



Accelerated Death Benefit Endorsement - Chronic Illness

California Product Details

CRITERIA

The following criteria must be met for the proposed insured to qualify for the chronic illness endorsement:

- Maximum issue age of 80 or less (depending on base policy). For joint life policies, both insureds must be age 80 or less, and
- Completion and approval* of Supplement to Life Application form, in addition to base policy application form.

QUALIFYING FOR BENEFITS

A Licensed Health Care Practitioner must provide written certification that within the prior 12 months of that the insured is chronically ill. The insured is considered chronically ill if he/she:

1. Is expected to be permanently unable to perform at least two of the six Activities of Daily Living (ADLs) without significant assistance.
- or —
2. Suffers a Severe Cognitive Impairment, such that the insured requires substantial supervision by another person to protect him or herself from threats to health and safety due to the severe cognitive impairment.

Activities of Daily Living: Bathing, continence, dressing, eating, toileting or transferring.

ELECTING BENEFITS

Frequency: Election available every 12 months

Maximum Election: 24% of death benefit amount on initial election or \$240,000 if smaller – available per year

Per Policy Maximum: \$1,000,000 of accelerated death benefit

Residual Death Benefit: 5% of death benefit amount on initial election or \$10,000, if greater

Final Election: Occurs when the entire death benefit is accelerated minus the residual death benefit

PAYMENT RECEIVED

Reduced Payment: The death benefit will be reduced by the amount of the death benefit accelerated. A discount will be applied to the death benefit accelerated because benefits are paid prior to death. As a result, the actual amount received will be less than the amount of the death benefit accelerated. In addition, there is an administrative fee required at the time of election.

Number of Payments: Lump sum or periodic payments (2, 4, or 12 equal payments)

IMPACT ON POLICY VALUES AND PROVISIONS

Monthly Deductions: Monthly deductions are waived while a claim is in effect (12 months following the election date) if the death benefit immediately prior to the initial election date does not exceed \$1 Million.

Death Benefit, Specified Amount, Account Value: Reduced in proportion to the amount of the death benefit accelerated. While a chronic illness election is in effect or the policy is in protected status (the policy guaranteed not to enter the grace period), the policyowner may not increase or decrease the specified face amount or change the death benefit option.

Policy Debt: Policy debt is reduced in proportion to the amount of the death benefit accelerated (reduction is debt repayment amount). Debt reduction and reduction in policy values will be divided equally among the periodic payments and made at the time of each payment.

Additional Accounts: (Premium Guarantee Rider, Guarantee Builder IUL®) Additional account and corresponding shadow account are reduced in proportion to the death benefit accelerated.

IMPACT TO OTHER RIDERS AND ENDORSEMENTS

- After the initial election date, no additional riders or endorsements may be added to the policy.
- Upon a final election, all other riders and endorsement attached to the policy will terminate on the final election date.
- The accidental death benefit, if any, will not be affected by the acceleration of death benefits.

IMPACT TO LOANS AND WITHDRAWALS

- Loans — After any claim, other than a final election, the policyowner may obtain policy loans.
- Following a final election, policy loans are not available.
- Withdrawals — Withdrawals are not available while an accelerated death benefit claim is in effect or the policy is in protected status.

*The Supplement to Life Application form will be used to determine eligibility for the chronic illness endorsement. This form is required to be completed, signed and submitted with the General Purpose application. In addition to medical questions, the supplemental application contains a question regarding replacement of long term care insurance. We will not be accepting replacements of certain products in California. These products include: Life Insurance policy with Accelerated Death Benefits for Chronic Illness; Life Insurance policy with long term care rider that provides long term care services; Stand-Alone Long Term Care policy; Long Term Care Partnership Insurance Policy; Hybrid Policy that includes both a life insurance benefit and long term benefit where the long term care benefit is not optional.

Agents offering, marketing, or selling accelerated death benefits in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California (NAM-3013) that includes this comparison.

Payment of Accelerated Death Benefits for chronic illness paid under this Endorsement is intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code. Accelerated death benefit payments due to chronic illness are subject to limits imposed by the federal government and any amounts received in excess of these limits are includible in gross income. Clients should seek assistance from a qualified tax adviser for assistance with any questions they may have.

Accelerated Death Benefit for Chronic Illness is issued on form LR492 in California, Guarantee Builder IUL is issued on policy form series LS175, Premium Guarantee Rider is issued on LR483 or state variation by North American Company for Life and Health Insurance, Administrative Office, Sioux Falls, SD 57193. Products, features, issue ages, endorsements or riders may not be available in all jurisdictions. Limitations or restrictions may apply.

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