



Universal Life Insurance

Frequently Asked Questions

Interest Crediting Rates and Cost of Insurance

Reviewed March 2017

Universal Life (UL) Insurance policies have guaranteed and non-guaranteed elements. The following questions and answers may help you better understand the non-guaranteed elements that can change and why.

1 What is an interest crediting rate on a UL policy?

The interest crediting rate is used to determine the amount paid on the policy's cash value. Each policy has a guaranteed minimum interest crediting rate but may credit a higher rate. The higher rate is not guaranteed and therefore is called a non-guaranteed element.

2 What determines interest crediting rates on UL products?

Interest crediting rates on our UL policies are based on the rate of return earned on the Brighthouse Financial investment portfolio, which is also called the company's "general account." A portion of that return is paid to policy owners as the interest crediting rate. Note that the crediting rate will not fall below the guaranteed interest crediting rate stated in the contract.

3 If the interest crediting rate is based on the company's general account, why are there different interest crediting rates on different UL products?

Each product is designed with a different set of expenses, such as cost of insurance charges, policy fees, and expense charges. Because each product is designed with different expenses, each product is also designed with a different spread. The spread is the difference between what the company earns in the general account and what it pays to the policy owner in the interest crediting rate. Some products have lower expenses and a larger spread while other products may have higher expenses and a lower spread.

4 How frequently does Brighthouse Financial change the interest crediting rate?

Periodically, we review the return on the general account and each product's spread to see if any changes are needed. For many of our contracts, we cannot change the interest crediting rate more often than quarterly.

For example: Universal Advantage Universal Life (UAUL) was available from late 2005 until 2009. The product was introduced in 2005 with an interest crediting rate of 4.90%; that interest crediting rate was lowered to 4.65% in March of 2010.

5 What are Cost of Insurance (COI) Charges?

COI charges are monthly charges taken from the policy cash value. COI charges vary from year-to-year and are based on the policy's face amount and the insured's health when the policy was issued. They are designed to cover the risk to the insurance company of a death claim.

6 What is the difference between current and guaranteed COI rates?

UL policies have guaranteed maximum and current COI rates. Guaranteed COI rates are stated in the contract. Current COI rates are used to determine COI charges. They are based on current mortality experience and are not guaranteed; however, they are guaranteed to never exceed the guaranteed COI rates.

7 Has Brighthouse Financial changed COI rates on UL policies in the past?

For most of our contracts, we have the flexibility to change current COI rates at any time. Actual death claim experience is regularly monitored to ensure it is consistent with pricing assumptions.

Between 1991 and 2001, Brighthouse Financial changed the current COI rates on a portion of UL policies, with some rates increasing and some decreasing. While Brighthouse Financial could change COI rates in the future, there have been no changes since 2001.

8 How long will it take to get my cash surrender value in the event I surrender a UL policy?

The Cash Surrender Value is defined in your policy, but in general it is the policy cash value minus any loans and any surrender charges. If you decide to cancel your policy, the cash surrender value is the amount that would be sent to you.

All UL contracts we offer today state that "We may defer payment of the full Cash Surrender Value for up to six months." However, our current procedure is to pay out the cash surrender value within a few business days after receiving and processing the appropriate paperwork. Although we reserve the right to defer payment under the contract, we have no current plans to change this procedure.



If you have further questions about your **Universal Life Insurance policy**, please contact your **financial professional**.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

Like most insurance policies, Brighthouse Financial policies contain charges, limitations, exclusions, termination provisions and terms for keeping them in force. Contact your financial representative for costs and complete details.

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