

Chronic Illness Accelerated Benefit Rider

RIDER

The Chronic Illness Accelerated Benefit Rider is available at no additional premium at issue on several North American Company universal life insurance products. It offers a policyowner the flexibility to access a portion of the death benefit for a chronic illness.



PR-1080 R1 4/09

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.



Marketing the Chronic Illness Accelerated Benefit Rider

Your clients' financial security can quickly erode due to an unexpected chronic illness. A chronic illness may bring high costs for treatment, medications or care services. Expenses could rapidly add up. Further affecting the situation, 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. With North American Company's Chronic Illness Accelerated Benefit Rider (CIABR), you can help your clients meet their financial needs and help provide a more comfortable and secure financial future.

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 a severe cognitive impairment.

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

- The **minimum** benefit amount at each election is the lesser of 5% of the death benefit on the initial election date or \$75,000.
- The **maximum** benefit amount at each election is the lesser of 24% of the death benefit on the initial election date or \$240,000.
- The **maximum** benefit amount that we will accelerate 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.

Chronic Illness Accelerated Benefit Rider

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

PR-1080 R1 4/09

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 medical flat extras
- Not available in conjunction with the Additional Insured Rider
- 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 chronic illness, which first manifests itself after rider effective date and subject to a 90-day elimination period

Rider product availability

Subject to the specifications above, CIABR is automatically included on many newly issued indexed universal life and universal life policies including:

- Custom Accumulator[®] III
- Builder IUL[®]
- Custom GrowthCVSM
- Guarantee Builder IUL[®]
- Custom Guarantee[®]
- Rapid Builder IULSM
- Custom TermGULSM

Qualifying for benefits

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

Chronic Illness Accelerated Benefit Rider

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.
PR-1080 R1 4/09

Electing benefits

- An elimination period of 90 consecutive days from the time the condition first manifests itself after the effective date applies.
- One election is available every 12 months.
- To elect benefits under the rider the owner must complete an Application for Election of Accelerated Benefits for chronic illness (Form # L-3180).
- 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 actual total payment is less than the gross death benefit accelerated to reflect the cost of accessing the benefit prior to death.
- A \$200 administration fee is applied for each election and a debt repayment is applied if a policy has an outstanding loan balance. These items reduce the actual payment.

Impact on policy provisions

Acceleration of the rider benefit reduces the specified amount, death benefit, account value, surrender value and any Return of Premium or Protected Pour-In amount. Partial surrenders, 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, 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, lapse checking will be suspended, meaning the policy will stay in force.

Effects of accelerated benefit payments

- 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.
- 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 benefit is still available at death, a residual death benefit must be maintained. This residual benefit must be the greater of 5% of the death benefit available when the initial election is made or \$10,000. Acceleration of the death benefit cannot continue if the residual death benefit is met.

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 (except for state variations forbidding them):

- 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 to the election of an accelerated benefit whose consent has not been obtained.



North American Company

for Life and Health Insurance

Since 1886

We're Here for Life®

nacolah.com®

Custom Accumulator III is issued on policy form series LS165B; Builder IUL is issued on policy form series LS161A or state version; Custom Guarantee is issued on policy form series LS163A; Custom GrowthCV is issued on policy form series LS166; TermGUL is issued on policy form series LS167; Guarantee Builder IUL is issued on policy form series LS164A; Rapid Builder IUL is issued on policy form series LS169; Additional Insured Rider is issued on form series LR371A; Chronic Illness Accelerated Benefit Rider is issued on form series LR450A by North American Company for Life and Health Insurance, Executive Office, Chicago, IL 60607. Not all products, features, riders, endorsements or issue ages are available in all jurisdictions. Limitations or restrictions may apply.

Index Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

Executive Office • 525 W Van Buren • Chicago IL 60607