



Chronic Illness Accelerated Benefit Rider

Financial Protection Against Chronic Illness

Marketing Guide

THIS IS NOT LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG TERM CARE INSURANCE.
NOT TO BE USED IN CALIFORNIA.





Marketing the Chronic Illness Accelerated Benefit Rider

Your clients' financial stability can quickly erode due to an unexpected chronic illness. A chronic illness may bring high costs for treatment, medications or care services. Plus, a person with a chronic illness may no longer be able to provide the same amount of income, which could make a difficult time for a family even harder. Automatically included on many new permanent life insurance policies, North American Company's Chronic Illness Accelerated Benefit Rider (CIABR) can help your clients meet their financial needs and help provide a more comfortable and stable financial future.¹

OVERVIEW

The Chronic Illness Accelerated Benefit Rider advances a portion of the death benefit if the insured becomes chronically ill—defined as permanently unable to perform at least two of the six Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) without substantial assistance from another person, or has severe cognitive impairment, meaning the insured requires substantial supervision by another person to protect himself or herself from threats to health and safety due to severe cognitive impairment.⁴

The insured becomes eligible through written certification by a physician within the past 12 months. There is a 90-day elimination period.

- The minimum accelerated death benefit amount at each election (except the final election) is 5% of the death benefit on the initial election date or \$75,000, whichever is less.
- The maximum accelerated death benefit amount at each election is 24% of the death benefit on the initial election date or \$240,000, whichever is less.
- The maximum accelerated death benefit amount allowed on the life of the insured, including other policies with accelerated benefit riders, is \$1,000,000.
- The final election occurs if all of the eligible death benefit minus the Residual Death Benefit is accelerated. The Residual Death Benefit is the greater of 5% of the death benefit on the initial election date or \$10,000.

SPECIFICATIONS

- Only available on new issues
- Maximum issue age: 75
- Maximum of one CIABR per insured (if a client has more than one policy, the CIABR is only available on one)
- Not available on new issues rated higher than Table 4 or with medical flat extras
- Conversions are available at the owner's request with satisfactory evidence of insurability
- Only one accelerated benefit rider or endorsement can be elected at any given time
- Payable only for a chronic illness, that first manifests itself after rider effective date and is subject to a 90-day elimination period
- If an Overloan Protection benefit is elected, accelerated benefits cannot be elected

AVAILABILITY

The CIABR is automatically included on many newly issued indexed universal life and universal life policies, depending on state availability and subject to qualification requirements listed above. Please refer to product marketing guides and policy forms for specific details.

QUALIFYING FOR BENEFITS

The owner qualifies for benefits if a physician has certified within the past 12 months that the insured is chronically ill.

ELECTING BENEFITS

- After the effective date, the insured must pass an elimination period of 90 consecutive days from the time the condition first manifests itself after the effective date applies.
- Election is available once every 12 months.
- To elect benefits under the rider, the owner must complete an Application for Election of Accelerated Benefits for chronic illness.
- The policyowner must indicate how often to receive payments. There are two options:
 1. Lump sum payment (this is the default)
 2. Two payments (every 6 months)
- The death benefit will be reduced by the amount the client chooses to accelerate. However, the actual amount paid to the client will be less than the amount of death benefit accelerated. This is because a discount is applied to accelerated death benefits. The discount depends on the specifics of the policy (including the insured's age and premium class, among other factors), as well as interest rates at the time the acceleration is requested.
- In addition to the discount mentioned above, a \$200 administrative fee is applied for each election.² Also, if the policy has an outstanding loan balance, part of the accelerated death benefit payment is used to pay back a portion of the policy debt. Both of these items will reduce the actual benefit payment received.

EFFECTS OF ACCELERATED BENEFIT PAYMENTS

- Upon any election except the final election, all riders and endorsements will continue to be effective subject to their terms and conditions.
- Loans can still be taken while receiving accelerated benefits as described under the loan provisions of the policy. A portion of each accelerated benefit payment will be used to repay any policy debt. Loans are not available following a final election.³
- Partial surrenders are not available while an election is in effect. If no election is in effect, partial surrenders may be taken as stated in the policy; however, if at least 50% of the death benefit on the initial election date has been accelerated, partial surrenders are not available for the remaining life of the policy.
- While an election is in effect, the owner cannot elect to increase or decrease the specified amount or change the death benefit option on the policy.
- To ensure that a death benefit is still available at death, a residual death benefit amount is required. This residual benefit must be 5% of the death benefit available when the initial election is made or \$10,000, whichever is greater. Acceleration of the death benefit cannot continue if the residual death benefit is met.

IMPACT ON POLICY PROVISIONS

Acceleration of the rider benefit reduces the specified amount, death benefit amount, account value, surrender value and any Return of Premium amount. Partial surrenders and changes to the specified amount or death benefit option are not available while an election is in effect. If 50% or more of the death benefit on the initial election date has been accelerated, partial surrenders and changes to the specified amount or death benefit option are no longer available.

While an election is in effect, or if at least 50% of the death benefit on the initial election date has been accelerated, the policy will not enter the grace period.

COORDINATION OF ACCELERATED BENEFITS

The policy's death benefit will not be accelerated as stated under the CIABR, or any remaining portion of it, if benefits are being paid under another accelerated benefit rider or endorsement attached to the policy.

LIMITATIONS AND EXCLUSIONS*

The rider does not provide an accelerated benefit for chronic illness resulting from:

- intentionally self-inflicted injury or attempted suicide, while sane or insane; or
- any act or incident of insurrection or war, declared or undeclared; or
- the insured's participation in, or attempting to participate in, a felony, riot or insurrection; or
- alcoholism or alcohol abuse; or
- voluntary use of illegal drugs, the intentional taking of over-the-counter medication not in accordance with recommended dosage and warning instructions, and intentional misuse of prescription drugs; or
- any irrevocable beneficiary or assignee whose consent has not been obtained to the election of an accelerated benefit.

* These exclusions may vary in certain states based on individual state regulations. Please refer to the rider form for details.



NOT TO BE USED IN CALIFORNIA.

1 Subject to eligibility requirements.

2 Administrative fee may vary by state.

3 In some situations loans and withdrawals may be subject to federal taxes. Neither North American Company nor its agents give tax or legal advice. Customers should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

4 Minnesota Residents: The insured must have a condition that requires Continuous Confinement in an Eligible Institution and is expected to remain there for the rest of his or her life.

Chronic Illness Accelerated Benefit Rider is issued on LR450A or state version, 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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