



Life Insurance Solutions - Long Term Care/Chronic Illness Rider Benefit Comparison

10.15.15

Carrier	Product Name	Benefit Payment	Issue Ages	Risk Classes	Elimination Waiting Period	Max Face Amount	Lifetime Max Benefit	Residual Death Benefit	Will LTC/CI benefit increase if DB increases?	Annual Recertification	Benefit Payment Options	Can a family member or unskilled person give care?	With indemnity, what proof of loss is needed?	Do you pay premiums while on claim?	What happens to premiums if you come off claim?
American General Accelerated Access Solution Rider - CI	Secure Lifetime GUL II, Value+IUL, Elite IUL, Platinum Choice VUL	Indemnity	18-80	Thru Table D	90 Days	\$3M	Specified 50% - 100% of DB (max \$1.5M)	The remaining DB not accelerated	No	Yes	2014 \$330 gov. per diem, 2% or 4%	Yes	Doctor certification	No	Possible but no catch up premiums
AXA LTCS Rider - LTC	UL, IUL, VUL	Indemnity	20-75 (70 for 3%)	Standard or better - no ratings	90 days over a 730 day period	\$5M 1%, \$2.5M 2%, \$1.67M 1%	Specified Issue 20%-100% of DB	The remaining DB not accelerated	Yes	Yes	1%, 2% or 3% Maximum \$50k	Yes	Written certification and the physician must fill out a plan of care	Not allowed	Premium payments are required and an inforce ledger is recommended to see how the policy stands at the time
Guardian LTC Rider - LTC	WL	Indemnity	18-70	Standard or better	90 Days	\$2.5M	90% of DB	\$25K	No	Yes	Max is lesser of 2% of basic LTC pool or 60 x daily IRS per diem limit	No	Written plan of care by physician. May request documentation that insured is receiving qualified LTC services.	A premium credit is applied once benefit payments are accelerated, reducing the premium, and in some cases offsetting it entirely.	The full premium credit will continue to be applied until the next policy anniversary. Thereafter, the amount of premium credit is reduced to reflect accelerated payments.
Genworth ABR - LTC	Asset Builder IUL, Foundations Builder IUL	Reimbursement	20-80	All classes	90 days except for home health that is 0 elimination	\$1.2M	100% of DB	The remaining DB not accelerated	No	Depends on ailment	\$25,000 up to the IRS per diem Limit	No family member but unskilled care is covered	N/A Reimbursement	No	You may have to increase premiums in order to keep the policy for the original duration.
John Hancock LTC Rider - LTC	ULG, UL, IUL, VUL	Reimbursement	20-80	All classes Up to 175%	100 days but with home health care 7 days are counted as long as a person has care one day a week	None	100% of DB	Yes (Available if LTC Rider is elected)	No	No	1%, 2%, or 4% of elected DB % up to 50k monthly max benefit amount. Can also specify % of DB that can be used for the rider	No	N/A Reimbursement	Unless the waiver of monthly deduction rider or disability payment of specified premium rider is also in effect, all policy and rider charge deductions continue while on claim, and premiums may still be due. If there is sufficient cash value in the policy, future premium payments may not be required.	Continues unless the cash value can carry the policy
Lincoln Financial Life Enhance - CI	All UL, IUL, VUL, WealthPreserve SIUL	Indemnity	20-80	All classes up to Table D	Zero	\$5M (\$2M 70-80)	100% of DB	The remaining DB not accelerated	Yes	Yes	Maximum monthly benefit is 2% of the DB up to the IRS per diem limit or 1 x lump sum	Yes	Health care practitioner certification	No	Assuming no loans or withdrawals, the policy is guaranteed. They do not anticipate any premiums to be paid after a person is on claim.

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MetLife Enhanced Care Benefit - CI	All WL	Indemnity	18-70	All classes up to Table D	Zero	\$5M	90% of DB	Yes (10% of original DB)	Yes	Yes	Maximum is 24% of DB up to IRS per diem limit	Yes	Written certification	Yes/premiums will decrease as money is withdrawn from DB	Continue
Mutual of Omaha Accelerated DB for Chronic Illness - CI *	All GUL and UL	Indemnity	Same as product	All	90 Days	No restriction	80% of DB up to 1M	20% or original DB not accelerated	No	Yes, if requesting new acceleration benefit	IRS per diem limit	Yes, but requires a physician statement	Written certification from physician	Yes	Premiums can be recalculated at the new DB amount at the client's request.
Nationwide LTC Rider - LTC	GUL, Accum. IUL & VUL, Protection IUL & VUL	Indemnity	21-80	All classes up to Table E	90 Days	None Max \$3M LTC	100% of DB	Yes (10% of original DB)	No	Yes	Maximum monthly benefit is 2% of the DB up to the IRS per diem limit	Yes they can subsidize but there has to be a licensed care giver giving part of the care	Yes has to be a licensed care giver giving care that is prescribed by the MD. Proof of that needed.	No	All premiums would have to be paid back to keep policy enforce
	SUL II	Cash Indemnity	35-75	All classes up to Table E	90 Daays	No max face and \$3m LTC (\$1.5M Each insured)	Up to 50% of DB per insured	Yes (10% of original DB)	No	Yes	lesser of 2% or up to bouble per diem limit	Does not have to be licensed. Can use informal or family	None	Do not have to as we will not lapse while on claim but need to be made up once off claim to get policy in good standing	All premiums would have to be paid back to keep policy enforce
North American Chronic Illness ADBE - CI *	All UL & IUL	Indemnity	20-75	All classes up to Table 4	90 Days	\$1M Rider Benefit	Discounted % of DB	The remaining DB not accelerated	Yes	Yes	Minimum is lesser of 5% of DB or \$75K. Maximum is 24% of DB or \$240k.	Yes	Written Certification	No	May be required and could increase
Pacific Life Premier Living Benefits - CI	Versa-Flex NLG, Versa-Flex PRO, Pacific PRIME UL, Pacific PRIME UL-NLG, Pacific Select VUL, Pacific PRIME VUL, Pacific Ind. Accum 4, Pacific Ind. Performer LT, Pacific PRIME IUL	Indemnity	18-75 or 20-75	All classes up to Table E	None	\$1.5M	100%	The remaining DB not accelerated		Yes	Maximum monthly benefit is 2% of the DB up to the IRS per diem limit	Yes	Claim form and a written certification	Yes	
Principal CIDBAR - CI *	UL Flex UL Accum IUL	Indemnity	20-75	All classes up to Table 3	Zero	\$1M Rider Benefit	Lesser of 75% of DB or \$1M	The remaining DB not accelerated	Yes	Yes	Minimum 10% or 10k, Maximum 25% or IRS per diem amount	Yes	Health care practitioner certification	Monthly charges continue while the person is on claim so premium may be necessary to keep the policy from lapsing	Contract calls for premiums to continue
Protective Life ExtendCare - CI	Advantage Choice, Custom Choice, Indexed Choice, Investor's Choice VUL	Indemnity	20-80	All classes up to Table 4	90 or 365 days-client chooses upfront	\$5M (base policy with rider)	100% of DB	The remaining DB not accelerated	Yes	Yes	Any whole dollar amount between \$1,000-\$9,900 (not to exceed 5% of base policy face amount)	Yes	Health care practitioner certification	No	Contract calls for the premiums to continue if a person goes off claim but it's the unofficial opinion at this time that premiums would probably not be charged if such a situation occurred.
Protective Life Chronic Illness ADB - CI	ProClassic	Indemnity	20-80	All classes up to Table 4	90 or 365 days-client chooses upfront	None Max \$1M ADB	Lesser of 90% of DB or \$1M	The remaining DB not accelerated	Yes	Yes	Choice of \$1k, 2.5k, 5k or 7.5k	Yes	Health care practitioner certification	No	
Protective Life LTC Rider - LTC	Preserver II VUL	Reimbursement	0-85	All classes up to Table 8	90 Days	None Max \$250k ADB	Lesser of 90% of DB or \$250k	The remaining DB not accelerated	Yes	Yes	2% for Nursing Home Benefit, 1% for Community Care	No	Doctor certification	N/A	N/A

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Prudential Benefit Access - CI	All permanent products	Indemnity	20-80	All classes up to Table D	No waiting period once the physician has given stated evidence of a chronic illness which could include a person being unable to perform 2 ADLs for a period of 90 days	\$5M	100% of DB	The remaining DB not accelerated	Yes	Yes	Max monthly is the IRS per diem limit	Yes	Claim form and a written certification	No	Under 25 months, premiums payable off claim, over 25 months premiums not required
Transamerica LTC Rider - LTC	TransNavigator IUL,	Indemnity	18-75	All classes up to Table D	90 Days	\$1M	2% per month of the LTC specified amount or the per diem amount allowed by HIPAA times the number of days in the	Lesser of 10% of DB or \$10k	Yes	Yes	Maximum monthly benefit is 2% of the DB up to the IRS per diem limit	Yes except for the plan of care that specifies skilled care required	Claim form and receipts proving that plan of care from the MD is handled by a skilled care person	It has a minimum 5 years funding so premiums are not required after 5 years, but they are prior or premiums will be taken from the LTC benefit	Premium payments are required and an inforce ledger is recommended to see how the policy stands at the time
Transamerica Living Benefits - CI	Trendsetter LB Term		18-60 depending on term duration	All classes up to Table H	90 Days for Chronic	The amount available will be determined based on the company's assessment of the insured's remaining life expectancy, the present value of the death benefit, and future premiums payable, and an administrative charge.		Minimum of 10% of Original DB	N/A	N/A		N/A	N/A	Yes	



101(g) Chronic Illness vs. 7702B LTC

The LTC/CI Riders are designed to pay for costs associated with care provided the client has met specific types of health conditions or certain benefit eligibility requirements. They are issued under either IRC Code Section 101(g) or 7702B. Generally, 101(g) governs life insurance policies and 7702B governs health/long term care policies. There are 5 major differences between the two Codes:

	101(g)/Chronic Illness		7702B/Long Term Care
Marketing of the Rider/Policy	101(g) is the IRS code that allows for the early acceleration of death benefits of a <u>life insurance policy</u> . These Riders/Policies are <u>not considered Long Term Care or Health insurance</u> and are often referred to as "Chronic Illness Accelerated Benefit Riders."		7702B is the IRS code that governs long term care contracts. Riders/Products filed under Section 7702B act like LTC and they can be referred to and marketed as Long Term Care.
Permanent vs. Temporary Condition	101(g) riders/products are generally designed to pay for costs associated with care due to illness/health conditions that are likely to be <u>long term and most likely permanent</u> .		7702B riders/products are generally designed to pay for costs associated with Care due to illness/health conditions that will generally last for a period of <u>at least 90 days</u> .
Extension of Benefits	101(g) riders/products are considered Life Insurance and they allow for an acceleration of up to a maximum of 100% of the Death Benefit.		7702B riders/products are considered health insurance and they may pay LTC benefits in excess of the policy's death benefit for additional cost or for a reduced amount of death benefit proceeds.
Industry Regulation	Generally, Health Insurance laws do not apply.		7702B products/riders are <u>generally considered health insurance</u> so they must comply with any applicable state health laws. They may also fall under HIPPA regulations and may have some specific health industry reporting regulations that are not applicable to 101(g) Riders.
Agent Licensing	Generally, 101(g) riders/products do not require any additional health licensing or state specific CE classes.		7702B riders/products may require health licensing and or additional state specific CE classes in some states.

Additional Information

Benefits Trigger	Unable to perform 2 of 6 ADL's or Severe Cognitive Impairment. For chronic illness riders, the condition must be permanent.
What type of care is covered?	HHC, Nursing Home, Assisted Living, Hospice
Issues with trust ownership?	It is possible to do, but the client has to work with their own tax attorney to verify the Trust language and make sure it is allowed. Indemnity products work better for a policy owned by a Trust. ILITs are the most difficult to include the rider in.
Any tax issues if the policy lapses after being on claim?	Only if there is an outstanding policy loan.
*Additional note about Mutual of Omaha, North American and Principal	Their chronic illness rider discounts the death benefit when a person goes on claim.