

# Additional Requirements—Policies in CVAT Corridor

413NB

**Date:** September 22, 2022**Effective:** Immediately

Life insurance contracts must qualify as life insurance under the Internal Revenue Code (IRC), and prohibit the payment of premiums that would cause the policy to no longer qualify. We regularly monitor policies subject to the Cash Value Accumulation Test (CVAT) to ensure that credited interest and/or new premium do not disqualify the policy as life insurance under the IRC rules.

To comply with IRC, the ratio of the death benefit to account value must be at least as large as the account value times a factor, commonly referred to as the CVAT Corridor Factor. Once a policy has entered CVAT Corridor, any additional premiums will require increasing the death benefit to at least the new account value times this factor in order to continue to qualify as life insurance. Please reference the Corridor Factors that are included within the schedule pages of each policy.

If a policy is in CVAT Corridor, premiums may require a **substantial increase** in the policy's death benefit. As a result, North American has guidelines on the amount of unplanned premium that can be put into CVAT policies that have **entered corridor**. Premiums above the amounts in the table below will require one of the following:

1. Additional underwriting to show evidence of insurability for the death benefit amount
2. Refunding of premium payment

You will be notified by our Customer Service team when one the of the above actions must be taken. These guidelines are effective immediately.

| Current Age | Premium Amount |
|-------------|----------------|
| < 25        | \$25,000       |
| 25-34       | \$50,000       |
| 35-44       | \$75,000       |
| 45-54       | \$100,000      |
| 55-64       | \$175,000      |
| 65+         | \$250,000      |

These protocols ensure we adhere to CVAT compliance guidelines while also verifying that death benefit increases resulting from additional premium are underwritten where appropriate. These limits are subject to change in the future.

**If you have any questions, please reach out to Customer Contact.**

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