

Protective Life Bulletin

DATE: September 8, 2021

Protective Life 7702/7702A product updates

We're dedicated to simplifying everything, building trust and providing quality service to you and your clients. Part of that dedication is ensuring you are informed and remain compliant with the regulatory updates within our industry.

Like many carriers, we will be updating our product portfolio in 2021 for the 7702 and 7702A (Tax Law) changes that were included in the Consolidated Appropriations Act, 2021 (CAA 2021). As one of our valuable partners, you are receiving this information now to help you plan for a smooth transition for you and your clients.

Portfolio Changes:

We will be introducing a variety of changes, driven by the 7702/7702A changes on September 8, 2021. This primarily impacts cash value accumulation test (CVAT) death benefit factors, guideline premiums and Modified Endowment Contract (MEC) (7 Pay) premiums.

Below, you will find a summary of the impacted products and the associated changes.

Product	Minimum Guaranteed Interest Rate Change?	Pricing Change?
ProClassic II SM UL*	Yes, to 2.0%	No
ProClassic SM UL NY	Yes, to 2.0%	No
ProClassic Legacy SM UL	No	No
Protective Advantage Choice SM UL*	Yes, to 2.0%	Yes
Protective SM Lifetime Assurance UL*	Yes, to 2.0%	No
Protective Custom Choice SM UL*	Yes, to 2.0%	No
Protective Indexed Choice SM UL	No	No
Protective [®] Strategic Objectives II VUL	No	Yes
Survivor UL	No	No
Protective [®] Executive UL	No	No

*As of the current date, California has not approved the product changes. For customers in California, policies issued will reflect the prior product version. If an illustration is needed for a product in California, please contact the Sales Desk.

Defined Objectives for Protective Strategic Objectives II VUL

Effective September 8, 2021, the Defined Objectives program for Protective Strategic Objectives II VUL will no longer be available for new policies. Any current customers utilizing the Defined Objectives program will be supported going forward.



Transition Rules:

Clients will receive current (prior to September 8, 2021) product versions, if they:

1. Submit a signed application (includes completing the TeleLife® interview or signing a paper application) and illustration, if necessary.
2. Ensure the policy has an effective date of September 7, 2021, or earlier.

Any policy issued with an Effective Date of September 8 or later will receive the new product version.

Illustrations: As of September 8, 2021, the product will no longer be available for new illustrations except through the Protective Life Sales Desk (any illustrations that are impacted by the CA approvals — see above — must be run through Protective Life Sales Desk).

Special Considerations:

If a policy is already in the underwriting process, and if you would like to retain the previous product (the product issued prior to September 8, 2021), underwriting may continue past September 8, 2021 if the policy is issued with a policy effective date of September 7, 2021 or earlier.

Standard backdating rules will apply if an effective date of September 7, 2021 or earlier is requested, including premiums being due from the effective date to the current date (of issue).

Frequently Asked Questions

Q: Can we allow policies to be backdated to allow the sale of the previous product?

A: Yes, we can backdate to allow the sale of the product up to six months.

Q: Will Protective make an exception to allow issuance of the previous product, with a current date on applications received after September 8, 2021 if Cash with App?

A: No, we will not make any exceptions.

Q: Will Protective allow the previous product to be retained, if the application was received prior to September 8, 2021 but closed as (postponed/incomplete, etc.) during Underwriting?

A: Backdating rules will apply to retain the previous product. Backdated modal premium(s) will be due at time of placement. If the backdating period has expired (more than six months, if applicable in the application state) you must apply for available product upon reopening of file.

Q: If funds are returned/refunded during the Underwriting process, will Protective allow the client to retain the previous product?

A: Backdating rules will apply to retain the previous product. Backdated modal premium(s) will be due at time of placement. If the backdating period has expired (more than six months, if applicable in the application state) you must apply for available product upon reopening of file.

Q: Must the file be placed inforce within a specific period to qualify for the previous product? What about if you are waiting on 1035 funds?

A: If 1035 funds are received after September 8, 2021, Protective will allow the previous product as long as the effective date adheres to the backdating rules. If a modal premium is illustrated, all backdated modal premium(s) will be due at the time of placement. If the backdating period has expired (more than six months, if applicable in the application state) you must apply for the available product upon reopening of the file.



- Q: **At a high level, what are the impacts of the Tax law changes?**
A: The changes are being made to the statutory interest rates in the tax code. By lowering these rates for 2021 and 2022, the Guideline and MEC premiums should generally allow higher contributions for the same face amount. Also, the CVAT death benefit factors should be reduced so that corridor percentages are lower, resulting in generally smaller death benefit increases when a CVAT contract enters corridor.
- Q: **If I want a product prior to September 7, 2021, how would I get an illustration of that product after September 7, 2021?**
A: Contact the Home Office Sales Desk, they will be the only source for those illustrations.
- Q: **What are the pricing changes for Protective Strategic Objectives II VUL and Protective Advantage Choice UL?**
A: Broadly, the Protective Advantage Choice UL product is being repriced due to the continued low interest rate environment. Protective Strategic Objectives II VUL is increasing the max loan limit to 99% and increasing the M&E slightly after year 10. The larger impact on Protective Strategic Objectives II VUL is likely going to be the expanding funding associated with the 7702/7702A changes. Read our recent [Protective Strategic Objectives II VUL](#) and [Protective Advantage Choice UL](#) bulletins to learn more.
- Q: **Is Defined Objectives being maintained for the existing policies utilizing this program?**
A: Yes. Although we are ending this program for new policies, due to low usage, any customers currently utilizing Defined Objectives will be supported going forward.

Please contact the Protective Life Sales Desk with any illustration requests or additional questions.

Let's deliver on our promises. Together.

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