will be due on the date the option takes effect.
Residue Described	<p>For Options 1 and 2, residue on any date means the then present value of any unpaid payments certain. We will compute it at an effective interest rate of 3½% a year. But we will use the rate we used to compute the actual Option 2 payments if they were not based on the table in this contract.</p> <p>For Options 3 and 4, residue on any date means any unpaid balance with interest to that date.</p> <p>For Option 5, it means the then present value of any unpaid payments certain. We will compute it at the interest rate to which we refer in Option 5.</p> <p>For Options 2 and 5, residue does not include the value of any payments that may become due after the certain period.</p>
Withdrawal of Residue	<p>Unless otherwise stated when the option is chosen: (1) under Options 1 and 2, the residue may be withdrawn; and (2) under Options 3 and 4 all, or any part not less than \$100, of the residue may be withdrawn. If an Option 3 residue is reduced to less than \$1,000, we have the right to pay it in one sum. Under Option 2, withdrawal of the residue will not affect any payments that may become due after the certain period; the value of those payments cannot be withdrawn. Instead, the payments will start again if they were based on the life of a person who lives past the certain period.</p> <p>For Option 5, the residue may not be withdrawn while the payee and any other person on whose life the option is based is living. But, unless otherwise stated, when the option is chosen, after the death of the last of them to die any residue not already paid in one sum may be withdrawn.</p>
Designating Contingent Payee(s)	<p>A payee under an option has the right, unless otherwise stated, to name or change a contingent payee to receive any residue at that payee's death. This may be done only if: (1) the payee has the full right to withdraw the residue, (2) the residue would otherwise have been payable to that payee's estate at death, or (3) a settlement with payments certain is being made in accord with Option 5.</p> <p>A payee who has this right may choose, or change the choice of, an option for all or part of the residue. In some cases, the payee will need our consent to choose or change an option. We describe these cases under Conditions.</p> <p>Any request to exercise any of these rights must be in writing and in a form that meets our needs. It will take effect only when we file it at our Home Office. Then the interest of anyone who is being removed will end as of the date of the request, even if the payee who made the request is not living when we file it.</p>

Changing Options	A payee under Option 1, 3, or 4 may choose another option for any sum that the payee could withdraw on the date the chosen option is to start. That date may be before the date the payee makes the choice only if we consent. In some cases, the payee will need our consent to choose or change an option. We describe these cases next.
Conditions	Under any of these conditions, our consent is needed for an option to be used for any person: <ol style="list-style-type: none"> 1. The person is not a natural person who will be paid in his or her own right. 2. The person will be paid as assignee. 3. The amount to be held for the person under Option 3 is less than \$1,000. But we will hold any amount for at least one year in accord with the Automatic Mode of Settlement. 4. Each payment to the person under the option would be less than \$20. 5. The option is for residue arising other than at (a) the Insured's death, or (b) the death of the beneficiary who was entitled to be paid as of the date of the Insured's death. 6. The option is for proceeds that arise other than from the Insured's death, and we are settling with an owner or any other person who is not the Insured.
Death of Payee	If a payee under an option dies and if no other distribution is shown, we will pay any residue under that option in one sum to the payee's estate.

AUTOMATIC MODE OF SETTLEMENT

Applicability	These provisions apply to proceeds arising from the Insured's death and payable in one sum to a payee who is a beneficiary. They do not apply to any periodic payment.
Interest on Proceeds	We will hold the proceeds at interest under Option 3 of the Settlement Options provisions. The payee may withdraw the residue. We will pay it promptly on request. We will pay interest annually unless we agree to pay it more often. We have the right to pay the residue in one sum after one year if: (1) the payee is not a natural person who will be paid in his or her own right; (2) the payee will be paid as assignee; or (3) the original amount we hold under Option 3 for the payee is less than \$1,000.
Settlement at Payee's Death	<p>If the payee dies and leaves an Option 3 residue, we will honor any contingent payee provision then in effect. If there is none, here is what we will do. We will look to the beneficiary designation of the contract; we will see what other beneficiary(ies), if any, would have been entitled to the portion of the proceeds that produced the Option 3 residue if the Insured had not died until immediately after the payee died. Then we will pay the residue in one sum to such other beneficiary(ies), in accord with that designation. But if, as stated in that designation, payment would be due the estate of someone else, we will instead pay the estate of the payee.</p> <p><i>Example: Suppose the class 1 beneficiary is Jane and the class 2 beneficiaries are Paul and John. Jane was living when the Insured died. Jane later died without having chosen an option or naming someone other than Paul and John as contingent payee. If Paul and John are living at Jane's death we owe them the residue. If only one of them is living then, and if the contract called for payment to the survivor of them, we owe him the residue. If neither of them is living then, we owe Jane's estate.</i></p>
Spendthrift and Creditor	A beneficiary or contingent payee may not, at or after the Insured's death, assign, transfer, or encumber any benefit payable. To the extent allowed by law, the benefits will not be subject to the claims of any creditor of any beneficiary or contingent payee.

OPTION 1 TABLE

MINIMUM AMOUNT OF MONTHLY PAYMENT FOR EACH \$1,000, THE FIRST PAYABLE IMMEDIATELY	
Number of Years	Monthly Payment
1	\$84.65
2	43.05
3	29.19
4	22.27
5	18.12
6	15.35
7	13.38
8	11.90
9	10.75
10	9.83
11	9.09
12	8.46
13	7.94
14	7.49
15	7.10
16	6.76
17	6.47
18	6.20
19	5.97
20	5.75
21	5.56
22	5.39
23	5.24
24	5.09
25	4.96
Multiply the monthly amount by 2.989 for quarterly, 5.952 for semi-annual or 11.804 for annual.	

OPTION 2 TABLE

MINIMUM AMOUNT OF MONTHLY PAYMENT FOR EACH \$1,000, THE FIRST PAYABLE IMMEDIATELY									
AGE LAST BIRTHDAY	KIND OF LIFE INCOME				AGE LAST BIRTHDAY	KIND OF LIFE INCOME			
	10-Year Certain		Instalment Refund			10-Year Certain		Instalment Refund	
	Male	Female	Male	Female		Male	Female	Male	Female
10 and under	\$3.18	\$3.11	\$3.17	\$3.10	45	\$4.06	\$3.82	\$3.99	\$3.78
11	3.19	3.12	3.18	3.11	46	4.12	3.86	4.03	3.81
12	3.20	3.13	3.19	3.12	47	4.17	3.90	4.08	3.85
13	3.21	3.14	3.20	3.13	48	4.23	3.94	4.13	3.90
14	3.22	3.15	3.21	3.14	49	4.28	3.99	4.18	3.94
15	3.24	3.16	3.23	3.15	50	4.35	4.04	4.24	3.98
16	3.25	3.17	3.24	3.16	51	4.41	4.09	4.29	4.03
17	3.27	3.19	3.25	3.18	52	4.48	4.15	4.35	4.08
18	3.28	3.20	3.27	3.19	53	4.55	4.21	4.41	4.13
19	3.30	3.21	3.28	3.20	54	4.62	4.27	4.48	4.19
20	3.31	3.22	3.30	3.21	55	4.70	4.33	4.55	4.24
21	3.33	3.24	3.32	3.23	56	4.78	4.40	4.62	4.30
22	3.35	3.25	3.33	3.24	57	4.86	4.47	4.69	4.37
23	3.36	3.26	3.35	3.25	58	4.95	4.54	4.77	4.43
24	3.38	3.28	3.37	3.27	59	5.05	4.62	4.86	4.50
25	3.40	3.30	3.39	3.29	60	5.15	4.71	4.94	4.58
26	3.42	3.31	3.41	3.30	61	5.25	4.79	5.03	4.66
27	3.45	3.33	3.43	3.32	62	5.36	4.89	5.13	4.74
28	3.47	3.35	3.45	3.34	63	5.48	4.98	5.23	4.82
29	3.49	3.37	3.47	3.35	64	5.60	5.09	5.34	4.92
30	3.52	3.39	3.49	3.37	65	5.73	5.20	5.45	5.01
31	3.54	3.41	3.52	3.39	66	5.87	5.31	5.57	5.11
32	3.57	3.43	3.54	3.41	67	6.01	5.43	5.70	5.22
33	3.60	3.45	3.57	3.44	68	6.15	5.56	5.83	5.34
34	3.63	3.47	3.60	3.46	69	6.30	5.70	5.97	5.46
35	3.66	3.50	3.63	3.48	70	6.46	5.84	6.11	5.58
36	3.69	3.52	3.66	3.50	71	6.62	5.99	6.27	5.72
37	3.72	3.55	3.69	3.53	72	6.79	6.15	6.43	5.86
38	3.76	3.58	3.72	3.56	73	6.96	6.31	6.60	6.01
39	3.80	3.61	3.75	3.58	74	7.13	6.49	6.78	6.18
40	3.84	3.64	3.79	3.61	75	7.30	6.67	6.97	6.35
41	3.88	3.67	3.82	3.64	76	7.48	6.85	7.17	6.53
42	3.92	3.70	3.86	3.67	77	7.66	7.04	7.38	6.72
43	3.97	3.74	3.90	3.71	78	7.83	7.24	7.60	6.93
44	4.01	3.78	3.94	3.74	79	8.00	7.44	7.83	7.15
					80 and over	8.17	7.64	8.07	7.38

ENDORSEMENTS

(Only we can endorse this contract.)

Voting Rights

We are a mutual life insurance company. Our principal Office is in Newark, New Jersey, and we are incorporated in that State. By law, we have 24 directors. This includes 16 elected by our policyholders (four each year for four year terms), two of our Officers, and six public directors named by New Jersey's Chief Justice.

The election is held on the first Tuesday in April from 10:00 A.M. to 2:00 P.M. in our Office at Prudential Plaza, Newark, N.J. After this contract has been in force for one year, you may vote either in person or by mail. We will send you a ballot if you ask for one. Just write to the Secretary at Prudential Plaza, Newark, New Jersey 07101, at least 60 days before the election date. By law, your request must show your name, address, policy number and date of birth. Only individuals at least 18 years old may vote.

Home Office Locations

When we use the term Home Office, we mean any of these Prudential Offices:

Corporate Office, Newark, N.J.

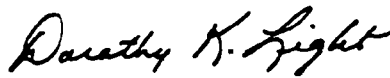
North Central Home Office,
Minneapolis, Minn.

Eastern Home Office,
Fort Washington, Pa.

South-Central Home Office,
Jacksonville, Fla.

The Prudential Insurance Company of America,

By



Secretary

COMB 86184—88

RIDER FOR INSURED'S WAIVER OF PREMIUM BENEFIT

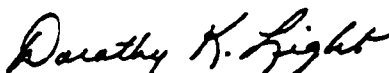
This benefit is a part of this contract only if it is included in the list of supplementary benefits on the contract data pages.

Total Disability Benefit	We will pay scheduled premiums into the contract for you on their due dates while the Insured is totally disabled. But this is subject to all the provisions of this benefit and of the rest of this contract.
Disability Defined	<p>When we use the words disability and disabled in this benefit we mean total disability and totally disabled. Here is how we define them: (1) until the Insured has stayed disabled for two years, we mean that he or she cannot, due to sickness or injury, do any of the duties of his or her regular occupation; but (2) after the Insured has stayed disabled for two years, we mean that he or she cannot, due to sickness or injury, do any gainful work for which he or she is reasonably fitted by education, training, or experience.</p> <p>Except for what we state in the next sentence, we will at no time regard an Insured as disabled who is doing gainful work for which he or she is reasonably fitted by education, training, or experience. We will regard an Insured as disabled, even if working or able to work, if he or she incurs, during a period in which premiums are eligible to be waived as we describe below, one of the following: (1) permanent and complete blindness of both eyes; or (2) physical severance of both hands at or above the wrists or both feet at or above the ankles; or (3) physical severance of one hand at or above the wrist and one foot at or above the ankle.</p>
Premiums Eligible To Be Paid By Us	<p>If the Insured becomes disabled before the first contract anniversary following his or her 60th birthday and that disability begins: (1) on or after the first contract anniversary following his or her 5th birthday, if the contract date was before that birthday; or (2) on or after the contract date, if that date was on or after his or her 5th birthday, we will pay all scheduled premiums that fall due while he or she stays disabled.</p> <p>If the Insured becomes disabled on or after the first contract anniversary following his or her 60th birthday, we will pay only those scheduled premiums that fall due before the first contract anniversary following his or her 65th birthday and while he or she stays disabled.</p> <p>If the Insured becomes disabled on or after the first contract anniversary after his or her 65th birthday, we will not pay any scheduled premiums that fall due in that period of disability.</p>
Conditions	Both of these conditions must be met: (1) The Insured must become disabled while this contract is in force and not in default past the last day of the grace period; (2) The Insured must stay disabled for a period of at least six months while living.
Exceptions	We will not pay any scheduled premiums if the Insured becomes disabled from: (1) an injury he causes to himself, or she causes to herself, on purpose; or (2) sickness or injury due to service on or after the contract date in the armed forces of any country(ies) at war. The word war means declared or undeclared war and includes resistance to armed aggression.
Successive Disabilities	<p>Here is what happens if the Insured has at least one scheduled premium paid by us while disabled, then gets well so that he or she resumes making payments, and then becomes disabled again. In this case, we will not apply the six-month period that would otherwise be required by Condition (2) and will consider the second period of disability to be part of the first period unless: (1) the Insured has done gainful work, for which he or she is reasonably fitted, for at least six months between the periods; or (2) the Insured became disabled the second time from an entirely different cause.</p> <p>If we do not apply the six-month period required by Condition (2), we also will not count the days when there was no disability as part of the two year period when disability means the Insured cannot do any of the duties of his or her regular occupation.</p>

Notice and Proof of Claim	<p>Notice and proof of any claim must be given to us while the Insured is living and disabled, or as soon as reasonably possible. If notice or proof is not given as soon as reasonably possible, we will not pay any scheduled premium due more than one year before the date the notice or proof is given to us.</p> <p>We may also require proof at reasonable times that the Insured is still disabled. After he or she has been disabled for two years, we will not ask for proof of continued disability more than once a year; and we will require no further proof of continued disability after the first contract anniversary that follows the Insured's 65th birthday if he or she has been continually disabled for at least five years.</p> <p>As a part of any proof, we have the right to require that the Insured be examined at our expense by doctors of our choice.</p>
When We Will Stop Paying Premiums	We will stop paying scheduled premiums if: (1) disability ends; or (2) we ask for proof that the Insured is disabled and we do not receive it; or (3) we require that the Insured be examined and he or she fails to do so.
Changes in the Face Amount	If there was an increase or decrease in the face amount before we approved a claim under this benefit, but we find that the increase or decrease took effect on a monthly processing date on which the Insured was disabled we will restore the coverage to what it would have been if the increase or decrease had not taken effect.
Benefit Premiums and Charges	<p>We include the premiums for this benefit in the Schedule of Premiums in the contract data pages. From each premium payment, we make the deductions shown under Schedule of Deductions from Premium Payments in these pages and the balance is the invested premium amount which is added to the contract fund.</p> <p>The monthly charge for this benefit is deducted on each monthly date from the contract fund. The amount of that charge is included in the Schedule of Monthly Deductions from the Contract Fund in the contract data pages.</p>
Unscheduled Premiums During Disability	You may make unscheduled premium payments if you wish, as provided in the Unscheduled Premiums section of the contract even when we are paying scheduled premiums that fall due during a period of disability.
Termination	<p>This benefit will end and we will make no more scheduled premium payments for you on the earliest of:</p> <ol style="list-style-type: none"> 1. the end of the last day of grace if the contract is in default; it will not continue if a benefit takes effect under any contract value options provision that may be in the contract; 2. the end of the day before the first contract anniversary that follows the Insured's 65th birthday, unless the Insured has stayed disabled since before the first contract anniversary that follows the 60th birthday; 3. the date the contract is surrendered under its Cash Value Option, if it has one; and 4. the date the contract ends for any other reason. <p>If you do not make any withdrawals from the contract starting on the date the Insured becomes disabled, the contract cannot go into default during the period we are paying scheduled premiums into the contract.</p>

This Supplementary Benefit rider attached to this contract on the Contract Date

The Prudential Insurance Company of America,

By 
Secretary

RIDER FOR INSURED'S ACCIDENTAL DEATH BENEFIT

This benefit is a part of this contract only if it is included in the list of supplementary benefits on the contract data pages.

Benefit We will pay the amount of this benefit that we show on the contract data pages for the Insured's accidental loss of life. But our payment is subject to all the provisions of the benefit and of the rest of this contract.

Manner of Payment We will include in the proceeds of this contract any payment under this benefit.

Conditions Both of these conditions must be met: (1) We must receive due proof that the Insured's death was the direct result, independent of all other causes, of accidental bodily injury that occurred on or after the contract date. (2) The death must occur while the contract is in force.

Exclusions We will not pay under this benefit for death caused or contributed to by: (1) suicide or attempted suicide while sane or insane; or (2) infirmity or disease of mind or body or treatment for it; or (3) any infection other than one caused by an accidental cut or wound.

Even if death is caused by accidental bodily injury, we will not pay for it under this benefit if it is caused or contributed to by: (1) service in the armed forces of any country(ies) at war; or (2) war or any act of war; or (3) travel by, or descent from, any aircraft if the Insured had any duties or acted in any capacity other than as a passenger at any time during the flight. But we will ignore (3) if all these statements are true of the aircraft: (a) It has fixed wings and a permitted gross takeoff weight of at least 75,000 pounds. (b) It is operated by an air carrier that is certificated under the laws of the United States or Canada to carry passengers to or from places in those countries. (c) It is not being operated for any armed forces for training or other purposes. As used here, the word aircraft includes rocket craft or any other vehicle for flight in or beyond the earth's atmosphere. The word war means declared or undeclared war and includes resistance to armed aggression.

Automatic Reduction We have the right to limit the amount of this benefit to no more than twice the face amount of this contract. If that face amount is decreased for any reason, we have the right to reduce the amount of the benefit to twice the new face amount.

Benefit Premiums and Charges We show the premiums for this benefit in the Schedule of Premiums in the contract data pages. From each premium payment, we make the deductions shown under Schedule of Deductions from Premium Payments in these pages and the balance is the invested premium amount which is added to the premium account and the contract fund.

The monthly charge for this benefit is deducted on each monthly date from the contract fund. The amount of that charge is included in the Schedule of Monthly Deductions from the Contract Fund in the contract data pages.

Termination This benefit will end on the earliest of:

1. the end of the last day of grace if the contract is in default; it will not continue if a benefit takes effect under any contract value options provision that may be in the contract;
2. the date the contract is surrendered under its Cash Value Option, if it has one; and
3. the date the contract ends for any other reason.

Further, if you ask us in writing, and we agree, we will cancel the benefit as of the first monthly date on or after we receive your request. Contract premiums and monthly charges due then and later will be reduced accordingly.

This Supplementary Benefit rider attached to this contract on the Contract Date

The Prudential Insurance Company of America,

By 
Secretary

ENDORSEMENTS

(Only we can endorse this contract.)

BASIS OF COMPUTATION

- Mortality Tables Described** Except as we state in the next paragraph, (1) we base all net premiums and net values to which we refer in this contract on the Insured's issue age and sex and on the length of time since the contract date; (2) we use the Commissioners 1980 Standard Ordinary Non-Smokers Mortality Table; and (3) we use continuous functions based on age last birthday.
- For extended insurance, we base net premiums and net values on the Commissioners 1980 Non-Smokers Extended Term Insurance Table.
- Interest Rate** For all net premiums and net values to which we refer in this contract we use an effective rate of 4% a year.
- Exclusions** When we compute net values, tabular values, reduced paid-up insurance and extended insurance, we exclude the value of any supplementary benefits and any other extra benefits added by rider to this contract.
- Values After 20 Contract Years** Tabular values not shown on page 4 will be computed using the standard nonforfeiture method and the mortality tables and interest rate we describe above. We show the nonforfeiture factors in the contract data pages.
- Minimum Legal Values** The cash, loan and other values in this contract are at least as large as those set by law where it is delivered. Where required, we have given the insurance regulator a detailed statement of how we compute values and benefits.

The Prudential Insurance Company of America,

By *Dorothy K. Light*
Secretary

ENDORSEMENTS . . .

(Only we can endorse this contract.)

ALTERATION OF TEXT

The first paragraph of the misstatement of Age or Sex Provision is amended to read as follows. If the Insured's stated age or sex or both are not correct, we will adjust each benefit and any amount to be paid to reflect the correct age and sex. How we will do so depends on the status of the contract when we learn of the error, and on whether the Insured is then living. If the Insured dies while the contract is in force as extended term insurance, here is what we will do. We will compute what the net cash value of the incorrect contract was on the date of default. We will compute the amount of extended term insurance this value would have provided at the Insured's correct age, on the date of default, and sex for the length of time, beginning on the date of default, that we computed for the incorrect contract. We will pay this amount.

If the contract is in force other than as extended term insurance and the Insured is not living when we learn of the error, here is what we will do. We will compute the charge we made on the last Monthly Date before the Insured's death for the cost of expected mortality (see Charge for Expected Mortality). We will compute the coverage amount which this charge would have provided at the Insured's Correct sex and age on that Monthly Date. The new Basic Amount will be the correct coverage amount plus the contract fund. If the contract is in force other than as extended term insurance and the Insured is living when we learn of the error, here is what we will do. We will accumulate, at 4% interest, the scheduled premiums per \$1000 of face amount of the incorrect contract, multiplied by its face amount. We will accumulate, at 4% interest, the scheduled premiums per \$1000 of face amount of a similar contract issued at the Insured's correct age and sex. We will divide the first accumulation by the second. The result will be the face amount of a new contract with which we will replace the incorrect contract. The new contract will be similar in form to the incorrect contract but will contain scheduled premiums, tabular contract funds, tabular cash values and surrender charges as if it had been issued at the correct age and sex. If the contract fund of the incorrect contract is at least equal to the tabular contract fund of the correct contract, then we will set the contract fund of the correct contract equal to that of the incorrect contract. If not, we will set the contract fund of the correct contract equal to its tabular contract fund, and grant a loan against the correct contract equal to the excess of its tabular contract fund over the contract fund of the incorrect contract. This loan will be added to any existing loan. If we need to adjust any benefit under conditions we have not fully described in this provision, we will do so in a consistent way.

Rider attached to and made a part of this contract on the Contract Date

The Prudential Insurance Company of America,

By *Dorothy K. Light*
Secretary

In The Court of Common Pleas of Clearfield County, Pennsylvania

Sheriff Docket # 12952

LINGLE, NANCY E.

02-1267-CD

VS.

PRUDENTIAL INSURANCE COMPANY OF AMERICA

COMPLAINT IN EQUITY

SHERIFF RETURNS

NOW SEPTEMBER 3, 2002 SERVED THE WITHIN COMPLAINT IN EQUITY
ON PRUDENTIAL INSURANCE COMPANY OF AMERICA, DEFENDANT BY
CERT. MAIL# 7001 1940 0001 9405 9499 AT PRUDENTIAL PLAZA, NEWARK,
NJ 07101 BEING THEIR LAST KNOWN ADDRESS. THE RETURN RECEIPT IS
HERETO ATTACHED AND MADE A PART OF THIS RETURN.

Return Costs

Cost	Description
23.71	SHFF. HAWKINS PAID BY; ATTY.
10.00	SURCHARGE PAID BY: ATTY.

Sworn to Before Me This

24th Day Of October 2002
William A. Shaw

Deputy Prothonotary
My Commission Expires
1st Monday in Jan. 2006
Clearfield Co., Clearfield, PA

So Answers,

Chester A. Hawkins

Chester A. Hawkins
Sheriff

FILED

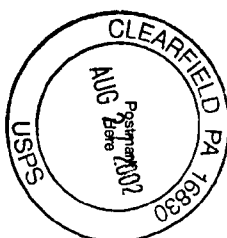
013:54
OCT 24 2002

E
HED

William A. Shaw
Prothonotary

7001 1940 0001 9405 9499

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 5.34



Sent To

PRUDENTIAL INS. CO. OF AMERICA

Street, Apt. No.;

or Potential Plaza

City, State, ZIP+4

Newark, NJ 07101

PS Form 2800-January 2004

See Reverse for Instructions

Certified Mail Provides:

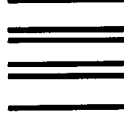
- ☒ A mailing receipt
- ☒ A unique identifier for your mailpiece
- ☒ A signature upon delivery
- ☒ A record of delivery kept by the Postal Service for two years

Important Reminders:

- ☒ Certified Mail may ONLY be combined with First-Class Mail or Priority Mail.
- ☒ Certified Mail is not available for any class of international mail.
- ☒ NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- ☒ For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
- ☒ For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- ☒ If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

UNITED STATES POSTAL SERVICE

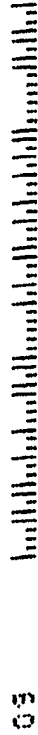


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

CHESTER A HAWKINS
Sheriff of Clearfield County
1 N. 2nd St. Suite 116
Clearfield, Pa. 16830

1d952



COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,

Plaintiff,

v.

PRUDENTIAL INSURANCE COMPANY OF
AMERICA,

Defendant.

Civil Action No. 02-1267-00

**NOTICE OF FILING OF
NOTICE OF REMOVAL**

Filed on behalf of Defendant, Prudential
Insurance Company of America

Counsel of Record for Prudential Insurance
Company of America:

John F. Smith, III
Pa. I.D. No. 02293
Perry A. Napolitano
Pa. I.D. No. 56789

REED SMITH LLP
435 Sixth Avenue
Pittsburgh, PA 15219
(412) 288-3131
Firm ID No. 234

FILED

SEP 25 2002

William A. Shaw
Prothonotary

**COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION**

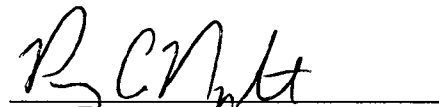
NANCY E. LINGLE,)	
)	
Plaintiff,)	Civil Action No. 02-1267-00
)	
vs.)	
)	
PRUDENTIAL INSURANCE)	NOTICE OF FILING OF
COMPANY OF AMERICA,)	<u>NOTICE OF REMOVAL</u>
)	
Defendant.)	

PLEASE TAKE NOTICE that the within is a true copy of the Notice of Removal filed in the office of the Clerk of the United States District Court for the Western District of Pennsylvania, on September 25, 2002.

Pursuant to 28 U.S.C. § 1446(d), the Court of Common Pleas of Clearfield County, Pennsylvania, shall proceed no further unless the case is remanded.

Dated: September 25, 2002

Respectfully submitted,



John F. Smith, III
Pa. I.D. No. 02293
Perry A. Napolitano
Pa. I.D. No. 56789
Reed Smith LLP
435 Sixth Avenue
Pittsburgh, PA 15219

Attorneys for Defendant,
The Prudential Insurance
Company of America

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

NANCY E. LINGLE,)	
)	
Plaintiff,)	Civil Action No. _____
)	
vs.)	
)	<u>NOTICE OF REMOVAL</u>
PRUDENTIAL INSURANCE)	
COMPANY OF AMERICA,)	
)	
Defendant.)	

PLEASE TAKE NOTICE that, pursuant to 28 U.S.C. §§ 1441(a) and 1446, defendant The Prudential Insurance Company of America ("Prudential") removes the above-captioned action from the Court of Common Pleas of Clearfield County, Pennsylvania, to the United States District Court for the Western District of Pennsylvania, by the filing of this Notice of Removal with the Clerk of the United States District Court for the Western District of Pennsylvania. As grounds therefor, Prudential states as follows:

1. This action may be removed to this Court by Prudential pursuant to the provisions of 28 U.S.C. §§ 1441(a) and 1446. There is complete diversity of citizenship between plaintiff and defendant, and the amount in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs.

2. On or about August 14, 2002, plaintiff commenced an action in the Court of Common Pleas of Clearfield County, Pennsylvania, entitled *Nancy E. Lingle v. Prudential Insurance Company of America*, Case No. 02-1267-00 (the "State Court Action"). A copy of plaintiff's Summons and Complaint, which constitute all process, pleadings and orders served upon Prudential in the State Court Action, is attached as Exhibit A.

3. Prudential purportedly was served with the Summons and Complaint in the State Court Action on September 5, 2002.

4. This Notice of Removal is filed within thirty days after the first pleading in the State Court Action was first served on Prudential, the only defendant, and therefore is timely filed pursuant to 28 U.S.C. § 1446(b). *Murphy Bros. Inc. v. Michetti Pipe Stringing Inc.*, 526 U.S. 344 (1999).

5. A copy of the written notice required by 28 U.S.C. § 1446(d), addressed to the adverse party and to the Prothonotary/Clerk of Courts of Clearfield County, is attached as Exhibit B and will be filed in the State Court Action and forwarded to plaintiff upon the filing of this Notice of Removal.

JURISDICTION EXISTS UNDER 28 U.S.C. § 1332

The Parties Are Diverse

6. Plaintiff alleges in her Complaint that she has a mailing address of “Bradenton, FL.” (Ex. A, ¶ 1) On information and belief, plaintiff is now, and at the time the State Court Action was commenced was, a resident and citizen of the State of Florida.

7. Prudential is now, and at the time the State Court Action was commenced was, a corporation organized and existing under the laws of the State of New Jersey with its principal place of business in the State of New Jersey and therefore is now, and at the time the State Court Action was commenced was, a citizen of the State of New Jersey for diversity jurisdiction purposes. *See In re The Prudential Ins. Co. of America Sales Practices Litig.*, MDL No. 1061, slip op. at 25 (D.N.J. June 26, 1997)(“Prudential is a citizen of New Jersey for purpose[s] of assessing the propriety of diversity jurisdiction.”)(copy attached as Exhibit C).

8. There is thus complete diversity of citizenship between plaintiff and Prudential.

The Amount In Controversy Exceeds \$75,000

9. For this Court to have subject matter jurisdiction based on diversity of citizenship, the amount in controversy must exceed the sum or value of \$75,000, exclusive of interest and costs. 28 U.S.C. § 1332(a).

10. The amount in controversy in this case exceeds the sum or value of \$75,000, exclusive of interest and costs. In cases such as this, involving the plaintiff's entitlement to a life insurance policy, the face amount of the policy is "in controversy." *See Bell v. Preferred Life Assurance Soc'y*, 320 U.S. 238, 240 (1943); *Guardian Life Ins. Co. of America v. Muniz*, 101 F.3d 93, 94 (11th Cir. 1996); *Stephenson v. Equitable Life Assurance Soc'y of the U.S.*, 92 F.2d 406, 410 (4th Cir. 1937); *Bell v. Philadelphia Life Ins. Co.*, 78 F.2d 322, 323 (4th Cir. 1935). Moreover, where, as here, injunctive relief is sought, "it is well established that the amount in controversy is measured by the value of the object of the litigation." *Hunt v. Washington State Apple Advertising Commission*, 432 U.S. 333, 347 (1977) (citations omitted). According to Prudential's records, the Prudential policy at issue, policy 99324713, has a face value of \$150,000. Accordingly, the amount in controversy is clearly in excess of the jurisdictional amount.

11. Therefore, the State Court Action is removable to federal court.¹

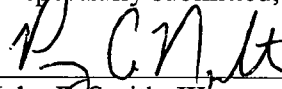
12. Accompanying this Notice of Removal are a Civil Cover Sheet and a check in the amount of \$150.00 for the required filing fee.

¹ This action also is removable pursuant to the All Writs Act, 28 U.S.C. § 1651, as it interferes with the jurisdiction of the United States District Court for the District of New Jersey in administering a complex class action settlement and the Final Order and Judgment entered by that court in that class action settlement (*In re The Prudential Ins. Co. of America Sales Practices Litig.*, 962 F. Supp. 450 (D.N.J. 1997), *aff'd*, 148 F.3d 283 (3d Cir. 1998), *cert. denied*, 525 U.S. 1114 (1999)). *E.g.*, *Montgomery v. Aetna Plywood, Inc.*, 231 F.3d 399, 411-12 (7th

WHEREFORE, defendant The Prudential Insurance Company of America removes the State Court Action from the Court of Common Pleas of Clearfield County, Pennsylvania, to this Court, and prays that this Court take jurisdiction of this civil action to the exclusion of any further proceedings in said state court.

Dated: September 25, 2002

Respectfully submitted,



John F. Smith, III

Pa. I.D. No. 02293

Perry A. Napolitano

Pa. I.D. No. 56789

Reed Smith LLP

435 Sixth Avenue

Pittsburgh, PA 15219

(412) 288-7230

Attorneys for Defendant,

The Prudential Insurance

Company of America

Cir. 2000); *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic City*, 988 F. Supp. 486 (D.N.J. 1997).

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,
Plaintiff

VS

PRUDENTIAL INSURANCE COMPANY
OF AMERICA,
Defendant

No. 02-1267-CO
IN EQUITY

Type of Case: Civil

Type of Pleading: Complaint

Filed on Behalf of: Plaintiff

Counsel of Record for this Party:
CHRIS A. PENTZ, Esquire

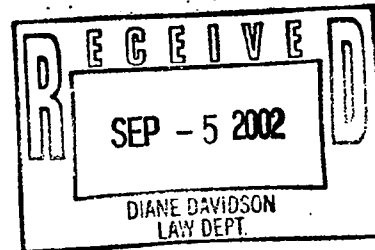
Supreme Court I.D. # 39232
211 1/2 East Locust Street
P. O. Box 552
Clearfield PA 16830
814 765-4000

I hereby certify this to be a true
and attested copy of the original
statement filed in this case.

AUG 14 2002

Attest:

William L. Lingle
Prothonotary/
Clerk of Courts



IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,
Plaintiff

vs

PRUDENTIAL INSURANCE COMPANY
OF AMERICA

Defendant

No.
IN EQUITY

NOTICE

You have been sued in Court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for the money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

Office of Court Administrator
Clearfield County Courthouse
1 North Second Street
Clearfield PA 16830
814 765-2641

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

NANCY E. LINGLE,	*	
Plaintiff	*	
vs.	*	No.
	*	IN EQUITY
PRUDENTIAL INSURANCE COMPANY	*	
OF AMERICA,	*	
Defendant	*	

COMPLAINT

1. The Plaintiff is NANCY E. LINGLE, sui juris, with a mailing address of 802 49th A Avenue East, Bradenton FL 34203.
2. The Defendant is the PRUDENTIAL INSURANCE OF AMERICA, a mutual life insurance company, with a place of business at Prudential Plaza, Newark, NJ 07101.
3. The Plaintiff purchased policy # 99-324-713 on or about December 21, 1989. A copy of that policy is marked Exhibit "A" and attached hereto and incorporated herein by reference.
4. The policy was purchased from Steven Percy, an agent for the Prudential Insurance of America, at Plaintiff's then residence being 725 Old Town Road, Clearfield, Clearfield County Pennsylvania 16830.
5. The Plaintiff was advised by the Defendant's agent that the policy would be self paying after a period of ten (10) years.
6. The Plaintiff contacted Jeffrey Norris, a duly authorized agent for the Defendant, on the eleventh year of the policy and inquired as to whether the policy had reached a self pay status.
7. The Plaintiff was advised by Mr. Norris that the policy had indeed reached self pay status and that the dividends generated by the policy would be sufficient to pay the annual premium.
8. On or about June 12, 2001, the Plaintiff received a Notice of Lapse in Coverage due to non-payment of premium.
9. In response to receiving a Notice of Lapse, the Plaintiff contacted Mr. Norris to determine why she received the Notice of Lapse.

10. The Plaintiff was advised by Mr. Norris to contact the Defendant at their main office.

11. The Plaintiff contacted the Defendant at its main office and was advised that the policy issued did not provide for self payment of the premiums through the policy's dividends contrary to the representations made to the Plaintiff by Defendant's agent at the time of purchasing the policy.

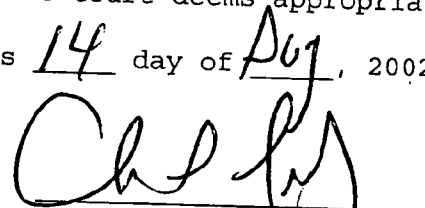
12. The Plaintiff has been required to make payments of \$5,789.94 to the Defendant to maintain the policy in effect.

13. The Plaintiff relied on the representations of the Defendant's agents that the policy would reach self pay status at the end of the tenth year when purchasing the policy in question.

WHEREFORE, the Plaintiff demands judgment against the Defendant as follows:

- a. The issuance of a policy upon the same terms and conditions as the policy subject to this litigation with the additional provision that the premiums will be paid in full from the dividends of the policy.
- b. Reimbursement in the amount of \$5,789.94 for funds paid by the Plaintiff to keep the policy in effect subsequent to the tenth year.
- c. Such other relief as the Court deems appropriate.

Respectfully submitted this 14 day of Aug, 2002


Chris A. Pentz, Esquire
Attorney for Plaintiff

VERIFICATION

I, NANCY E. LINGLE, verify that the statements made in this COMPLAINT are true and correct. I understand that false statements herein are made subject to the penalties of 18 Pa.C.S. §4904 relating to unsworn falsification to authorities.

6-14-02
Date

Nancy E. Lingle
Nancy E. Lingle



The Prudential Insurance Company of America
a mutual life insurance company
Prudential Plaza, Newark, New Jersey 07101

Insured NANCY E LINGLE

99 324 713 Policy Number
DEC 21, 1989 Contract Date

Face Amount \$150,000--

Premium Period LIFE
Agency K-DUBO-D-007

We will pay the beneficiary the proceeds of this contract promptly if we receive due proof that the Insured died. We make this promise subject to all the provisions of the contract.

The proceeds arising from the Insured's death will be the insurance amount, plus the amount of any extra benefit arising from the Insured's death (unless the contract is in default or there is contract debt). The insurance amount may be fixed or variable depending on the payment of premiums, the investment experience of the variable investment options, any excess interest credited to the fixed investment options, and the charges made. But it will not be less than the face amount. (We describe the insurance amount on page 16.)

The cash value may increase or decrease daily depending on the payment of premiums, the investment experience of the variable investment options, any excess interest credited to the fixed investment options, and the charges made. There is no guaranteed minimum.

We specify a schedule of premiums. Additional premiums may be paid at your option subject to the limitations in the contract.

Please read this contract with care. A summary is on page 5. If there is ever a question about it, or if there is a claim, just see one of our agents or get in touch with one of our offices.

Right to Cancel Contract.—You may return this contract to us within: (1) 10 days after you get it, or (2) 45 days after Part 1 of the application was signed, or (3) 10 days after we mail or deliver to you any withdrawal right notice required by the Securities and Exchange Commission, whichever is latest. All you have to do is take the contract or mail it to one of our offices or to the agent who sold it to you. It will be canceled from the start and we will promptly give back your money within ten days after we receive the contract.

Signed for Prudential.

Secretary

President

Modified Premium Variable Whole Life Insurance Policy with variable insurance amount. Insurance payable only upon death. Scheduled premiums payable throughout Insured's lifetime. Provision for optional additional premiums. Benefits reflect premium payments, investment results and charges. Death benefit guaranteed if scheduled premiums duly paid and no contract debt or withdrawals. Increase in face amount at attained age 21 if contract issued at age 14 or lower. Eligible for annual dividends as stated under Dividends.

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Any supplementary benefits and a copy of the application follow page 26.

CONTRACT DATA

Insured's Sex and Issue Age F-50

Insured NANCY E LINGLE

99 324 713
DEC 21, 1989

Policy Number
Contract Date

Face Amount \$150,000--

Premium Period LIFE

Agency K-DUBO-D-007

Beneficiary CLASS 1 DARRELL D LINGLE SR, HUSBAND
CLASS 2 BRYAN K LINGLE JR, GRANDSON

Fixed Loan Interest Rate

LIST OF CONTRACT MINIMUMS

The minimum unscheduled Premium is \$25.
The minimum increase in Face Amount is \$25,000.
The minimum decrease in Face Amount is \$10,000.
The minimum Face Amount is \$50,000.

***** END OF LIST *****

LIST OF SUPPLEMENTARY BENEFITS

(Each benefit is described in the form
that bears the number shown for it)

AL100B Insured's Waiver of Premium Benefit.

AL110BP Insured's Accidental Death Benefit in Amount of \$300,000--

***** END OF LIST *****

SUMMARY OF FACE AMOUNT

	AMOUNT	EFFECTIVE DATE	RATING CLASS	CONTRACT CHANGE DATE
Initial	\$150,000--	DEC 21, 1989	NONSMOKER	DEC 21, 2004

***** END OF SUMMARY *****

CONTRACT DATA CONTINUED ON NEXT PAGE

CONTRACT DATA CONTINUED

SCHEDULE OF PREMIUMS

Scheduled premiums are equal to the basic premium plus the charge for applicable taxes. The initial scheduled premium due on the contract date is \$1,382.65. Due dates of scheduled premiums occur on the contract date and at intervals of 6 months after that date.

Basic Premiums are	\$1,355.00	each
Changing on DEC 21, 2004 to	\$3,029.00	each

Basic premiums include the premiums for benefit AL100B and the following supplementary benefit premiums.

Basic premiums for benefit AL110BP are \$162.00 each

***** END OF SCHEDULE *****

CONTRACT DATA CONTINUED ON NEXT PAGE

SCHEDULE OF DEDUCTIONS FROM PREMIUM PAYMENTS

From each premium paid we first deduct a charge for applicable taxes (other than taxes discussed on page 17) of 2%. We reserve the right to change this percentage to conform to changes in the law or if the insured changes residence.

From the remainder, we deduct a charge for payment processing of up to \$2.00. After deduction of this amount, the balance is the invested premium amount.

***** END OF SCHEDULE *****

SCHEDULE OF MONTHLY DEDUCTIONS FROM THE CONTRACT FUND

The maximum monthly deduction, which provides for administration expenses, sales expenses, the guaranteed minimum death benefit and the expected cost of mortality is equal to:

- (a) \$19.29, changing on DEC 21, 2004 to \$36.90, plus
- (b) an amount equal to the maximum monthly rate (See Table of Maximum Monthly Rates) multiplied by the coverage amount (described on page 18).

Monthly deductions for any supplementary benefits are as follows:

The maximum monthly deductions are	\$47.47 each
Changing on DEC 21, 2004 to	\$26.98 each

***** END OF SCHEDULE *****

SCHEDULE OF OTHER CHARGES

There is a charge of up to \$15 for any partial withdrawal or decrease in Face Amount.

***** END OF SCHEDULE *****

CONTRACT DATA CONTINUED ON NEXT PAGE

SCHEDULE OF MAXIMUM SURRENDER CHARGES

For full surrender at the beginning of the contract year indicated, the maximum charge we will deduct from the contract fund is shown below. For surrender at other times, the amount of the charge will reflect the number of days since the beginning of the contract year. For any decrease in Face Amount, we will deduct a proportionate part of the surrender charge.

<u>Year of Surrender</u>	<u>Surrender Charge</u>	<u>Year of Surrender</u>	<u>Surrender Charge</u>
1	\$1,779.00	6	\$1,423.50
2	\$1,779.00	7	\$1,068.00
3	\$1,779.00	8	\$711.00
4	\$1,779.00	9	\$355.50
5	\$1,779.00	10	\$0.00
		11 and later	zero
***** END OF SCHEDULE *****			

CONTRACT DATA CONTINUED ON NEXT PAGE

TABLE OF MAXIMUM MONTHLY RATES PER \$1000
FOR MONTHLY DEDUCTION (SEE PAGE 18)

Insured's Attained Age	Maximum Rate	Insured's Attained Age	Maximum Rate
50	\$.3611	75	\$3.2979
51	.3885	76	3.7039
52	.4201	77	4.1391
53	.4551	78	4.6100
54	.4909	79	5.1316
55	.5291	80	5.7248
56	.5674	81	6.4070
57	.6048	82	7.1932
58	.6423	83	8.0801
59	.6847	84	9.0577
60	.7346	85	10.1151
61	.7962	86	11.2449
62	.8727	87	12.4455
63	.9668	88	13.7176
64	1.0724	89	15.0712
65	1.1864	90	16.5172
66	1.3045	91	18.0888
67	1.4252	92	19.8451
68	1.5500	93	21.9100
69	1.6889	94	24.5623
70	1.8520	95	28.3719
71	2.0508	96	34.4337
72	2.2946	97	44.6969
73	2.5866	98	61.8955
74	2.9227	99	83.1973

CONTRACT DATA CONTINUED ON NEXT PAGE

LIST OF INVESTMENT OPTIONS

I. THE PRUDENTIAL VARIABLE APPRECIABLE ACCOUNT

This account is registered with the SEC under the Investment Company Act of 1940. Each investment option of this account invests in a specific portfolio of the Prudential Series Fund. The fund is registered with the SEC under the Investment Company Act of 1940 as an open-end diversified management investment company. The fund has several portfolios. We show below the available investment options and the fund portfolios they invest in.

<u>Investment Option</u>	<u>Fund Portfolio</u>
MONEY MARKET	MONEY MARKET
BOND	BOND
COMMON STOCK	COMMON STOCK
AGGRESSIVELY MANAGED FLX	AGGRESSIVELY MANAGED FLX
CONSERVATIVE MANAGED FLX	CONSERVATIVE MANAGED FLX
ZERO COUPON BOND 1990	ZERO COUPON BOND 1990
ZERO COUPON BOND 1995	ZERO COUPON BOND 1995
ZERO COUPON BOND 2000	ZERO COUPON BOND 2000
ZERO COUPON BOND 2005	ZERO COUPON BOND 2005
HIGH DIVIDEND STOCK	HIGH DIVIDEND STOCK
HIGH YIELD BOND	HIGH YIELD BOND
NATURAL RESOURCES	NATURAL RESOURCES
STOCK INDEX	STOCK INDEX
GOVERNMENT SECURITIES	GOVERNMENT SECURITIES

***** END OF LIST *****

II. THE PRUDENTIAL REAL PROPERTY ACCOUNT

This account is not registered with the SEC under the Investment Company Act of 1940. The following investment option is available.

Investment
Option

Real Property

CONTRACT DATA CONTINUED ON NEXT PAGE

TABULAR VALUES

Tabular values are calculated based on the scheduled premiums, guaranteed charges and assumed rate of interest. Actual values may be different than the tabular amounts shown below.

End of Contract Year	Tabular Contract Fund	Tabular Cash Value	Tabular Reduced Paid-Up Insurance	Tabular Extended Insurance [⌘] Year Days	
1	\$1,278.00	0.00	0.00	0	0
2	2,562.00	\$783.00	\$2,140.00	0	296
3	3,847.50	2,068.50	5,482.00	1	347
4	5,127.00	3,348.00	8,607.00	2	326
5	6,402.00	4,623.00	11,532.00	3	257
6	7,668.00	6,244.50	15,118.00	4	241
7	8,926.50	7,858.50	18,468.00	5	159
8	10,177.50	9,466.50	21,597.00	6	6
9	11,425.50	11,070.00	24,520.00	6	148
10	12,660.00	12,660.00	27,227.00	6	241
11	13,869.00	13,869.00	28,967.00	6	241
12	15,034.50	15,034.50	30,502.00	6	219
13	16,131.00	16,131.00	31,801.00	6	178
14	17,127.00	17,127.00	32,827.00	6	120
15	18,000.00	18,000.00	33,558.00	6	44
16	22,206.00	22,206.00	40,290.00	6	308
17	26,457.00	26,457.00	46,737.00	7	135
18	30,765.00	30,765.00	52,932.00	7	269
19	35,139.00	35,139.00	58,901.00	7	358
20	39,576.00	39,576.00	64,649.00	8	50
Attained Age					
60	12,660.00	12,660.00	27,227.00	6	241
62	15,034.50	15,034.50	30,502.00	6	219
65	18,000.00	18,000.00	33,558.00	6	44

⌘ There may be extra days of term insurance. We explain this under the Extended Insurance provision.

Nonforfeiture Factors, applicable during
premium period, per \$1,000 of initial face amount:

Contract years 1 through 15	12.68318
Contract years 16 and later	35.22515

III. FIXED INVESTMENT OPTIONS

The fixed investment options are funded by the general account of the company. The following investment option is available.

**Investment
Option**

Fixed Interest Rate

***** END OF LIST *****

SCHEDULE OF INITIAL ALLOCATION OF INVESTED PREMIUM AMOUNTS

FIXED RATE OPTION

100%

***** END OF SCHEDULE *****

CONTRACT SUMMARY

This life insurance contract will provide benefits while the Insured is living and upon the Insured's death as described below.

Unless we endorse the contract to say otherwise, it gives you the following rights, among others, subject to certain limitations and requirements:

- You may change the beneficiary.
- You may borrow on it up to its loan value.
- You may change the allocation of future invested premium amounts among the investment options.
- You may transfer amounts among the investment options.
- You may change the face amount.
- You may withdraw a portion of the contract's value.
- You may surrender the contract. If you do, the proceeds will be the net cash value.

To compute the proceeds payable upon the Insured's death, we start with a basic amount and adjust that amount as described in the table below.

TABLE OF BASIC AMOUNTS		
If the contract is in force:	Then the basic amount is:	And we adjust the basic amount for:
and not in default past its days of grace	the insurance amount (see page 16) plus the amount of any extra benefits arising from the Insured's death	contract debt (see page 20), dividend credits (see page 14), and any charges due in the days of grace (see page 11).
as reduced paid-up insurance (see pages 18 & 19)	the amount of reduced paid-up insurance (see pages 18 & 19)	contract debt and dividend credits since the reduced paid-up insurance began.
as extended insurance (see page 18)	the amount of term insurance, if the Insured dies in the term (see page 18); otherwise zero	nothing.

The contract may have extra benefits that we call supplementary benefits. If it does, we list them under Supplementary Benefits on the contract data pages and describe them after page 26. The contract may have other extra benefits. If it does, we add them by rider. Any extra benefit ends as soon as the contract is in default past its days of grace, unless the form that describes it states otherwise.

Proceeds need not be taken in one sum. For instance, on surrender, you may be able to choose a settlement option to provide retirement income or for some other purpose. If a death benefit becomes payable the beneficiary may also be able to make such a choice. We will pay interest under Option 3 from the date of death on any death benefit to which no other manner of payment applies. This will be automatic as we state on page 24.

GENERAL PROVISIONS

- Definitions** We define here some of the words and phrases used all through this contract. We explain others, not defined here, in other parts of the text.
- We, Our, Us and Company.—Prudential.
- You and Your.—The owner of the contract.
- Insured.—The person named as the Insured on the first page. He or she need not be the owner.
- Example: *Suppose we issue a contract on the life of your spouse. You applied for it and named no one else as owner. Your spouse is the Insured and you are the owner.*
- SEC.—The Securities and Exchange Commission.
- Issue Date.—The contract date.
- Monthly Date.—The contract date and the same day as the contract date in each later month.
- Example: *If the contract date is May 9, 1988, the monthly dates are each May 9, June 9, July 9 and so on.*
- Anniversary or Contract Anniversary.—The same day and month as the contract date in each later year.
- Example: *If the contract date is May 9, 1988, the first anniversary is May 9, 1989. The second is May 9, 1990, and so on.*
- Contract Year.—A year that starts on the contract date or on an anniversary.
- Example: *If the contract date is May 9, 1988, the first contract year starts then and ends on May 8, 1989. The second starts on May 9, 1989 and ends on May 8, 1990, and so on.*
- Contract Month.—A month that starts on a monthly date.
- Example: *If May 9, 1988 is a monthly date, a contract month starts then and ends on June 8, 1988. The next contract month starts on June 9, 1988 and ends on July 8, 1988, and so on.*
- Attained Age.—The Insured's attained age at any time is the issue age plus the length of time since the contract date. You will find the issue age near the top of page 3.
- Assumed Rate of Return.—The assumed rate of return is an effective rate of 4% a year. This is the same as 0.01074598% a day compounded daily.
- The Contract** This policy, and the attached copy of the initial application, together with copies of any subsequent applications to change the policy, and any additional contract data pages added to the policy, form the whole contract. We assume that all statements in an application are made to the best of the knowledge and belief of the person(s) who make them; in the absence of fraud they are deemed to be representations and not warranties. We rely on those statements when we issue or change the contract. We will not use any statement, unless made in an application, to try to void the contract or to deny a claim.
- Contract Modifications** Only a Prudential officer with the rank or title of vice president or above may agree to modify this contract, and then only in writing.
- Ownership and Control** Unless we endorse this contract to say otherwise: (1) the owner of the contract is the Insured; and (2) while the Insured is living the owner alone is entitled to (a) any contract benefit and value, and (b) the exercise of any right and privilege granted by the contract or by us.
- Suicide Exclusion** If the Insured, whether sane or insane, dies by suicide within two years from the issue date, we will pay no more under this contract than the sum of the premiums paid.
- Also, for any increase in the face amount, if the Insured, whether sane or insane, dies by suicide within two years from the effective date of the increase, we will pay, as to the increase in amount, no more than the sum of the scheduled premiums that were due for the increase.

Currency	Any money we pay, or that is paid to us, must be in United States currency. Any amount we owe will be payable at our Corporate Office.
Misstatement of Age or Sex	<p>If the Insured's stated age or sex or both are not correct, we will adjust each benefit and any amount to be paid to reflect the correct age and sex. Any death benefit will be based on what item (b) of the most recent monthly deduction (see pages 3A and 18), would have provided at the correct age and sex. Where required, we have given the insurance regulator a detailed statement of how we will make these adjustments.</p> <p>The Schedule of Premiums may show that basic premiums change or stop on a certain date. We may have used that date because the Insured would attain a certain age on that date. If we find that the issue age was wrong, we will correct that date and, if necessary, the amount of any changed premiums.</p> <p>If the contract is not in default and the Insured is living when we learn of the error, we will determine a new face amount and tabular value such that the accumulated scheduled premiums at 4% interest for the incorrect contract equal the accumulated scheduled premiums at 4% interest for the new face amount at the correct age and sex.</p>
Incontestability	Except as we state in the next sentence, we will not contest this contract after it has been in force during the Insured's lifetime for two years from the issue date. There are two exceptions: (1) non-payment of enough premium to provide the required charges; and (2) any change in the contract that requires our approval and that would increase our liability. For any such change, we will not contest the change after it has been in effect during the Insured's lifetime for two years from the date it takes effect.
Assignment	We will not be deemed to know of an assignment unless we receive it, or a copy of it, at our Home Office. We are not obliged to see that an assignment is valid or sufficient. This contract may not be assigned to another insurance company or to any employee benefit plan without our consent. This contract may not be assigned if such assignment would violate any federal, state, or local law or regulation prohibiting sex distinct rates for insurance.
Annual Report	<p>Each year we will send you a report. It will show: (1) the current death benefit; (2) the amount of the contract fund in each investment option; (3) the net cash value; (4) premiums paid, investment results, and charges deducted since the last report; (5) any withdrawals since the last report; and (6) any contract debt and the interest on the debt for the prior year. The report will also include any other data that may be currently required where this contract is delivered. No report will be sent if this contract is being continued under fixed reduced paid-up insurance or extended term insurance.</p> <p>You may ask for a similar report at some other time during the year. Or you may request from time to time a report projecting results under your contract on the basis of premium payment assumptions and assumed investment results. We have the right to make a reasonable charge for reports such as these that you ask for and to limit the scope and frequency of such requests.</p>
Increase in Face Amount at Age 21 for Contracts Issued at Age 14 or Lower	If this contract was issued at age 14 or lower, it shows on page 3 an increase in face amount at attained age 21 which applies if the contract is not then in default beyond its days of grace. In that case, any references in the contract to face amount or death benefit which apply at or after attained age 21 will be based on the increased face amount, unless otherwise stated.
Payment of Death Claim	If we settle this contract in one sum as a death claim, we will usually pay the proceeds within seven days after we receive at our Home Office proof of death and any other information we need to pay the claim. But we have the right to postpone paying the part of the proceeds in excess of the face amount that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying the remainder of any excess for up to six months.
Change in Plan	You may be able to have this contract changed to another plan of life insurance either with us or with a subsidiary of ours. But any change may be made only if we consent, and will be subject to conditions and charges that are then determined.

BENEFICIARY

You may designate or change a beneficiary. Your request must be in writing and in a form that meets our needs. It will take effect only when we file it at our Home Office; this will be after you send the contract to us to be endorsed, if we ask you to do so. Then any previous beneficiary's interest will end as of the date of the request. It will end then even if the Insured is not living when we file the request. Any beneficiary's interest is subject to the rights of any assignee of whom we know.

When a beneficiary is designated, any relationship shown is to the Insured, unless otherwise stated. To show priority, we may use numbered classes, so that the class with first priority is called class 1, the class with next priority is called class 2, and so on. When we use numbered classes, these statements apply to beneficiaries unless the form states otherwise:

1. One who survives the Insured will have the right to be paid only if no one in a prior class survives the Insured.
2. One who has the right to be paid will be the only one paid if no one else in the same class survives the Insured.
3. Two or more in the same class who have the right to be paid will be paid in equal shares.
4. If none survives the Insured, we will pay in one sum to the Insured's estate.

Example: Suppose the class 1 beneficiary is Jane and the class 2 beneficiaries are Paul and John. We owe Jane the proceeds if she is living at the Insured's death. We owe Paul and John the proceeds if they are living then but Jane is not. But if only one of them is living, we owe him the proceeds. If none of them is living we owe the Insured's estate.

Beneficiaries who do not have a right to be paid under these terms may still have a right to be paid under the Automatic Mode of Settlement.

Before we make a payment, we have the right to decide what proof we need of the identity, age or any other facts about any persons designated as beneficiaries. If beneficiaries are not designated by name and we make payment(s) based on that proof, we will not have to make the payment(s) again.

PREMIUM PAYMENT AND REINSTATEMENT

Payment of Premiums

Premiums may be paid at our Home Office or to any of our authorized agents. If we are asked to do so, we will give a signed receipt.

Premium payments will in most cases be credited as of the date of receipt at our Home Office. In the following cases, part or all of a premium payment will be credited as of a date other than the date of receipt:

1. If the first premium payment is received after the contract date, the scheduled portion will be credited as of the contract date.

2. If the first premium payment is received before the contract date, it will be credited as of the contract date.
3. If a premium payment is received during the 61-day period after a scheduled premium due date and the premium account is negative by no more than the scheduled premium then due, the portion of the payment needed to bring the premium account up to zero will be credited to the premium account, but not the contract fund, as of the due date.
4. If the contract is in default and premium payments are received during the days of grace while the contract is in default, we will credit to the contract fund and the premium account those parts of the premium payments needed to end the default status as of the applicable monthly dates.

Basic Premiums	We show the amount and frequency of the basic premiums in the Schedule of Premiums in the contract data pages. An increase or decrease in the face amount will change the basic premiums.
Charge for Applicable Taxes	<p>The charge for applicable taxes is a percentage of each premium paid that we set from time to time. It will change only on a contract anniversary.</p> <p>At least sixty days before the start of each contract year, we will determine the rate we will charge for that contract year. The rate will be based on the rates of any federal, state or local premium taxes that apply at the last known address of the Insured.</p>
Scheduled Premiums	<p>The scheduled premiums are equal to the basic premiums plus the charge for applicable taxes. The scheduled premiums will change if the basic premiums change or the charge for applicable taxes changes. We show the amount of the first scheduled premium in the Schedule of Premiums. It is due on the contract date. There is no insurance under this contract unless an amount at least equal to the first scheduled premium is paid.</p> <p>The scheduled premium is the minimum premium required, at the frequency chosen, to continue the contract in full force if you pay all scheduled premiums when due, you make no withdrawals, and any contract debt does not exceed the cash value.</p> <p>If you wish to pay, on a regular basis, premiums that are higher than the scheduled premiums, we will bill you for the higher amount you choose. Or if you wish, you may from time to time make a premium payment smaller than the scheduled amount, subject to the minimum premium amount shown on page 3.</p> <p>If scheduled premiums that are due are not paid, or if smaller payments are made, the contract may then or at some future time go into default. Payment of less than the scheduled premium increases the risk that the contract will end if investment results are not favorable. The conditions under which the contract will be in default are described below.</p>
Unscheduled Premiums	<p>Except as we state in the next paragraph, unscheduled premiums may be paid at any time during the Insured's lifetime as long as the contract is not in default beyond its days of grace. We show on page 3 the minimum premium we will accept.</p> <p>We have the right to limit unscheduled premiums to a total of \$10,000 in any contract year. We also have the right to refuse any payment that increases the insurance amount by more than it increases the contract fund.</p>
Invested Premium Amount	This is the portion of each premium paid that we will add to the premium account and the contract fund. It is equal to the premium paid minus the charges described in the contract data pages under Schedule of Deductions from Premium Payments.
Contract Change Date(s)	We show the contract change date(s) in the contract data pages. We also show in the Schedule of Premiums on these pages that the amount of each basic premium will change on each contract change date and what the new premium will be. However, when a contract change date arrives we will compute a new premium amount to be used in calculating the premium account. The new premium that we compute will be no greater than the new premium for that date which we show in the contract data pages. In addition, if the premium account is less than zero, we will set the premium account to zero.

The Schedule of Premiums may show that the premium changes at times other than contract change dates. This may occur, for example, with a contract issued with extra benefits or in an extra rating class.

Allocations You may allocate all or a part of your invested premium amount to one or more of the investment options listed in the contract data pages. You may choose to allocate nothing to a particular investment option. But any allocation you make must be at least 10%; you may not choose a fractional percent.

Example: You may choose a percentage of 0, or 100, or 10, 11, 12, and so on, up to 90. But you may not choose a percentage of 1 through 9, or 91 through 99, or any percentage that is not a whole number. The total for all investment options must be 100%.

The initial allocation of invested premium amounts is shown in the contract data pages. You may change the allocation for future invested premium amounts at any time if the contract is not in default. To do so, you must notify us in a form that meets our needs. The change will take effect on the date we receive your notice at our Home Office.

A premium might be paid when the contract fund is less than zero. In that case we first use as much of the invested premium amount as we need to bring the fund up to zero. We will then allocate any remainder of the invested premium amount in accord with your most recent request.

Premium Account On the contract date, the premium account is equal to the invested premium amount credited on that date, minus the basic premium then due, plus the charge for payment processing. On any other day, the premium account is equal to:

1. what it was on the prior day; plus
2. if the premium account was greater than zero on the prior day, interest on the excess at 4% a year; minus
3. if the premium account was less than zero on the prior day, interest on the deficit at 4% a year; plus
4. any invested premium amount credited on that day; minus
5. any basic premium due on that day less the charge for payment processing; minus
6. any withdrawals on that day.

If we credit a part of a payment as of an earlier date, as we describe under Payment of Premiums, the premium account for all days from the crediting date to the date of receipt will be recalculated.

Default Unless the contract is already in the grace period, we will determine on each monthly date whether the contract is in default. To do so, we will first deduct any applicable charges from the contract fund and add any applicable credits to it (the contract fund is described on page 16). We will then compute the amount which will grow to equal the tabular contract fund on the next monthly date if, during the current contract month: (1) any investment results are at the assumed rate and (2) we receive no premiums or loan repayments, make no loans and grant no withdrawals. We will compare this amount to the contract fund.

If this amount is more than the contract fund, the difference is the fund deficit. In this case the contract is in default if the premium account is also less than zero.

Grace Period The days of grace begin on any monthly date, other than the contract date, on which the contract goes into default. Within 30 days after any default we will send you a notice that your contract is in default. We will indicate the minimum payment required to bring the contract out of default and the length of the grace period for making that payment.

We grant at least 61 days of grace from the date we mail you a notice of default. During the days of grace we will continue to accept premiums and make the charges we have set.

If at any time during the days of grace we have received payments that in total are at least equal to the lesser of (a) the sum of the fund deficit on the date of default and any additional fund deficits on any subsequent monthly dates since the date of default, and (b) the sum of the amount by which the premium account is negative on the date of default and any scheduled premiums due since the date of default, the default will end.

If at any time during the days of grace we have received payments that in total are at least equal to the lesser of (a) the fund deficit on the date of default and (b) the amount by which the premium account is negative on the date of default, but that are insufficient to end the default, here is what we will do. We will determine a new default date which is the monthly date after the old default date. We will grant at least 61 days of grace from the new default date.

If the contract is still in default when the days of grace are over, it will end and have no value, except as we state under Contract Value Options (see page 18). Any premiums paid during the days of grace will remain in the contract fund.

The Insured might die in the days of grace while the contract is in default. If so, the amount needed to bring the contract out of default is due us. We will make an adjustment so that the proceeds will not include that amount.

This contract might have an extra benefit that insures someone other than the Insured. And there might be a claim under that benefit while the Insured is living and in the days of grace while the contract is in default. In this case, we will subtract the amount needed to bring the contract out of default before we settle the claim.

Reinstatement If this contract is still in default after the last day of grace, you may reinstate it. All these conditions must be met:

1. The contract must not have been in default more than five years.
2. You must not have surrendered the contract for its net cash value.
3. You must give us any facts we need to satisfy us that the Insured is insurable for the contract.
4. We must be paid a premium at least equal to the amount required to bring the premium account up to zero on the first monthly date on which a scheduled premium is due after the date of reinstatement.
5. If before reinstatement the contract is in force as reduced paid-up insurance (see pages 18 & 19), any contract debt under reduced paid-up insurance must be repaid with interest or carried over to the reinstated contract.

If we approve the reinstatement, these statements apply. The date of reinstatement will be the date of your request or the date the required premium is paid, if later. We will start to make daily and monthly charges and credits again as of the date of reinstatement. We will deduct from the premium paid the charges from premium payments described in the contract data pages, and any charges in arrears, other than item (b) of the monthly deduction (see pages 3A and 18), with 4% interest to the date of reinstatement. The contract fund will be equal to the remainder, plus the cash value of the contract immediately before reinstatement, plus a refund of that part of any surrender charge deducted at the time of default which would be charged if the contract were surrendered immediately after reinstatement.

If we consent, you may be able to reinstate the contract for a premium less than that described above. We will deduct the same charges and adjust the contract fund in the same manner. In that case, the premium account will be less than zero and you may need to pay more than the scheduled premiums to guarantee that the contract will not go into default again at some future time.

FACE AMOUNT CHANGES AND WITHDRAWALS

Face Amount The face amount is shown on page 3. It will change if: (1) you increase or decrease it, or (2) you make a withdrawal.

Increase in Face Amount After the first contract year, you may increase the face amount once each contract year. You may do so subject to all these conditions and the paragraph that follows:

1. You must ask for the increase in writing in a form that meets our needs; if you are not the Insured and the Insured is age 8 or over, he or she must sign the form too.
2. The amount of the increase must be at least equal to the minimum increase in face amount, which we show on page 3.
3. You must give us any facts we need to satisfy us that the Insured is insurable for the amount of the increase.
4. If we ask you to do so, you must send us the contract to be endorsed.
5. The contract must not be in default.
6. We must not since the issue date, have changed the basis on which benefits and charges are calculated under newly issued contracts.
7. You must make any required payment.
8. The Insured must be eligible for the same rating class and benefits as shown on page 3.
9. We must not be waiving premiums in accord with any waiver of premium benefit that may be included in the contract.

An increase will take effect only if we approve your request for it at our Home Office. If we approve the increase, we will recompute the contract's basic premiums, maximum surrender charges, tabular values, monthly deductions, and expense charges. We will send you new contract data pages showing the amount and effective date of the increase and the recomputed values. If the Insured is not living on the effective date, the increase will not take effect.

Decrease in Face Amount

After the first contract year, you may decrease the face amount. You may do so subject to all these conditions and the paragraphs that follow:

1. You must ask for the decrease in writing in a form that meets our needs.
2. The amount of the decrease must be at least equal to the minimum decrease in face amount, which we show on page 3.
3. The face amount after the decrease must be at least equal to the minimum face amount which we show on page 3.
4. If we ask you to do so, you must send us the contract to be endorsed.

A decrease will take effect only if we approve your request for it at our Home Office. If we approve the decrease we will recompute the contract's basic premiums, maximum surrender charges, tabular values, monthly deductions and expense charges. A decrease in face amount may also affect the amount of any extra benefits this contract might have. We will send you new contract data pages showing the amount and effective date of the decrease and the recomputed values. If the Insured is not living on the effective date, the decrease will not take effect.

We may deduct an administrative fee of up to \$15.00, and a proportionate part of any then applicable surrender charge from the contract fund.

Withdrawals

You may make withdrawals from the contract. You may do so subject to all these conditions and the paragraphs that follow:

1. You must ask for the withdrawal in writing in a form that meets our needs.
2. The amount withdrawn, plus the net cash value after withdrawal, may not be more than the net cash value before withdrawal.
3. The contract fund after withdrawal must not be less than the tabular contract fund.
4. The amount you withdraw must be at least \$500.
5. You may make up to four withdrawals in any contract year.
6. If we ask you to do so, you must send us the contract to be endorsed.

We may deduct an administrative fee of up to \$15.00.

We will normally pay any withdrawal within seven days after we receive your request at our Home Office. But we have the right to postpone paying the part of the proceeds that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds for up to six months. If we do so for more than thirty days, we will pay interest at the rate of 3% a year.

An amount withdrawn may not be repaid, except as a premium subject to charges.

We will tell you how much you may withdraw if you ask us.

DIVIDENDS

Participation We will decide each year what part, if any, of our surplus to credit to this contract as a dividend.

While the contract is in force other than as extended or reduced paid-up insurance, it will be eligible for such a dividend if the Insured is living. We will credit any such dividend on the anniversary. We do not expect to credit any dividends to this contract.

Dividend Options If you ask us in writing in a form that meets our needs, you may choose any of these uses for any such dividend:

1. Cash.—We will pay it to you in cash.
2. Premium Reduction.—We will use it to reduce any premium then due. If no premium is then required, we will apply the dividend under dividend option 3.
3. Dividend Addition.—We will use it at the net single premium rate as of the anniversary to provide a dividend addition, which is paid-up life insurance on the Insured's life.
4. Accumulation.—We will hold it at interest. The rate will be at least 3% a year. We may use a higher rate.

If you have not made another choice by 31 days after the anniversary, we will use the dividend as we state under dividend option 3. But if a contract is in default at the end of the last day of grace, we will use the dividend as we state under Contract Value Options. You may surrender any of the above additions or accumulations for their net value if: (1) we have not included them in the net cash value used to provide extended or reduced paid-up insurance; (2) we do not need them as security for contract debt; and (3) we have your request in writing in a form that meets our needs. The surrender value of those additions will not be less than the dividends we use to provide them.

While the contract is in force as reduced paid-up insurance, it will be eligible for a dividend if the Insured is living. We will credit any such dividend on the anniversary as a paid-up life insurance addition on the Insured's life.

Dividend Credits Described The phrase dividend credits means the total of: (1) either the amount or value, as we explain in the next sentence, of any dividend additions under dividend option 3 or on reduced paid-up insurance; (2) any dividends and interest we hold under dividend option 4; and (3) any other dividends we have credited to the contract but have not yet used or paid. For dividend additions, the phrase means the amount of any of those additions when we set the amount of any extended insurance and when we refer to the proceeds that arise from the Insured's death; the phrase means the net value of any of those additions when we refer to loans, net cash values, or the proceeds that arise on surrender.

Settlement We will include any dividend credits in the proceeds when we settle the contract.

SEPARATE ACCOUNTS

Separate Account The words separate account, when we use them in this contract without qualification, mean any separate account we establish to support variable life insurance contracts like this one. We list the separate accounts available to you in the contract data pages. We may establish additional separate accounts. We will notify you within one year if we do so.

A separate account may or may not be registered with the SEC under the Investment Company Act of 1940. The contract data pages will tell you whether or not a particular separate account is so registered.

The investment policy of a separate account will not be changed without the approval of our domicile state. The approval process is on file with the insurance regulator where this contract is delivered.

Variable Investment Options A separate account may have one or more variable investment options. We list them¹ in the contract data pages. We may establish additional variable investment options. We will notify you within one year if we do so.

Income and realized and unrealized gains and losses from assets in each variable investment option are credited to, or charged against, that variable investment option. This is without regard to income, gains, or losses in our other investment accounts.

Separate Account Investments We may invest the assets of different separate accounts in different ways. But we will do so only with the consent of the SEC and, where required, of the insurance regulator where this contract is delivered.

We will always keep assets in the separate accounts with a total value at least equal to the amount of the variable investment options under contracts like this one. To the extent those assets do not exceed that amount, we use them only to support those contracts; we do not use those assets to support any other business we conduct. We may use any excess over that amount in any way we choose.

We will determine the value of the assets in each separate account and any variable investment option at regular intervals.

FIXED INVESTMENT OPTIONS

You may allocate all or part of your invested premium amount to a fixed investment option. Fixed investment options are credited with interest as described under Guaranteed Interest and Excess Interest on page 17.

We may establish additional fixed investment options. We will notify you within one year if we do so.

TRANSFERS

Four transfers may be made in a contract year. There is no charge for these transfers.

You may transfer amounts into or out of variable investment options of separate accounts registered under the Investment Company Act of 1940 and into the fixed investment options at any time if the contract is not in default or if the contract is being continued under the variable reduced paid-up option. Other transfers are allowed only with our consent.

In addition, the entire amount in all investment options may be transferred to a fixed investment option at any time within the first two contract years.

To make a transfer, you must notify us in a form that meets our needs. The transfer will take effect on the date we receive your notice at our Home Office.

INSURANCE AMOUNT

The insurance amount on any date is equal to the greatest of: (1) the face amount, (2) the face amount, plus the contract fund before deduction of any monthly charges due on that date, minus the tabular contract fund, and (3) the contract fund before deduction of any monthly charges due on that date, divided by the net single premium per \$1 at the Insured's attained age.

CONTRACT FUND

Contract Fund Defined On the contract date the contract fund is equal to the invested premium amounts credited on that date, minus any of the charges described below which may be due on that date. On any day after that the contract fund is equal to what it was on the previous day, plus any invested premium amounts credited that day, plus these items:

- (a) any increase due to investment results in the value of the variable investment options.
- (b) guaranteed interest on that portion of the contract fund that is not in a variable investment option; and
- (c) any excess interest on that portion of the contract fund that is not in a variable investment option;

and minus any of these items applicable on that day:

- (d) any decrease due to investment results in the value of the variable investment options;
- (e) a charge against the variable investment options at a rate of not more than 0.00245475% a day (0.90% a year) for mortality and expense risks that we assume;
- (f) any amount charged against the variable investment options for federal or state income taxes;
- (g) any monthly deduction;
- (h) any charge for extra rating class;
- (i) any charge for extra benefits;
- (j) any withdrawals; and
- (k) any surrender charges, administrative charges or contract debt cancelled that may result from a withdrawal, a decrease in face amount or a change in status to variable reduced paid-up insurance.

We describe under Reinstatement on page 11 what the contract fund will be on any reinstatement date. There is no contract fund for a contract in force as extended insurance or fixed reduced paid-up insurance.

Guaranteed Interest We will credit interest each day on any portion of the contract fund not in a variable investment option. We will credit 0.01074598% a day, which is equivalent to an effective rate of 4% a year.

Excess Interest We may credit excess interest, that is, interest in addition to the guaranteed interest, on any portion of the contract fund not in a variable investment option. The rate of any excess interest will be determined from time to time and will continue thereafter until a new rate is determined. We may use different rates of excess interest for different portions of the contract fund. We may from time to time guarantee rates of excess interest on some portions of the contract fund.

Charge for Extra Rating Class If the contract is not in default past its days of grace and there is an extra charge because of the rating class of the Insured, we will deduct it from the contract fund on each monthly date. The maximum amount of any charge is included in the amount shown in the contract data pages under Schedule of Monthly Deductions from the Contract Fund.

Charge for Extra Benefits If the contract has extra benefits, we will deduct the charges for them from the contract fund on each monthly date. The maximum amount of any such charges are included in the amount shown in the contract data pages under Schedule of Monthly Deductions from the Contract Fund.

Monthly Deduction

On each monthly date, we will make a deduction. We show the maximum amount of this deduction in the contract data pages. We may deduct less than the maximum amount. The coverage amount (referred to on page 3A) is the difference between the insurance amount and the adjusted contract fund. The adjusted contract fund is equal to the tabular contract fund at the end of the contract year multiplied by 0.98051782 plus the contract fund before deduction of any monthly charges due on the monthly date, minus the tabular contract fund on the monthly date.

The maximum monthly rates are based on the Insured's sex, rating class and attained age and are shown in the contract data pages. At least once every five years, but not more often than once a year, we will consider the need to change the rates based on actual or anticipated mortality and expense experience under contracts like this one. We will change them only if we do so for all contracts like this one dated in the same year as this one.

CONTRACT VALUE OPTIONS

Benefit After the Grace Period

If the contract is in default beyond its days of grace, we will use any net cash value to keep the contract in force as one of three kinds of insurance:

1. Extended insurance applies to most contracts.
2. Fixed reduced paid-up insurance always applies if we issued the contract in a rating class for which we do not provide extended insurance; in this case, the phrase No Extended Insurance will appear under the heading Rating Class in the contract data pages.
3. Variable reduced paid-up insurance applies if the amount of paid-up insurance would be at least as great as the amount of extended insurance and the contract was issued in a rating class permitting extended insurance.

We describe each kind of insurance below. Any extra benefit will end as soon as the contract is in default past its days of grace, unless the form that describes the extra benefit states otherwise.

Extended Insurance

This will be term insurance on the Insured's life. We will pay the amount of term insurance if the Insured dies in the term we describe below. Before the end of the term there will be cash values but no loan value.

The amount of term insurance will be: (1) the insurance amount, plus (2) any dividend credits minus (3) any contract debt. The term is a period of time that will start on the day the contract went into default. The length of the term will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date.

There may be extra days of term insurance. This will occur if, on the day the contract goes into default, the term of extended insurance provided by the net cash value does not exceed 90 days, or the number of days the contract was in force before the default began, if less. The number of extra days will be: (1) 90, or the number of days the contract was in force before the default began, if less, minus (2) the number of days of extended insurance that would be provided by the net cash value if there were no contract debt. The extra days, if any, start on the day after the last day of term insurance provided by the net cash value, if any. If there is no such term insurance, they start on the day the contract goes into default. The term insurance for the extra days has no cash value. There will be no extra days if you replace the extended insurance with reduced paid-up insurance or you surrender the contract before the extra days start.

Fixed Reduced Paid-up Insurance

This will be paid-up life insurance on the Insured's life. We will pay the amount of this insurance when the Insured dies. There will be cash values and loan values.

The amount of this insurance will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date.

**Variable Reduced
Paid-up Insurance**

This will be paid-up variable life insurance on the Insured's life. We will pay the amount of this insurance when the Insured dies. The death benefit may change from day to day, as we explain below, but if there is no contract debt it will not be less than the minimum guaranteed amount. There will be cash values and loan values.

The minimum guaranteed amount of insurance will be what is provided when we use the net cash value at the net single premium rate. This rate depends on the Insured's issue age and sex and on the length of time since the contract date. The amount payable in the event of death will be the greater of (a) the minimum guaranteed amount, and (b) the contract fund divided by the net single premium per \$1 at the Insured's attained age. In either case the amount will be adjusted for any contract debt.

The variable reduced paid-up insurance option will be available only if the minimum guaranteed amount under the option is at least \$5,000 and if we issued the contract in a rating class permitting extended insurance.

Computations

We will make all computations for any of these benefits as of the date the contract goes into default. But we will consider any dividend credits you surrender, any loan you take out or pay back, or any premium payments, withdrawals, or changes in face amount you make in the days of grace.

Optional Benefit

You may choose to replace any extended insurance that has a cash value by fixed reduced paid-up insurance or by variable reduced paid-up insurance if it is available. To make this choice you must do so in writing in a form that meets our needs not more than three months after the date the contract goes into default. You must also send the contract to us to be endorsed.

Cash Value Option

You may surrender this contract for its net cash value. The net cash value at any time is the cash value at that time less any contract debt. To surrender this contract, you must ask us in writing in a form that meets our needs. You must also send the contract to us. Here is how we will compute the net cash value:

1. If the contract is not in default, the net cash value on any date will be the contract fund, before deduction of any monthly charges due on that date, minus any surrender charge, plus any dividend credits, minus any contract debt. The Schedule of Maximum Surrender Charges for this contract is in the contract data pages.
2. If the contract is in default during its days of grace, we will compute the net cash value as of the date the contract went into default. But we will adjust this value for any dividend credits you surrender, any loan you take out or payback and any premium payments, withdrawals or decreases in face amount you make in the days of grace.
3. If the contract is in default beyond its days of grace, the net cash value will be either: (1) the net value on that date of any extended insurance benefit then in force, or (2) the net value on that date of any reduced paid-up insurance benefit then in force, including any dividend credits, less any contract debt.

Within thirty days after an anniversary, the net cash value of any extended insurance or fixed reduced paid-up insurance will not be less than the value on that anniversary adjusted for any dividend credits you surrender and any loan you take out or pay back in those thirty days.

We will usually pay any net cash value within seven days after we receive your request and the contract at our Home Office. But we have the right to defer paying the part of the proceeds that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds for up to six months. If we do so for more than thirty days, we will pay interest at the rate of 3% a year.

Tabular Values We show tabular contract fund values and tabular cash values at the ends of contract years in the contract data pages.

If we need to compute tabular values at some time during a contract year, we will count the time since the start of the year. We will let you know the tabular values for other durations if you ask for them.

LOANS

Loan Requirements You may borrow from us on the contract. All these conditions must be met:

1. The Insured must be living.
2. The contract must be in force other than as extended insurance.
3. The contract debt will not be more than the loan value.
4. As sole security for the loan, you assign the contract to us in a form that meets our needs.
5. Except to pay premiums on this contract, you may not borrow less than \$200 at any one time.

If there is already contract debt when you borrow from us, we will add the new amount you borrow to that debt.

Contract Debt Contract debt at any time means the loan on the contract, plus the interest we have charged that is not yet due and that we have not yet added to the loan.

Example 1: Suppose the contract has a loan value of \$6,000. A few months ago you borrowed \$1,500. By now there is interest of \$55 charged but not yet due. The contract debt is now \$1,555, which is made up of the \$1,500 loan and the \$55 interest.

Loan Value You may borrow any amount up to the difference between the loan value and any existing contract debt. Except as we state in the next paragraph, the loan value at any time is equal to the sum of (a) 90% of the portion of the cash value that is attributable to the variable investment options, and (b) the balance of the cash value.

There are two exceptions. The first is that, if the contract is in default, the loan value during the days of grace is what it was on the date of default adjusted for any dividend credits you surrender and any premium payments, withdrawals, or decreases in face amount you make in the days of grace. The second is that, if the contract is in force as fixed reduced paid-up insurance, the loan value is equal to the amount that would grow at interest to equal the cash value on the next anniversary.

Example 2: Suppose, in example 1, you want to borrow all that you can. We will lend you \$4,445 which is the difference between the \$6,000 loan value and the \$1,555 contract debt. This will increase the contract debt to \$6,000. We will add the new amount borrowed to the existing loan and will charge interest on it, too.

Interest Charge You may select either the fixed loan rate option or the variable loan rate option. Both are described below. We show on page 3 the option you have selected. If you request a change from one option to the other and we agree, we will tell you the effective date of the change.

We charge interest daily on any loan. Interest is due on each contract anniversary, or when the loan is paid back, whichever comes first. If interest is not paid when due, it becomes part of the loan. Then we start to charge interest on it, too.

Example 3: Suppose the contract date is in 1988. Six months before the anniversary in 1997 you borrow \$1,600 out of a \$4,000 loan value. We charge 5½% a year. Three months later, but still three months before the anniversary, we will have charged about \$22 interest. This amount will be a few cents more or less than \$22 since some months have more days than others. The interest will not be due until the anniversary unless the loan is paid back sooner. The loan will still be \$1,600. The contract debt will be \$1,622, since contract debt includes interest charged but not yet due.

On the anniversary in 1997 we will have charged about \$44 interest. The interest will then be due.

Example 4: Suppose the \$44 interest in example 3 was paid on the anniversary. The loan and contract debt each became \$1,600 right after the payment.

Example 5: Suppose the \$44 interest in example 3 was not paid on the anniversary. The interest became part of the loan, and we began to charge interest on it, too. The loan and contract debt each became \$1,644.

Fixed Loan Rate Option

The loan interest rate is 5½% a year.

**Variable Loan Rate
Option**

The loan interest rate is the annual rate we set from time to time. The rate will never be greater than is permitted by law. It will change only on a contract anniversary.

Before the start of each contract year, we will determine the loan interest rate we can charge for that contract year. To do this, we will first find the rate that is the greater of: (1) The Published Monthly Average (which we describe below) for the calendar month ending two months before the calendar month of the contract anniversary; and (2) 5%.

If that greater rate is at least ½% more than the loan interest rate we had set for the current contract year, we have the right to increase the loan interest rate by at least ½%, up to that greater rate. If it is at least ½% less, we will decrease the loan interest rate to be no more than the greater rate. We will not change the loan interest rate by less than ½%.

When you make a loan we will tell you the initial interest rate for the loan. We will send you a notice if there is to be an increase in the rate.

The Published Monthly Average means:

1. Moody's Corporate Bond Yield Average—Monthly Average Corporates, as published by Moody's Investors Service, Inc. or any successor to that service; or
2. If that average is no longer published, a substantially similar average, established by the insurance regulator where this contract is delivered.

Repayment

All or part of any contract debt may be paid back at any time while the Insured is living. But if there is contract debt at the end of the last day of grace when the contract is in default, it will be deducted from the cash value to determine the net cash value. When we settle the contract, any contract debt is due us. We will make an adjustment so that the proceeds will not include the amount of that debt.

Effect of a Loan

When you take a loan, the amount of the loan continues to be part of the contract fund and is credited with interest at the guaranteed rate of 4% a year. If you have selected the variable loan rate option, we will credit excess interest at an effective rate of not less than the loan interest rate for the contract year less 5%.

We will reduce the portion of the contract fund allocated to the investment options by the amount you borrow, and by loan interest that becomes part of the loan because it is not paid when due.

On each transaction date, if there is a contract loan outstanding, we will increase the portion of the contract fund in the investment options by interest credits accrued on the loan since the last transaction date. When you repay part or all of a loan we will increase the portion of the contract fund in the investment options by the amount of loan you repay, plus interest credits accrued on the loan since the last transaction date. We will not increase the portion of the contract fund allocated to the investment options by loan interest that is paid before we make it part of the loan.

- Excess Contract Debt** If contract debt ever grows to be equal to or more than the cash value, all the contract's benefits will end 61 days after we mail a notice to you and any assignee we know of. Also, we may send a notice to the Insured's last known address. In the notice we will state the amount that, if paid to us, will keep the contract's benefits from ending for a limited time.
- Postponement of Loan** We will usually make a loan within seven days after we receive your request at our Home Office. But we have the right to postpone making the part of the loan that is to come from any investment option provided by a separate account registered under the Investment Company Act of 1940 if: (1) the New York Stock Exchange is closed; or (2) the SEC requires that trading be restricted or declares an emergency. We have the right to postpone paying you the remainder of the proceeds of a loan for up to six months, unless it will be used to pay premiums on this or other contracts with us.

SETTLEMENT OPTIONS

- Payee Defined** In these provisions and under the Automatic Mode of Settlement, the word payee means a person who has a right to receive a settlement under the contract. Such a person may be the Insured, the owner, a beneficiary, or a contingent payee.
- Choosing an Option** A payee may choose an option for all or part of any proceeds or residue that becomes payable to him or her in one sum. We describe residue on page 23.
- In some cases, a payee will need our consent to choose an option. We describe these cases under Conditions.
- Options Described** Here are the options we offer. We may also consent to other arrangements.
- Option 1 (Installments for a Fixed Period)** We will make equal payments for up to 25 years based on the Option 1 Table. The payments will include interest at an effective rate of 3½% a year. We may credit more interest. If and while we do so, the payments will be larger.
- Option 2 (Life Income)** We will make equal monthly payments for as long as the person on whose life the settlement is based lives, with payments certain for the period chosen. The choices are either ten years (10-Year Certain) or until the sum of the payments equals the amount put under this option (Installment Refund). The amount of each payment will be based on the Option 2 Table and on the sex and age, on the due date of the first payment, of the person on whose life the settlement is based. But if a choice is made more than two years after the contract proceeds first become payable, we may use the Option 2 rates in ordinary policies we regularly issue, based on United States currency, on the due date of the first payment. On request, we will quote the payment rates in policies we then issue. We must have proof of the date of birth of the person on whose life the settlement is based. The settlement will share in our surplus to the extent and in the way we decide.

Option 3 (Interest Payment)	We will hold an amount at interest. We will pay interest at an effective rate of at least 3% a year (\$30.00 annually, \$14.89 semi-annually, \$7.42 quarterly or \$2.47 monthly per \$1,000). We may pay more interest.
Option 4 (Instalments of a Fixed Amount)	We will make equal annual, semi-annual, quarterly or monthly payments if they total at least \$90 a year for each \$1,000 put under this option. We will credit the unpaid balance with interest at an effective rate of at least 3½% a year. We may credit more interest. If we do so, the balance will be larger. The final payment will be any balance equal to or less than one payment.
Option 5 (Non-Participating Income)	We will make payments like those of any annuity we then regularly issue that: (1) is based on United States currency; (2) is bought by a single sum; (3) does not provide for dividends; and (4) does not normally provide for deferral of the first payment. The payment will be at least what we would pay under that kind of annuity with its first payment due on its contract date. At least one of the persons on whose life the Option 5 is based must be a payee. If a life income is chosen, we must have proof of the date of birth of any person on whose life the option is based. Option 5 cannot be chosen more than 30 days before the due date of the first payment. On request, we will quote the payment that would apply for any amount placed under the option at that time.
First Payment Due Date	Unless a different date is stated when the option is chosen: (1) the first payment for Option 3 will be due at the end of the chosen payment interval; and (2) the first payment for any of the other options will be due on the date the option takes effect.
Residue Described	<p>For Options 1 and 2, residue on any date means the then present value of any unpaid payments certain. We will compute it at an effective interest rate of 3½% a year. But we will use the rate we used to compute the actual Option 2 payments if they were not based on the table in this contract.</p> <p>For Options 3 and 4, residue on any date means any unpaid balance with interest to that date.</p> <p>For Option 5, it means the then present value of any unpaid payments certain. We will compute it at the interest rate to which we refer in Option 5.</p> <p>For Options 2 and 5, residue does not include the value of any payments that may become due after the certain period.</p>
Withdrawal of Residue	<p>Unless otherwise stated when the option is chosen: (1) under Options 1 and 2, the residue may be withdrawn; and (2) under Options 3 and 4 all, or any part not less than \$100, of the residue may be withdrawn. If an Option 3 residue is reduced to less than \$1,000, we have the right to pay it in one sum. Under Option 2, withdrawal of the residue will not affect any payments that may become due after the certain period; the value of those payments cannot be withdrawn. Instead, the payments will start again if they were based on the life of a person who lives past the certain period.</p> <p>For Option 5, the residue may not be withdrawn while the payee and any other person on whose life the option is based is living. But, unless otherwise stated, when the option is chosen, after the death of the last of them to die any residue not already paid in one sum may be withdrawn.</p>
Designating Contingent Payee(s)	<p>A payee under an option has the right, unless otherwise stated, to name or change a contingent payee to receive any residue at that payee's death. This may be done only if: (1) the payee has the full right to withdraw the residue, (2) the residue would otherwise have been payable to that payee's estate at death, or (3) a settlement with payments certain is being made in accord with Option 5.</p> <p>A payee who has this right may choose, or change the choice of, an option for all or part of the residue. In some cases, the payee will need our consent to choose or change an option. We describe these cases under Conditions.</p> <p>Any request to exercise any of these rights must be in writing and in a form that meets our needs. It will take effect only when we file it at our Home Office. Then the interest of anyone who is being removed will end as of the date of the request, even if the payee who made the request is not living when we file it.</p>

Changing Options	A payee under Option 1, 3, or 4 may choose another option for any sum that the payee could withdraw on the date the chosen option is to start. That date may be before the date the payee makes the choice only if we consent. In some cases, the payee will need our consent to choose or change an option. We describe these cases next.
Conditions	Under any of these conditions, our consent is needed for an option to be used for any person: <ol style="list-style-type: none"> 1. The person is not a natural person who will be paid in his or her own right. 2. The person will be paid as assignee. 3. The amount to be held for the person under Option 3 is less than \$1,000. But we will hold any amount for at least one year in accord with the Automatic Mode of Settlement. 4. Each payment to the person under the option would be less than \$20. 5. The option is for residue arising other than at (a) the Insured's death, or (b) the death of the beneficiary who was entitled to be paid as of the date of the Insured's death. 6. The option is for proceeds that arise other than from the Insured's death, and we are settling with an owner or any other person who is not the Insured.
Death of Payee	If a payee under an option dies and if no other distribution is shown, we will pay any residue under that option in one sum to the payee's estate.

AUTOMATIC MODE OF SETTLEMENT

Applicability	These provisions apply to proceeds arising from the Insured's death and payable in one sum to a payee who is a beneficiary. They do not apply to any periodic payment.
Interest on Proceeds	We will hold the proceeds at interest under Option 3 of the Settlement Options provisions. The payee may withdraw the residue. We will pay it promptly on request. We will pay interest annually unless we agree to pay it more often. We have the right to pay the residue in one sum after one year if: (1) the payee is not a natural person who will be paid in his or her own right; (2) the payee will be paid as assignee; or (3) the original amount we hold under Option 3 for the payee is less than \$1,000.
Settlement at Payee's Death	<p>If the payee dies and leaves an Option 3 residue, we will honor any contingent payee provision then in effect. If there is none, here is what we will do. We will look to the beneficiary designation of the contract; we will see what other beneficiary(ies), if any, would have been entitled to the portion of the proceeds that produced the Option 3 residue if the Insured had not died until immediately after the payee died. Then we will pay the residue in one sum to such other beneficiary(ies), in accord with that designation. But if, as stated in that designation, payment would be due the estate of someone else, we will instead pay the estate of the payee.</p> <p><i>Example: Suppose the class 1 beneficiary is Jane and the class 2 beneficiaries are Paul and John. Jane was living when the Insured died. Jane later died without having chosen an option or naming someone other than Paul and John as contingent payee. If Paul and John are living at Jane's death we owe them the residue. If only one of them is living then, and if the contract called for payment to the survivor of them, we owe him the residue. If neither of them is living then, we owe Jane's estate.</i></p>
Spendthrift and Creditor	A beneficiary or contingent payee may not, at or after the Insured's death, assign, transfer, or encumber any benefit payable. To the extent allowed by law, the benefits will not be subject to the claims of any creditor of any beneficiary or contingent payee.

OPTION 1 TABLE

MINIMUM AMOUNT OF MONTHLY PAYMENT FOR EACH \$1,000, THE FIRST PAYABLE IMMEDIATELY	
Number of Years	Monthly Payment
1	\$84.65
2	43.05
3	29.19
4	22.27
5	18.12
6	15.35
7	13.38
8	11.90
9	10.75
10	9.83
11	9.09
12	8.46
13	7.94
14	7.49
15	7.10
16	6.76
17	6.47
18	6.20
19	5.97
20	5.75
21	5.56
22	5.39
23	5.24
24	5.09
25	4.96
Multiply the monthly amount by 2.989 for quarterly, 5.952 for semi-annual or 11.804 for annual.	

OPTION 2 TABLE

MINIMUM AMOUNT OF MONTHLY PAYMENT FOR EACH \$1,000, THE FIRST PAYABLE IMMEDIATELY									
AGE LAST BIRTHDAY	KIND OF LIFE INCOME				AGE LAST BIRTHDAY	KIND OF LIFE INCOME			
	10-Year Certain		Instalment Refund			10-Year Certain		Instalment Refund	
	Male	Female	Male	Female		Male	Female	Male	Female
10 and under	\$3.18	\$3.11	\$3.17	\$3.10	45	\$4.06	\$3.82	\$3.99	\$3.78
					46	4.12	3.86	4.03	3.81
	3.19	3.12	3.18	3.11	47	4.17	3.90	4.08	3.85
	3.20	3.13	3.19	3.12	48	4.23	3.94	4.13	3.90
	3.21	3.14	3.20	3.13	49	4.28	3.99	4.18	3.94
14	3.22	3.15	3.21	3.14					
15	3.24	3.16	3.23	3.15	50	4.35	4.04	4.24	3.98
16	3.25	3.17	3.24	3.16	51	4.41	4.09	4.29	4.03
17	3.27	3.19	3.25	3.18	52	4.48	4.15	4.35	4.08
18	3.28	3.20	3.27	3.19	53	4.55	4.21	4.41	4.13
19	3.30	3.21	3.28	3.20	54	4.62	4.27	4.48	4.19
20	3.31	3.22	3.30	3.21	55	4.70	4.33	4.55	4.24
21	3.33	3.24	3.32	3.23	56	4.78	4.40	4.62	4.30
22	3.35	3.25	3.33	3.24	57	4.86	4.47	4.69	4.37
23	3.36	3.26	3.35	3.25	58	4.95	4.54	4.77	4.43
24	3.38	3.28	3.37	3.27	59	5.05	4.62	4.86	4.50
25	3.40	3.30	3.39	3.29	60	5.15	4.71	4.94	4.58
26	3.42	3.31	3.41	3.30	61	5.25	4.79	5.03	4.66
27	3.45	3.33	3.43	3.32	62	5.36	4.89	5.13	4.74
28	3.47	3.35	3.45	3.34	63	5.48	4.98	5.23	4.82
29	3.49	3.37	3.47	3.35	64	5.60	5.09	5.34	4.92
30	3.52	3.39	3.49	3.37	65	5.73	5.20	5.45	5.01
31	3.54	3.41	3.52	3.39	66	5.87	5.31	5.57	5.11
32	3.57	3.43	3.54	3.41	67	6.01	5.43	5.70	5.22
33	3.60	3.45	3.57	3.44	68	6.15	5.56	5.83	5.34
34	3.63	3.47	3.60	3.46	69	6.30	5.70	5.97	5.46
35	3.66	3.50	3.63	3.48	70	6.46	5.84	6.11	5.58
36	3.69	3.52	3.66	3.50	71	6.62	5.99	6.27	5.72
37	3.72	3.55	3.69	3.53	72	6.79	6.15	6.43	5.86
38	3.76	3.58	3.72	3.56	73	6.96	6.31	6.60	6.01
39	3.80	3.61	3.75	3.58	74	7.13	6.49	6.78	6.18
40	3.84	3.64	3.79	3.61	75	7.30	6.67	6.97	6.35
41	3.88	3.67	3.82	3.64	76	7.48	6.85	7.17	6.53
42	3.92	3.70	3.86	3.67	77	7.66	7.04	7.38	6.72
43	3.97	3.74	3.90	3.71	78	7.83	7.24	7.60	6.93
44	4.01	3.78	3.94	3.74	79	8.00	7.44	7.83	7.15
					80 and over	8.17	7.64	8.07	7.38

ENDORSEMENTS

(Only we can endorse this contract.)

Voting Rights

We are a mutual life insurance company. Our principal Office is in Newark, New Jersey, and we are incorporated in that State. By law, we have 24 directors. This includes 16 elected by our policyholders (four each year for four year terms), two of our Officers, and six public directors named by New Jersey's Chief Justice.

The election is held on the first Tuesday in April from 10:00 A.M. to 2:00 P.M. in our Office at Prudential Plaza, Newark, N.J. After this contract has been in force for one year, you may vote either in person or by mail. We will send you a ballot if you ask for one. Just write to the Secretary at Prudential Plaza, Newark, New Jersey 07101, at least 60 days before the election date. By law, your request must show your name, address, policy number and date of birth. Only individuals at least 18 years old may vote.

Home Office Locations

When we use the term Home Office, we mean any of these Prudential Offices:

Corporate Office, Newark, N.J.

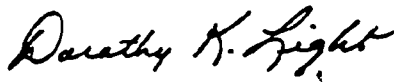
North Central Home Office,
Minneapolis, Minn.

Eastern Home Office,
Fort Washington, Pa.

South-Central Home Office,
Jacksonville, Fla.

The Prudential Insurance Company of America,

By



Secretary

COMB 86184—88

RIDER FOR INSURED'S WAIVER OF PREMIUM BENEFIT

This benefit is a part of this contract only if it is included in the list of supplementary benefits on the contract data pages.

Total Disability Benefit

We will pay scheduled premiums into the contract for you on their due dates while the Insured is totally disabled. But this is subject to all the provisions of this benefit and of the rest of this contract.

Disability Defined

When we use the words disability and disabled in this benefit we mean total disability and totally disabled. Here is how we define them: (1) until the Insured has stayed disabled for two years, we mean that he or she cannot, due to sickness or injury, do any of the duties of his or her regular occupation; but (2) after the Insured has stayed disabled for two years, we mean that he or she cannot, due to sickness or injury, do any gainful work for which he or she is reasonably fitted by education, training, or experience.

Except for what we state in the next sentence, we will at no time regard an Insured as disabled who is doing gainful work for which he or she is reasonably fitted by education, training, or experience. We will regard an Insured as disabled, even if working or able to work, if he or she incurs, during a period in which premiums are eligible to be waived as we describe below, one of the following: (1) permanent and complete blindness of both eyes; or (2) physical severance of both hands at or above the wrists or both feet at or above the ankles; or (3) physical severance of one hand at or above the wrist and one foot at or above the ankle.

Premiums Eligible To Be Paid By Us

If the Insured becomes disabled before the first contract anniversary following his or her 60th birthday and that disability begins: (1) on or after the first contract anniversary following his or her 5th birthday, if the contract date was before that birthday; or (2) on or after the contract date, if that date was on or after his or her 5th birthday, we will pay all scheduled premiums that fall due while he or she stays disabled.

If the Insured becomes disabled on or after the first contract anniversary following his or her 60th birthday, we will pay only those scheduled premiums that fall due before the first contract anniversary following his or her 65th birthday and while he or she stays disabled.

If the Insured becomes disabled on or after the first contract anniversary after his or her 65th birthday, we will not pay any scheduled premiums that fall due in that period of disability.

Conditions

Both of these conditions must be met: (1) The Insured must become disabled while this contract is in force and not in default past the last day of the grace period; (2) The Insured must stay disabled for a period of at least six months while living.

Exceptions

We will not pay any scheduled premiums if the Insured becomes disabled from: (1) an injury he causes to himself, or she causes to herself, on purpose; or (2) sickness or injury due to service on or after the contract date in the armed forces of any country(ies) at war. The word war means declared or undeclared war and includes resistance to armed aggression.

Successive Disabilities

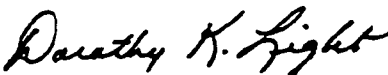
Here is what happens if the Insured has at least one scheduled premium paid by us while disabled, then gets well so that he or she resumes making payments, and then becomes disabled again. In this case, we will not apply the six-month period that would otherwise be required by Condition (2) and will consider the second period of disability to be part of the first period unless: (1) the Insured has done gainful work, for which he or she is reasonably fitted, for at least six months between the periods; or (2) the Insured became disabled the second time from an entirely different cause.

If we do not apply the six-month period required by Condition (2), we also will not count the days when there was no disability as part of the two year period when disability means the Insured cannot do any of the duties of his or her regular occupation.

Notice and Proof of Claim	<p>Notice and proof of any claim must be given to us while the Insured is living and disabled, or as soon as reasonably possible. If notice or proof is not given as soon as reasonably possible, we will not pay any scheduled premium due more than one year before the date the notice or proof is given to us.</p> <p>We may also require proof at reasonable times that the Insured is still disabled. After he or she has been disabled for two years, we will not ask for proof of continued disability more than once a year; and we will require no further proof of continued disability after the first contract anniversary that follows the Insured's 65th birthday if he or she has been continually disabled for at least five years.</p> <p>As a part of any proof, we have the right to require that the Insured be examined at our expense by doctors of our choice.</p>
When We Will Stop Paying Premiums	We will stop paying scheduled premiums if: (1) disability ends; or (2) we ask for proof that the Insured is disabled and we do not receive it; or (3) we require that the Insured be examined and he or she fails to do so.
Changes in the Face Amount	If there was an increase or decrease in the face amount before we approved a claim under this benefit, but we find that the increase or decrease took effect on a monthly processing date on which the Insured was disabled we will restore the coverage to what it would have been if the increase or decrease had not taken effect.
Benefit Premiums and Charges	<p>We include the premiums for this benefit in the Schedule of Premiums in the contract data pages. From each premium payment, we make the deductions shown under Schedule of Deductions from Premium Payments in these pages and the balance is the invested premium amount which is added to the contract fund.</p> <p>The monthly charge for this benefit is deducted on each monthly date from the contract fund. The amount of that charge is included in the Schedule of Monthly Deductions from the Contract Fund in the contract data pages.</p>
Unscheduled Premiums During Disability	You may make unscheduled premium payments if you wish, as provided in the Unscheduled Premiums section of the contract even when we are paying scheduled premiums that fall due during a period of disability.
Termination	<p>This benefit will end and we will make no more scheduled premium payments for you on the earliest of:</p> <ol style="list-style-type: none"> 1. the end of the last day of grace if the contract is in default; it will not continue if a benefit takes effect under any contract value options provision that may be in the contract; 2. the end of the day before the first contract anniversary that follows the Insured's 65th birthday, unless the Insured has stayed disabled since before the first contract anniversary that follows the 60th birthday; 3. the date the contract is surrendered under its Cash Value Option, if it has one; and 4. the date the contract ends for any other reason. <p>If you do not make any withdrawals from the contract starting on the date the Insured becomes disabled, the contract cannot go into default during the period we are paying scheduled premiums into the contract.</p>

This Supplementary Benefit rider attached to this contract on the Contract Date

The Prudential Insurance Company of America,

By 
Secretary

RIDER FOR INSURED'S ACCIDENTAL DEATH BENEFIT

This benefit is a part of this contract only if it is included in the list of supplementary benefits on the contract data pages.

Benefit We will pay the amount of this benefit that we show on the contract data pages for the Insured's accidental loss of life. But our payment is subject to all the provisions of the benefit and of the rest of this contract.

Manner of Payment We will include in the proceeds of this contract any payment under this benefit.

Conditions Both of these conditions must be met: (1) We must receive due proof that the Insured's death was the direct result, independent of all other causes, of accidental bodily injury that occurred on or after the contract date. (2) The death must occur while the contract is in force.

Exclusions We will not pay under this benefit for death caused or contributed to by: (1) suicide or attempted suicide while sane or insane; or (2) infirmity or disease of mind or body or treatment for it; or (3) any infection other than one caused by an accidental cut or wound.

Even if death is caused by accidental bodily injury, we will not pay for it under this benefit if it is caused or contributed to by: (1) service in the armed forces of any country(ies) at war; or (2) war or any act of war; or (3) travel by, or descent from, any aircraft if the Insured had any duties or acted in any capacity other than as a passenger at any time during the flight. But we will ignore (3) if all these statements are true of the aircraft: (a) It has fixed wings and a permitted gross takeoff weight of at least 75,000 pounds. (b) It is operated by an air carrier that is certificated under the laws of the United States or Canada to carry passengers to or from places in those countries. (c) It is not being operated for any armed forces for training or other purposes. As used here, the word aircraft includes rocket craft or any other vehicle for flight in or beyond the earth's atmosphere. The word war means declared or undeclared war and includes resistance to armed aggression.

Automatic Reduction We have the right to limit the amount of this benefit to no more than twice the face amount of this contract. If that face amount is decreased for any reason, we have the right to reduce the amount of the benefit to twice the new face amount.

Benefit Premiums and Charges We show the premiums for this benefit in the Schedule of Premiums in the contract data pages. From each premium payment, we make the deductions shown under Schedule of Deductions from Premium Payments in these pages and the balance is the invested premium amount which is added to the premium account and the contract fund.

The monthly charge for this benefit is deducted on each monthly date from the contract fund. The amount of that charge is included in the Schedule of Monthly Deductions from the Contract Fund in the contract data pages.

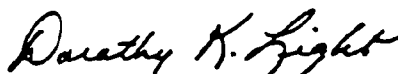
Termination This benefit will end on the earliest of:

1. the end of the last day of grace if the contract is in default; it will not continue if a benefit takes effect under any contract value options provision that may be in the contract;
2. the date the contract is surrendered under its Cash Value Option, if it has one; and
3. the date the contract ends for any other reason.

Further, if you ask us in writing, and we agree, we will cancel the benefit as of the first monthly date on or after we receive your request. Contract premiums and monthly charges due then and later will be reduced accordingly.

This Supplementary Benefit rider attached to this contract on the Contract Date

The Prudential Insurance Company of America,

By 
Secretary

ENDORSEMENTS

(Only we can endorse this contract.)

BASIS OF COMPUTATION

- Mortality Tables Described** Except as we state in the next paragraph, (1) we base all net premiums and net values to which we refer in this contract on the Insured's issue age and sex and on the length of time since the contract date; (2) we use the Commissioners 1980 Standard Ordinary Non-Smokers Mortality Table; and (3) we use continuous functions based on age last birthday.
- For extended insurance, we base net premiums and net values on the Commissioners 1980 Non-Smokers Extended Term Insurance Table.
- Interest Rate** For all net premiums and net values to which we refer in this contract we use an effective rate of 4% a year.
- Exclusions** When we compute net values, tabular values, reduced paid-up insurance and extended insurance, we exclude the value of any supplementary benefits and any other extra benefits added by rider to this contract.
- Values After 20 Contract Years** Tabular values not shown on page 4 will be computed using the standard nonforfeiture method and the mortality tables and interest rate we describe above. We show the nonforfeiture factors in the contract data pages.
- Minimum Legal Values** The cash, loan and other values in this contract are at least as large as those set by law where it is delivered. Where required, we have given the insurance regulator a detailed statement of how we compute values and benefits.

The Prudential Insurance Company of America.

By *Dorothy K. Light*
Secretary

ENDORSEMENTS

(Only we can endorse this contract.)

ALTERATION OF TEXT

The first paragraph of the misstatement of Age or Sex Provision is amended to read as follows. If the Insured's stated age or sex or both are not correct, we will adjust each benefit and any amount to be paid to reflect the correct age and sex. How we will do so depends on the status of the contract when we learn of the error, and on whether the Insured is then living. If the Insured dies while the contract is in force as extended term insurance, here is what we will do. We will compute what the net cash value of the incorrect contract was on the date of default. We will compute the amount of extended term insurance this value would have provided at the Insured's correct age, on the date of default, and sex for the length of time, beginning on the date of default, that we computed for the incorrect contract. We will pay this amount.

If the contract is in force other than as extended term insurance and the Insured is not living when we learn of the error, here is what we will do. We will compute the charge we made on the last Monthly Date before the Insured's death for the cost of expected mortality (see, Charge for Expected Mortality). We will compute the coverage amount which this charge would have provided at the Insured's Correct sex and age on that Monthly Date. The new Basic Amount will be the correct coverage amount plus the contract fund. If the contract is in force other than as extended term insurance and the Insured is living when we learn of the error, here is what we will do. We will accumulate, at 4% interest, the scheduled premiums per \$1000 of face amount of the incorrect contract, multiplied by its face amount. We will accumulate, at 4% interest, the scheduled premiums per \$1000 of face amount of a similar contract issued at the Insured's correct age and sex. We will divide the first accumulation by the second. The result will be the face amount of a new contract with which we will replace the incorrect contract. The new contract will be similar in form to the incorrect contract but will contain scheduled premiums, tabular contract funds, tabular cash values and surrender charges as if it had been issued at the correct age and sex. If the contract fund of the incorrect contract is at least equal to the tabular contract fund of the correct contract, then we will set the contract fund of the correct contract equal to that of the incorrect contract. If not, we will set the contract fund of the correct contract equal to its tabular contract fund, and grant a loan against the correct contract equal to the excess of its tabular contract fund over the contract fund of the incorrect contract. This loan will be added to any existing loan. If we need to adjust any benefit under conditions we have not fully described in this provision, we will do so in a consistent way.

Rider attached to and made a part of this contract on the Contract Date

The Prudential Insurance Company of America,

By *Dorothy K. Light*
Secretary

Exhibit B

NANCY E. LINGLE,
Plaintiff,
vs.
PRUDENTIAL INSURANCE
COMPANY OF AMERICA,
Defendant.

Attorneys for Defendant,
The Prudential Insurance
Company of America

NANCY E. LINGLE,)
)
Plaintiff,) Civil Action No. _____
)
vs.)
)
PRUDENTIAL INSURANCE)
COMPANY OF AMERICA,)
)
Defendant.)

2. On or about August 14, 2002, plaintiff commenced an action in the Court of Common Pleas of Clearfield County, Pennsylvania, entitled *Nancy E. Lingle v. Prudential Insurance Company of America*, Case No. 02-1267-00 (the “State Court Action”). A copy of plaintiff’s Summons and Complaint, which constitute all process, pleadings and orders served upon Prudential in the State Court Action, is attached as Exhibit A.

3. Prudential purportedly was served with the Summons and Complaint in the State Court Action on September 5, 2002.

4. This Notice of Removal is filed within thirty days after the first pleading in the State Court Action was first served on Prudential, the only defendant, and therefore is timely filed pursuant to 28 U.S.C. § 1446(b). *Murphy Bros. Inc. v. Michetti Pipe Stringing Inc.*, 526 U.S. 344 (1999).

5. A copy of the written notice required by 28 U.S.C. § 1446(d), addressed to the adverse party and to the Prothonotary/Clerk of Courts of Clearfield County, is attached as Exhibit B and will be filed in the State Court Action and forwarded to plaintiff upon the filing of this Notice of Removal.

JURISDICTION EXISTS UNDER 28 U.S.C. § 1332

The Parties Are Diverse

6. Plaintiff alleges in her Complaint that she has a mailing address of “Bradenton, FL.” (Ex. A, ¶ 1) On information and belief, plaintiff is now, and at the time the State Court Action was commenced was, a resident and citizen of the State of Florida.

7. Prudential is now, and at the time the State Court Action was commenced was, a corporation organized and existing under the laws of the State of New Jersey with its principal place of business in the State of New Jersey and therefore is now, and at the time the State Court Action was commenced was, a citizen of the State of New Jersey for diversity jurisdiction purposes. *See In re The Prudential Ins. Co. of America Sales Practices Litig.*, MDL No. 1061, slip op. at 25 (D.N.J. June 26, 1997)(“Prudential is a citizen of New Jersey for purpose[s] of assessing the propriety of diversity jurisdiction.”)(copy attached as Exhibit C).

8. There is thus complete diversity of citizenship between plaintiff and Prudential.

The Amount In Controversy Exceeds \$75,000

9. For this Court to have subject matter jurisdiction based on diversity of citizenship, the amount in controversy must exceed the sum or value of \$75,000, exclusive of interest and costs. 28 U.S.C. § 1332(a).

10. The amount in controversy in this case exceeds the sum or value of \$75,000, exclusive of interest and costs. In cases such as this, involving the plaintiff's entitlement to a life insurance policy, the face amount of the policy is "in controversy." See *Bell v. Preferred Life Assurance Soc'y*, 320 U.S. 238, 240 (1943); *Guardian Life Ins. Co. of America v. Muniz*, 101 F.3d 93, 94 (11th Cir. 1996); *Stephenson v. Equitable Life Assurance Soc'y of the U.S.*, 92 F.2d 406, 410 (4th Cir. 1937); *Bell v. Philadelphia Life Ins. Co.*, 78 F.2d 322, 323 (4th Cir. 1935). Moreover, where, as here, injunctive relief is sought, "it is well established that the amount in controversy is measured by the value of the object of the litigation." *Hunt v. Washington State Apple Advertising Commission*, 432 U.S. 333, 347 (1977) (citations omitted). According to Prudential's records, the Prudential policy at issue, policy 99324713, has a face value of \$150,000. Accordingly, the amount in controversy is clearly in excess of the jurisdictional amount.

11. Therefore, the State Court Action is removable to federal court.¹

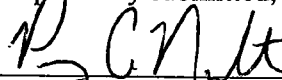
12. Accompanying this Notice of Removal are a Civil Cover Sheet and a check in the amount of \$150.00 for the required filing fee.

¹ This action also is removable pursuant to the All Writs Act, 28 U.S.C. § 1651, as it interferes with the jurisdiction of the United States District Court for the District of New Jersey in administering a complex class action settlement and the Final Order and Judgment entered by that court in that class action settlement (*In re The Prudential Ins. Co. of America Sales Practices Litig.*, 962 F. Supp. 450 (D.N.J. 1997), *aff'd*, 148 F.3d 283 (3d Cir. 1998), *cert. denied*, 525 U.S. 1114 (1999)). E.g., *Montgomery v. Aetna Plywood, Inc.*, 231 F.3d 399, 411-12 (7th

WHEREFORE, defendant The Prudential Insurance Company of America removes the State Court Action from the Court of Common Pleas of Clearfield County, Pennsylvania, to this Court, and prays that this Court take jurisdiction of this civil action to the exclusion of any further proceedings in said state court.

Dated: September 25, 2002

Respectfully submitted,



John E. Smith, III

Pa. I.D. No. 02293

Perry A. Napolitano

Pa. I.D. No. 56789

Reed Smith LLP

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(412) 288-7230

Attorneys for Defendant,

The Prudential Insurance

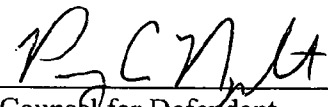
Company of America

Cir. 2000); *Atlantic Coast Demolition & Recycling, Inc. v. Board of Chosen Freeholders of Atlantic City*, 988 F. Supp. 486 (D.N.J. 1997).

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Notice of Removal was served by first class mail, postage prepaid, upon the following:

Chris A. Pentz, Esq.
211½ East Locust Street
P.O. Box 552
Clearfield, PA 16830



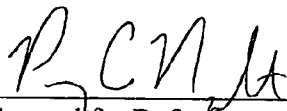
Counsel for Defendant

Dated: September 25, 2002

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the within Notice of Filing of Notice of Removal was served by first class mail, postage prepaid, upon the following:

Chris A. Pentz, Esq.
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Clearfield, PA 16830



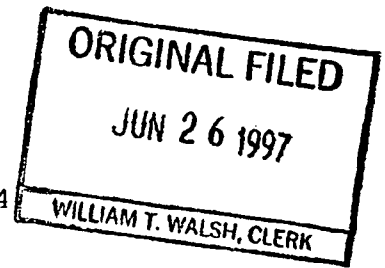
Counsel for Defendant

Dated: September 25, 2002

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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE PRUDENTIAL INSURANCE : MDL NO. 1061
COMPANY OF AMERICA SALES :
PRACTICES LITIGATION : Civ. No. 95-4704



THIS DOCUMENT RELATES TO:

Herb Casey
(N.J. Civ. No. _____)

MEMORANDUM OPINION

Earline Farmer
(N.J. Civ. No. 97-1227)

Richard E. Gregory
(N.J. Civ. No. 97-565)

James W. Jordan
(N.J. Civ. No. 96-3570)

Nicholas L. Luman
(N.J. Civ. No. 96-3569)

Mildred Molitor
(N.J. Civ. No. 97-2327)

Lewis D. Smith
(N.J. Civ. No. 97-1535)

Ernestine Steele
(N.J. Civ. No. 97-563)

Sam B. Wright
(N.J. Civ. No. 96-2655)

BACKGROUND

A. The Casey Action

In January of 1997, Herb Casey filed a putative class action (the "Casey Action") in the Superior Court of Monterey County, California. The members of the putative class are all

California residents who the Casey plaintiffs allege are not bound by the Final Order and Judgment approving the class action settlement, which this Court issued on March 17, 1997 and amended on April 14, 1997 (the Nationwide Class Settlement"), in In Re Prudential Insurance Company of America Sales Practices Litigation, Master Docket No. 95-4704, MDL 1061.

The Casey complaint alleges claims against the Prudential Insurance Company of America ("Prudential"), a New Jersey corporation. The Casey complaint also alleges claims against four individual California managers and five California agents of Prudential (collectively, the "Individual Defendants"), all of whom are residents of California.

The Casey plaintiffs allege that Prudential engaged in a "comprehensive scheme" of deceptive life insurance sales practices. The Complaint states eleven causes of action against Prudential, six of which also purport to be brought against the Individual Defendants. The six causes of action that are brought jointly against Prudential and the Individual Defendants are claims for: (1) violations of Section 25401 of the California Corporations Code (First Cause of Action); (2) fraud (Second Cause of Action); (3) negligent misrepresentation (Fifth Cause of Action); (4) negligent training and supervision (against the Management Defendants and Prudential only) (Seventh Cause of Action); (5) violations of Section 17200 of the California Business and Professions Code (Ninth Cause of Action); and (6) breach of fiduciary duty (Tenth Cause of Action).



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Prudential removed the Casey Action to the United States District Court for the Northern District of California, arguing that there is federal jurisdiction because the Individual Defendants were fraudulently joined and that federal jurisdiction exists also under the All Writs Act and under 28 U.S.C. Section 1367.¹ On March 3, 1997, the Casey plaintiffs filed a motion to remand their case with the United States District Court for the Northern District of California. The Judicial Panel on Multidistrict Litigation (the "Panel") then transferred the Casey Action to this Court, where the Casey plaintiffs' motion remained pending.

Prudential now opposes the Casey plaintiffs' motion to remand, arguing that (1) the amount in controversy exceeds \$75,000 and (2) that the Casey plaintiffs have failed to allege either a "reasonable basis in fact" or a "colorable ground" for their claims against the Individual Defendants and the Individual Defendants are fraudulently joined. According to Prudential, joinder of the Individual Defendants is fraudulent because: (1) many of the class plaintiffs have not alleged causes of action against the Individual Defendants; (2) the plaintiffs have failed to allege appropriately any cause of action against the Individual Defendants.

¹ Prudential has withdrawn its argument for jurisdiction based on 28 U.S.C. § 1367; the Court earlier held that section 1367 does not provide a basis to remove an action where the Court has original jurisdiction only over claims in a distinct action.

B. The Farmer Action

On December 27, 1996, Earline Farmer filed suit against Prudential and its agent Jimmy Blue, Jr. in the Circuit Court for Jefferson County, Alabama. Farmer alleges that she bought two life insurance policies and one annuity in reliance on representations made by agent Blue and another Prudential agent, David Hovey, who was not joined as a defendant. Farmer brings claims for "Fraud-General" (Count 1) and "Suppression" (Count 2) against agent Blue.

Farmer alleges that Blue is "separately and severally" liable for the alleged misrepresentations made by Prudential agent Hovey in connection with his sale of two life insurance policies to Farmer, one in December of 1982 and one in January 1986. Agent Blue indicates in his affidavit that he had nothing to do with the sale of these policies to Farmer and that he had not even met Farmer until April of 1986, when Hovey left work on a medical disability.

Farmer alleges also that Blue is liable for fraud and suppression in connection with Farmer's purchase of an annuity through Blue in 1987. Farmer alleges that Blue told her "that Prudential was investing in different companies and that she needed to take out an annuity to facilitate the change."

Prudential removed this case from the Circuit Court for Jefferson County to the United States District Court for the Norther District of Alabama, arguing that agent Blue was fraudulently joined.

Farmer then moved to remand the action the Circuit Court of Jefferson County, arguing that Blue was properly joined. The United States District Court for the Northern District of Alabama did not rule on the motion, which is still pending before this Court. Prudential argues in response that remand is inappropriate because Blue is fraudulently joined and the Court has diversity jurisdiction over the action.

C. The Gregory Action

On September 10, 1996, plaintiffs Richard E. Gregory and Iris Gregory, Arkansas citizens, commenced an action in the Circuit Court of Woodruff County, Arkansas by filing a complaint and jury demand. Defendant Eaton is an Arkansas citizen.

The Gregory plaintiffs allege causes of action for breach of fiduciary duty/constructive fraud (Count I), fraud (Count II), and negligence (Count III). The plaintiffs assert claims for fraud (Count II) and negligence (Count III) against Eaton.

On October 11, 1996, Prudential filed a Notice of Removal, arguing that federal jurisdiction existed under 28 U.S.C. section 1332, because there was complete diversity in that Eaton was fraudulently joined. According to Prudential, the Gregory plaintiffs' claims against Eaton are fraudulent because they are time barred.

D. The Jordan Action

Jordan v. The Prudential Insurance Company of America

(S.D. Ala.), N.J. Docket No. 96-3570, was filed in an Alabama state court and then removed by Prudential to the Southern District of Alabama. Judge Pittman, United States District Judge of the Southern District of Alabama denied Jordan's motion to remand. Jordan moved for reconsideration, which Judge Pittman also denied.

E. The Luman Action

On March 11, 1996, Nicholas Luman sued Prudential and Charles J. Mollica in the Circuit Court of Jefferson County, Alabama. Prudential removed the Luman Action on the basis of diversity jurisdiction and supplemental jurisdiction. Before the Panel transferred the action to this Court, Luman's motion to remand was filed and fully briefed in the transferor court. Judge Guine of the Middle District of Alabama denied the motion to remand without opinion. Luman has requested that this Court transfer his case back to the Middle District of Alabama to allow Judge Guine to reconsider his earlier decision.

F. The Molitor Action

On December 20, 1996, Mildred Molitor filed this action in the Circuit Court for Lee County, Florida. Molitor, a Florida citizen, has made various claims against Prudential, the sole defendant.

Molitor alleges causes of for fraud (Count I) and

conversion (Count II) against Prudential in connection with the purchase of a life insurance policy. The Complaint alleges that Molitor purchased a \$1,500 life insurance policy from Prudential in 1957 (the "1957 policy"), that this policy "provided for an accumulation of interest and other cash value provisions," and that the cash values of that policy were later used to purchase a \$3,000 life insurance policy from Prudential in 1984 (the "1984 policy") which also "accumulated cash value and interest."

(Molitor Complaint ¶¶ 6-11.) Molitor alleges that Prudential knowingly, and with the purpose of churning, misrepresented the values that the 1957 policy would achieve and misrepresented Molitor's ability to use the cash value of the 1957 policy to pay the premiums as they came due on the 1984 policy. As a result, alleges Molitor, the cash values and actual earnings of both policies were "depleted," the death benefit provided the policies was "defeated," and Molitor was billed for additional premiums and loan payments on the policies. (Molitor Complaint ¶¶ 11-15.) Although the Complaint alleges that the amount in controversy exceeds \$15,000, (Molitor Complaint ¶ 5), the Complaint does not identify or limit the total amount of Molitor's alleged compensatory damages, punitive damages, attorneys fees, or the "other and further relief" sought.

Prudential removed the case to the United States District Court for the Middle District of Florida based on diversity jurisdiction, and filed a Notice of Related Action with the Panel to have the action transferred to this Court for

consolidated pretrial proceedings.

Molitor then filed a motion in the Middle District of Florida to have the case remanded to the Circuit Court for Lee County, arguing that the parties are not diverse and that the amount in controversy does not meet the jurisdictional threshold of 28 U.S.C. section 1332. The Panel then transferred the case to this Court with this motion to remand pending.

Prudential argues that the Court does have complete diversity jurisdiction over this case and that the amount in controversy exceeds \$75,000.

G. The Smith Action

Smith v. Pruco Life Insurance Company of New Jersey (N.D. Ala.), N.J. Docket No. 97-1535 was also filed in an Alabama state court. Prudential removed the action to the Northern District of Alabama on the basis of diversity jurisdiction. Judge Propst denied Smith's motion to remand. Smith requested at oral argument on June 23, 1997 that this Court reconsider Judge Propst's decision regarding remand.

H. The Steele Action

The Steele plaintiffs filed their complaint on September 25, 1996, with the Circuit Court of Greene County, Alabama. The action is asserted purportedly on behalf of a nationwide class, the class:

consisting of all persons who had life

insurance policies with Prudential from 1985 through 1994 who were the victims of an illegal 'churning' scheme pursuant to which Prudential and its agents persuaded existing life insurance policyholders to buy new, larger policies that were supposed to be financed through the dividends or loans from the existing policy or to pay for themselves over time through high dividends.

(Steele Complaint ¶¶ 1, 10.) The Complaint alleges claims for breach of fiduciary duty, breach of the implied covenant of good faith and fair dealing, fraudulent misrepresentation and/or omission, and negligent misrepresentation and/or omission. The Steele Plaintiffs seek actual and compensatory damages, punitive damages, disgorgement of any amount received from the alleged churning, interest, fees, and costs, and declaratory and injunctive relief to prevent the destruction of evidence.

(Complaint ¶¶ 4,4, Prayer for Relief (b)-(g).)

The sole defendant in the Steele Complaint is Prudential. There are twelve named plaintiffs. Six of them are Alabama residents: Ernestine, John, Trisha, and Marcus Steele, Carrie Ellis, and Ernest Clay. Four are Illinois residents: Frederick and Mary Reiter, and John and Margaret Oliveira. Two are individual residents of New Jersey: Robert and Gloria Hause.

On the day after the Complaint had been filed, and prior to service of the Summons and Complaint, and without notice to Prudential, the state court conditionally certified the putative national class.

On September 30, 1996, Prudential removed the action to the United States District Court for the Northern District of

Alabama. The Panel then transferred the Steele Action to this Court under 28 U.S.C. § 1407.

The Steele Plaintiffs have moved to remand to the Circuit Court of Greene County, Alabama, arguing that the requirements of 28 U.S.C. § 1332 are not satisfied. Prudential has argued that removal was appropriate because (1) under 28 U.S.C. § 1367 the Court can disregard the citizenship of the Hause plaintiffs and the Court has diversity jurisdiction over the action; (2) that the claims asserted by the Hause plaintiff are fraudulent because their claims are barred by Alabama's doctrine of forum non conveniens. Prudential argues in conjunction with both of these arguments that the amount in controversy requirement of \$50,000 is satisfied.

I. The Wright Action

Initially, plaintiff Wright filed his lawsuit as an individual action against Prudential and two former agents, Menzo D. Cheney and Tyler Austin. On February 19, 1996, plaintiff Wright amended his pleadings to transform the case into a putative class action against Prudential. The putative plaintiff class would include all individuals wherever located who have been injured by certain alleged Prudential practices.

Prudential removed this case on the basis of diversity jurisdiction under 28 U.S.C. section 1332 and supplemental jurisdiction under 28 U.S.C. section 1367. Prudential dropped its section 1367 argument in light of this Court's earlier

decision on that point and continued to argue jurisdiction on the basis of section 1332, alleging that in light of the class action allegations the individual agents were fraudulently joined.

DISCUSSION

I. Applicable Standards

Prudential removed the plaintiffs' actions at issue here pursuant to 28 U.S.C. § 1441(a).² The plaintiffs have filed their motions to remand under 28 U.S.C. § 1447(c), which provides, in relevant part, that "[i]f at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded." 28 U.S.C. § 1447(c).³

² The statute provides that a defendant may remove a civil action brought in state court if a district court has original jurisdiction over the action:

Except as otherwise expressly provided by Act of Congress, any civil action brought in a State court of which the district courts of the United States have original jurisdiction, may be removed by the defendant or the defendants, to the district court of the United States for the district or division embracing the place where such action is pending.

28 U.S.C. § 1441(a).

³ The statute provides more fully:

(c) If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded. An order remanding the case may require payment of just costs and any actual expenses, including attorney fees, incurred as a result of the removal. . . .

28 U.S.C. § 1447(c).

The removal statutes must be "strictly construed against removal and all doubts should be resolved in favor of remand." Steel Valley Auth. v. Union Switch and Signal Div., 809 F.2d 1006, 1010 (3d Cir. 1987). Because the party who urges jurisdiction on a federal court bears the burden to prove that jurisdiction exists, as a removing party Prudential bears the burden in these cases to establish that this Court's exercise of jurisdiction is appropriate in each of these cases. See, e.g., Boyer v. Snap-On Tools Corp., 913 F.2d 108, 111 (3d Cir. 1990), cert. denied, 498 U.S. 1085 (1991).

Prudential asserts that this Court has diversity jurisdiction over each of the actions now at issue. The relevant statute, 28 U.S.C. section 1332, provides now that "[t]he district courts shall have original jurisdiction of all civil actions where the matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs and is between --(1) citizens of different States" Some of the actions were filed when the statute only required the amount in controversy to exceed \$50,000.

When a non-diverse party has been joined as a defendant, the removing defendant may avoid remand only by demonstrating that the non-diverse party was fraudulently joined. See Batoff v. State Farm Ins. Co., 977 F.2d 848, 851 (3d Cir. 1992). Joinder is fraudulent where there is "no reasonable basis

in fact or colorable ground supporting the claim against the joined defendant, or no real intention in good faith to prosecute the action against the defendants or seek a joint judgment." Id. (quoting Boyer, 913 F.2d at 111). If there even is a "possibility" that a state court would find that the complaint states a cause of action against any resident defendant, the federal court must find that joinder was proper and remand the case to state court. See id.; Boyer, 913 F.2d at 111.

In determining whether the plaintiff has relied on fraudulent claims, the district court must evaluate the plaintiff's complaint at the time that the petition for removal was filed. See Batoff, 977 F.2d at 851-52. The Court must assume the factual allegations in the complaint to be true. See id.; Steele Valley Author., 809 F.2d at 1010. Additionally, the Court must resolve any uncertainties in the current state of the controlling substantive law in favor of the plaintiff. See Batoff, 977 F.2d at 852.

The standard to be applied in assessing whether a claim is legitimate for the purpose of jurisdictional analysis is whether the claim is "wholly insubstantial and frivolous." See id. A claim that can be dismissed only after an intricate analysis of the applicable state law is not so "wholly insubstantial and frivolous" that it may be disregarded for purposes of diversity jurisdiction. See id. at 853.

Thus, the standard to be employed in assessing fraudulent joinder is far less searching than the inquiry

triggered by a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6). See id. at 852. In other words, it is possible that a party has not been fraudulently joined but that once the claim is returned to state court, that court will dismiss the claim against the party for failure to state a claim for which relief can be granted. See id. Because a party who urges jurisdiction on a federal court bears the burden to prove that jurisdiction exists, a removing party who charges that a plaintiff has fraudulently joined a party to destroy diversity of jurisdiction has a "heavy burden of persuasion." Boyer, 913 F.2d at 111.

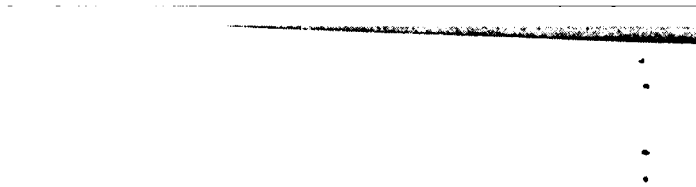
II. The Casey Action

Prudential alleges that complete diversity exists in the Casey Action because the Individual Defendants were fraudulently joined. Prudential's arguments fall into two categories: (1) Prudential argues that the Individual Defendants were fraudulently joined because many of the putative California class members assert claims against the Individual Defendants; and (2) Prudential argues that the Casey plaintiffs have failed to state causes of action against the Individual Defendants.

Prudential argues that the plaintiffs can only hope to establish a factual nexus between the Individual Defendants and "a handful of the putative class members" and that, under an "emerging line of cases" the joinder of a non-diverse defendant does not defeat diversity jurisdiction where the defendant had

dealings with only a fraction of the plaintiff class. Prudential cites Seale v. Nissan Motor Acceptance Corp., in which the Southern District of Alabama held that because 83% of the putative class members had no dealings with the resident defendant and had no possibility of asserting a claim against the resident defendant, joinder was fraudulent on its face and could not be used to defeat diversity. 1996 WL 539899, at *1 (S.D. Ala. Mar. 7, 1996). Prudential also cites Kizzire v. General Motors Corp., in which the Northern District of Alabama held that removal was proper based on diversity where the resident dealership was fraudulently joined with respect to the many putative class members who did not purchase their vehicles from the dealership and had no possibility of recovering against the dealership. 1996 WL 539739, at *3 (N.D. Ala. Mar. 19, 1996).

The Court finds Prudential's argument here to be unpersuasive. Prudential, in effect, is arguing that all or most of the plaintiffs must assert claims against all of the defendants in a class action situation. The Court disagrees. Individual class members may have, in addition to their common claims against one or several defendants, related claims against individual defendants. In many states, these individual claims would have to be brought at the same time as the class claims, because of doctrines such as the entire controversy doctrine, for example. A trial court could choose to bifurcate such claims or to sever them. But Prudential has not persuaded the Court that these claims would be wholly impossible or fraudulent for



purposes of a remand motion. Consequently, the Court finds that claims against the Individual Defendants in the Casey Action are not fraudulent by virtue of the fact that not all of the class plaintiffs have asserted claims against each Individual Defendant.

Prudential also disputes the Casey plaintiffs' ability to allege any of the proffered six causes of action against the Individual Defendants. The Court here only addresses the cause of action for fraud because the Court finds that success on a cause of action for fraud is possible under California law. The Court need not address the other alleged causes of action or whether the Casey plaintiffs' claims have satisfied the amount in controversy requirement of diversity jurisdiction.

The elements of common law fraud in California are: (1) the defendant made a false representation; (2) the defendant had knowledge of the falsity; (3) the defendant intended to induce reliance; (4) the plaintiff actually and reasonably relied; and (5) the plaintiff suffered actual damages. See, e.g., Crocker-Citizens Nat'l Bank v. Control Metals Corp., 566 F.2d 631, 636 (9th Cir. 1977).

According to Prudential, the plaintiffs have not and cannot allege the elements of common law fraud with regard to any individual defendant, requiring this Court to find the fraud allegations against the Individual Defendants untenable. In their second cause of action, for "Common Law Fraud," the Casey plaintiffs allege that Prudential made numerous false and

fraudulent statements and representations and that Prudential did not believe its representations to be true when made. (Casey Complaint ¶¶ 146, 148.)

According to Prudential, there is a lack of any appropriate allegations supporting fraud regarding the Individual Defendants to establish the requisite particularity under California pleading requirements. Specifically, Prudential argues that the plaintiffs have failed to allege the requisite knowledge and intent on behalf of the Individual Defendants.

The Court finds that the plaintiffs' allegations regarding the fraud allegedly perpetrated by the Individual Defendants are adequate. In paragraphs 145 through 151, the plaintiffs allege that: the individual defendants made fraudulent statements, paragraph 146; the statements were material, paragraph 147; the plaintiffs reasonably relied on these misstatements, paragraph 149; and the plaintiffs were consequently damaged, paragraph 150.

The Court finds that statements throughout the Complaint allege the requisite knowledge and intent to establish a prima facie case. In paragraph 76, the Complaint states "Prudential agents actively falsified policy documents and arranged for unauthorized premium loans to conceal the additional cash premium payments that Prudential was demanding and to forestall termination of the vanishing premium policies." In addition, paragraph 187 indicates that all defendants engaged in a "systematic scheme of marketing fraud." From these statements

and others in the Complaint, the Court finds knowledge and intent adequate raised.

Because the Court finds that the plaintiffs have properly alleged at least a fraud claim against the Individual Defendants, the Court finds that these defendants were not fraudulently joined. Consequently, the Court will grant the Casey plaintiffs' motion to remand to state court.

III. The Farmer Action

Prudential argues that Farmer improperly joined agent Blue, because Farmer cannot properly assert claims of fraud or suppression against Blue under Alabama law. Prudential argues first that Farmer's allegations regarding the two life insurance policies, sold to Farmer by Hovey in 1982 and 1986, must fail because Blue did not even meet Farmer until after the 1986 life insurance policy was sold to her. Prudential next argues that Farmer cannot establish fraud or suppression by Blue with respect to the 1987 annuity.

The Court finds that it is possible that Farmer may establish a claim of fraud against Blue in the Alabama Court, finds that the joinder of Blue was not fraudulent and that Prudential has failed to fulfill its burden of establishing federal jurisdiction over the Farmer action, and will remand this case to the Circuit Court of Jefferson County, Alabama. Because the Court finds that Farmer has sufficient possibility of success on her fraud claims with regard to the annuity to indicate that

joinder of Blue was not fraudulent, the Court need not address the merits of the life insurance policy claims or whether it is possible for Farmer to recover from Blue under her suppression theory.

The elements of a cause of action for fraud in Alabama are: (1) a misrepresentation of a material fact; (2) made willfully to deceive or recklessly without knowledge; (3) which was justifiably relied upon by the plaintiff under the circumstances; and (4) which caused damage as a consequence. See McGarry v. Flournoy, 624 So. 2d 1359, 1361 (Ala. 1993) (citing Ala. Code § 6-5-101 (1975)). Alabama Rule of Civil Procedure 9(b) provides that where fraud is alleged, the circumstances constituting the fraud must be stated with particularity:

The pleader . . . must use more than generalized or conclusionary statements [when] setting out the fraud. The pleader must state the time, the place, the contents or substance of the false misrepresentations, the fact misrepresented, and an identification of what has been obtained.

Robinson v. Allstate Ins. Co., 399 So. 2d 288, 190 (Ala. 1981).

The Court, in ruling on a motion to remand must not evaluate the plaintiff's claim as if the Court were ruling on a motion under Federal Rule of Civil Procedure 12(b)(6), but must only discern whether it is "possible" that the plaintiff's claim against the resident defendant will succeed in the state court. Under this standard, the Court finds that it is possible that an Alabama court would find that Farmer could go to trial on her cause of action for fraud against Blue under Alabama law.

The factual predicate for the fraud action, Blue's alleged misstatement to the effect that "Prudential was investing in different companies and she needed to take out the annuity to facilitate the change," is possibly a "misrepresentation of material fact." It is not within the province of this Court at this juncture to delve further into whether the statement is a misrepresentation of material fact, other to conclude that it possibly is.

The plaintiff has also alleged the other three elements of fraud, as well: that the misrepresentation was made willfully to deceive or recklessly without knowledge; that the plaintiff justifiably relied on the statement under the circumstances; and that the plaintiff's reliance on the misstatement caused the plaintiff damages. The plaintiff alleges that Blue "intentionally or recklessly without knowledge" made the misrepresentation. Plaintiff alleges that she also relied on the misstatement to her detriment and incurred damages.

The Court finds that it is a close call as to whether Farmer has pleaded the fraud with the particularity requisite of Alabama law, but resolves this issue in favor of the plaintiff. Thus, the Court finds that the Circuit Court of Jefferson County may permit Farmer to pursue her claims against Blue in Alabama and that the joinder of Blue was not fraudulent. The Court will, therefore, remand the case to the Circuit Court of Jefferson County.

IV. The Gregory Action

Prudential argues that the Gregory plaintiffs fraudulently joined their agent Vernon B. Eaton, because both causes of action alleged against Eaton, Fraud and Negligence, are barred by the applicable statute of limitations. The Court agrees and finds that under the applicable Arkansas law Eaton was fraudulently joined. Consequently, the Court will deny the motion of the Gregory plaintiffs to remand to the Circuit Court of Woodruff County, Arkansas.

Under Arkansas law, the statute of limitations for fraud action is three years. See O'Mara v. Dykema, 942 S.W.2d 854, 857 (Ark. 1997). The statute begins to run from the date that the acts complained of occurred. See id. The defendant's affirmative acts of concealment will toll the statute of limitations. See id. But, even where there has been active concealment the statute of limitations begins to run from the time that the concealed facts were discovered or should have been discovered by reasonable diligence. See id.

The Gregory plaintiffs allege that in 1986 they purchased an insurance policy based on misrepresentations made to them by Prudential and by Eaton about the ability of dividends from their old Prudential policy to sustain the new policy without any premium payments beyond those that they were currently making on their older policy. (Gregory Complaint ¶¶ 26-28.) The Gregory plaintiffs filed their action on September 10, 1996. Thus, the Gregory plaintiffs filed their action

approximately 10 years after the alleged fraud occurred, approximately 7 years after the expiration of the applicable statute of limitations.

The Gregory plaintiffs assert in their brief in support of remand that tolling applies to their claims. It is unclear whether the Arkansas court would allow the plaintiffs to amend their Complaint to incorporate their tolling argument. Even assuming, for the moment, that plaintiffs were permitted to amend their complaint, however, plaintiffs could not possibly overcome their statute of limitations hurdle.

The plaintiffs in fact allege in their Complaint facts to indicate that they knew or should have known of the fraud allegedly committed on them by Eaton by the spring of 1993, indicating that the statute of limitations expired, at latest, by the spring of 1996, months before they filed suit--in September, 1996. The Complaint indicates that the plaintiffs were told at the time of sale (1) that the dividends from their older policy would sustain the newer policy and (2) that there would be no interest payments or loans on the [older] policy and that the only expenditure would consist of the regular premium on the [older] policy." (Gregory Complaint ¶¶ 26, 28.) The Complaint indicates also that Mrs. Gregory "incurred a [\$5,603] tax liability" as a result of defendants' supposed misrepresentations, and indicates that in the "spring of 1993" the older policy, which was being used to pay for their newer one, lapsed. (Gregory Complaint ¶¶ 33, 34). Because the

plaintiffs allege in their complaint facts that, as a matter of law, indicate that the Gregory plaintiffs were aware or should have been aware of the fraud allegedly committed on them by Eaton by the spring of 1993 at the latest, the statute of limitations expired with regard to their claims against Eaton no later than the spring of 1996. Consequently, when the Gregory plaintiffs filed suit against Eaton on September 10, 1996, the applicable statute of limitations had already expired.

Thus, the Court finds that the plaintiffs have asserted no cause of action against Eaton that is even "possibly" viable, and that Eaton was fraudulently joined. The Court will, therefore, deny the Gregory plaintiffs' motion to remand.

V. The Molitor Action

Prudential argues that federal jurisdiction exists in the Molitor action, because complete diversity exists and the amount in controversy exceeds \$75,000. Molitor argues that this Court has no diversity jurisdiction over her case because Prudential conducts business in Florida, and because her amount in controversy does not exceed \$75,000. The Court finds that removal was proper, and remand is inappropriate, because both the complete diversity requirement and the amount in controversy requirement are satisfied in the Molitor Action.

The Court finds that there is complete diversity between the parties. Prudential satisfies both requirements for corporate citizenship in New Jersey: (1) Prudential is a mutual

insurance company organized and existing under the laws of the State of New Jersey; and (2) Prudential's principal place of business is in the State of New Jersey. See 28 U.S.C. § 1332(c). Thus, regardless of whether Prudential conducts business or maintains offices in Florida, Prudential is a citizen of New Jersey for purpose of assessing the propriety of diversity jurisdiction. See, e.g., Reiff v. Convergent Technologies, 1995 U.S. Dist. LEXIS 15535, at *11 (D.N.J. Oct. 20, 1995).

In analyzing the amount in controversy in a case where the defendant has removed the action to federal court, the Court must independently appraise the value of the claim, where the complaint does not limit his request for damages to a precise monetary amount. See Angus v. Shiley, Inc., 989 F.2d 142, 146 (3d Cir. 1993). The amount in controversy is not measured by the lower end of an open-ended claim, but by a reasonable reading of the value of the rights being litigated. See id. at 146.

As in all removal cases, the removing defendant bears the burden to demonstrate that this Court has jurisdiction, which means that here the defendant must demonstrate that a sufficient amount in controversy exists to support federal jurisdiction. See Boyer, 913 F.2d at 111. Once the defendant has met that burden, removal is proper unless the plaintiff can establish "to a legal certainty" that the amount in controversy is less than the jurisdictional amount. See Orndorff v. Allstate Ins. Co., 896 F. Supp. 173, 175-76 (M.D. Pa. 1995).

The Court finds that Molitor's claims are easily valued

in excess of \$75,000. Although the Molitor Complaint states only that Molitor seeks financial damages (Molitor Complaint ¶ 22) in excess of \$15,000 (Id. ¶ 5), it is clear from her complaint that Molitor seeks compensatory damages and punitive damages, which very well may be substantial.⁴ Additionally, Molitor seeks attorneys' fees under F.S.A. § 624.155 (Id. ¶ 23.)⁵

Thus, because it appears clear from the face of Molitor's complaint that she has placed over \$75,000 in controversy, the Court finds that it has diversity jurisdiction over her action, that her case was properly removed, and that remand is inappropriate. The Court will, therefore, deny Molitor's motion to remand.

VI. The Steele Action

⁴ The significant punitive damages awarded against Prudential in other cases raising allegations similar to those now asserted by Molitor clearly demonstrate the significant sums that punitive damages place "in controversy." In Key v. The Prudential Insurance Company of America, Civil Action, 93-000479, Circuit Court of Marshall County, Alabama, for example, a jury returned a \$25 million verdict in favor of an Ohio policyholder alleging fraudulent life insurance practices; this award represented 100 times the \$25,000 face value of the policy at issue. Similarly, in Gallant, et al. v. The Prudential Insurance Company of America, Case No. CV-93-50, Circuit Court of Barbour County, Alabama, a jury awarded \$25 million to a plaintiff alleging fraudulent life insurance sales practices by Prudential; this verdict was 58 times the \$430,000 compensatory damages awarded. In the event of a victory on her claims, it is likely that Molitor would obtain a judgment greater than \$75,000.

⁵ Attorneys' fees must be considered in calculating the amount in controversy where state law allows the recovery of these fees. See, e.g., Capitol Indem. Corp. v. Miles, 978 F.2d 437, 438 (8th Cir. 1992).

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Prudential argues that federal jurisdiction over the Steele Action is proper, because "complete diversity exists between some of the named plaintiffs here and Prudential, and their claims put the jurisdictional amount in controversy" so that this Court has supplemental jurisdiction over the claims over the Hauses, who are New Jersey citizens. In the alternative, Prudential argues that the claims of the non-Alabama plaintiffs are improperly joined under Alabama law. The Court rejects both arguments.

**1. No Variety of Supplemental Jurisdiction
Allows the Steele Action to Proceed In
Federal Court**

Prudential argues that because there is complete diversity between Prudential and all of the plaintiffs except for the Hauses, New Jersey citizens, this Court has jurisdiction over the Steele Action and supplemental jurisdiction over the claims of the Hauses under 28 U.S.C. section 1367.⁶ At oral argument, Prudential counsel characterized this use of section 1367 as plain vanilla. The Court declines to indulge.

⁶ Section 1367(a) provides in pertinent part:

[I]n any civil action of which the district courts have original jurisdiction, the district courts shall have supplemental jurisdiction over all other claims that are so related to claims in the action within such original jurisdiction that they form part of the same case or controversy under Article III of the United States Constitution. Such supplemental jurisdiction shall include claims that involve the joinder or intervention of additional parties.

28 U.S.C. § 1367(a) (emphasis added).

Article III of the Constitution provides in pertinent part that "[t]he judicial Power shall extend to . . . Controversies . . . between Citizens of different States." Congress authorizes the courts to exercise this power in 28 U.S.C. section 1332, which now provides that the federal courts have jurisdiction over civil actions between citizens of different states where the amount in controversy exceeds the sum of \$75,000, exclusive of interests and costs.

In Strawbridge v. Curtiss, the Supreme Court held that "complete diversity" is required between the citizens of different states. See 3 Cranch 267 (1806). Complete diversity is not constitutionally mandated. See State Farm Fire & Casualty Co. v. Tashire, 386 U.S. 523, 530-31 (1967). But, the Supreme Court has consistently held that in a class action suit, federal courts have diversity jurisdiction only where there is complete diversity between the named class representatives and the defendants. See, e.g., Snyder v. Harris, 294 U.S. 332, 340 (1969) ("Under current doctrine, if one member of a class is of diverse citizenship from the class' opponent, and no nondiverse members are named parties, the suit may be brought in federal court even though all other members of the class are citizens of the same State as the defendant"); In re School Asbestos Litig., 921 F.2d 1310, 1317 (3d Cir. 1990), cert. denied, 499 U.S. 976 (1991).

In asking the Court to exercise supplemental jurisdiction over the claims of named plaintiffs who are not

diverse from Prudential, Prudential in effect argues that section 1367 overrules the Supreme Court precedent that requires complete diversity between all of the named plaintiffs and the defendants. Prudential principally cites as authority for its proposition Channell v. Citicorp National Services, Inc., 89 F.3d 379, 385 (7th Cir. 1996) (finding supplemental jurisdiction over counterclaims where court had original jurisdiction over plaintiffs' claims because they arose under federal law), and Stromberg Metal Works, Inc. v. Press Mechanical, 77 F.3d 928, 931 (7th Cir. 1996) (finding supplemental jurisdiction over a diverse co-plaintiff's claim that failed to meet the amount in controversy requirement).

These cases did not hold, however, that a district court may disregard the citizenship of a named plaintiff, within a class action or otherwise, in assessing whether the court has original jurisdiction over the action. Indeed, Prudential's proposition would eviscerate section 1332. Following Prudential's argument, for example, the entire concept of fraudulent joinder would be a nullity, because any court might simply disregard the citizenship of any parties who were not diverse if only one plaintiff and one defendant were diverse.

Thus, the Court declines to disregard the citizenship of the Hauses in determining whether removal was proper in the Steele Action. Unless the claims asserted by the Hauses were fraudulently joined, diversity jurisdiction fails and the Court must remand the action to state court.

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2. The Hauses Are Not Fraudulently Joined

Prudential argues that the Hauses' claims are improperly joined because they would not be able to maintain their claims against Prudential in an Alabama Court. Prudential cites Alabama Code § 6-5-430, which provides that a claim that has arisen outside Alabama may be enforced in Alabama depending on the Court's consideration of other potential fora for the claim:

Whenever, either by common law or the statutes of another state of the United States, a claim, either upon contract or in tort, has arisen outside this state against any person or corporation, such claim may be enforceable in the courts of this state in any county in which jurisdiction of the defendant may be obtained in the same manner in which jurisdiction could have been obtained if the claim had arisen in this state; provided, however, that courts of this state shall apply the doctrine of forum non conveniens in determining whether to accept or decline to take jurisdiction of an action based upon such claim originating outside this state; and provided further that if upon motion of any defendant it is shown that there exists a more appropriate forum outside this state, taking into account the location where the acts giving rise to the action occurred, the convenience of parties and witnesses, and the interests of justice, the court must dismiss the action without prejudice.

Ala. Code § 6-5-430 (1996). The trial court in ruling on a defendant's motion to dismiss an action for forum non convenience must hold that "all of the factors . . . positively . . . justify dismissal." See Donald v. Transport Life Ins. Co., 595 So. 2d 865, 867 (Ala. 1992) (reversing trial court for abuse of discretion in dismissing the plaintiff's complaint where the

court could not "positively" find that all of the facts giving rise the cause occurred out of state or that dismissal was justified). The defendant bears the burden to prove these factors. See id. Unless the balance strongly favors the defendant, the plaintiff's choice of forum should rarely be disturbed. See id.

According to Prudential, because the Hauses are New Jersey residents suing a New Jersey corporation, an Alabama court would be required to dismiss their claims. The Court disagrees and finds that it is possible that the Alabama court will entertain the Hauses claims. It is for the Alabama court to decide whether it will entertain the claims of the non-Alabama plaintiffs with claims arising outside of Alabama. An Alabama court could find, given the factors that it must consider, that the "interests of justice" permitted suit in Alabama. This is so especially because at issue here is a class action which involves Alabama plaintiffs; this is not an action in which one out-of-state plaintiff is suing an out-of-state defendant on matters wholly unconnected to Alabama.

Thus, the Court finds that the Hauses claims are not fraudulently joined, that the complete diversity requirement is not met, and that the Steele action must be remanded to the Circuit Court of Greene County, Alabama. The Court need not address the parties' amount in controversy related arguments.

VII. Wright Action

Wright has moved to remand his action to the District Court of Nieces County, Texas. Prudential argues that this Court has jurisdiction over the Wright Action because the individual plaintiffs Cheney and Austin were fraudulently joined in that the Wright Complaint alleges a class action and individual defendant agents are inappropriate parties to such an action.

The Court disagrees with Prudential and finds that remand is appropriate. In this Court's discussion of remand in the Casey Action, the Court held that individual defendants may be named as defendants in a class action. The same holds true here. The Court rejects Prudential's fraudulent joinder argument, finds diversity jurisdiction lacking, and finds that remand of the Wright case is appropriate. Consequently, the Court will remand the Wright Action to the District Court of Nieces County, Texas.

IX. Reconsideration of the Denial of the Luman, Smith, and Jordan Motions to Remand

Luman has requested this Court to transfer his case back to the Middle District of Alabama to allow Judge Guine to reconsider his denial of Luman's motion to remand. Smith has requested that this Court reconsider the decision of Judge Propst, of the Northern District of Alabama, declining to remand the Smith Action to state court. It does not appear that Jordan has requested this Court to reconsider the decision of Judge

Pittman, of the Southern District of Alabama, refusing to remand the Jordan Action. The Court here addresses the propriety of reconsidering the rulings of all three transferor courts and finds that to reconsider these rulings would be inappropriate.

Under the law of the case doctrine, once an issue is decided, it will not be relitigated in the same case except in unusual circumstances. See Hayman Cash Register v. Sarokin, 669 F.2d 162, 165 (3d Cir. 1992). A transferee court may not determine venue or jurisdiction over the action unless a determination of these issues has not been previously made by the transferee court. See id. at 166. Adherence to law of the case principles is most important where the transferor judge and the transferee judge are not members of the same court, because the principle of comity among courts of the same level of the federal system supports the proposition that the transferee court should not independently re-examine an issue already decided by a court of equal authority. See id. at 169.

Here, Judge Guine of the Middle District of Alabama found that federal jurisdiction existed over the Luman Action, Judge Propst of the Northern District of Alabama found that federal jurisdiction existed over the Smith Action, and Judge Pittman of the Southern District of Alabama found that federal jurisdiction existed over the Smith Action. The plaintiffs in these actions having shown no extraordinary reason for this Court to reconsider the rulings of those judges, the Court here

declines to reconsider the rulings.⁷

VIII. Costs and Attorneys' Fees

The plaintiffs also have requested attorneys' fees under 28 U.S.C. § 1447(c), which states: "An order remanding the case may require payment of just costs and any other expenses, including attorney's fees, incurred as a result of the removal." 28 U.S.C. § 1447(c). To impose costs under this provision is within the sound discretion of the Court. See Mints v. Educational Testing Serv., 99 F.3d 1253, 1259-60 (3d Cir. 1996). Thus, courts award costs, expenses, and attorneys' fees where the complaint clearly does not state a claim removable to federal court or where minimal research would have revealed the impropriety of removal. See Newton v. Tavani, 962 F. Supp. 45, 48 (D.N.J. 1997). And courts decline to award fees where cases raise difficult legal issues involving complex statutory provisions. See id.

Here, the Court exercises its discretion to deny the plaintiffs an award of counsel fees, because it finds that Prudential's arguments were not made in bad faith.

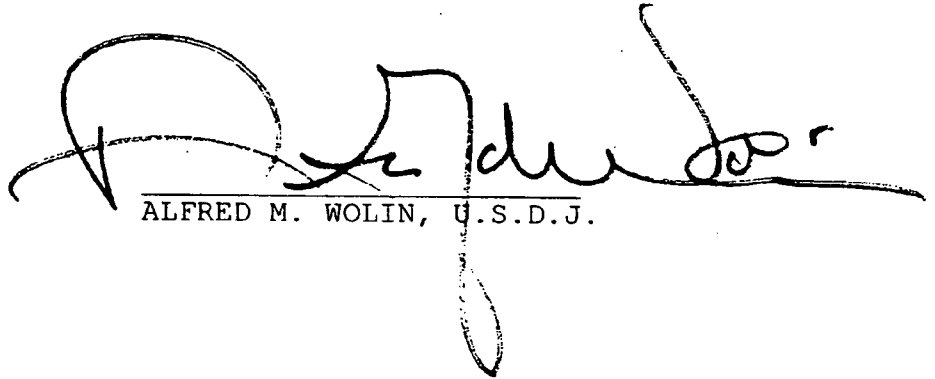
⁷ Mr. McKenna, counsel for plaintiff Smith, indicated at oral argument that this Court should reconsider Judge Propst's decision as to federal jurisdiction because the Court has a continuing duty to verify that it has federal jurisdiction. Smith, however, has failed to articulate any basis of error in Judge Propst's determination of federal jurisdiction. Consequently, the Court will not reassess Judge Propst's conclusions.

CONCLUSION

For the foregoing reasons the Court: (1) will remand the Casey, Farmer, Steele, and Wright Actions, (2) will deny remand as to the Gregory, Molitor, Luman, Smith, and Jordan Actions, and (3) will deny costs.

An appropriate Order is attached.

Dated: June 26, 1997



ALFRED M. WOLIN, U.S.D.J.

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

IN RE PRUDENTIAL INSURANCE : MDL NO. 1061
COMPANY OF AMERICA SALES :
PRACTICES LITIGATION : Civ. No. 95-4704

THIS DOCUMENT RELATES TO:

Herb Casey
(N.J. Civ. No. _____)

Earline Farmer
(N.J. Civ. No. 97-1227)

Richard E. Gregory
(N.J. Civ. No. 97-565)

James W. Jordan
(N.J. Civ. No. 96-3570)

Nicholas L. Luman
(N.J. Civ. No. 96-3569)

Mildred Molitor
(N.J. Civ. No. 97-2327)

Lewis D. Smith
(N.J. Civ. No. 97-1535)

Ernestine Steele
(N.J. Civ. No. 97-563)

Sam B. Wright
(N.J. Civ. No. 96-2655)

O R D E R

In accordance with the Court's Memorandum Opinion filed
herewith,

It is on this TH26 day of June, 1997

ORDERED that the Casey plaintiffs' motion to remand is

granted; and it is further

ORDERED that plaintiff Farmer's motion to remand is granted;
and it is further

ORDERED that plaintiff Gregory's motion to remand is denied;
and it is further

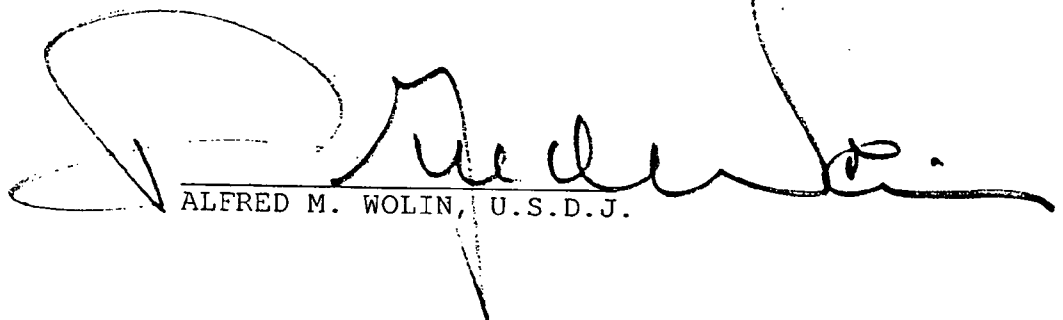
ORDERED that plaintiff Molitor's motion to remand is denied;
and it is further

ORDERED that the Steele plaintiffs' motion to remand is
granted; and it is further

ORDERED that the Wright plaintiffs' action is remanded to
the District Court of Nueces County, Texas; and it is further

ORDERED that reconsideration of the denial of the remand
orders in the Luman, Smith, and Jordan actions is denied; and it
is further

ORDERED that all motions for attorneys' fees and costs are
denied.

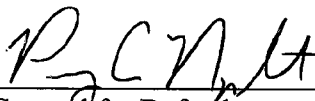


ALFRED M. WOLIN, U.S.D.J.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Notice of Removal was served by first class mail, postage prepaid, upon the following:

Chris A. Pentz, Esq.
211½ East Locust Street
P.O. Box 552
Clearfield, PA 16830




Counsel for Defendant

Dated: September 25, 2002

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the within Notice of Filing of Notice of Removal was served by first class mail, postage prepaid, upon the following:

Chris A. Pentz, Esq.
211½ East Locust Street
P.O. Box 552
Clearfield, PA 16830



Counsel for Defendant

Dated: September 25, 2002

SECRET

FILED

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SEP 25 2002

Atty Smith
[Signature]

William A. Shaw
Prothonotary