

Life with Long-Term Care and Chronic Illness Riders

Given the recent modernization of long-term care coverage it is important that insurance professionals can distinguish and understand the multiple options available in the current market place. On this comparison you can find the four most common classifications of accelerated death benefit riders which can be included on life insurance products in order to provide long-term care or critical illness coverage.

Long-Term Care Rider		Chronic Illness Riders	
<ul style="list-style-type: none"> Classified as Section 7702B or LTC Model Regulations Pays claims on temporary conditions which last longer than the elimination period LTC license and state specific LTC CE may be required Includes COI charges for rider which do not increase cost basis of policy Potential for a residual death benefit 		<ul style="list-style-type: none"> Classified as Section 101(g) Certified condition must be likely to last the rest of the insured's life with most carriers (see comparison) No LTC license required Rider premium is included in cost basis of policy Available on select term products No residual death benefit 	
Reimbursement	Indemnity	Indemnity	
<ul style="list-style-type: none"> Only actual cost of qualified LTC services are reimbursed Proof of billing required but can be coordinated with service provider Benefit amount is specified at policy issue 	Full benefit is available for acceleration regardless of cost of coverage Proof of billing is often not necessary (see comparison) Benefit amount is specified at policy issue	For Cost	Discounted
		Full benefit is available for acceleration regardless of cost of coverage Proof of billing is often not necessary (see comparison) Benefit amount is specified at policy issue	<ul style="list-style-type: none"> Benefit is not dependent upon of cost of coverage Proof of billing is often not necessary (see comparison) Benefit is not determined until claim
Carriers			
Allianz John Hancock Genworth	AXA Minnesota Life Nationwide Transamerica	Accordia American General Lincoln National MetLife Protective Prudential	American National Mutual of Omaha National Life/LSW North American Principal Symetra Zurich
Eligibility for Benefit			
Insureds become eligible to receive accelerated benefits under these riders if he or she is unable to perform 2 of the 6 Activities of Daily Living (ADL's) listed below without substantial assistance or is found to have a severe cognitive impairment that threatens their health or safety.			
• Bathing	• Contenance	• Dressing	• Eating
			• Toileting
			• Transferring

Generally considered advantage for client and/or advisor

All values are for comparison purposes only

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Long-Term Care Riders and For Cost Critical Illness Riders

Typically these riders are sold as added benefit to permanent insurance products offered to middle and older age clients. They are used as an alternative to the rising cost of traditional long-term care coverage as well. Given the hypothetical scenario of a male, age 65 with standard health you can expect:

- \$500,000 Death Benefit or Long-Term Care Benefit
- \$14,500 Annual Premium for Lifetime Coverage
- \$10,000 Max Monthly Long-Term Care Benefit
- 50 Month Minimum Benefit Period

Discounted Chronic Illness Riders

These riders are often automatically included as no-cost, added benefit riders to permanent insurance products. Given the hypothetical scenario of a male, age 65 with standard health going on claim at age 80 you can expect:

- \$500,000 Death Benefit or \$480,000 Accelerated DB
- \$13,000 Annual Premium for Lifetime Coverage
- \$8,600 Max Monthly Critical Illness Benefit
- 4 Year Maximum Benefit Period

Asset Transfer Products

Assets Transfer products are a specialty group of permanent product which include long-term care riders and for cost chronic illness riders. Typically, these products are designed for a single or short premium payment and offer a guaranteed death benefit, guaranteed surrender value, and guaranteed LTC benefit. These products also allow for an LTC benefit greater than the death benefit and optional guaranteed inflation riders. Asset Transfer products are the strongest LTC based products available on a life insurance chassis and are typically sold as "no-loss, asset transfer" products. Given the hypothetical scenario of a male, age 65 with standard health you can expect:

- \$130,000 Death Benefit or \$390,000 LTC Benefit
- \$100,000 Single Premium for Lifetime Coverage
- \$5,400 Max Monthly Long-Term Care Benefit
- 6 Year Minimum Benefit Period

Advantages

- "No-Loss" sale; premium is returned to client either through the death benefit, long-term care benefit, or the surrender value
- The products allow for long-term care benefit pools that greatly exceed the death benefit amount in effect leveraging the client's dollars to cover LTC risks
- Inflation protection options are available
- Benefit periods as long as 8 years are available

Carriers

Genworth
Lincoln National
Nationwide
Pacific
State Life

- All benefit amounts are subject to HIPPA per diem

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Asset Transfer

Carrier	Genworth	Lincoln National Life	Nationwide	Pacific Life	State Life
Product Name	Total Living Coverage	MoneyGuard II	Care Matters	PremierCare	Asset-Care I (WL)
Rider Name	Accelerated Benefit and Extension of Benefit Riders	Convalescent Care Benefit and Extension of Benefits	LTC and LTC Extension of Benefit Riders	Accelerated Benefit and Extended Benefit Riders	Continuation Access Rider
Issue Ages	18-79	35-69 One-Pay / 35-80 Flex-Pay	40-75	30-75	40-80 (35-80 Joint)
Min Face Amount	\$50,000	\$50,000	\$60,000	\$60,000	\$50,000
Max Face Amount	\$25k MMB w/o inflation	\$750k	750k	\$600,000	1.5mil
Residual DB	10% of Specified Amount	10% of Specified Amount	20% of Specified Amount	\$5,000	No
Health Ratings	Preferred, Standard, Table	Tobacco or Non-Tobacco	Tobacco or Non-Tobacco	Tobacco or Non-Tobacco	Preferred, Standard, Table
LTC License Required	Yes				
Qualifications	Unable to perform 2 of 6 ADL's OR Severe Cognitive Impairment				
Benefit Payment	Reimbursement*	Reimbursement*	Indemnity	Reimbursement*	Reimbursement*
Benefit Payment Options	2-7 year payout	2-7 year payout	2-7 year payout	2-8 year payout	2-4 year payout
Elimination Period	Home Care 0 days, Facility 90 days	None	90 days	Home Care 0 days, Facility 90 days	60 days
Annual Recertification	Yes	Yes			Yes
Death Benefit Reduction when on Claim	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Policy Value Reduction when on Claim	Proportional	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Monthly Deductions when on Claim	Waived	Waived	LTCR Charge Waived	Waived	WOP Rider Available
Inflation Rider	3% or 5% simple/compound	3% simple or compound, 5% compound	3% simple or 5% compound	3% simple or 5% simple/compound	0%, 3%, 5%
ROP	Yes, after year 2	80% or 100% vested after year 5	Yes	Yes	Yes
Premium	Single pay	Single, 3, 5, 7, 10 pay	Single, 5, 10 pay	Single Pay	Single pay

*Proof of loss is required with all reimbursement based carriers

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Long-Term Care and Chronic Illness Riders

Carrier	Allianz	Accordia	American General	AXA	Genworth
Product Name	Life Pro+	Lifetime Builder	Secure Lifetime GUL II Elite Index II	Bright Life (I)UL, Incentive Life Legacy II, Incentive Life Optimizer II	Asset Builder IUL, Foundation Builder IUL
Rider Name	LTC Rider	Accelerated Access Rider	Accelerated Access Solution	LTC Insurance Rider	Accelerated Benefit Rider for LTC Services
LTC License Req'd/True LTCR	No	No	No	Yes	Yes
Issue Ages	0-75	18-75	18-80	20-70	18-65
Table Ratings	No	Yes, Up to Table 4	Yes, Up to Table 4	No	Yes, no extra LTCR charges
Min Face Amount	\$100k	\$100k	\$50k	\$100k	\$100k
Max Face Amount	\$1mil	\$100mil	\$1.5mil	\$20mil	\$1.2mil
Rolling Target	2 year	Yes	Yes	No	Lifetime
Benefit Payment*	Reimbursement	Indemnity	Indemnity	Indemnity	Reimbursement
Qualifications	Unable to perform 2 of 6 ADL's OR Cognitive Impairment				
Impairment Must Be Permanent	No	Yes	Yes	No	No
Annual Recert	No	Yes		Yes	Yes
Elimination Period	90 days	Benefits are Available at issue	90 days	90 days	0 day for Home Care, 90 day for Facility
Proof of Loss Req'd	Yes	Yes	No	No	Yes
Residual DB	No	Yes	No	No	No
Benefit Payment Options	Maximum monthly is 1-4% of net DB - up to \$10k/month	Annual or monthly; lesser of 2% of the Eligible Amount of the IRS Per Diem Limit	2%, 4% or maximum IRS Benefit	1%, 2% or 3%. Note: Limited to 2 x per diem limit allowed by the HIPAA times 30.	2, 3, or 4 years which equates to 2.1% thru 4.2% of Specified Amount
Death Benefit Reduction	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Policy Value Reduction	Dollar for Dollar	Dollar for Dollar	Proportional	Dollar for Dollar	Proportional
Monthly Deductions	Not waived	Not Waived	Waived during claim	Base policy premiums - waived, Policy charges - not waived, Rider charges - waived	Waive all charges except loan interest while on claim

* Indemnity pays a fixed monthly amount while reimbursement requires proof of expenses.

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Long-Term Care and Chronic Illness Riders

Carrier	John Hancock	Lincoln Financial	MetLife	Minnesota Life	Nationwide
Product Name	All Single Life Perm	LifeGuarantee UL, LifeReserve Indexed UL Accumulator, VULONE 2012	Promise Whole Life Series	Eclipse, Eclipse Protector, Aucumulator UL & VUL	NLG - UL, Indexed UL, Accumulation VUL, Protection VUL, CAUL, Single Premium UL
Rider Name	LTC Rider	LifeEnhance ABR	Enhanced Care Benefit	LTC Agreement	LTC Rider
LTC License Req'd/True LTCR	Yes	No	No	Yes	Yes
Issue Ages	20-80	20-80	18-70	20-80	21-80
Table Ratings	Yes, Up to Table 4	Yes, Up to Table 4	STD with max \$5 FE or Table B-D without FE	Yes	Yes, Up to Table 5
Min Face Amount	\$100k	\$100k		\$25k	\$100k
Max Face Amount	\$5mil	20-69 \$5mil; 70-80 \$2mil	\$5mil	\$5mil	\$3mil
Rolling Target	No	Yes		2 year	2 Year
Benefit Payment*	Reimbursement	Indemnity	Indemnity	Indemnity	Indemnity
Qualifications	Unable to perform 2 of 6 ADL's OR Cognitive Impairment				
Impairment Must Be Permanent	No	No	Yes	No	No
Annual Recert	No	Yes	Yes	Yes	Case by case basis
Elimination Period	100 days	None	90 days	90 days	90 days
Proof of Loss Req'd	Yes	No	No	Yes	No
Residual DB	No	No	DB not accelerated or if depleted 10% of Face Amount (max \$25k)	DB not accelerated or if depleted 10% of Face Amount (max \$25k)	Yes (10% of original DB)
Benefit Payment Options	1%, 2%, or 4% (maximum of \$50,000/month) of the total benefit pool	The lesser of 2% of the gross death benefit or annualized per diem	Max of 24% of DB per year up to 90% of total DB over life of contract, lump sum or monthly payments. Limited by HIPPA Daily limit	The lesser of 2% or 4% of the LTCA face amount or the number of service days in a month x \$290	Maximum monthly benefit is 2% of the death benefit up to the IRS per diem limit
Death Benefit Reduction	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Policy Value Reduction	Proportional	Proportional	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Monthly Deductions	Not waived	Waived during claim if policy would otherwise lapse	Not Waived	Base policy premiums - waived, Policy charges - not waived	Waived during claim if policy would otherwise lapse

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Long-Term Care and Chronic Illness Riders

Carrier	Protective Life	Prudential	Transamerica
Product Name	Custom Choice UL Lifetime/Advantage Choice UL	GUL Protector, Founder Plus UL & VUL Protector	TransACE
Rider Name	ExtendCare Rider	Benefit Access Rider	LTC Rider
LTC License Req'd/True LTCR	No	No	Yes
Issue Ages	20-80	20-80	18-80
Table Ratings	Yes, Up to Table 4	Yes, Up to Table 4	Yes, Up to Table 4
Min Face Amount	\$100k	\$100k	\$25k
Max Face Amount	\$5mil	\$5mil	\$1mil
Rolling Target	ACUL - 24 months	2 year	2 year
Benefit Payment*	Indemnity	Indemnity	Indemnity
Qualifications	Unable to perform 2 of 6 ADL's OR Cognitive Impairment		
Impairment Must Be Permanent	Yes	Yes	No
Annual Recert	Yes	Yes	Yes
Elimination Period	90 days, 365 days	0 days	90 days
Proof of Loss Req'd	No	No	Yes
Residual DB	5% of Remaining DB not accelerated	No	DB not accelerated or if depleted 10% of Face Amount (max \$10k)
Benefit Payment Options	Any whole dollar amount between \$1,000 - \$9,600 (not to exceed 5% of the base policy face amount)	Maximum monthly benefit is 2% of the death benefit up to the IRS per diem limit	The lesser of 2% of the gross death benefit or monthly per diem
Death Benefit Reduction	Dollar for Dollar	Dollar for Dollar	Dollar for Dollar
Policy Value Reduction	Proportional	Dollar for Dollar	Dollar for Dollar
Monthly Deductions	Waived during claim if policy would otherwise lapse	Waived during claim if policy would otherwise lapse	While on claim, monthly charges for the LTC Rider are waived. Monthly charges for the base and other riders continue.

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Discounted Riders

Carrier	American National	Mutual of Omaha	National Life/LSW	North American	Principal	Symetra
Product Name/Type	Affinity 7 WL, ANICO IUL, ANICO EUL, Term	AccumUL Plus, Guaranteed UL, GUL Plus, GUL Express	All UL, IUL, Term	All Perm	Flex II/Accum II	Classic UL
Minimum DB	25k-50k	\$50k	\$25k	\$25k	\$50k	\$50k
LTC License Required	No					
Rolling Target	2 years	No	Lifetime	No	No	No
Death Benefit Reduction	Settlement	Proportional	Settlement	Dollar for Dollar	Dollar for Dollar	Lien against policy
Policy Value Reduction	Settlement		Settlement	Dollar for Dollar	Proportional	Lien against policy
Monthly Deductions	Not waived		Waived	Not waived until 1/2 of benefit has been accelerated	Not Waived	Not waived
Rider Name	ABR	ADBR	ABR 2	Chronic Illness ABR	CIDBAR	ABR
Qualifications	Unable to perform 2 of 6 ADL's OR Severe Cognitive Impairment	Unable to perform 2 of 6 ADL's OR the insured provides evidence that their life expectancy is less than one year	Unable to perform 2 of 6 ADL's OR Cognitive Impairment	Unable to perform 2 of 6 ADL's OR Severe Cognitive Impairment	Certified by physician that insured is chronically ill. Unable to perform 2 of ADL's or Severe Cognitive Impairment	Unable to perform 2 of 6 ADL's OR Severe Cognitive Impairment
Proof of Loss Req'd	Yes		Yes	Yes	No	Yes
Issue Ages	Product Dependent		Up to 85	Up to 75	Ages 20-75	Ages 20-85
Table Ratings	Yes, Up to Table 4		Yes, case by case basis	Yes, Up to Table 4	Yes, Table 3 or FE Max of \$7.50	No
Residual DB	No		Yes - remainder of DB	Yes - Greater of 5% of the DB or 10k	Yes	Yes - remainder of DB
Max Face Amount	\$2mil		\$1.5mil	\$1mil	\$1mil	Max benefit of 250k or 50% of face if <500k DB
Annual Recert	NA		Yes	Yes	Yes	No
Elimination Period	90 days after 2 years in force	90 days	90 days after 2 years in force	90 days	No waiting period	90 days
Benefit Payment Options	DB - Actuarial Discount - Admin Fee up to \$500-Loans = Lump sum		2% of DB for 50mos, discounted based on age and other factors	Min = lesser of 5% of DB or \$75k. Max = lesser of 24% of DB or \$240k (per election) \$200 admin fee	Annual Max - lesser of 25% of face or annualized per diem, Annual Minimum - lesser of 10% of face or \$10,000, Lifetime Max - lesser of 75% of face or \$1,000,000	Lump sum or in monthly payments for up to 10 years