

VARIABLE UNIVERSAL LIFE

# SUN PROTECTOR VUL

## PROSPECTUS





**SUPPLEMENT DATED JULY 19, 2010**  
**TO PROSPECTUS DATED APRIL 30, 2010**  
**FOR SUN PROTECTOR VARIABLE UNIVERSAL LIFE INSURANCE**  
**ISSUED BY SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)**  
**SUN LIFE OF CANADA (U.S.) VARIABLE ACCOUNT I**

For Policies with Investment Start Dates on and after July 19, 2010:

- I. The Maximum Monthly Expense Charge is \$10.00 + \$2.00 per \$1000 of Specified Face Amount. The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85.
- II. The maximum Flat Extra Charge per \$1000 of Specified Face Amount and Supplemental Insurance Rider Face Amount is \$50.00.

**THIS SUPPLEMENT SHOULD BE READ AND RETAINED FOR FUTURE REFERENCE.**



**SUPPLEMENT DATED JUNE 1, 2010**  
**TO PROSPECTUSES DATED APRIL 30, 2010**  
**FOR SUN EXECUTIVE VARIABLE UNIVERSAL LIFE INSURANCE AND**  
**SUN PROTECTOR VARIABLE UNIVERSAL LIFE INSURANCE**  
**ISSUED BY SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)**  
**SUN LIFE OF CANADA (U.S.) VARIABLE ACCOUNT I**

Pursuant to a shareholder vote held on May 11, 2010, after the close of business on May 28, 2010, certain of the variable investment options (“Funds”) that may be available under your Policy were changed. As shown in the table below, each Fund listed in the *left* column automatically became the Fund listed in the *right* column.

<u><b>These Funds</b></u>	→	<u><b>Became These Funds</b></u>
Van Kampen Life Investment Trust Comstock Portfolio	→	Invesco Van Kampen V.I. Comstock Fund
Universal Institutional Funds, Inc. - Equity and Income Portfolio	→	Invesco Van Kampen V.I. Equity and Income Fund
Universal Institutional Funds, Inc. - U.S. Mid Cap Value Portfolio	→	Invesco Van Kampen V.I. Mid Cap Value Fund

If the prospectus for your Policy permitted you to invest in a Fund shown in the *left* column above, you may continue to select the corresponding Fund shown in the *right* column.

Any amounts that you already had invested in one of the Funds listed in the *left* column did not change; except that, beginning after the close of business on May 28, 2010, that Fund commenced to invest in and be based on the corresponding Fund that is listed in the *right* column. These changes resulted from the reorganization of each Fund listed in the *left* column into the corresponding Fund listed in the *right* column.

You may continue to make transfers into or out of any of these or any other Funds that are available to you; provided that such transfers are made in the manner and subject to the terms and conditions described in your prospectus.

Any instructions that you currently have in force with respect to any Fund in the *left* column will automatically be changed to reflect the new corresponding Fund in the *right* column. Such continuing instructions would include, for example, instructions concerning allocation of premium payments or charges under your Policy, and instructions for automatic transactions, such as periodic withdrawals, dollar cost averaging, or periodic asset rebalancing. However, you may change such instructions at any time, in the manner and subject to the terms and conditions set forth in each prospectus listed above.

We may modify or delete any of the variable investment options in the future, as described in each of the prospectuses listed above.

**THIS SUPPLEMENT SHOULD BE READ AND RETAINED FOR FUTURE REFERENCE.**



**Sun Protector Variable Universal Life Insurance**  
**Sun Life of Canada (U.S.) Variable Account I**  
**A Flexible Premium Combination Fixed and Variable Universal Life Insurance Policy**  
**Prospectus**  
**April 30, 2010**

This prospectus describes a combination fixed and variable universal life insurance policy (the "Policy") issued by Sun Life Assurance Company of Canada (U.S.) ("we", "us" or "Company"), a member of the Sun Life Financial group of companies, through Sun Life of Canada (U.S.) Variable Account I, one of our separate accounts. The Policy is being offered as an individual policy. This prospectus contains important information You should understand before purchasing a Policy. We use certain special terms which are defined in Appendix A. You should read this prospectus carefully and keep it for future reference. You may choose among a number of Variable Sub-Accounts and a Fixed Account. The Variable Sub-Accounts invest in shares of the following Funds:

**ASSET ALLOCATION**

AllianceBernstein Balanced Wealth Strategy Portfolio (Class B)

BlackRock Global Allocation V.I. Fund (Class III)

Fidelity® VIP Balanced Portfolio (Service Class 2)<sup>5</sup>

Franklin Income Securities Fund (Class 2)

Franklin Templeton VIP Founding Funds Allocation Fund (Class 2)<sup>2</sup>

MFS® Total Return Portfolio (Service Class)

SC<sup>SM</sup> Ibbotson Balanced Fund (Initial Class)<sup>2</sup>

SC<sup>SM</sup> Ibbotson Growth Fund (Initial Class)<sup>2</sup>

SC<sup>SM</sup> Ibbotson Moderate Fund (Initial Class)<sup>2</sup>

The Universal Institutional Funds, Inc. Equity & Income Portfolio (Class II Shares)<sup>12</sup>

**EMERGING MARKETS BOND**

PIMCO Emerging Markets Bond Portfolio (Administrative Class)

**EMERGING MARKETS EQUITY**

MFS® Emerging Markets Equity Portfolio (Service Class)

**HIGH YIELD BOND**

SC<sup>SM</sup> PIMCO High Yield Fund (Initial Class)

**INFLATION-PROTECTED BOND**

PIMCO Real Return Portfolio (Administrative Class)<sup>1</sup>

SC<sup>SM</sup> BlackRock Inflation Protected Bond Fund (Initial Class)

**INTERMEDIATE TERM BOND**

Franklin U.S. Government Fund (Class 2)<sup>1</sup>

MFS® Bond Portfolio (Service Class)

MFS® Government Securities Portfolio (Service Class)

PIMCO Total Return Portfolio (Administrative Class)<sup>1</sup>

SC<sup>SM</sup> PIMCO Total Return Fund (Initial Class)

Sun Capital Investment Grade Bond Fund® (Initial Class)

**INTERNATIONAL/GLOBAL EQUITY**

AllianceBernstein International Value Portfolio (Class B)<sup>1</sup>

Invesco V.I. International Growth Fund (Series I)<sup>8</sup>

MFS® International Growth Portfolio (Service Class)

MFS® Research International Portfolio (Service Class)

Oppenheimer Global Securities Fund/VA (Service Shares)

SC<sup>SM</sup> AllianceBernstein International Value Fund (Initial Class)

Templeton Growth Securities Fund (Class 2)

**MID CAP EQUITY**

Fidelity® VIP Mid Cap Portfolio (Service Class 2)<sup>5</sup>

SC<sup>SM</sup> Goldman Sachs Mid-Cap Value Fund (Initial Class)

SC<sup>SM</sup> WMC Blue Chip Mid Cap Fund (Initial Class)

The Universal Institutional Funds, Inc. Mid Cap Growth Portfolio (Class II Shares)<sup>3</sup>

The Universal Institutional Funds, Inc. U.S. Mid Cap Value Portfolio (Class II Shares)<sup>12</sup>

**LARGE CAP EQUITY**

Columbia Marsico 21<sup>st</sup> Century Fund, Variable Series – Class B

Fidelity® VIP Contrafund® Portfolio (Service Class 2)<sup>6</sup>

Fidelity® VIP Index 500 Portfolio (Service Class 2)<sup>6</sup>

Goldman Sachs Structured U.S. Equity Fund (S Shares)<sup>1</sup>

Invesco V.I. Core Equity Fund (Series I)<sup>9</sup>

MFS® Value Portfolio (Service Class)

Mutual Shares Securities Fund (Class 2)

Oppenheimer Capital Appreciation Fund/VA (Service Shares)

Oppenheimer Main Street Fund/VA (Service Shares)<sup>1</sup>

SC<sup>SM</sup> Davis Venture Value Fund (Initial Class)

SC<sup>SM</sup> Lord Abbett Growth and Income Fund (Initial Class)

SC<sup>SM</sup> Oppenheimer Large Cap Core Fund (Initial Class)

SC<sup>SM</sup> WMC Large Cap Growth Fund (Initial Class)

Van Kampen Life Investment Trust Comstock Portfolio (Class 2 Shares)<sup>12</sup>

**MONEY MARKET**

Sun Capital Money Market Fund® (Initial Class)

**MULTI SECTOR BOND**

Franklin Strategic Income Securities Fund (Class 2)

**REAL ESTATE EQUITY**

Sun Capital Global Real Estate Fund (Initial Class)

**SHORT TERM BOND**

SC<sup>SM</sup> Goldman Sachs Short Duration Fund (Initial Class)

**SMALL CAP EQUITY**

DWS Small Cap Index VIP (Class B)

Franklin Small Cap Value Securities Fund (Class 2)

SC<sup>SM</sup> Columbia Small Cap Value Fund (Initial Class)<sup>10</sup>

SC<sup>SM</sup> Invesco Small Cap Growth Fund (Initial Class)<sup>11</sup>

SC<sup>SM</sup> Oppenheimer Main Street Small Cap Fund (Initial Class)

Wanger USA<sup>1,4</sup>

**SPECIALTY/SECTOR EQUITY**

MFS® Utilities Portfolio (Service Class)

**SPECIALTY/SECTOR COMMODITY**

PIMCO CommodityRealReturn<sup>TM</sup> Strategy Portfolio (Administrative Class)

**TARGET DATE**

Fidelity® VIP Freedom 2015 Portfolio (Service Class 2)<sup>2,7</sup>

Fidelity® VIP Freedom 2020 Portfolio (Service Class 2)<sup>2,7</sup>

Fidelity® VIP Freedom 2030 Portfolio (Service Class 2)<sup>2,7</sup>

**INTERNATIONAL/GLOBAL SMALL/MID CAP EQUITY**

First Eagle Overseas Variable Fund<sup>4</sup>

AllianceBernstein L.P. advises the AllianceBernstein Variable Products Series Fund, Inc. Portfolios and subadvises the SC<sup>SM</sup> AllianceBernstein International Value Fund. BlackRock Advisors, LLC advises the BlackRock Global Allocation V.I. Fund (with BlackRock Investment Management, LLC and BlackRock International Limited serving as subadvisers). BlackRock Financial Management, Inc. subadvises SC<sup>SM</sup> BlackRock Inflation Protected Bond Fund. Deutsche Investment Management Americas, Inc. advises the DWS Small Cap Index VIP with Northern Trust Investments, N.A. serving as subadviser. Strategic Advisers, Inc. advises the Fidelity<sup>®</sup> VIP Freedom Portfolios. Fidelity Management & Research Company advises the Fidelity<sup>®</sup> VIP Portfolios and advisory entities affiliated with Fidelity Management & Research Company subadvise the Fidelity<sup>®</sup> VIP Portfolios. First Eagle Investment Management, LLC advises the First Eagle Overseas Variable Fund. Franklin Templeton Services, LLC administers the Franklin Templeton Founding Funds Allocation Fund (with the following advising the underlying portfolios of the Fund: Franklin Advisers, Inc. advising the Franklin Income Securities Fund, Franklin Mutual Advisers, LLC advising Mutual Shares Securities Fund and Templeton Global Advisers Limited advising Templeton Growth Securities Fund). Franklin Advisers, Inc. advises the Franklin Income Securities Fund, Franklin Strategic Income Securities Fund and Franklin U.S. Government Fund. Franklin Mutual Advisers, LLC advises the Mutual Shares Securities Fund. Franklin Advisory Services, LLC advises the Franklin Small Cap Value Securities Fund. Goldman Sachs Asset Management, L.P. advises the Goldman Sachs Structured U.S. Equity Fund and subadvises SC<sup>SM</sup> Goldman Sachs Mid-Cap Value Fund and the SC<sup>SM</sup> Goldman Sachs Short Duration Fund. Ibbotson Associates, Inc. subadvises SC<sup>SM</sup> Ibbotson Balanced Fund, SC<sup>SM</sup> Ibbotson Growth Fund and SC<sup>SM</sup> Ibbotson Moderate Fund. Invesco Advisers, Inc. advises the Invesco Funds and subadvises SC<sup>SM</sup> Invesco Small Cap Growth Fund. Advisory entities affiliated with Invesco Advisers, Inc. subadvise the Invesco Funds. Lord, Abnett & Co. LLC subadvises SC<sup>SM</sup> Lord Abnett Growth and Income Fund. Massachusetts Financial Services Company, our affiliate, advises the MFS<sup>®</sup> Portfolios. Morgan Stanley Investment Management Inc. advises The Universal Institutional Funds, Inc. Portfolios. OppenheimerFunds, Inc. advises the Oppenheimer Fund/VAs and subadvises SC<sup>SM</sup> Oppenheimer Large Cap Core Fund and SC<sup>SM</sup> Oppenheimer Main Street Small Cap Fund. Pacific Investment Management Company LLC advises the PIMCO Variable Insurance Trust Portfolios and subadvises SC<sup>SM</sup> PIMCO High Yield Fund and SC<sup>SM</sup> PIMCO Total Return Fund. Columbia Management Investment Advisers, LLC advises the Columbia Marsico 21st Century Fund and Marsico Capital Management, LLC is the subadviser. Columbia Management Investment Advisers, LLC subadvises SC<sup>SM</sup> Columbia Small Cap Value Fund. Sun Capital Advisers, LLC, our affiliate, advises the Sun Capital Funds. Davis Selected Advisers, L.P. subadvises SC<sup>SM</sup> Davis Venture Value Fund. Templeton Global Advisers Limited advises Templeton Growth Securities Fund and Templeton Asset Management Limited is the subadviser. Van Kampen Asset Management advises the Van Kampen Life Investment Trust Comstock Portfolio. Columbia Wanger Asset Management, LP advises Wanger USA. Wellington Management Company, LLP subadvises SC<sup>SM</sup> WMC Large Cap Growth Fund and the SC<sup>SM</sup> WMC Blue Chip Mid Cap Fund.

<sup>1</sup>For Policies with Investment Start Dates on or after October 6, 2008, these Funds are not available for investment by the Variable Sub-Accounts.

<sup>2</sup>These are Fund of Funds investment options and the expenses of these Funds include the Fund-level expenses of the underlying Funds as well. These investment options may be more expensive than Funds that do not invest in other Funds.

<sup>3</sup>The Universal Institutional Funds, Inc. Portfolio uses Morgan Stanley UIF Portfolio as a marketing name.

<sup>4</sup>These Funds do not have different share classes.

<sup>5</sup>These Portfolios are in Variable Insurance Products Fund III.

<sup>6</sup>These Portfolios are in Variable Insurance Products Fund II.

<sup>7</sup>These Portfolios are in Variable Insurance Products Fund V.

<sup>8</sup>Formerly known as AIM V.I. International Growth Fund.

<sup>9</sup>Formerly known as AIM V.I. Core Equity Fund.

<sup>10</sup>Formerly known as SC<sup>SM</sup> Dreman Small Cap Value Fund.

<sup>11</sup>Formerly known as SC<sup>SM</sup> AIM Small Cap Growth Fund.

<sup>12</sup>On May 11, 2010, shareholders of the Van Kampen Life Investment Trust Comstock Portfolio, Universal Institutional Funds, Inc. - Equity and Income Portfolio and Universal Institutional Funds, Inc. - U.S. Mid Cap Value Portfolio will vote on a proposal to reorganize these portfolios into new funds of the AIM Variable Insurance Funds (Invesco Variable Insurance Funds): Invesco Van Kampen V.I. Growth and Income Fund and Invesco Van Kampen V.I. U.S. Mid Cap Value Fund, respectively.

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One Sun Life Executive Park  
Wellesley Hills, Massachusetts 02481  
(800) 700-6554

**Neither the Securities and Exchange Commission nor any state securities commission has approved these securities or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

## Table of Contents

<b><u>Topic</u></b>	<b><u>Page</u></b>
Risk/Benefit Summary of Policy .....	5
Sun Life Assurance Company of Canada (U.S.) .....	11
The Variable Account .....	11
The Funds .....	11
Fees and Expenses of the Funds .....	12
Investment Programs .....	12
Dollar Cost Averaging .....	12
Asset Rebalancing .....	13
Asset Allocation .....	13
About the Policy .....	13
Policy Application, Issuance and Initial Premium .....	13
Death Benefit Compliance Test .....	14
Right of Return Period .....	14
Premium Payments .....	14
Premium .....	15
Guideline Premium Test Limitations .....	15
Net Premiums .....	15
Allocation of Net Premium .....	15
Planned Periodic Premiums .....	15
Death Benefit .....	16
Death Benefit Options .....	16
Changes in the Death Benefit Option .....	16
Changes in Specified Face Amount .....	16
Minimum Changes .....	16
Increases .....	17
Decreases .....	17
Accessing Your Account Value .....	17
Surrenders and Surrender Charges .....	17
Partial Withdrawals .....	18
Policy Loans .....	19
Short-Term Trading .....	19
The Funds' Harmful Trading Policies .....	20
Transfer Privileges .....	21
Account Value .....	22
Account Value of the Variable Sub-Accounts .....	22
Net Investment Factor .....	23
Splitting Units .....	23
Insufficient Value .....	23
Grace Period .....	24
Lapse Protection Value .....	24
No-Lapse Protection Period .....	24
Charges and Deductions .....	24
Premium Expense Charge .....	24
Mortality and Expense Risk Charge .....	25
Monthly Expense Charge .....	25
Monthly Cost of Insurance .....	25
Monthly Cost of Insurance Rates .....	26
Other Charges and Deductions .....	26
Reduced Charges .....	26
Supplemental Benefits .....	26
Accelerated Benefits Rider .....	26
Charitable Giving Benefit Rider .....	27
Waiver of Monthly Deductions Rider .....	27

Payment of Stipulated Amount Rider .....	27
Surrender Charge Modification Rider .....	27
Loan Lapse Protection Rider .....	28
Supplemental Insurance Rider .....	28
No-Lapse Protection Rider .....	29
Travel Assistance Endorsement .....	29
Termination of Policy .....	30
Reinstatement .....	30
Deferral of Payment .....	30
Rights of Owner .....	30
Rights of Beneficiary .....	31
Other Policy Provisions .....	31
Addition, Deletion or Substitution of Investments .....	31
Entire Contract .....	31
Alteration .....	31
Modification .....	31
Assignments .....	31
Nonparticipating .....	31
Misstatement of Age or Sex (Non-Unisex Policy) .....	32
Suicide .....	32
Incontestability .....	32
Report to Owner .....	32
Federal Income Tax Considerations .....	32
Our Tax Status .....	32
Taxation of Policy Proceeds .....	33
Withholding .....	36
Tax Return Disclosure .....	36
Distribution of Policy .....	36
Voting Rights .....	38
Other Information .....	38
State Regulation .....	38
Legal Proceedings .....	38
Experts .....	38
Registration Statements .....	38
Financial Statements .....	39
Appendix A - Glossary of Terms .....	40
Appendix B - Table of Death Benefit Percentages .....	43
<b>Appendix C - Privacy Policy .....</b>	<b>44</b>

**This prospectus does not constitute an offering in any jurisdiction where the offering would not be lawful. You should rely only on the information contained in this prospectus or in the prospectus or statement of additional information of the Funds. We have not authorized anyone to provide You with information that is different.**

## **Risk/Benefit Summary of Policy**

### **Right of Return Period**

You may return the Policy within 10 days from the date of receipt of the Policy and receive a refund. A longer period may apply in some states.

### **Premium Payments**

Generally, You must make a minimum Initial Premium payment equal to two Minimum Monthly Premiums. The minimum Initial Premium is shown in the illustration for the Policy and is shown in the Policy. You choose the amount and timing of subsequent premium payments, within certain limits. You may allocate your net premium payments among the Policy's available Sub-Accounts.

## **CONTRACT BENEFITS**

### **Account Value**

*Account Value* is the sum of the amounts in each Sub-Account with respect to the Policy.

The Policy's *Account Value* will reflect-

- the premiums You pay;
- the investment performance of the Variable Sub-Accounts You select, and/or the interest credited to the Fixed Account;
- any loans or partial withdrawals;
- the charges we deduct under the Policy.

### **Accessing the Policy's Account Value**

You may borrow from us using your Account Value as collateral.

You may surrender the Policy for its *Cash Surrender Value*. *Cash Surrender Value* is Account Value minus any surrender charges and the amount of any Policy Debt. The *surrender charge period* ends 15 years after You purchase the Policy or after You increase the Specified Face Amount of the Policy.

You may make a partial withdrawal of some of the Policy's Cash Surrender Value after the Policy has been in force for one year. A partial withdrawal will cause a decrease in the Specified Face Amount of the Policy if your death benefit option is the Specified Face Amount. Reducing the Cash Surrender Value with a partial withdrawal may increase the risk of Policy lapse.

### **Death Benefit Compliance Test**

For favorable federal tax treatment, the Policy must meet the Guideline Premium Test. Please see the *Death Benefit Compliance Test* paragraph in the *About the Policy* section of the prospectus for the Guideline Premium Test definition.

### **Death Benefit**

If the Policy is in force at the time we receive due proof of the Insured's death, we will pay the beneficiary an amount based on the death benefit option in effect, plus any supplemental benefits added to the Policy, less Policy Debt and any overdue monthly deductions.

*Specified Face Amount* (“SFA”) is the minimum amount of life insurance in the Policy.

You have a choice of two death benefit options-

- the *Specified Face Amount* (Option A); or
- the *Specified Face Amount* plus Account Value (Option B).

After the first Policy Year, You may change the Specified Face Amount. After the Policy Date, You may change the death benefit option.

### **Investment Options**

You may allocate your net premium payments among the Variable Sub-Accounts and the Fixed Account. You may transfer amounts from one Variable Sub-Account to another, subject to any limits that we or the Funds may impose. We will notify You in writing of any such limitations. You may transfer amounts to and from the Fixed Account, subject to our transfer rules in effect at time of transfer.

### **Reinstatement**

If the Policy terminates due to insufficient value, we will reinstate it within three years at your request, subject to certain conditions.

### **Supplemental Benefits**

You may supplement the Policy with the following riders where available-

- accelerated benefits
- waiver of monthly deductions
- payment of stipulated amount
- supplemental term insurance
- surrender charge modification
- loan lapse protection
- no-lapse protection
- charitable giving benefit
- travel assistance

We will deduct the cost, if any, of the rider(s) from the Policy's Account Value on a monthly basis.

## **CONTRACT RISKS**

### **The Variable Account**

The assets attributable to the Policies are held in a variable separate account. The assets of the variable separate account are free from our general creditor's claims. The variable separate account is divided into Variable Sub-Accounts. Each Variable Sub-Account invests exclusively in shares of a corresponding mutual fund.

When You choose Variable Sub-Accounts in the Variable Account, your benefits will fluctuate because the benefits reflect the impact of certain economic conditions on the mutual funds underlying the Variable Sub-Accounts You have elected. These conditions include, but are not limited to

- inflationary forces,
- changes in rates of return available from different types of investments,
- changes in employment rates and
- the presence of international conflict.

With such Variable Sub-Accounts, You assume all investment risk. Investment risk is the risk of poor investment performance. Poor investment performance can result in a loss of all or some of your investment. A comprehensive discussion of the risks of such Variable Sub-Accounts may be found in the underlying Fund's prospectus.

It is unsuitable to purchase a life insurance policy as a short-term savings vehicle because surrender charges are highest in the early Policy Years. Cost of insurance and other insurance-related charges are appropriate to a life insurance policy and not to a short-term savings vehicle.

Partial withdrawals may only occur annually after Policy Year 1. During Policy Years 2-10, the maximum partial withdrawal amount is 20% of the Cash Surrender Value. Thereafter, the maximum partial withdrawal amount is the Cash Surrender Value. Additionally, the Specified Face Amount remaining after a partial withdrawal cannot be less than \$100,000.

#### **What If Charges and Deductions Exceed Account Value less Policy Debt?**

Unless No-Lapse Protection is in effect, the Policy will terminate at the beginning of any Policy Month if the Account Value less Policy Debt on a Processing Date is less than the charges and deductions then due. We will send You notice and allow You a 61 day Grace Period. If, within the Grace Period, You do not make a premium payment sufficient to cover all charges and deductions due, the Policy will terminate at the end of the Grace Period. If the Policy terminates, all coverage ceases and no benefits are payable.

#### **No-Lapse Protection**

The Policy will not terminate during the No-Lapse Guarantee Period if the Lapse Protection Value less Policy Debt is greater than zero. The No-Lapse Guarantee Period is based on the planned periodic premium You pay and the Insured's Issue Age, sex and rating classification.

No-Lapse Protection is not available for Policies with Death Benefit Option B.

#### **Federal Tax Considerations**

Purchase of, and transactions under, the Policy may have adverse or unfavorable tax consequences that You should consider. You may wish to consult a qualified tax professional prior to purchase regarding tax treatment of death benefits, loans and surrenders.

The following tables describe the fees and expenses that You will pay when buying, owning and surrendering the Policy. The first table describes the fees and expenses that You will pay at the time that You buy the Policy, surrender the Policy or transfer amounts between Investment Options.

<b>TRANSACTION FEES</b>		
<b>Charge</b>	<b>When Charge is Deducted</b>	<b>Amount Deducted</b>
<b>Premium Expense Charge<sup>1</sup></b> <i>(3.25% of this Charge is used for state and federal tax obligations)</i>  Maximum Charge:	Upon premium receipt	<i>(as a % of premium)</i>  7.50%
<b>Surrender Charge</b>   Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, preferred, non-tobacco, Issue Age 45, Policy Year 1)</i>	Upon policy surrender before the sixteenth Policy Year and upon surrender of a Policy increase before fifteen years have elapsed from the increase effective date	<i>(per \$1000 of SFA)</i>  \$54.14 <sup>2</sup> \$0.87 <sup>2</sup> \$30.12
<b>Loan Lapse Protection Rider<sup>4</sup></b>  Maximum Charge:	On the Rider Exercise Date	<i>(of Account Value)</i>  3.5%
<b>Transfer Fee</b>  Maximum Charge: Current Charge:	Upon each transfer in excess of 12 in a Policy Year	\$15.00 \$0.00

The next table describes the fees and expenses that You will pay periodically during the time You own the Policy, not including Fund fees and expenses.

<b>PERIODIC CHARGES OTHER THAN FUND OPERATING EXPENSES</b>		
<b>Charge</b>	<b>When Charge is Deducted</b>	<b>Amount Deducted</b>
<b>Cost of Insurance</b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, preferred, non-tobacco, Issue Age 45, Policy Year 1)</i>	At the beginning of each Policy Month	<i>(per \$1000 of Policy Net Amount at Risk)</i>  \$27.63 <sup>5</sup> \$0.01 <sup>5</sup> \$0.05
<b>Mortality and Expense Risk Charge<sup>6</sup></b>  Maximum Charge:	At the beginning of each Policy Month	<i>(on the assets allocated to the Variable Sub-Accounts)</i>  0.75%
<b>Monthly Expense Charge<sup>7</sup></b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, preferred, non-tobacco, Issue Age 45)</i>	At the beginning of each Policy Month	\$10.00 + \$1.60 per \$1000 of SFA \$10.00 + \$0.02 per \$1000 of SFA \$10.00 + \$0.06 per \$1000 of SFA
<b>Loan Interest<sup>8</sup></b>	At the end of each Policy Year	<i>(as a % of Policy Debt)</i>  5.0%
<b>Flat Extra Charge</b>  Maximum Charge:	At the beginning of each Policy Month	<i>(per \$1000 of SFA and Supplemental Insurance Rider Face Amount "SIRFA")</i>  \$20.00

The next table describes the charges You will pay periodically during the time You own any riders attached to the Policy.

<b>OPTIONAL CHARGES</b>		
<b>Charge</b>	<b>When Charge is Deducted</b>	<b>Amount Deducted</b>
<b>Waiver of Monthly Deductions Rider</b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(Issue Age 45)</i>	At the beginning of each Policy Month	<i>(per \$1000 of SFA and SIRFA)</i>  \$0.16 <sup>9</sup> \$0.01 <sup>9</sup> \$0.06
<b>Payment of Stipulated Amount Rider</b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, Issue Age 45, benefit payable to age 70)</i>	At the beginning of each Policy Month	<i>(per \$100 of Stipulated Amount<sup>10</sup>)</i>  \$0.79 <sup>11</sup> \$0.14 <sup>11</sup> \$0.46
<b>Supplemental Insurance Rider</b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, preferred, non-tobacco, Issue Age 45, Policy Year 1)</i>	At the beginning of each Policy Month	<i>(per \$1000 of Rider Net Amount at Risk)</i>  \$27.63 <sup>12</sup> \$0.01 <sup>12</sup> \$0.05
<b>Surrender Charge Modification Rider<sup>13</sup></b>  Maximum Charge:	At the beginning of each Policy Month	<i>(per \$1000 of Initial SFA)</i>  \$0.02
<b>No-Lapse Protection Rider</b>  Maximum Charge: Minimum Charge: Representative Owner Charge <sup>3</sup> : <i>(male, preferred, non-tobacco, Issue Age 45)</i>	At the beginning of each Policy Month	<i>(per \$1000 of Total Net Amount at Risk)</i>  \$7.29 <sup>14</sup> \$0.03 <sup>14</sup> \$0.11

The next item shows the minimum and maximum total operating expenses charged by the Funds that You may pay periodically during the time that You own the Policy. More detail concerning each Fund's fees and expenses is contained in the prospectus for each Fund.

<b>TOTAL ANNUAL FUND OPERATING EXPENSES</b> <i>(deducted by each Fund on the average daily net asset value of each Fund)</i>	Minimum	Maximum
Total Annual Fund Expenses (expenses that are deducted from Fund assets, including management fees, distribution and/or service (12b-1) fees, and other expenses)	0.35%	2.17%

<sup>1</sup>The elements making up the Premium Expense Charge are discussed on page 24. The Charge is deducted from premium received.

<sup>2</sup>The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85, Policy Year 1. The minimum charge possible is for an Insured female, super preferred, non-tobacco, Issue Age 20, Policy Year 15. The charge varies based on the Specified Face Amount, the length of time the Policy has been in force, the Insured's Issue Age, sex and rating class. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

<sup>3</sup>It is assumed the Owner and the Insured are the same person. Charges shown are those currently applicable.

<sup>4</sup>The rider charge equals the excess of 99.5% of the Account Value over the Policy Debt. For additional detail for the Loan Lapse Protection Rider, please see page 28.

<sup>5</sup>The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85, Policy Year 15. The minimum charge possible is for an Insured female, super preferred, non-tobacco, Issue Age 27, Policy Year 2. The charges vary based on the length of time the Policy has been in force and the Insured's Issue Age, sex and rating class. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You. For substandard risk classifications, the Company reserves the right to charge up to 500% of the cost of insurance charges shown in the Fee Table. Please see pages 25-26 of the prospectus for additional detail.

<sup>6</sup>The annual rate is shown in the table. The monthly percentage is 0.07% for Policy Years 1-10 and 0.01% thereafter.

<sup>7</sup>The monthly expense charge is \$10.00 in all Policy Years plus a charge per \$1000 of Specified Face Amount for the first 20 Policy Years following the Issue Date and for the first 20 Policy Years following the effective date of any increase in Specified Face Amount. The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85. The minimum charge possible is for an Insured female, super preferred, non-tobacco, Issue Age 20. The charge varies based on the Insured's Issue Age, sex and rating class. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

<sup>8</sup>Loan Interest is charged as a percentage of Policy Debt and is added to Policy Debt. The Loan Interest is 5.0% in Policy Years 1-20 and 3.0% thereafter.

<sup>9</sup>The maximum charge possible is for an Insured, Issue Age 55. The minimum charge possible is for an Insured, Issue Age 20. Charges vary by Issue Age only. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

<sup>10</sup>To increase the variety of Stipulated Amounts electable, the charge imposed is per \$100 of Stipulated Amount.

<sup>11</sup>The maximum charge possible is for an Insured male, Issue Age 55, benefit payable to age 70. The minimum charge possible is for an Insured male, Issue Age 20, benefit payable to age 65. Charges vary based on the Insured's Issue Age, sex and duration of payment option. Disability rates for males are lower than females at younger ages and much higher for males than females at older ages. The use of rates for males provides an appropriate range of rates. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

<sup>12</sup>The rider provides term insurance and the rider charge is the cost of insurance charge for the term insurance. The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85, Policy Year 15. The minimum charge possible is for an Insured female, super preferred, non-tobacco, Issue Age 27, Policy Year 2. The charges vary based on the length of time the Policy has been in force and the Insured's Issue Age, sex and rating class. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

<sup>13</sup>The charge applies only during the first Policy Year.

<sup>14</sup>The maximum charge possible is for an Insured male, standard, tobacco, Issue Age 85, Policy Year 15. The minimum charge possible is for an Insured female, super preferred, non-tobacco, Issue Age 20, Policy Year 1. The charges vary based on the Insured's Issue Age, sex and rating class. The charges shown may not be representative of the charge You may pay. Please contact your financial adviser for the particular charge applicable to You.

## **Sun Life Assurance Company of Canada (U.S.)**

We are a stock life insurance company incorporated under the laws of Delaware on January 12, 1970. We do business in 49 states, the District of Columbia, Puerto Rico and the Virgin Islands. We have an insurance company subsidiary that does business in New York. Our executive office mailing address is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. We are ultimately controlled by Sun Life Financial Inc. ("Sun Life Financial"). Sun Life Financial, a corporation organized in Canada, is a reporting company under the Securities Exchange Act of 1934 with common shares listed on the Toronto, New York and Philippine stock exchanges.

### **The Variable Account**

We established Sun Life of Canada (U.S.) Variable Account I in accordance with Delaware law on December 1, 1998. The Variable Account may also be used to fund benefits payable under other life insurance policies issued by us. We are obligated to pay all benefits payable under the Policy.

We own the assets of the Variable Account. The income, gains or losses, realized or unrealized, from assets allocated to the Variable Account are credited to or charged against the Variable Account without regard to our other income, gains or losses.

We will at all times maintain assets in the Variable Account with a total market value at least equal to the reserves and other liabilities relating to the variable benefits under all policies participating in the Variable Account and the Variable Account is fully funded for the purpose of Federal securities laws. The assets of the Variable Account are insulated from our general liabilities and may not be charged with our liabilities from our other business. Our obligations for the fixed account allocations and death benefits payable under the policies are, however, our general corporate obligations.

The Variable Account is registered with the Securities and Exchange Commission (the "SEC") under the Investment Company Act of 1940 ("1940 Act") as a unit investment trust. Registration under the 1940 Act does not involve any supervision by the SEC of the management or investment practices or policies of the Variable Account.

The Variable Account is divided into Variable Sub-Accounts. Each Variable Sub-Account invests exclusively in shares of a corresponding investment portfolio of a registered investment company (commonly known as a mutual fund). We may in the future add new or delete existing Variable Sub-Accounts. The income, gains or losses, realized or unrealized, from assets allocated to each Variable Sub-Account are credited to or charged against that Variable Sub-Account without regard to the other income, gains or losses of the other Variable Sub-Accounts. All amounts allocated to a Variable Sub-Account will be used to purchase shares of the corresponding mutual fund. The Variable Sub-Accounts will at all times be fully invested in mutual fund shares. The Variable Account may contain certain variable sub-accounts which are not available under the Policy.

### **The Funds**

The Policy offers a number of Fund options shown on page 1. Each Fund is a mutual fund registered under the Investment Company Act of 1940, or a separate series of shares of such a mutual fund. More comprehensive information, including a discussion of potential risks, is found in the current prospectuses for the Funds (the "Fund Prospectuses"). The Fund Prospectuses should be read in connection with this prospectus. A copy of each Fund Prospectus may be obtained without charge by calling (800) 700-6554, or writing to Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481.

Although the investment objectives and policies of the Funds may be similar to those of other mutual funds managed by the Funds' investment advisers, the investment results of the Funds can differ significantly from those of such other mutual funds. Some of the Funds' investment advisers may compensate us for administering the Funds as investment options under the Policy. Such compensation is paid from advisers' assets.

The Funds may also be available to separate accounts offering variable annuity and variable life products of other affiliated and unaffiliated insurance companies, as well as our other separate accounts. Although we do not

anticipate any disadvantages in this, there is a possibility that a material conflict may arise between the interests of the Variable Account and one or more of the other separate accounts participating in the Funds. A conflict may occur due to a change in law affecting the operations of variable life and variable annuity separate accounts, differences in the voting instructions of policyowners and those of other companies, or some other reason. In the event of conflict, we will take any steps necessary to protect policyowners, including withdrawal of the Variable Account from participation in the Funds which are involved in the conflict or substitution of shares of other Funds.

## **Fees and Expenses of the Funds**

Fund shares are purchased at net asset value, which reflects the deduction of investment management fees and certain other expenses. The management fees are charged by each Fund's investment adviser for managing the Fund and selecting its portfolio of securities. Other Fund expenses can include such items as interest expense on loans and contracts with transfer agents, custodians and other companies that provide services to the Fund.

The Fund expenses are assessed at the Fund level and are not direct charges against Variable Account assets or reductions from Cash Values. These expenses are taken into consideration in computing each Fund's net asset value, which is the share price used to calculate the Unit Values of the Variable Account. Thus, You indirectly bear the fees and expenses of the Funds You select. The table presented earlier shows the range of annual expenses paid by the Funds on the average daily net asset value of each Fund.

The management fees and other expenses of the Funds are more fully described in the Fund Prospectuses. The information relating to the Fund expenses was provided by the Fund and was not independently verified by us.

## **Our General Account**

Our general account consists of all of our assets other than those in our variable separate accounts. Subject to applicable law, we have sole discretion over the investment of our general account assets.

The Fixed Account is not a security and the general account is not an investment company. Interests in our general account offered through the Fixed Account have not been registered under the Securities Act of 1933 and our general account has not been registered as an investment company under the Investment Company Act of 1940.

You may allocate net premiums to the Fixed Account and may transfer a portion of your investments in the Variable Sub-Accounts to the Fixed Account. You may also transfer a portion of your investment in the Fixed Account to any of the Variable Sub-Accounts. Transfers may be subject to certain restrictions. Please see pages 19-22 for more detail regarding transfer restrictions.

An investment in the Fixed Account does not entitle You to share in the investment experience of our general account. Instead, we guarantee that your fixed account investment will accrue interest daily at an effective annual rate of at least 3%, without regard to the actual investment experience of our general account. We may, at our sole discretion, credit a higher rate of interest, but are not obligated to do so.

## **Investment Programs**

**Dollar Cost Averaging.** You may select, at no extra charge, a dollar cost averaging program by allocating a minimum of \$5,000 to a Sub-Account designated by us. Each month or quarter, a level amount will be transferred automatically, at no cost, to one or more Variable Sub-Accounts chosen by You, up to a maximum of twelve. The program continues until your Account Value allocated to the program is depleted or You elect to stop the program. The main objective of a dollar cost averaging program is to minimize the impact of short-term price fluctuations. Since the same dollar amount is transferred to other available Variable Sub-Accounts at set intervals, dollar cost averaging allows You to purchase more Units (and, indirectly, more Fund shares) when prices are low and fewer Units (and, indirectly, fewer Fund shares) when prices are high. Therefore, a lower average cost per Unit may be achieved over the long-term. A dollar cost averaging program allows You to take advantage of market fluctuations. However, it is important to understand that a dollar cost averaging program does not assure a profit or protect against loss in a declining market.

**Asset Rebalancing.** Once your money has been allocated among the Sub-Accounts, the earnings may cause the percentage invested in each Sub-Account to differ from your allocation instructions. You can direct us to automatically rebalance the Policy among your Sub-Accounts to return to your allocation percentages by selecting our asset rebalancing program. The rebalancing will be on a calendar quarter, semi-annual or annual basis, depending on your instructions. Rebalancing will not occur if the total Sub-Account allocations are less than \$1,000.

There is no charge for asset rebalancing. In addition, rebalancing will not be counted against any limit we may place on your number of transfers in a Policy Year. You may not select dollar cost averaging and asset rebalancing at the same time. We reserve the right to modify, suspend or terminate this program at anytime. We also reserve the right to waive the \$1,000 minimum amount for asset rebalancing.

**Asset Allocation.** One or more asset allocation programs may be made available in connection with the Policy, at no extra charge. Asset allocation is the process of investing in different asset classes -- such as equity funds, fixed income funds and money market funds -- depending on your personal investment goals, tolerance for risk, and investment time horizon. By spreading your money among a variety of asset classes, You may be able to reduce the risk and volatility of investing, although there are no guarantees, and asset allocation does not insure a profit or protect against loss in a declining market. Currently, You may select one of the asset allocation models, each of which represents a combination of Variable Sub-Accounts with a different level of risk. These asset allocation models, as well as the terms and conditions of the asset allocation program, are fully described in a separate brochure. We may add or delete such programs in the future. If You elect an asset allocation program, we automatically rebalance your premium payments among the Variable Sub-Accounts represented in the model You choose. We rebalance your premium payments on a quarterly basis, without further instruction from You. Our asset allocation programs are "static" programs. We do not change the original percentage allocations among the Variable Sub-Accounts that are used for rebalancing purposes in your chosen model. We may, however, terminate the program or choose a different model. Also, the asset allocation models are reviewed and, as a result, may be substituted for new models and existing models may be terminated. If so, the new models will be offered only to Policies issued on or after the date the new model goes into effect or to Owners who elect an asset allocation program on or after that date. Owners of any existing asset allocation programs may make an independent decision to change their asset allocations at any time during the duration of an asset allocation model or after the asset allocation model has terminated. If an existing model is terminated, we will rebalance your Variable Sub-Accounts to the percentage of allocations of the terminated model, unless You advise us otherwise. We will also allocate new premium to the percentage allocations of the terminated model unless otherwise instructed by You. You should consult your financial adviser periodically to consider whether the model You have selected is still appropriate for You or whether You wish to change your percentage allocations.

## **About the Policy**

This prospectus describes the material provisions of the Policy. The Policy, as issued, may differ in some respects due to the insurance laws and regulations of the state where the Policy is issued.

### **Policy Application, Issuance and Initial Premium**

To purchase a Policy, You must first submit an application to our Principal Office. We may then follow certain underwriting procedures designed to determine the insurability of the proposed Insured. We offer the Policy on a regular (medical) underwriting basis. We may require medical examinations and further information before the proposed application is approved. Proposed Insureds must be acceptable risks based on our underwriting limits and standards. A Policy cannot be issued until the underwriting process has been completed to our satisfaction. We reserve the right to reject an application that does not meet our underwriting requirements or to increase by no more than 500% the cost of insurance charges applicable to an Insured to cover the cost of the increased mortality risk borne by the Company.

You must specify certain information in the application, including the Specified Face Amount, the death benefit option and supplemental benefits, if any. The Specified Face Amount may not be decreased below \$100,000-the "Minimum Specified Face Amount." While your application is being reviewed, we may make available to You temporary life insurance coverage if You have signed a Policy Application and, at that same time, submitted a separate signed application for temporary coverage and made an advance payment. The temporary coverage, if available, begins on the date that separate application for it is signed, has a maximum amount and is subject to other

conditions.

Pending approval of your application, any advance payments will be held in our general account. Upon approval of the application, we will issue to You a Policy on the life of the Insured. The *Issue Date* is the date we produce the Policy on our system and is specified in the Policy. The *Investment Start Date* is the date the first premium is applied, which will be the later of-

- the *Issue Date*,
- the Policy Date or
- the date a premium is paid equal to or in excess of the specified Initial Premium.

If an application is not approved, we will promptly return any advance payments to You.

**Death Benefit Compliance Test.** The Policy must, at all times, satisfy the Guideline Premium Test for it to qualify as life insurance and thus be entitled to receive favorable tax treatment under applicable federal tax law. Under this test, the Death Benefit must effectively always equal or exceed your Account Value multiplied by a certain percentage (the "Death Benefit Percentage"). The Death Benefit Percentages for the Guideline Premium Test vary by age. The Guideline Premium Test imposes limits on the amount of premium You may pay under the Policy.

### **Right of Return Period**

If You are not satisfied with the Policy, it may be returned by delivering or postmarking it to our Principal Office or to the representative from whom the Policy was purchased within 10 days from the date of receipt of the Policy (the "Right of Return Period"). A longer period may apply in some states.

A Policy returned under this provision will be deemed void. You will receive a refund equal to the sum of all premium payments made with interest at the then rate paid by the Company on comparable fixed life insurance policies, if the Policy indicates this is your right; otherwise, your refund will equal the sum of-

- the difference between any premium payments made, including fees and charges, and the amounts allocated to the Variable Account;
- the value of the amounts allocated to the Variable Account on the date the cancellation request is received by us at our Principal Office; and
- any fees or charges imposed on amounts allocated to the Variable Account.

Unless the Policy indicates You are entitled to receive a full refund of premiums paid, we will allocate net premium payments to the Sub-Accounts in accordance with your allocation instructions. You bear all of the investment risk during the Right of Return Period.

If the Policy indicates You are entitled to receive a full refund of premiums paid, we will allocate the net premium payments to the Fixed Account. Upon expiration of the number of days in the Right of Return Period, as measured from the Issue Date, plus five days, the Account Value in the Fixed Account will be transferred to the Sub-Accounts in accordance with your allocation instructions.

**Policies delivered in Connecticut, Georgia, Maryland and North Carolina only.** During the first eighteen months (twenty-four months in North Carolina) the Policy is in force, You may exchange it for a flexible premium adjustable life insurance policy issued by Us or an affiliate, the benefits of which do not vary with the investment performance of a separate account. The Account Value of the Policy will be transferred to the new policy. We will not require evidence of insurability for the exchange. To effect an exchange, You must give Us written notice at Our Principal Office within this eighteen-month (or twenty-four month) period.

### **Premium Payments**

All premium payments must be made payable to Sun Life Assurance Company of Canada (U.S.) and mailed to our Principal Office. The minimum Initial Premium is, generally, two Minimum Monthly Premiums. The amount of Minimum Monthly Premium is determined by the Specified Face Amount, death benefit option election, optional rider election and risk and underwriting classification of the Insured. Additional premium payments may be paid to

us subject to the limitations described below. We will not reject any premium payment necessary to maintain coverage and will provide You with notice if additional premium is required to maintain coverage.

**Premium.** We reserve the right to limit the number of premium payments we accept in a year. No premium payment may be less than \$50 without our consent, although we will accept a smaller premium payment if necessary to keep the Policy in force. We reserve the right to reject a premium payment that, if accepted, would cause the Policy, at its current death benefit, to no longer meet the definition of “life insurance” under the Internal Revenue Code. If You provide satisfactory evidence of insurability, we can retain the premium and increase the death benefit while maintaining the Policy’s “life insurance” status under the Internal Revenue Code.

We will not accept premium payments that would, in our opinion, cause the Policy to fail to qualify as life insurance under applicable federal tax law. If a premium payment is made in excess of these limits, we will accept only that portion of the premium within those limits, and will refund the remainder to you.

Specified Face Amount increases and decreases will impact the level of premium You need to pay to maintain coverage. Your financial adviser can provide an illustration showing the effects on premium funding of Specified Face Amount changes.

**Guideline Premium Test Limitations.** The Guideline Premium Test limits the amount of premium You may pay per year. We will not accept premium payments that would, in our opinion, exceed these limits, unless You have expressly directed us to do so. We may require satisfactory evidence of insurability before we accept such a premium. We will inform You of the applicable maximum premium limitations for the coming years in our annual report to You.

**Net Premiums.** The net premium is the amount You pay as the premium less the Premium Expense Charge. The Premium Expense Charge is a sales load and covers Federal and State tax liabilities related to premium.

**Allocation of Net Premium.** Except as otherwise described herein, net premium will be allocated in accordance with your allocation percentages. You must allocate at least 1% of net premium to any Sub-Account You choose. Percentages must be in whole numbers. We reserve the right to limit the number of Sub-Accounts to which You may allocate your Account Value to not more than 20 Sub-Accounts. You may change your allocation percentages at any time by telephone or written request to our Principal Office. Telephone requests will be honored only if we have a properly completed telephone authorization form for You on file. We, our affiliates and the representative from whom You purchased the Policy will not be responsible for losses resulting from acting upon telephone requests reasonably believed to be genuine. We will use reasonable procedures to confirm that instructions communicated by telephone are genuine. You will be required to identify yourself by name and a personal identification number for transactions initiated by telephone. An allocation change will be effective as of the date we receive notice of that change.

**Planned Periodic Premiums.** While You are not required to make additional premium payments according to a fixed schedule, You may select a planned periodic premium schedule and corresponding billing period, subject to our limits. We will send You reminder notices for the planned periodic premium at each billing period as specified in the Policy, unless reminder notices have been suspended as described below. You are not required, however, to pay the planned periodic premium; You may increase or decrease the planned periodic premium subject to our limits, and You may skip a planned payment or make unscheduled payments. You may change your planned payment schedule or the billing period, subject to our approval. Depending on the investment performance of the Sub-Accounts You select, the planned periodic premium may not be sufficient to keep the Policy in force, and You may need to change your planned payment schedule or make additional payments in order to prevent termination of the Policy. We will suspend reminder notices at your written request, and we reserve the right to suspend reminder notices if premiums are not being paid (except for notices in connection with the grace period). We will notify You prior to suspending reminder notices.

## Death Benefit

If the Policy is in force at the time of the Insured's death, we will pay the beneficiary an amount based on the death benefit option in effect once we have received Due Proof of the Insured's death. The amount payable will be:

- the amount of the selected death benefit option, **plus**
- any amounts payable under any supplemental benefits added to the Policy, **minus**
- the value of any Policy Debt on the date of the Insured's death, **minus**
- any overdue monthly deductions if death occurs during a grace period.

We will pay this amount to the beneficiary in one lump sum, unless we and the beneficiary agree on another form of settlement. You may select between two death benefit options. You may change the death benefit option at any time.

**Death Benefit Options.** The Policy has two death benefit options. You will be required to select one of them in the Policy application. A Policy will not be issued unless a death benefit option election is made.

**Option A-Specified Face Amount.** Under this option, the death benefit is *the greater of-*

- the Policy's Specified Face Amount, or
- the Account Value multiplied by the applicable death benefit percentage shown in the Policy.

**Option B-Specified Face Amount Plus Account Value.** Under this option, the death benefit is *the greater of-*

- the Specified Face Amount plus the Account Value, or
- the Account Value multiplied by the applicable death benefit percentage shown in the Policy.

Option A provides a level amount of death benefit. Option B provides a fluctuating death benefit due to the inclusion of the Account Value. While Option B provides a different death benefit than Option A, the monthly deduction for cost of insurance charges will be higher based on the Policy Net Amount at Risk. **Also, if Option B is elected, No-Lapse Protection, as provided by the Policy or by rider, is not available.**

**Changes in the Death Benefit Option.** You may request a change in the death benefit option. Changes in the death benefit option are subject to Our underwriting rules in effect at the time of change. Requests for a change must be made in writing to Us. The effective date of the change will be the Anniversary on or next following the date We approve your request.

If You change from Option A to Option B, the Specified Face Amount will be decreased by an amount equal to the Policy's Account Value on the effective date of the change. If No-Lapse Protection is in effect, it will be discontinued. If You change from Option B to Option A, the Specified Face Amount will be increased by an amount equal to the Policy's Account Value on the effective date of change.

## Changes in Specified Face Amount

You may increase or decrease the Specified Face Amount of the Policy within certain limits.

**Minimum Changes.** Each increase in the Specified Face Amount must be at least \$10,000. We reserve the right to change the minimum amount by which You may change the Specified Face Amount.

**Increases.** After the first policy anniversary, You may request an increase in the Specified Face Amount. You must provide satisfactory evidence of the Insured's insurability. An increase is not allowed if the Insured's Attained Age is greater than 80 on the effective date of the increase. The cost of insurance charges and monthly expense charges applicable to an increase in Specified Face Amount may be higher or lower than those charged on the original sums if the Insured's health has changed to a degree that qualifies the Insured for a different risk classification. Additional policy specification pages will be provided to show the applicable guaranteed maximum cost of insurance charges applicable to any increase. Once requested, an increase will become effective at the next policy anniversary following our approval of your request. Your financial adviser can provide an illustration to show the level of premium funding necessary to maintain coverage at the increased Specified Face Amount.

**Decreases.** The Specified Face Amount can be decreased after the first policy anniversary. A decrease will become effective at the beginning of the next Policy Month following our approval of your request. The Specified Face Amount after the decrease must be at least \$100,000. Surrender charges will apply to decreases in the Specified Face Amount during the surrender charge period except for decreases in the Specified Face Amount resulting from any change in the death benefit option or any partial withdrawal. For purposes of determining surrender charges and later cost of insurance charges, we will apply a decrease in Specified Face Amount in the following order-

- first, to the most recent increase;
- second, to the next most recent increases, in reverse chronological order; and
- finally, to the initial Specified Face Amount.

If the Supplemental Insurance Rider is in effect, the Supplemental Insurance Rider Face Amount will be reduced prior to any reductions in the Specified Face Amount.

## **Accessing Your Account Value**

### **Surrenders and Surrender Charges**

You may surrender the Policy for its Cash Surrender Value at any time while the Insured is living. If You do, the insurance coverage and all other benefits under the Policy will terminate. If You surrender the Policy and receive its Cash Surrender Value, You may incur surrender charges, taxes and tax penalties.

*Cash Surrender Value* is the Policy's Account Value less the sum of-

- the outstanding balance of any Policy Debt; and
- any surrender charges.

We will deduct surrender charges from your Account Value if You surrender the Policy or request a decrease in the Specified Face Amount during the surrender charge period. There are separate surrender charges for the initial Specified Face Amount and any increase in the Specified Face Amount You request. The surrender charge period will start on the Policy's Issue Date and on the effective date for the increase, respectively.

We will determine your Cash Surrender Value at the next close of business on the New York Stock Exchange after we receive your written request for surrender at our Principal Office.

If You surrender the Policy in the first 15 years or within the first 15 years after an increase in the Specified Face Amount, we will apply a surrender charge to the initial Specified Face Amount and to each increase in the Specified Face Amount other than an increase resulting from a change in the death benefit option. The surrender charge will be calculated separately for the initial Specified Face Amount and each increase in the Specified Face Amount. The surrender charge will be an amount based on certain factors, including the Policy's Specified Face Amount and the Insured's age, sex and rating class. The following are examples of surrender charges at representative Issue Ages.

**First Year Surrender Charges**  
**Per \$1,000 of Specified Face Amount**  
(Preferred Non-tobacco Male)

<u><b>Issue Age 25</b></u> \$13.33	<u><b>Issue Age 35</b></u> \$16.00	<u><b>Issue Age 45</b></u> \$30.12
<u><b>Issue Age 55</b></u> \$41.49	<u><b>Issue Age 65</b></u> \$54.02	<u><b>Issue Age 75</b></u> \$54.02

A surrender charge will be applied for each decrease in the Specified Face Amount except for decreases in the Specified Face Amount resulting from any change in death benefit option or any partial withdrawal. These surrender charges will be applied in the following order:

- first, to the most recent increase;
- second, to the next most recent increases, in reverse chronological order; and
- third, to the initial Specified Face Amount.

On a decrease in the initial Specified Face Amount, You will pay a proportion of the full surrender charge based on the ratio of the face amount decrease to the initial Specified Face Amount. The surrender charge You pay on a decrease that is less than the full amount of an increase in Specified Face Amount will be calculated on the same basis. Future surrender charges will be reduced by any surrender charges incurred for a decrease in the Specified Face Amount.

You may allocate any surrender charges resulting from a decrease in the Specified Face Amount among the Sub-Accounts. If You do not specify the allocation, then the surrender charges will be allocated proportionally among the Sub-Accounts.

#### **Partial Withdrawals**

You may make a partial withdrawal of the Policy once each Policy Year after the first Policy Year by written request to us. Each partial withdrawal must be for at least \$500.

During Policy Years 2-10, the maximum partial withdrawal amount is 20% of the Cash Surrender Value. Thereafter, the maximum partial withdrawal amount is the Cash Surrender Value. Additionally, the Specified Face Amount remaining after a partial withdrawal cannot be less than \$100,000.

If the applicable death benefit option is Option A, the Specified Face Amount will be decreased by the amount of the partial withdrawal. We will apply the decrease to the initial Specified Face Amount and to each increase in Specified Face Amount in the following order-

- first, to the initial Specified Face Amount, up to the \$100,000 minimum;
- second, to the oldest increases in Specified Face Amount, in chronological order; and
- third, to the most recent increase in Specified Face Amount.

If the Supplemental Insurance Rider is in effect, the Supplemental Insurance Rider Face Amount will be reduced prior to any reductions in the Specified Face Amount.

Unless You specify otherwise, the partial withdrawal will be allocated proportionally among the Sub-Accounts. We will not accept requests for a partial withdrawal if the Specified Face Amount remaining in force after the partial withdrawal would be less than the minimum Specified Face Amount. A partial withdrawal will be allocated to a Variable Sub-Account at the Unit Value of that Variable Sub-Account next determined after receipt of the partial withdrawal request. A partial withdrawal may result in taxes and tax penalties.

## Policy Loans

Using the Policy as collateral, You may request a policy loan of up to 90% of the Policy's Cash Value, decreased by the amount of any outstanding Policy Debt on the date the policy loan is made. The Policy will terminate for no value subject to a grace period if the Policy Debt exceeds the Cash Value. No-Lapse Protection and the Loan Lapse Protection Rider may also prevent this termination. Although the No-Lapse Protection (provided by Policy or rider) and the Loan Lapse Protection Rider may prevent Policy termination, the conditions under which they apply differ widely, including the length of time the Policy has been in force and the age of the policyowner. Please see the No-Lapse Protection section of the Policy, the No-Lapse Protection Rider section and the Loan Lapse Protection Rider section for additional detail.

You may allocate the policy loan among the Sub-Accounts. If You do not specify the allocation, then the policy loan will be allocated proportionally among the Sub-Accounts. Loan amounts allocated to the Variable Sub-Accounts will be transferred to the Fixed Account. We will periodically credit interest at an effective annual rate of 3% on the loaned values of the Fixed Account.

Interest on the policy loan will accrue daily at 5% annually for 20 Policy Years. Thereafter, the rate is 3%. This interest will be due and payable to us in arrears on each policy anniversary. Any unpaid interest will be added to the principal amount as an additional policy loan and will bear interest at the same rate and will be assessed in the same manner as the prior policy loan.

### **The Cash Surrender Value and the Policy Proceeds are reduced by the amount of any outstanding Policy Debt.**

All funds we receive from You will be credited to the Policy as premium unless we have received written notice, in a form satisfactory to us, that the funds are for loan repayment. In the event You have a loan against the Policy, it is generally advantageous to repay the loan rather than make a premium payment because premium payments incur expense charges whereas loan repayments do not. Loan repayments will first reduce the outstanding balance of the policy loan and then accrued but unpaid interest on such loans. When loan repayments reduce the loan balance allocated to the Fixed Account, the amount of repayment is allocated to the Sub-Accounts per the allocation instructions in effect on the date of repayment.

A policy loan, whether or not repaid, will affect the Policy Proceeds payable upon the Insured's death and the Account Value because the investment results of the Sub-Accounts will apply only to the non-loaned portion of the Account Value. The longer a loan is outstanding, the greater the effect is likely to be and, depending on the investment results of the Sub-Accounts while the loan is outstanding, the effect could be favorable or unfavorable.

## Short-Term Trading

**The Policy is not designed for short-term trading. If You wish to employ such strategies, do not purchase a Policy. Transfer limits and other restrictions, described below, are subject to our ability to monitor transfer activity. Some Owners and their third party intermediaries engaging in short-term trading may employ a variety of strategies to avoid detection. Despite our efforts to prevent short-term trading, there is no assurance that we will be able to identify such Owners or intermediaries or curtail their trading.** A failure to detect and curtail short-term trading could result in adverse consequences to Owners. Short-term trading can increase costs for all Owners as a result of excessive portfolio transaction fees. In addition, short-term trading can adversely affect a Fund's performance. If large amounts of money are suddenly transferred out of a Fund, the Fund's investment adviser cannot effectively invest in accordance with the Fund's investment objectives and policies.

The Company has policies and procedures to discourage frequent transfers of Account Value. As described below under "Transfer Privileges," the Policy includes limiting the number and timing of certain transfers, subject to exceptions described in that section and exceptions designed to protect the interest of individual Owners. The Company also reserves the right to charge a fee for transfers.

Short-term trading activities whether by an individual, a firm or a third party authorized to initiate transfer requests on behalf of Owner(s) may be subject to other restrictions as well (including transfers to and from the Fixed Account). For example, we reserve the right to take actions against short-term trading which restrict your transfer privileges more narrowly than the policies described under "Transfer Privileges", such as requiring transfer requests to be submitted in writing through regular first-class U.S. mail (e.g., no overnight, priority or courier delivery allowed), and refusing any and all transfer instructions into a Fund.

If we determine that a third party acting on your behalf is engaging (alone or in combination with transfers effected by You directly) in a pattern of short-term trading, we may refuse to process certain transfers requested by such a third party. In particular, we will treat as short-term trading activity and refuse to process any transfer that is requested by an authorized third party within 30 days of a previous transfer (whether the earlier transfer was requested by You or a third party acting on your behalf). We may also impose special restrictions on third parties that engage in reallocations of Policy values. We may limit the frequency of the transfer or prohibit exchanges into a Fund.

Should transfer instructions provide for a redemption out of a Fund with purchase into a Fund that is restricted, the policyowner's transfer instructions will be considered a request that is not in good order. Therefore, neither side of the requested transaction will be honored. We will provide You notice that the transfer instructions were not executed.

We reserve the right to waive short-term trading restrictions, where permitted by law and not adverse to the interests of the relevant underlying Fund and other of the Company's contract owners and Owners, in the following instances:

- when a new broker of record is designated for the Policy;
- when the Owner changes;
- when control of the Policy passes to the designated beneficiary upon the death of the Insured;
- when necessary in our view to avoid hardship to an Owner;
- when underlying Funds are dissolved, merged or substituted.

If short-term trading results as a consequence of waiving the restrictions against short-term trading, it could expose Owners to certain risks. The short-term trading could increase costs for all Owners as a result of excessive portfolio transaction fees. In addition, the short-term trading could adversely affect a Fund's performance. If large amounts of money are suddenly transferred out of a Fund, the Fund's investment adviser cannot effectively invest in accordance with the Fund's investment objectives and policies. Unless the short-term trading policy and the permitted waivers of that policy are applied uniformly, some Owners may experience a different application of the policy and therefore may experience some of these risks. Too much discretion on our part in allowing the waivers of short-term trading policy could result in an unequal treatment of short-term traders by permitting some short-term traders to engage in short-term trading while prohibiting others from doing the same.

**The Funds' Harmful Trading Policies.** In addition to the restrictions that we impose (as described above under Short-Term Trading and below under Transfer Privileges), most of the Funds have adopted restrictions or other policies about transfers or other purchases and sales of the Funds' shares. These policies (the "Funds' Harmful Trading Policies") are intended to protect the Fund from short-term trading or other trading practices that are potentially harmful to the Fund. The Funds' Harmful Trading Policies may be more restrictive in some respects than the restrictions that we otherwise would impose, and the Funds may modify their Harmful Trading Policies from time to time.

We are legally obligated to provide (at the Funds' request) information about each amount You cause to be deposited into a Fund (including by way of premium payments and transfers under your Policy) or removed from the Fund (including by way of withdrawals and transfers). If a Fund identifies You as having violated the Fund's Harmful Trading Policies, we are obligated, if the Fund requests, to restrict or prohibit any further deposits or exchanges by You (or a third party acting on your behalf) into that Fund. Any such restriction or prohibition may remain in place indefinitely.

Accordingly, if You do not comply with any Fund's Harmful Trading Policies, You (or a third party acting on your behalf) may be prohibited from directing any additional amounts into that Fund. You should review and comply with each Fund's Harmful Trading Policies, which are disclosed in the Funds' current prospectuses.

Funds may differ significantly as to such matters as: (a) the amount, format and frequency of information that the Funds request from us about transactions that our customers make; and (b) the extent and nature of any limits or restrictions that the Funds request us to impose upon such transactions. As a result of these differences, the costs borne by us and (directly or indirectly) by our customers may be significantly increased. Any such additional costs may outweigh any additional protection that would be provided to our customers, particularly in view of the protections already afforded by the trading restrictions that we impose as described above under Short-Term Trading and below under Transfer Privileges. Also, if a Fund imposes more strict trading restrictions than are reasonably necessary under the circumstances, You could be deprived of potentially valuable flexibility to make transactions with respect to that Fund. For these and other reasons, we may disagree with the timing or substance of a Fund's requests for information from us or with any transaction limits or restrictions that the Fund requests us to impose upon our customers. If any such disagreement with respect to a Fund cannot be satisfactorily resolved, the Fund might be restricted or, subject to obtaining any required regulatory approval, replaced as an investment option.

### **Transfer Privileges**

Subject to the above special restrictions and to our rules as they may exist from time to time and to any limits that may be imposed by the Funds, You may at any time transfer to another Sub-Account all or a portion of the Account Value allocated to a Sub-Account. There is usually no charge imposed on transfers; however, we reserve the right to impose a transfer charge of \$15 for each transfer above 12 transfers in any Policy Year. We will make transfers pursuant to an authorized written or telephone request to us. Telephone requests will be honored only if we have a properly completed telephone authorization form for You on file. We, our affiliates and the representative from whom You purchased the Policy will not be responsible for losses resulting from acting upon telephone requests reasonably believed to be genuine. We will use reasonable procedures to confirm that instructions communicated by telephone are genuine. For transactions initiated by telephone, You will be required to identify yourself by name and a personal identification number.

Transfers may be requested by indicating the transfer of either a specified dollar amount or a specified percentage of the Fixed Account or the Variable Sub-Account's value from which the transfer will be made. If You request a transfer based on a specified percentage of the Fixed Account or the Variable Sub-Account's value, that percentage will be converted into a request for the transfer of a specified dollar amount based on application of the specified percentage to the Fixed Account or the Variable Sub-Account's value at the time the request is received. We reserve the right to limit the number of Sub-Accounts to which You may allocate your Account Value to not more than 20.

An acceptable transfer request will be executed as of the date our Principal Office receives your request provided that it is received on a Valuation Date before the close of the NYSE. An "acceptable transfer request" is one that is authorized by a person with proper authority, provides clear instruction to the Company, as administrator of the Variable Account, and is for a transaction that is not restricted by policies and procedures of the Variable Account, the Fund or us. If an acceptable transfer request is received on a day that is not a Valuation Date or after the close of the NYSE on a Valuation Date, it will be executed on the next Valuation Date. The Unit Value of Variable Sub-Accounts affected by a transfer request will be that next determined after receipt of such transfer request.

Transfer privileges are subject to our consent. We reserve the right to impose limitations on transfers, including, but not limited to: (1) the minimum amount that may be transferred; (2) the frequency of transfers; and (3) the minimum amount that may remain in a Sub-Account following a transfer from that Sub-Account. We will notify You in writing of any such limitations. If your Policy so states in its text or via endorsement, thirty days must elapse between each transfer.

Transfers from the Fixed Account to the Variable Sub-Accounts are limited to one transfer annually of no more than 25% of the value of the Fixed Account at the end of the prior Policy Year or \$5,000, whichever is greater.

We reserve the right to restrict amounts transferred to the Fixed Account from the Variable Sub-Accounts.

### **Account Value**

Your Account Value is the sum of the values of each Variable Sub-Account plus the value of the Fixed Account. The Account Value varies depending upon the Premiums paid, Premium Expense Charges, Mortality and Expense Risk Charges, Monthly Expense Charges, Monthly Cost of Insurance charges, partial withdrawals, fees, policy loans and the net investment factor (described below).

The minimum guaranteed interest rate applicable to the values in the Fixed Account is 3% annually. Interest in excess of the guaranteed rate may be applied in such a manner as we may determine, based on our expectations of future interest, mortality costs, persistency, expenses and taxes. Interest credited will be computed on a compound interest basis.

**Account Value of the Variable Sub-Accounts.** We measure the amounts in the Variable Sub-Accounts in terms of Units and Unit Values. On any given date, the amount You have in a Variable Sub-Account is equal to the Unit Value multiplied by the number of Units credited to You in that Variable Sub-Account. Amounts allocated to a Variable Sub-Account will be used to purchase Units of that Variable Sub-Account. Units are redeemed when You make partial withdrawals, undertake policy loans or transfer amounts from a Variable Sub-Account, and for the payment of Monthly Expense Charges, Monthly Cost of Insurance charges, Mortality and Expense Risk Charges and other fees. The number of Units of each Variable Sub-Account purchased or redeemed is determined by dividing the dollar amount of the transaction by the Unit Value for the Variable Sub-Account. A *Valuation Date* is any day on which the NYSE is open for business and valuation will occur at the close of the NYSE. The NYSE historically closes on weekends and the following holidays: New Year's Day, Martin Luther King, Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. For the first Valuation Date of each Variable Sub-Account, the Unit Value is established at \$10.00. The Unit Value for any subsequent Valuation Date is equal to the Unit Value for the preceding Valuation Date multiplied by the net investment factor (determined as provided below). The Unit Value of a Variable Sub-Account for any Valuation Date is determined as of the close of the *Valuation Period* ending on that Valuation Date. The *Valuation Period* is the period of time from one determination of Unit Values to the next.

If accompanied by proper allocation instructions, a premium received at our Principal Office is credited to the Policy on the same date it is received unless that date is not a Valuation Date or receipt is after the close of the NYSE on a Valuation Date. In those instances, the premium will be credited on the next Valuation Date. The *Investment Start Date* is the date we apply your first premium payment, which will be the later of the Issue Date, the Policy Date or the Valuation Date we receive a premium equal to or in excess of the Initial Premium. If premium is to be allocated to a Variable Sub-Account, the Unit Value of the Variable Sub-Account will be that next determined after receipt of such premium.

The Account Value on the *Investment Start Date* equals:

-the net premium received, **minus**

-the monthly deductions due on the Policy Date and subsequent Monthly Anniversary Days through the Investment Start Date charged to the Variable Sub-Accounts and the Fixed Account.

The Account Value on subsequent Valuation Dates is equal to:

-the Account Value attributable to each Variable Sub-Account on the preceding Valuation Date multiplied by that Variable Sub-Account's Net Investment Factor, **plus**

-the value of the Fixed Account on the preceding Valuation Date, accrued at interest, **plus**

- that portion of Net Premium received and allocated to each Sub-Account during the current Valuation Period, **plus**
- any amounts transferred by You to a Sub-Account from another Sub-Account during the current Valuation Period, **minus**
- any amounts transferred by You from a Sub-Account to another Sub-Account during the current Valuation Period, **plus**
- that portion of any loan repayment, including repayment of loan interest, during the current Valuation Period, **minus**
- that portion of any partial withdrawal deducted from each Sub-Account during the current Valuation Period, **minus**
- that portion of any surrender charges associated with a decrease in the Specified Face Amount charged to a Sub-Account during the current Valuation Period, **minus**
- if a Monthly Anniversary Day occurs during the current Valuation Period, that portion of the Monthly Cost of Insurance Charge, Monthly Expense Charge and Mortality and Expense Risk Charge for the Policy Month just beginning charged to each Sub-Account.

**Net Investment Factor.** The *net investment factor* for each Variable Sub-Account for any Valuation Period is the quotient of (1) divided by (2) where:

(1) is the net result of-

- the net asset value of a Fund share held in the Variable Sub-Account determined as of the end of the Valuation Period, **plus**
- the per share amount of any dividend or other distribution declared on Fund shares held in the Variable Sub-Account if the "ex-dividend" date occurs during the Valuation Period, **plus or minus**
- a per share credit or charge with respect to any taxes reserved for by us, or paid by us if not previously reserved for, during the Valuation Period which are determined by us to be attributable to the operation of the Variable Sub-Account; and

(2) is the net asset value of a Fund share held in the Variable Sub-Account determined as of the end of the preceding Valuation Period.

The "ex-dividend date" is the date after which a Fund share begins trading without the dividend.

The net investment factor may be greater or less than one.

**Splitting Units.** We reserve the right to split or combine the value of Units. In effecting any such change, strict equity will be preserved and no change will have a material effect on the benefits or other provisions of the Policy.

**Insufficient Value.** The Policy will terminate for no value, subject to a grace period described below if, on a Processing Date, the Policy's Account Value less Policy Debt is equal to or less than zero.

Policy termination will not occur if:

1. You pay premium sufficient to keep the Policy in force prior to the end of the grace period;
2. No-Lapse Protection is in effect and the Lapse Protection Value less Policy Debt is greater than zero; or
3. The Loan Lapse Protection Rider is in effect and all conditions thereunder have been met.

Please see the "Supplemental Benefits" section for additional information regarding the Loan Lapse Protection Rider and No-Lapse Protection provided by rider.

**Grace Period.** If, on a Valuation Date, the Policy will terminate by reason of insufficient value, we will allow a grace period. This grace period will allow 61 days from that Valuation Date for the payment of a premium sufficient to keep the Policy in force. Notice of premium due will be mailed to your last known address and the last known address of any assignee of record. We will assume that your last known address is the address shown on the Policy Application (or notice of assignment), unless we receive written notice of a change in address in a form satisfactory to us. If the premium due is not paid within 61 days after the beginning of the grace period, then the Policy and all rights to benefits will terminate without value at the end of the 61 day period. The Policy will continue to remain in force during this grace period. If the Policy Proceeds become payable by us during the grace period, then any overdue monthly deductions, unless state law dictates otherwise, will be deducted from the amount payable by us.

**Lapse Protection Value.** The Policy provides for protection against lapse if You pay sufficient premium to keep the Lapse Protection Value less Policy Debt greater than zero. The Company incurs additional risks and related additional cost for the guarantee that the Policy will not lapse even if investment performance is unfavorable and the actual Account Value becomes zero. In its calculation of Lapse Protection Value and premium for the selected duration (as discussed in the No-Lapse Protection Period section below), the Company uses a different Premium Expense Charge, Cost of Insurance Charge and Monthly Expense Charge than that actually charged as described in the Charges and Deductions section in its calculation of Lapse Protection Value.

To illustrate the difference in charges, we assume a Representative Owner is a male, preferred, non-tobacco, Issue Age 45, Policy Year 1.

Charge	Actual Charges	Used in Calculation of Lapse Protection Value
Premium Expense Charge	7.5% of premium	8.0% of premium
Cost of Insurance Charge	\$0.06 per \$1000 of Policy Net Amount at Risk	\$0.38 per \$1000 of Policy Net Amount at Risk
Monthly Expense Charge	\$10.00 + \$0.06 per \$1000 of Specified Face Amount	\$10.00

**No-Lapse Protection Period.** No-Lapse Protection will eliminate the impact of poor investment performance and risk of Policy termination because the Account Value is not used to determine if lapse has occurred. If You pay sufficient premiums to keep the Lapse Protection Value less Policy Debt greater than zero, your Policy will not lapse. With the assistance of your financial advisor, You determine the length of time the No-Lapse Protection is in effect by the amount of premium You pay into the Policy. It is also affected by Insured's Issue Age, sex and rating classification. The length of time the No-Lapse Protection is in effect is called the No-Lapse Protection Period. It can extend to Insured's Attained Age 121. Ask your financial advisor for an illustration at time of application to determine what premium outlay would be required to sustain different No-Lapse Protection Periods.

The annual report You receive will advise whether the premiums paid result in the Lapse Protection Value less Policy Debt being greater than zero, and, if no further premium is received, how long the No-Lapse Protection Period will last.

### Charges and Deductions

The monthly deductions described below are the Premium Expense Charges, Mortality and Expense Risk Charges, Monthly Expense Charges, Monthly Costs of Insurance and the charges for any supplemental benefits.

There are no monthly deductions other than the Mortality and Expense Risk Charge after the policy anniversary on which the Insured is Attained Age 100.

**Premium Expense Charge.** We will deduct a Premium Expense Charge from each premium payment upon receipt. Three and one-quarter percent of the charge is used to pay federal, state and local tax obligations and does not vary by state as it reflects an average of the state and local tax obligations. As a result of the averaging, the percent may be more or less than your state and local taxes.

The remainder of the Premium Expense Charge is a sales load used for agent compensation and other at issue costs. For Policy Years 1-10, the Premium Expense Charge is 7.50%. Thereafter, the Premium Expense Charge is 3.50%.

**Mortality and Expense Risk Charge.** This charge is for the mortality and expense risks we assume with respect to the Policy. It is a percentage of the Account Value of the Variable Sub-Accounts and, unless You direct otherwise, is deducted proportionally from the Account Value of the Sub-Accounts each month. We may realize a profit from this charge.

The Mortality and Expense Risk Charge percentage is 0.75% annually for Policy Years 1 through 10 and 0.12% annually thereafter.

The mortality risk we assume is that the group of lives insured under the Policies may, on average, live for shorter periods of time than we estimated. The expense risk we assume is that our costs of issuing and administering Policies may be more than we estimated. Per state law, the Mortality and Expense Risk Charge may be referred to as a Product Risk Percentage.

**Monthly Expense Charge.** We will deduct from your Account Value monthly a charge of \$10.00 in all years and a monthly charge based on the Specified Face Amount for the first 20 Policy Years following the issuance of the Policy and the first 20 Policy Years following the effective date of each increase in the Specified Face Amount, if any, based on the amount of the increase. Minimum and maximum Monthly Expense Charges are shown in the Fee Table. The Monthly Expense Charge is based on the age, sex and rating class of the Insured. Unless You direct otherwise, the Monthly Expense Charges will be deducted proportionally from the amounts in the Sub-Accounts and covers administration expenses and issuance costs. The illustration provided at time of application will show your specific Monthly Expense Charge.

**Monthly Cost of Insurance.** We deduct a Monthly Cost of Insurance charge from your Account Value to cover anticipated costs of providing insurance coverage. We may realize a profit from this charge. Minimum and maximum Monthly Cost of Insurance charges are shown in the Fee Table. Unless You direct otherwise, the Monthly Cost of Insurance deduction will be charged proportionally to the amounts in the Sub-Accounts .

The Monthly Cost of Insurance equals the sum of (1), (2) and (3) where:

(1) is the Monthly Cost of Insurance rate times the Total Net Amount at Risk divided by 1,000\*;

(2) is the monthly rider cost for any riders which are a part of the Policy (i.e. Waiver of Monthly Deductions, Payment of Stipulated Amount, Supplemental Insurance, Surrender Charge Modification and No-Lapse Protection); and

(3) is any additional insurance charge calculated, as specified in the Policy, for substandard risk classifications, which can be up to 500% of the charge shown in the Fee Table.

\*Item (1) above is expressed algebraically as: the Monthly Cost of Insurance rate x [Total Net Amount at Risk ÷ 1000]. Please see Appendix A, Glossary of Terms, for definitions of the Total Net Amount at Risk and its components.

The Total Net Amount at Risk equals:

-the death benefit divided by 1.00247; **minus**

-your Account Value on the Processing Date prior to assessing the monthly deductions.

The Total Net Amount at Risk is affected by the performance of the Sub-Accounts to which premium is allocated, the cumulative premium paid, any Policy Debt, any partial withdrawals, transaction fees and periodic charges.

If there are increases in the Specified Face Amount other than increases caused by changes in the death benefit option, the cost of insurance charge described above is determined separately for the initial Specified Face Amount and each increase in the Specified Face Amount. In calculating the Total Net Amount at Risk, your Account Value will first be allocated to the initial death benefit and then to each increase in the Specified Face Amount in the order in which the increases were made. By way of example, assume the initial death benefit is \$500,000, there is a later increase in Specified Face Amount of \$400,000 and the Account Value is \$600,000. The net amount at risk of the initial death benefit is \$500,000 divided by 1.00247 less \$500,000 of Account Value divided by 1.00247. The Account Value must be divided at this stage by 1.00247 because it is incorrect to assign more Account Value than there is initial death benefit. To determine the net amount at risk of the \$400,000 Specified Face Amount increase, we take the \$400,000 and divide by 1.00247 then subtract the remaining Account Value of \$101,232 (which is the result of \$600,000 less \$500,000 divided by 1.00247 from the initial death benefit net amount at risk calculation). So the net amount at risk of the initial death benefit is zero and the net amount at risk of the Specified Face Amount increase is \$297,782.

**Monthly Cost of Insurance Rates.** The Monthly Cost of Insurance rates (except for any such rate applicable to an increase in the Specified Face Amount) are based on the length of time the Policy has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The Monthly Cost of Insurance rates applicable to each increase in the Specified Face Amount are based on the length of time the increase has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The Monthly Cost of Insurance rates will be determined by us from time to time based on our expectations of future experience with respect to mortality costs, persistency, interest rates, expenses and taxes. The rates for the Policy will not exceed the Guaranteed Maximum Monthly Cost of Insurance Rates based on the 2001 Commissioners Standard Ordinary Smoker and Nonsmoker Mortality Tables.

**Other Charges and Deductions.** Interest charged on outstanding loans as well as the interest credited to loaned values of the Fixed Account is more fully described at page 19. Additionally, a flat extra charge may apply if an Insured is a substandard risk. A flat extra charge will not exceed \$20.00 per \$1000 of Specified Face Amount and Supplemental Insurance Rider Face Amount. It is deducted from the Account Value on a monthly basis and covers the additional mortality risks of the Insured borne by the Company. A definition of "flat extra" is provided in the Glossary.

### **Reduced Charges**

We may waive charges in connection with Policies sold to Company or affiliate company's officers, directors, employees and immediate family members of those parties. We also reserve the right to reduce the Premium Expense Charge, Monthly Expense Charge and Mortality and Expense Risk Charge. We will provide You prompt notice of any reduction. Reductions will be based on uniformly applied criteria that do not discriminate unfairly against any person.

### **Supplemental Benefits**

The following supplemental benefit riders may be available in your state. Each rider is subject to certain limitations and termination provisions. Any rider charges imposed are necessary to cover the expense borne by the Company for providing the additional benefits provided by the riders. For additional information on the riders, please ask your financial adviser.

**Accelerated Benefits Rider.** Under this rider, we will pay You, at your written request in a form satisfactory to us, an "accelerated benefit" if the Insured is terminally ill. An Insured is considered "terminally ill" if the Insured has a life expectancy of 12 months or less due to illness or physical condition. (This time period may be more or less in some states.) The accelerated benefit payment will be equal to that portion of the Policy's death benefit requested by You, not to exceed 75% of the amount of the Specified Face Amount, subject to certain reductions. Reductions to the accelerated benefit payment vary by state and may include the following:

- a. a 12 month discount percentage which will not exceed the greater of the current yield on 90-day Treasury bills and the current maximum statutory adjustable loan interest rate;
- b. the amount of Policy Debt in excess of the Accelerated Amount; and
- c. an administrative fee of \$150.

This rider is free of charge, attaches to all Policies at issue and may be discontinued upon written request to the Company.

**Charitable Giving Benefit Rider.** Under this rider, when Policy Proceeds are payable, we will pay a Charitable Gift Amount to the named Charitable Beneficiary. The Charitable Gift Amount is 1% of the Specified Face Amount and is an additional payment that does not diminish the Policy Proceeds paid to your beneficiary. The Charitable Beneficiary may be any organization considered exempt from federal taxation under Section 501(c) of the Internal Revenue Code and is listed in Section 170(c) of the Internal Revenue Code as an authorized recipient of charitable contributions. The Charitable Gift Amount and the Charitable Beneficiary in effect on the Issue Date are shown in the Policy. The rider must be elected at issue and can be discontinued upon written request to the Company. There is no charge for this rider.

**Waiver of Monthly Deductions Rider.** Under this rider, we will waive the monthly deductions for the Policy and any optional riders for all months for which the Insured suffers a total disability, if the Insured's total disability commences while this rider is in force and continues for six months. We will continue to waive the monthly deductions for as long as the disability continues. Waiver of monthly deductions means the Account Value will not be reduced by any monthly deductions each Monthly Anniversary Day during the period of total disability. We must receive due proof of the Insured's total disability and due proof that the total disability has been continuous for six months before we will waive the monthly deductions. At that time, we will reverse the monthly deductions which had been taken for the past months of total disability and waive all monthly deductions going forward until total disability ceases. We may require from time to time additional proof that the disability is continuing, but not more frequently than once per year after the disability has continued for two years. The rider charge is deducted monthly from the Account Value. We use a Company-developed proprietary pricing table to determine the factor that corresponds with the Insured's Issue Age and multiply this factor by each \$1000 of Specified Face Amount and \$1000 of Supplemental Insurance Rider Face Amount. The rider must be elected at issue and may be discontinued upon written request to the Company. If the rider is discontinued, the rider charge will cease. If You elect this rider, You may not elect the Payment of Stipulated Amount Rider.

**Payment of Stipulated Amount Rider.** Under this rider, we will make a monthly payment of the "stipulated amount" into the Account Value when the Insured suffers a total disability, if the Insured's total disability commences while this rider is in force and continues for six months. You elect the stipulated amount on the application. We will continue to make a payment of that amount for as long as the disability continues but no later than the duration of the payment option elected (Insured's age 65 or 70). Payment of the stipulated amount does not guarantee that the Account Value of the Policy will be sufficient to keep the Policy in force. We must receive due proof of the Insured's total disability and due proof that the total disability has been continuous for six months before we will make a payment. At that time, we will credit the Account Value with the stipulated payment at the beginning of each month of past total disability and will credit the Account Value with the stipulated payment at the beginning of each month total disability continues. We may require from time to time additional proof that the disability is continuing, but not more frequently than once per year after the disability has continued for two years. The rider charge is deducted monthly from the Account Value. We use a Company-developed proprietary pricing table to determine the factor that corresponds with the Insured's Issue Age and sex and multiply that factor by each \$100 of Stipulated Amount. The rider charge will cease for the term the stipulated amount is being paid. The rider must be elected at issue and may be discontinued upon written request to the Company. If the rider is discontinued, the rider charge will cease. The rider may not be elected if the Waiver of Monthly Deductions Rider has been elected.

**Surrender Charge Modification Rider.** Under this rider, we will waive a portion of the applicable surrender charges if You fully surrender the Policy during the first three Policy Years. For Policy Year 1, 100% of the surrender charge will be waived. 75% of the surrender charge will be waived in Policy Year 2 and 50% in Policy Year 3. The charge for the rider is a monthly per \$1000 of initial Specified Face Amount which is the same for all policyholders. It is deducted for the first Policy Year only and is shown in the Policy. The rider must be elected at issue and may be discontinued upon written request to the Company. If the rider is discontinued, the rider charge will cease.

**Loan Lapse Protection Rider.** This rider is designed to protect the Policy from lapse should Policy Debt become the near equivalent of the Account Value. Under this rider, the Policy will not terminate for insufficient value on and after the Rider Exercise Date. The Rider Exercise Date is the earliest date on which all the following have occurred:

- the Insured is 75 or older;
- the Policy has been in force at least 15 years;
- the outstanding Policy Debt is greater than the Specified Face Amount;
- the outstanding Policy Debt equals or exceeds 96% of the Account Value;
- not more than 30% of the Policy Debt has been a result of loan activity in the 36 months immediately preceding the Rider Exercise Date;
- the sum of withdrawals made equals the sum of premiums paid; and
- we have received your request to exercise the rider.

The rider charge is an administrative charge that applies on the Rider Exercise Date and equals the excess of 99.5% of the Account Value over the Policy Debt. By way of example, if the Account Value is \$1,000,000 and the Policy Debt is \$970,000, the charge is \$25,000 which is the difference between 99.5% of the Account Value and the Policy Debt.

On the Rider Exercise Date, after deduction of the rider charge from the Account Value, the following will occur:

- The Account Value in the Variable Sub-Accounts will be irrevocably transferred to the Fixed Account;
- The Death Benefit will be changed to equal 105% of the Account Value;
- Monthly Deductions will cease;
- No further premium will be accepted;
- Specified face amount increases and decreases will no longer be permitted; and
- All supplemental riders (other than the accelerated benefit rider) will terminate.

The rider automatically attaches to every Policy at issue and may be discontinued upon written request to the Company.

**Supplemental Insurance Rider.** This rider provides for additional insurance on the life of the Insured by combining term coverage with the underlying variable universal life ("base policy") coverage. The rider charge covers the cost of insurance charges we incur for the insurance coverage provided by this rider. Those cost of insurance charges are generally lower than the cost of insurance charges that apply to insurance coverage under the base policy, as are our selling costs, including commissions.

By combining coverage under this rider with base policy coverage, You may be able to buy the same amount of death benefit for less premium than if You had purchased an all base policy. If this rider is combined with base policy coverage, the same amount of premium paid for the combined coverage as for an all base policy will generate faster cash value accumulation within the base policy. Additional underwriting requirements may be imposed at the time of rider election, which may occur after issue.

This rider will terminate at the policy anniversary on which the Insured reaches Attained Age 121, if the Policy is in force at that time.

You may increase the coverage provided by rider by making written request to the Company and providing evidence of insurability. Increases must be at least \$50,000. Your financial adviser can provide an illustration to show the level of premium funding necessary to maintain coverage at the increased rider face amount.

The Cost of Insurance rates used to determine the monthly rider charge deduction from the Account Value are based on the length of time the rider has been in force and the Insured's sex (in the case of non-unisex Policies), Issue Age and rating class. The rates will be determined by us from time to time based on our expectations of future experience with respect to mortality costs, persistency, interest rates, expenses and taxes. The rates for the rider will not exceed the Guaranteed Maximum Monthly Cost of Insurance Rates based on the 2001 Commissioners Standard Ordinary Smoker and Nonsmoker Mortality Tables. You may discontinue this rider upon written request to the Company. If discontinued, the rider charge will cease.

**No-Lapse Protection Rider.** The No-Lapse Protection provided by this rider works the same as the No-Lapse Protection provided by the Policy. However, under this Rider, You must elect to allocate Account Value to (i) the Fixed Account or (ii) any designated Variable Sub-Account or static asset allocation model available for use with this rider. The designated Variable Sub-Accounts and static asset allocation model(s) will tend to be conservative and as such may limit your investment return. If you do not allocate and maintain Account Value accordingly, this rider will terminate. The Variable Sub-Accounts designated for use with this rider are the Variable Sub-Accounts that invest in Franklin Templeton VIP Founding Funds Allocation Fund, AllianceBernstein Balanced Wealth Strategy Portfolio, Fidelity® VIP Freedom 2015 Portfolio, Fidelity® VIP Freedom 2020 Portfolio, Fidelity® VIP Freedom 2030 Portfolio, MFS® Total Return Portfolio, BlackRock Global Allocation V.I. Fund, Fidelity® VIP Balanced Portfolio, The Universal Institutional Funds, Inc. Equity & Income Portfolio, SC<sup>SM</sup> Ibbotson Balanced Fund, SC<sup>SM</sup> Ibbotson Growth Fund and SC<sup>SM</sup> Ibbotson Moderate Fund. We reserve the right to declare a particular Variable Sub-Account no longer suitable for allocation under this rider. Any Account Value in such a Variable Sub-Account can remain in that Variable Sub-Account without causing this rider to terminate. However, all future allocations of Account Value may only be made to Variable Sub-Accounts that are then designated as suitable for this rider. We will supplement the prospectus and send advance notice to policyholders of any change in Variable Sub-Accounts designated for use with this rider.

Because of the requirement for allocation to more conservative Variable Sub-Accounts, asset allocation model(s) and the Fixed Account, the risk of poor investment performance is lessened. Thus, the cost to the Company, referred to as the Lapse Protection Value, is less. Accordingly, premium necessary to keep the Lapse Protection Value less Policy Debt greater than zero under this rider is considerably less than the premium necessary to keep the Lapse Protection Value less Policy Debt greater than zero under the Policy without this rider.

We are compensated for this reduction in premium funding levels by an offsetting rider charge.

The charge for this rider is equal to the rider charge percentage shown in the Policy then multiplied by the Total Net Amount at Risk. The rider charge varies based on the Insured's Issue Age, sex and risk classification. This rider must be elected at issue. You may discontinue this rider upon written request to the Company. If this rider is discontinued or terminated, the rider charge will cease.

Ask your financial advisor for an illustration at time of application to show how premium funding levels and hypothetical investment returns are different for the same No-Lapse Protection Period between the No-Lapse Protection provided under the Policy and the No-Lapse Protection provided by this rider. The illustration will also show the impact of the No-Lapse Protection Rider charges on Account Value.

**Travel Assistance Endorsement.** This endorsement permits Covered Persons to avail themselves of some or all of the following services provided by a third party we designate when the Covered Person is 100 miles or more away from home:

- Medical Consultation and Evaluation
- Hospital Admission Guarantee
- Emergency Evacuation
- Critical Care Monitoring
- Medically Supervised Repatriation
- Prescription Assistance
- Emergency Message Transmission
- Emergency Trauma Counseling
- Transportation to Join Patient
- Care for Minor Children
- Legal and Interpreter Referrals
- Return of Mortal Remains

“Covered Persons” are defined as:

- (a) For a Policy which is not trust-owned, the Insured and their dependents.
- (b) For a Policy which is trust-owned, the Insured and their dependents only if the trustee, in his/her sole and exclusive discretion, elects to make the Covered Services available.

The endorsement automatically attaches to every Policy at issue and is provided at no charge. Ask your financial adviser for the brochure that provides additional detail about the Endorsement.

### **Termination of Policy**

The Policy will terminate on the earlier of the date we receive your request to surrender, the expiration date of the Grace Period without payment of premium due or the date of death of the Insured.

### **Reinstatement**

Before the Insured's death, we may reinstate the Policy provided that the Policy has not been surrendered and You-

- make a request for reinstatement within three years from the date of termination;
- submit satisfactory evidence of insurability to us; and
- pay an amount, as determined by us, sufficient to put the Policy in force.

An amount sufficient to put the Policy in force is not less than:

- the monthly deductions overdue at the end of the grace period; plus
- any excess of Policy Debt over Cash Value at the end of the grace period; plus
- three times the monthly cost of insurance charges applicable at the date of reinstatement; plus
- three times the monthly expense charges applicable at the date of reinstatement.

Although the Policy may be reinstated, the No Lapse Protection under the Policy and the No-Lapse Protection Rider no longer apply. Once the Policy has terminated for no value, the Lapse Protection Value cannot be reinstated. Any Policy Debt at the time the Policy is terminated must be repaid at time of reinstatement or carried over to the reinstated Policy.

### **Deferral of Payment**

We will usually pay any amount due from the Variable Account within seven days after the Valuation Date following our receipt of written notice satisfactory to us giving rise to such payment or, in the case of death of the Insured, Due Proof of such death. Payment is subject to our rights under the Policy's incontestability and suicide provisions. Payment of any amount payable from the Variable Account on death, surrender, partial withdrawal or policy loan may be postponed whenever:

- the New York Stock Exchange is closed other than customary weekend and holiday closing, or trading on the NYSE is otherwise restricted, as determined by the Securities and Exchange Commission;
- the Securities and Exchange Commission, by order, permits postponement for the protection of policyowners; or
- an emergency exists as determined by the Securities and Exchange Commission, as a result of which disposal of securities is not reasonably practicable, or it is not reasonably practicable to determine the value of the assets of the Variable Account.

We may defer payment from the Fixed Account for a period up to six months.

### **Rights of Owner**

While the Insured is alive, unless You have assigned any of these rights, You may:

- transfer ownership to a new owner;
- name a contingent owner who will automatically become the owner of the Policy if You die before the Insured;
- change or revoke a contingent owner;
- change or revoke a beneficiary;
- exercise all other rights in the Policy;
- increase or decrease the Specified Face Amount, subject to the other provisions of the Policy;
- change the death benefit option, subject to the other provisions of the Policy.

When You transfer your rights to a new owner, You automatically revoke any prior contingent owner designation. When You want to change or revoke a prior beneficiary designation, You have to specify that action. You do not affect a prior beneficiary when You merely transfer ownership, or change or revoke a contingent owner designation.

You do not need the consent of a beneficiary or a contingent owner in order to exercise any of your rights. However, You must give us written notice satisfactory to us of the requested action. Your request will then, except as otherwise specified herein, be effective as of the date You signed the form, subject to any action taken before we received it.

### **Rights of Beneficiary**

The beneficiary has no rights in the Policy until the death of the Insured. If a beneficiary is alive at that time, the beneficiary will be entitled to payment of the Policy Proceeds as they become due.

### **Other Policy Provisions**

**Addition, Deletion or Substitution of Investments.** We may decide to add new Variable Sub-Accounts at any time. Also, shares of any or all of the Funds may not always be available for purchase by the Variable Account, or we may decide that further investment in any such shares is no longer appropriate. In either event, shares of other registered open-end investment companies or unit investment trusts may be substituted both for Fund shares already purchased by the Variable Account and/or as the security to be purchased in the future, provided that these substitutions have been approved by the Securities and Exchange Commission, to the extent necessary. In addition, the investment policies of the Variable Sub-Accounts will not be changed without the approval of the Insurance Commissioner of the State of Delaware. We also reserve the right to eliminate or combine existing Variable Sub-Accounts or to transfer assets between Variable Sub-Accounts, subject to the approval of the Securities and Exchange Commission. In the event of any substitution or other act described in this paragraph, we will notify You and make any appropriate endorsement to the Policy to reflect the substitution.

**Entire Contract.** Your entire contract with us consists solely of the Policy, including the attached copy of the Policy Application and any attached copies of supplemental applications and any riders and endorsements.

**Alteration.** Financial advisers do not have any authority to either alter or modify the Policy or to waive any of its provisions. The only persons with this authority are our president, actuary, secretary or one of our vice presidents.

**Modification.** Upon notice to You, we may modify the Policy if such a modification-

-is necessary to make the Policy or the Variable Account comply with any law or regulation issued by a governmental agency to which we are or the Variable Account is subject;

-is necessary to assure continued qualification of the Policy under the Internal Revenue Code or other federal or state laws as a life insurance policy;

-is necessary to reflect a change in the operation of the Variable Account or the Sub-Accounts; or

-adds, deletes or otherwise changes Variable Sub-Account options.

When required, approval of the Securities and Exchange Commission will be obtained.

We also reserve the right to modify certain provisions of the Policy as stated in those provisions. In the event of any such modification, we may make appropriate endorsement to the Policy to reflect such modification.

**Assignments.** During the lifetime of the Insured, You may assign all or some of your rights under the Policy. All assignments must be filed at our Principal Office and must be in written form satisfactory to us. The assignment will then be effective as of the date You signed the form, subject to any action taken before we acknowledge receipt. We are not responsible for the validity or legal effect of any assignment.

**Nonparticipating.** The Policy does not pay dividends. The Policy does not share in our profits or surplus earnings.

**Misstatement of Age or Sex (Non-Unisex Policy).** Unless state law requires otherwise, if the age or sex (in the case of a non-unisex Policy) of the Insured is stated incorrectly, the amounts payable by us will be adjusted as follows:

Misstatement discovered at death-The death benefit will be recalculated to that which would be purchased by the most recently charged Monthly Cost of Insurance rate for the correct age or sex (for a non-unisex Policy).

Misstatement discovered prior to death-Your Account Value will be recalculated from the Policy Date using the Monthly Cost of Insurance Rates based on the correct age or sex (for a non-unisex Policy).

**Suicide.** If the Insured, whether sane or insane, commits suicide within two years after the Policy's Issue Date, we will not pay any part of the Policy Proceeds. We will refund the premiums paid, less the amount of any Policy Debt and any partial withdrawals.

If the Insured, whether sane or insane, commits suicide within two years after the effective date of an increase in the Specified Face Amount, then our liability as to that increase will be the cost of insurance for that increase.

**Incontestability.** All statements made in the application or in a supplemental application are representations and not warranties. We relied and will rely on those statements when approving the issuance, increase in face amount, increase in death benefit over premium paid, change in death benefit option or reinstatement of the Policy. No statement can be used by us in defense of a claim unless the statement was made in the application or in a supplemental application. In the absence of fraud (if permitted by state law), after the Policy has been in force during the lifetime of the Insured for a period of two years from its Issue Date, we cannot contest it except for non-payment of premiums. However, any increase in the Specified Face Amount which is effective after the Issue Date will be incontestable only after such increase has been in force during the lifetime of the Insured for two years from the effective date of such increase. Any increase in death benefit over premium paid or increase in death benefit due to a death benefit option change will be incontestable only after such increase has been in force during the lifetime of the Insured for two years from the effective date of the increase. Any reinstatement will be incontestable after the reinstated Policy has been in force during the lifetime of the Insured for two years from the effective date of the reinstatement.

**Report to Owner.** We will send you a report at least once each Policy Year. The report will show current policy values, premiums paid and deductions made since the last report. It will also show the balance of any outstanding policy loans and accrued interest on such loans. There is no charge for this report. Additionally, confirmations of individual transactions (e.g. premium payments, allocations, transfers) in the Policy will be sent at the time of the transaction.

## **Federal Income Tax Considerations**

The following is a summary of our understanding of current federal income tax laws and is not intended as tax advice. You should be aware that Congress has the power to enact legislation affecting the tax treatment of life insurance contracts which could be applied retroactively. New judicial or administrative interpretation of federal income tax law may also affect the tax treatment of life insurance contracts. The Internal Revenue Code of 1986, as amended (the "Code"), is not in force in the Commonwealth of Puerto Rico but certain residents of Puerto Rico may be subject to the Code's income tax provisions. Thus, this summary will apply to their Policies. For those residents not subject to such Code provisions, (1) some references in this summary will not apply to their Policies and (2) due to IRS Rev. Rul. 2004-75, as amplified by Rev. Rul. 2004-97, we will treat Puerto Rico Policy distributions and withdrawals occurring on and after January 1, 2005 as U.S.-source income that is subject to U.S. income tax withholding and reporting. Any person contemplating the purchase of a Policy or any transaction involving a Policy should consult a qualified tax adviser. **We do not make any representation or provide any guarantee regarding the federal, state or local tax treatment of any Policy or any transaction involving a Policy.**

### **Our Tax Status**

We are taxed as a life insurance company under Subchapter L of the Code. Although we account for the operations of the Variable Account separately from our other operations for purposes of federal income taxation, the Variable Account currently is not separately taxable as a regulated investment company or other taxable entity.

Taxes we pay, or reserve for, that are attributable to the earnings of the Variable Account could affect the Net Investment Factor, which in turn affects your Account Value. Under existing federal income tax law, however, the income (consisting primarily of interest, dividends and net capital gains) of the Variable Account, to the extent applied to increase reserves under the Policy, is not taxable to us. Similarly, no state or local income taxes are currently attributable to the earnings of the Variable Account. Therefore, we do not take any federal, state or local taxes into account when determining the Net Investment Factor. We may take taxes into account when determining the Net Investment Factor in future years if, due to a change in law, our tax status or otherwise, such taxes are attributable to the earnings of the Variable Account.

In calculating our corporate income tax liability, we derive certain corporate income tax benefits associated with the investment of company assets, including separate account assets that are treated as company assets under applicable income tax law. These benefits, which reduce our overall corporate income tax liability, may include dividends received deductions and foreign tax credits which can be material. We do not pass these benefits through to the Variable Account, principally because: (i) the great bulk of the benefits results from the dividends received deduction, which involves no reduction in the dollar amount of dividends that the Variable Account receives and (ii) under applicable income tax law, policyowners are not the owners of the assets generating the benefits.

### **Taxation of Policy Proceeds**

Section 7702 of the Code provides certain tests for whether a policy will be treated as a “life insurance contract” for tax purposes. Provided that the policyowner of the Policy has an insurable interest in the Insured, we believe that the Policy meets these tests, and thus should receive the same federal income tax treatment as a fixed life insurance contract. As such, the Death Benefit under the Policy will generally be eligible for exclusion from the gross income of the beneficiary under Section 101 of the Code, and the policyowner will not be deemed to be in constructive receipt of the increases in Cash Surrender Values, including additions attributable to interest, dividends, appreciation or gains realized upon transfers among the Sub-Accounts and the Fixed Account, until actual receipt thereof.

**However, You may be taxed on all of the accumulated income under the Policy on its maturity date and there can be no assurance that an election to extend the maturity date of the Policy will avoid that result. In addition, a corporate owner may be subject to alternative minimum tax on the annual increases in Cash Surrender Values and on the portion of the Death Benefit under the Policy that exceeds its Cash Surrender Value.**

To qualify as a life insurance contract under Section 7702, the Policy must satisfy certain actuarial requirements. Section 7702 requires that actuarial calculations be based on mortality charges that meet the “reasonable mortality charge” requirements set forth in the Code, and other charges reasonably expected to be actually paid that are specified in the Policy. The law relating to reasonableness standards for mortality and other charges is based on statutory language and certain IRS pronouncements that do not address all relevant issues. Accordingly, although we believe that the mortality and other charges that are used in the calculations (including those used with respect to Policies issued to so-called “sub-standard risks”) meet the applicable requirements, we cannot be certain. It is possible that future regulations will contain standards that would require us to modify the mortality and other charges used in the calculations, and we reserve the right to make any such modifications.

For a variable contract like the Policy to qualify as life insurance for federal income tax purposes, it also must comply with the investment diversification rules found in Section 817 of the Code. We believe that the Variable Account complies with the diversification requirements prescribed by Section 1.817-5 of the Treasury Regulations. The IRS has stated that satisfaction of the diversification requirements described above by itself does not prevent a contract owner from being treated as the owner of separate account assets under an “owner control” test. If a contract owner is treated as the owner of separate account assets for tax purposes, the contract owner would be subject to taxation on the income and gains from the separate account assets. In published revenue rulings through 1982 and then again in 2003, the IRS has stated that a variable contract owner will be considered the owner of separate account assets if the owner possesses incidents of ownership in those assets, such as the ability to exercise control over the investment of the assets. In Rev. Rul. 2003-91, the IRS considered certain variable annuity and variable life insurance contracts and concluded that the owners of the variable contracts would not be considered the owners of the contracts underlying assets for federal income tax purposes.

Rev. Rul. 2003-91 states that the determination of whether the owner of a variable contract possesses sufficient incidents of ownership over the assets underlying the variable contract so as to be deemed the owner of those assets

for federal income tax purposes will depend on all the facts and circumstances. We do not believe that the differences between the Policy and the contracts described in Rev. Rul. 2003-91 with respect to the number of investment choices and the ability to transfer among investment choices should prevent the holding in Rev. Rul. 2003-91 from applying. Nevertheless, You should consult with a competent tax adviser on the potential impact of the investor control rules of the IRS as they relate to the investment decisions and activities You may undertake with respect to the Policy.

The guidelines in Rev. Rul. 2003-91 do not address the treatment of a policyholder which is, or which is affiliated with, an investment manager. Any investment manager or affiliate who purchases a Policy assumes the risk that it may be treated as the owner of the investments underlying the Policy under the "owner control" rules because of the investment manager's control over assets held under the Policy. However, because the diversification rules would permit an investment manager (or its affiliate) to hold a direct investment in an investment option under the Policy, we do not believe that the application of the "owner control" rules to an investment manager (or its affiliate) should affect You.

In the future, the IRS and/or the Treasury Department may issue new rulings, interpretations or regulations on this subject. Accordingly, we reserve the right to modify the Policy as necessary to attempt to prevent You from being considered the owner, for tax purposes, of the underlying assets. We also reserve the right to notify You if we determine that it is no longer practicable to maintain the Policy in a manner that was designed to prevent You from being considered the owner of the assets of the Variable Account. You bear the risk that You may be treated as the owner of Variable Account assets and taxed accordingly.

The tax consequences of distributions from, and loans taken from or secured by, a Policy depend on whether the Policy is classified as a Modified Endowment Contract under Section 7702A of the Code. Due to the flexibility of the payment of premiums and other rights You have under the Policy, classification of the Policy as a Modified Endowment Contract will depend upon the individual operation of each Policy. A Policy is a Modified Endowment Contract if the aggregate amount paid under the Policy at any time during the first seven Policy Years exceeds the sum of the net level premiums that would have been paid on or before such time if the Policy provided for paid up future benefits after the payment of seven level annual premiums. If there is a reduction in benefits during the first seven Policy Years, the foregoing computation is made as if the Policy originally had been issued at the reduced benefit level. If there is a "material change" to the Policy, the seven year testing period for Modified Endowment Contract status is restarted. A life insurance contract received in exchange for a Modified Endowment Contract also will be treated as a Modified Endowment Contract.

We have undertaken measures to prevent payment of a premium from inadvertently causing the Policy to become a Modified Endowment Contract. In general, You should consult a qualified tax adviser before undertaking any transaction involving the Policy to determine whether such a transaction would cause the Policy to become a Modified Endowment Contract.

If a Policy is not a Modified Endowment Contract, cash distributions from the Policy are treated first as a nontaxable return of the owner's "Investment in the Policy" and then as a distribution of the income earned under the Policy, which is subject to ordinary income tax. (An exception to this general rule occurs when a cash distribution is made in connection with certain reductions in the death benefit under the Policy in the first fifteen contract years. Such a cash distribution is taxed in whole or in part as ordinary income.) Loans from, or secured by, a Policy that is not a Modified Endowment Contract generally are treated as bona fide indebtedness, and thus are not included in the owner's gross income.

If a Policy is a Modified Endowment Contract, distributions from the Policy are treated as ordinary income subject to ordinary income tax up to the amount equal to the excess of the Account Value (which includes unpaid policy loans) immediately before the distribution over the Investment in the Policy (as defined below). Loans taken from, or secured by, such a Policy, as well as due but unpaid interest thereon, are taxed in the same manner as distributions from the Policy. A 10 percent additional tax is imposed on the portion of any distribution from, or loan taken from or secured by, a Modified Endowment Contract that is included in income except when the distribution or loan is made on or after the owner attains age 59 1/2, is attributable to the policyowner's becoming disabled, or is part of a series of substantially equal periodic payments for the life (or life expectancy) of the policyowner or the joint lives (or joint life expectancies) of the policyowner and the policyowner's Beneficiary. These exceptions are not likely to apply where the Policy is not owned by an individual (or held in trust for an individual). For purposes of the computations described in this paragraph, all Modified Endowment Contracts issued by us to the same policyowner during any calendar year are treated as one Modified Endowment Contract.

There are substantial limits on the deductibility of policy loan interest. You should consult a qualified tax adviser regarding such deductions.

Upon the complete maturity, surrender or lapse of the Policy, the amount by which the sum of the Policy's Cash Surrender Value and any unpaid Policy Debt exceeds the policyowner's "Investment in the Policy" (as defined below) is treated as ordinary income subject to tax and, if the Policy is a Modified Endowment Contract, the 10% additional tax discussed above may apply also. Any loss incurred upon surrender generally is not deductible. Any corporation that is subject to the alternative minimum tax will also have to make a separate computation of the Investment in the Policy and the gain resulting from the maturity of the Policy, or a surrender or lapse of the Policy for purposes of that tax.

The term "Investment in the Policy" means-

-the aggregate amount of any premiums or other consideration paid for a Policy, **minus**

-the aggregate amount received under the Policy which is excluded from the owner's gross income (other than loan amounts), **plus**

-the amount of any loan from, or secured by, the Policy that is a Modified Endowment Contract (as defined above) to the extent that such amount is included in the policyowner's gross income.

The "Investment in the Policy" is increased by any unpaid Policy Debt on a Policy that is a Modified Endowment Contract in order to prevent double taxation of income. Since the Policy Debt was treated as a taxable distribution at the time the Policy Debt was incurred, the failure to increase the "Investment in the Policy" by the Policy Debt would cause such amount to be taxed again upon a Policy surrender or lapse.

The amount realized that is taken into account in computing the gain on the complete surrender or lapse of a Policy will include any unpaid Policy Debt on a Policy that is a Modified Endowment Contract even though that amount has already been treated as a taxable distribution.

If a Policy is not a Modified Endowment Contract, then the Investment in the Policy is not affected by the receipt of a loan from, or secured by a Policy.

Whether or not the Policy is a Modified Endowment Contract, however, no payment of the principal of, or the interest due under, any loan from or secured by a Policy will affect the amount of the Investment in the Policy.

A policyowner generally will not recognize gain upon the exchange of the Policy for another life insurance policy issued by us or another insurance company, except to the extent that the policyowner receives cash in the exchange or is relieved of policy indebtedness as a result of the exchange. In no event will the gain recognized exceed the amount by which the Policy's Account Value (which includes unpaid policy loans) exceeds the policyowner's Investment in the Policy.

A transfer of the Policy, a change in the policyowner, a change in the beneficiary, certain other changes to the Policy and particular uses of the Policy (including use in a so called "split-dollar" arrangement) may have tax consequences depending upon the particular circumstances and should not be undertaken prior to consulting with a qualified tax adviser. For instance, if You transfer the Policy or designate a new policyowner in return for valuable consideration (or, in some cases, if the transferor is relieved of a liability as a result of the transfer), then the Death Benefit payable upon the death of the Insured may in certain circumstances be includible in your taxable income to the extent that the Death Benefit exceeds the prior consideration paid for the transfer and any premiums and other amounts paid later by the transferee. Further, in such a case, if the consideration received exceeds your Investment in the Policy, the difference will be taxed to You as ordinary income.

The Code denies the income tax-free treatment of death benefits payable under an employer-owned life insurance contract unless certain notice and consent requirements are met and either (1) certain rules relating to the insured employee's status are satisfied or (2) certain rules relating to the payment of the "amount received under the contract" to, or for the benefit of, certain beneficiaries or successors of the insured employee are satisfied. These rules apply to life insurance contracts owned by corporations (including S corporations), individual sole proprietors, estates and trusts and partnerships that are engaged in a trade or business. Any business contemplating the purchase

of a Policy on the life of an employee should consult with its legal and tax advisors regarding the applicability of these Code provisions to the proposed purchase.

A tax adviser should also be consulted with respect to the Treasury's split dollar regulations if You have purchased or are considering the purchase of a Policy for a split dollar insurance plan. Any business contemplating the purchase of a new life insurance contract or a change in an existing contract should consult a tax adviser. There may also be an indirect tax upon the income in the Policy or the proceeds of a Policy under the federal corporate alternative minimum tax, if the policyowner is subject to that tax.

Federal, as well as state and local, estate, inheritance and other tax consequences of ownership or receipt of Policy Proceeds will depend on your individual circumstances and those of the beneficiary.

### **Withholding**

We will withhold and remit to the U.S. Government a part of the taxable portion of each distribution unless, prior to the distribution, the Owner provides us his or her taxpayer identification number and instructs us (in the manner prescribed) not to withhold. The Owner may credit against his or her federal income tax liability for the year of distribution any amounts that we withhold.

### **Tax Return Disclosure**

We believe that the purchase of a Policy is not currently subject to the income tax return disclosure requirements of Code Section 6011 and Treasury Regulation Section 1.6011-4. However, it is your responsibility, in consultation with your tax and legal counsel and advisers, to make your own determination as to the applicability of the disclosure requirements of Code Section 6011 and Treasury Regulation Section 1.6011-4 to your federal income tax return.

Under Code Section 6111 and Temporary Treasury Regulation Section 301.6111-1T, we are required to register with the IRS any offerings or sales of Policies that are considered tax shelters. We believe that registration would not be required under current regulations with respect to sales of the offering or sale of a Policy.

We believe that the customer list requirements of Code Section 6112 and Treasury Regulation Section 301.6112-1 are not currently applicable to such offerings and sales.

## **Distribution of Policy**

The Policy is offered on a continuous basis. The Policy is sold by licensed insurance agents ("Selling Agents") in those states where the Policy may be lawfully sold. Such Selling Agents will be registered representatives of affiliated and unaffiliated broker-dealer firms ("Selling Broker-Dealers") registered under the Securities Exchange Act of 1934 who are members of the Financial Industry Regulatory Authority ("FINRA") and who have entered into selling agreements with the Company and our general distributor, Clarendon Insurance Agency, Inc. ("Clarendon"), One Sun Life Executive Park, Wellesley Hills, Massachusetts 02481. Clarendon is a wholly-owned subsidiary of the Company, is registered with the SEC under the Securities Exchange Act of 1934 and is a member of FINRA.

The Company (or its affiliates, for the purposes of this section only, collectively, "the Company") pays the Selling Broker-Dealers compensation for the promotion and sale of the Policy. The Selling Agents who solicit sales of the Policy typically receive a portion of the compensation paid by the Company to the Selling Broker-Dealers in the form of commissions or other compensation, depending on the agreement between the Selling Broker-Dealer and their Selling Agent. This compensation is not paid directly by the Policy Owner or the Variable Account. The Company intends to recoup this compensation through fees and charges imposed under the Policy, and from profits on payments received by the Company for providing administrative, marketing, and other support and services to the Funds.

The amount and timing of commissions the Company may pay to Selling Broker-Dealers may vary depending on the selling agreement but is not expected to be more than 115% of the first Policy Year's Target Premium plus 5% of the premium in excess of the Target Premium. Target Premium varies based on the Insured's Issue Age, sex and rating class. Commissions will not exceed 4% of the premium received in Policy Year's 2-10 and 1% of the

premium received thereafter. In Policy Year three and thereafter, up to 0.30% of the Account Value of the Sub-Accounts per annum will be paid to Selling Broker-Dealers. If a Surrender Charge Modification Rider is attached to the Policy, commissions will not exceed 40.25% of Target Premium received in Policy Years 1-3 and 4% of premium received in Policy Years 2-10. In Policy Year three and thereafter, up to 0.30% of the Account Value of the Sub-Accounts per annum will be paid to Selling Broker-Dealers.

The Company may pay or allow other promotional incentives or payments in the form of cash or other compensation to the extent permitted by FINRA rules and other applicable laws and regulations and this compensation may be significant in amount.

The Company also pays compensation to wholesaling broker-dealers or other firms or intermediaries, including, in some cases, payments to affiliates of the Company such as Sun Life Financial Distributors, Inc., in return for wholesaling services such as providing marketing and sales support, product training and administrative services to the Selling Agents of the Selling Broker-Dealers. This compensation may be significant and may be based on a percentage of premium, a percentage of Account Value and/or may be a fixed dollar amount.

In addition to the compensation described above, the Company may make additional cash payments (in certain circumstances referred to as "override" compensation) or reimbursements to Selling Broker-Dealers in recognition of their marketing and distribution, transaction processing and/or administrative services support. These payments are not offered to all Selling Broker-Dealers, and the terms of any particular agreement governing the payments may vary among Selling Broker-Dealers depending on, among other things, the level of and type of marketing and distribution support provided. Marketing and distribution support services may include, among other services, placement of the Company's products on the Selling Broker-Dealer's preferred or recommended list, access to the Selling Broker-Dealer's registered representatives for purposes of promoting sales of the Company's products, assistance in training and education for the Selling Agents, and opportunities for the Company to participate in sales conferences and educational seminars. The payments or reimbursements may be calculated as a percentage of the particular Selling Broker-Dealers actual or expected aggregate sales of our variable policies (including the Policy) or assets held within those policies and/or may be a fixed dollar amount. Broker-dealers receiving these additional payments may pass on some or all of the payments to the Selling Agent. The prospect of receiving, or the receipt of additional compensation as described above may provide Selling Broker-Dealers with an incentive to favor sales of the Policies over other variable life policies (or other investments) with respect to which the Selling Broker-Dealer does not receive additional compensation, or lower levels of additional compensation. You should take such payment arrangements into account when considering and evaluating any recommendation relating to the Policies.

In addition to selling our variable policies (including the Policy), some Selling Broker-Dealers or their affiliates may have other business relationships with the Company. Those other business relationships may include, for example, reinsurance agreements pursuant to which an affiliate of the Selling Broker-Dealer provides reinsurance to the Company relative to some or all of the Policies or other variable policies issued by the Company or its affiliates. The potential profits for a Selling Broker-Dealer or its affiliates (including its registered representatives) associated with such reinsurance arrangements could be significant in amount and could indirectly provide incentives to the Selling Broker-Dealer and its Selling Agents to recommend products for which they provide reinsurance over similar products which do not result in potential reinsurance profits to the Selling Broker-Dealer or its affiliate. The operation of an individual policy is not impacted by whether the policy is subject to a reinsurance arrangement between the Company and an affiliate of the Selling Broker-Dealer.

As discussed in the preceding paragraphs, the Selling Broker-Dealer may receive numerous forms of payments that, directly or indirectly, provide incentives to, and otherwise facilitate and encourage the offer and sale of the Policies by Selling Broker-Dealers and their registered representatives. Such payments may be significantly greater or less in connection with the Policies than in connection with other products offered and sold by the Company or by others. Accordingly, the payments described above may create a potential conflict of interest, as they may influence your Selling Broker-Dealer or registered representative to present a Policy to You instead of (or more favorably than) another product or products that might be preferable to You.

You should ask your Selling Agent for further information about what commissions or other compensation he or she, or the Selling Broker-Dealer for which he or she works, may receive in connection with your purchase of the Policy.

During 2008 and 2009, commissions were paid of \$443,754 and \$357,516 respectively and Clarendon did not retain any commissions in connection with the distribution of the Policies.

## **Voting Rights**

We are the legal owner of all shares of the Funds held in the Sub-Accounts of the Variable Account, and as such have the right to vote upon matters that are required by the Investment Company Act of 1940 to be approved or ratified by the shareholders of the Funds and to vote upon any other matters that may be voted upon at a shareholders' meeting. We will, however, vote shares held in the Sub-Accounts of the Variable Account in accordance with instructions received from policyowners who have an interest in those respective Sub-Accounts. As a result of proportional voting, the instructions of a small number of policyowners could determine the outcome of a proposal subject to shareholder vote.

We will vote shares held in each Variable Sub-Account for which no timely instructions from policyowners are received, together with shares not attributable to a Policy, in the same proportion as those shares in that Variable Sub-Account for which instructions are received. Should the applicable federal securities laws change so as to permit us to vote shares held in the Variable Account in our own right, we may elect to do so.

The number of shares in each Variable Sub-Account for which a policyowner may give instructions is determined by dividing the portion of the Account Value derived from participation in that Variable Sub-Account, if any, by the value of one share of the corresponding Fund. We will determine the number as of a date we choose, but not more than 90 days before the shareholders' meeting. Fractional votes are counted. Voting instructions will be solicited in writing at least 14 days prior to the shareholders' meeting.

We may, if required by state insurance regulators, disregard voting instructions if those instructions would require shares to be voted so as to cause a change in the sub-classification or investment policies of one or more of the Funds, or to approve or disapprove an investment management contract. In addition, we may disregard voting instructions that would require changes in the investment policies or investment adviser, provided that we reasonably disapprove of those changes in accordance with applicable federal regulations. If we disregard voting instructions, we will advise You of that action and our reasons for it in our next communication to policyowners.

## **Other Information**

### **State Regulation**

We are subject to the laws of Delaware governing life insurance companies and to regulation by Delaware's Commissioner of Insurance, whose agents periodically conduct an examination of our financial condition and business operations. We are also subject to the insurance laws and regulations of the jurisdictions in which we are authorized to do business.

We are required to file an annual statement with the insurance regulatory authority of those jurisdictions where we are authorized to do business relating to our business operations and financial condition as of December 31st of the preceding year.

### **Legal Proceedings**

There are no pending legal proceedings which would have a material adverse effect on the Variable Account. We are engaged in various kinds of routine litigation which, in our judgment, is not material to the Variable Account.

### **Experts**

Actuarial matters concerning the Policy have been examined by Michael Polonsky, FSA, MAAA, Director, Individual Insurance Product Management.

### **Registration Statements**

This prospectus is part of a registration statement that has been filed with the Securities and Exchange Commission under the Securities Act of 1933 with respect to the Policy. It does not contain all of the information set forth in the registration statement and the exhibits filed as part of the registration statement. You should refer to the registration statement for further information concerning the Variable Account, Sun Life Assurance Company of Canada (U.S.),

the mutual fund investment options and the Policy.

### **Financial Statements**

Our financial statements, provided in the Statement of Additional Information, should be considered only as bearing on our ability to meet our obligations with respect to the death benefit and our assumption of the mortality and expense risks. They should not be considered as bearing on the investment performance of the Fund shares held in the Variable Account. Instructions on how to obtain the Statement of Additional Information are provided on the last page of this prospectus.

## Glossary of Terms

**Account Value**-The sum of the amounts in each Variable Sub-Account and the Fixed Account with respect to a Policy. Account Value does not include Policy Debt. Policy Debt, which includes the amount of loans and interest charged, is not deducted from Account Value. It is reflected in the amounts received upon surrender or payment of Policy Proceeds. It is also reflected in the amount of total Account Value that may be borrowed against.

**Anniversary**-The same day in each succeeding year as the day of the year corresponding to the Policy Date.

**Attained Age**-The Insured's Issue Age plus the number of completed Policy Years.

**Business Day**-Any day that we are open for business.

**Cash Value**-Account Value less any surrender charges.

**Cash Surrender Value**-The Cash Value decreased by the balance of any outstanding Policy Debt.

**Class**-The risk and underwriting classification of the Insured.

**Due Proof**-Such evidence as we may reasonably require in order to establish that a benefit is due and payable. Generally, evidence will consist of the Insured's death certificate.

**Fixed Account**-The portion of the Account Value funded by assets invested in our general account.

**Flat Extra**-An additional charge imposed if the Insured is a substandard risk. It is a flat dollar charge per \$1000 of Specified Face Amount and any Supplemental Insurance Rider Face Amount.

**Fund**-A mutual fund portfolio in which a Variable Sub-Account invests.

**Initial Premium**-The amount necessary to put the coverage in force. Generally, this is two Minimum Monthly Premiums. The Initial Premium is shown in the Policy.

**Insured**-The person on whose life a Policy is issued.

**Investment Start Date**-The date the first premium is applied, which will be the later of the Issue Date, the Policy Date or the date a premium is paid equal to or in excess of the specified Initial Premium.

**Issue Age**-The Insured's age as of the Insured's birthday nearest the Policy Date.

**Issue Date**-The date we produce a Policy from our system as specified in the Policy.

**Minimum Monthly Premium**-The Initial Premium is generally two Minimum Monthly Premiums. The Minimum Monthly Premium is determined by the Specified Face Amount, death benefit option election, optional rider election and the risk and underwriting classification of the Insured.

**Monthly Anniversary Day**-The same day in each succeeding month as the day of the month corresponding to the Policy Date.

**Monthly Cost of Insurance**-A deduction made on a monthly basis for the Specified Face Amount provided by the Policy and for the Waiver of Monthly Deductions rider, Payment of Stipulated Amount rider, Supplemental Insurance rider, Surrender Charge Modification rider and No-Lapse Protection rider.

**Monthly Expense Charge**-A per Policy deduction made on a monthly basis for administration and other expenses.

**Mortality and Expense Risk Charge**-The annual rate deducted monthly from the Account Value for the mortality and expense risk we assume by issuing the Policy.

**No-Lapse Protection Period**-The term when the Policy will not terminate if the Lapse Protection Value less Policy Debt is greater than zero. The No-Lapse Protection Period is based on the planned periodic premium and the Issue Age, sex and risk classification of the Insured. It is not available to policyowners who elect Death Benefit Option B.

**Policy**-The form issued by Sun Life Assurance Company of Canada (U.S.) which evidences the insurance coverage provided and is a contract between the policyowner and the Company.

**Policy Application**-The application for a Policy, a copy of which is attached to and incorporated in the Policy.

**Policy Date**-The date shown in the Policy Specifications from which the Insured's Issue Age is established and from which Monthly Deductions reduce the Account Value.

**Policy Debt**-The principal amount of any outstanding loan against the Policy, plus accrued but unpaid interest on such loan.

**Policy Month**-A Policy Month is a one-month period commencing on the Policy Date or any Monthly Anniversary Day and ending on the next Monthly Anniversary Day.

**Policy Net Amount at Risk**-The Policy Net Amount at Risk is based on the insurance coverage provided by the base Policy and does not include any insurance coverage provided by rider.

**Policy Proceeds**-The amount determined in accordance with the terms of the Policy which is payable at the death of the Insured. This amount is the death benefit, decreased by the amount of any outstanding Policy Debt and any unpaid charges and deductions, and increased by the amounts payable under any supplemental benefits.

**Policy Year**-A Policy Year is a one-year period commencing on the Policy Date or any Anniversary and ending on the next Anniversary.

**Premium Expense Charge**-A percentage charge deducted from each premium payment.

**Principal Office**-Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts, 02481, or such other address as we may hereafter specify to You by written notice.

**Processing Date**-The first Valuation Date on or next following a Monthly Anniversary Day.

**Rider Net Amount at Risk**-The Rider Net Amount at Risk is based on the insurance coverage provided by the Supplemental Insurance Rider.

**Specified Face Amount**-The amount of life insurance coverage You request as specified in the Policy.

**Sub-Accounts**-Sub-accounts into which the assets of the Variable Account are divided, and the Fixed Account.

**Total Net Amount at Risk**-The Policy Net Amount at Risk plus the Rider Net Amount at Risk.

**Unit**-A unit of measurement that we use to calculate the value of each Variable Sub-Account.

**Unit Value**-The value of each Unit of assets in a Variable Sub-Account.

**Valuation Date**-Any day that the New York Stock Exchange is open for business. We will determine Unit Values for each Valuation Date as of the close of the New York Stock Exchange on a Valuation Date.

**Valuation Period**-The period of time from one Valuation Date to the next Valuation Date.

**Variable Account**-Sun Life of Canada (U.S.) Variable Account I.

**Variable Sub-Accounts**-Sub-accounts into which the assets of the Variable Account are divided, each of which corresponds to an investment choice available to You.

**You**-is the owner of the Policy.

**Table of Death Benefit Percentages**

<u>Age</u>	<u>Applicable Percentage</u>	<u>Age</u>	<u>Applicable Percentage</u>
20	250%	60	130%
21	250%	61	128%
22	250%	62	126%
23	250%	63	124%
24	250%	64	122%
25	250%	65	120%
26	250%	66	119%
27	250%	67	118%
28	250%	68	117%
29	250%	69	116%
30	250%	70	115%
31	250%	71	113%
32	250%	72	111%
33	250%	73	109%
34	250%	74	107%
35	250%	75	105%
36	250%	76	105%
37	250%	77	105%
38	250%	78	105%
39	250%	79	105%
40	250%	80	105%
41	243%	81	105%
42	236%	82	105%
43	229%	83	105%
44	222%	84	105%
45	215%	85	105%
46	209%	86	105%
47	203%	87	105%
48	197%	88	105%
49	191%	89	105%
50	185%	90	105%
51	178%	91	104%
52	171%	92	103%
53	164%	93	102%
54	157%	94	101%
55	150%	95+	100%
56	146%		
57	142%		
58	138%		
59	134%		

## PRIVACY POLICY

### Introduction

At the Sun Life Financial group of companies,<sup>1</sup> protecting your privacy is important to us. Whether you are an existing customer or considering a relationship with us, we recognize that you have an interest in how we may collect, use and share information about you.

Sun Life Financial has a long tradition of safeguarding the privacy of its customers' information. We understand and appreciate the trust and confidence you place in us, and we take seriously our obligation to maintain the confidentiality and security of your personal information.

We invite you to review this Privacy Policy which outlines how we use and protect that information.

### Collection of Nonpublic Personal Information by Sun Life Financial

Collecting personal information from you is essential to our ability to offer you high-quality investment, retirement and insurance products. When you apply for a product or service from us, we need to obtain information from you to determine whether we can provide it to you. As part of that process, we may collect information about you, known as nonpublic personal information, from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, social security number and date of birth;
- Information about your transactions with us, our affiliates or others, such as other life insurance policies or annuities that you may own; and
- Information we receive from a consumer reporting agency, such as a credit report.

### Limited Use and Sharing of Nonpublic Personal Information by Sun Life Financial

We use the nonpublic personal information we collect to help us provide the products and services you have requested and to maintain and service your accounts. Once we obtain nonpublic personal information from you, we do not disclose it to any third party except as permitted or required by law.

We may share your nonpublic personal information within Sun Life Financial to help us develop innovative financial products and services and to allow our member companies to inform you about them. The Sun Life Financial group of companies provides a wide variety of financial products and services including individual life insurance, individual fixed and variable annuities and group life, disability, dental and medical stop-loss insurance.

We also may disclose your nonpublic personal information to companies that help in conducting our business or perform services on our behalf, or to other financial institutions with which we have joint marketing agreements. Sun Life Financial is highly selective in choosing these companies, and we require them to comply with strict standards regarding the security and confidentiality of our customers' nonpublic personal information. These companies may use and disclose the information provided to them only for the purpose for which it is provided, as permitted by law.

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<sup>1</sup>This notice applies to all Sun Life Financial companies and branches operating in the United States other than those that have adopted their own privacy policies. Massachusetts Financial Services Company, Professional Insurance Company and California Benefits Dental Plan have each adopted their own separate privacy policies.

There also may be times when Sun Life Financial is required to disclose its customers' nonpublic personal information, such as when complying with federal, state or local laws, when responding to a subpoena, or when complying with an inquiry by a governmental agency or regulator.

#### **Our Treatment of Information About Former Customers**

Our protection of your nonpublic personal information extends beyond the period of your customer relationship with us. If your customer relationship with us ends, we will not disclose your information to nonaffiliated third parties other than as permitted or required by law.

#### **Security of Your Nonpublic Personal Information**

We maintain physical, electronic and procedural safeguards that comply with federal and state regulations to safeguard your nonpublic personal information from unauthorized use or improper access.

#### **Employee Access to Your Nonpublic Personal Information**

We restrict access to your nonpublic personal information to those employees who have a business need to know that information in order to provide products or services to you or to maintain your accounts. Our employees are governed by a strict code of conduct and are required to maintain the confidentiality of customer information.

#### **Questions**

Questions about this Privacy Policy may be directed to [SLF\\_US\\_Privacy@sunlife.com](mailto:SLF_US_Privacy@sunlife.com).

The SAI includes additional information about Sun Life of Canada (U.S.) Variable Account I and is incorporated herein by reference. The SAI and personalized illustrations of death benefits, cash surrender values and cash values are available upon request, at no charge. You may make inquiries about the Policy, request an SAI and request a personalized illustration by calling 1-800-700-6554.

You can review and copy the complete registration statement (including the SAI) which contains additional information about us, the Policy and the Variable Account at the SEC's Public Reference Room in Washington, D.C. To find out more about this public service, call the Securities and Exchange Commission at 202-551-8090. Reports and other information about the Policy and its mutual fund investment options are also available on the SEC's website ([www.sec.gov](http://www.sec.gov)), or You can receive copies of this information, for a duplication fee, by writing the Public Reference Section, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549.

