CHRONIC ILLNESS ACCELERATED BENEFIT RIDER

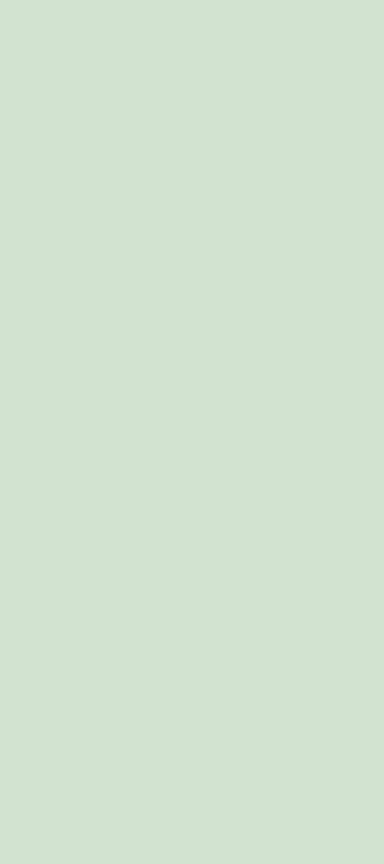
Financial Protection Against Chronic Illness

Marketing Guide



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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. Automatically included on new permanent 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 secure 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.

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.

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
- 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
- If an Overloan Protection benefit is elected, accelerated benefits cannot be elected.

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
 Custom TermGUL®
- Custom GrowthCV[®]
 Rapid Builder IUL[®]
- Custom Guarantee
 Guarantee Builder IUL

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

- 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)
- Since the payment is made prior to death, the actual payment will be less than the amount of death benefit accelerated. For example, for an election made when the insured is age 70, if the death benefit is reduced by \$10,000, then the actual payment may only be \$7,000. The discount factor depends on the specifics of the policy at the time of election (including age, premium class, and cash value of the policy), as well as the current interest rates at the time of election.
- 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 payment is used to pay back a portion of the policy debt. Both of these items will reduce the actual payment received.

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 death 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.

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, the policy will not enter the grace period.

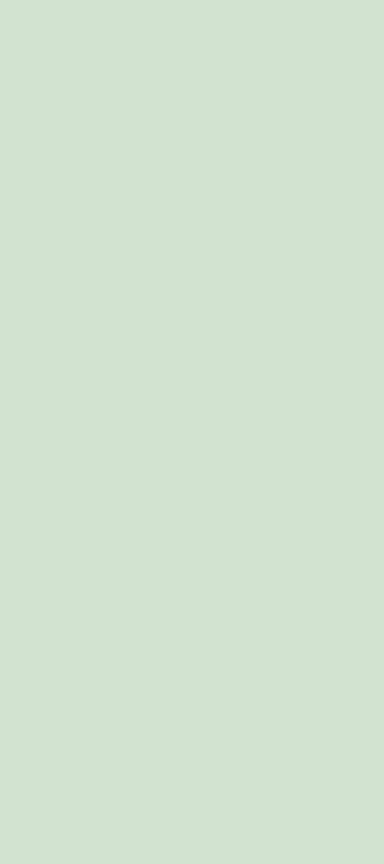
Coordination of accelerated benefits

 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 to the election of an accelerated benefit whose consent has not been obtained.
 - *These exclusions may vary in certain states based on individual state regulations. Please refer to the rider form for details.



1. Subject to eligibility requirements.

2. Administrative fee may vary by state.

Custom Accumulator III, Custom GrowthCV, Custom Guarantee, Custom TermGUL, Guarantee Builder IUL, and Rapid Builder IUL are issued on policy form series LS165B, LS166, LS170, LS167, LS164A, and LS169.

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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