

The power of life insurance

Do your clients have living benefits?

Most people know life insurance can provide financial protection and continuity during one of life's most difficult times—the death of a loved one. **At North American, we believe your clients should get more from their life insurance policy and have access to benefits they can use while they are living.**¹ This is accomplished with the accelerated death benefit endorsement (ADBE) for critical, chronic and terminal illness.¹

The unexpected can and does happen. How would your clients pay for extended nursing care for a chronic condition or the high cost of treatment if they are diagnosed with a critical illness like cancer? If they plan to use their own funds, they should keep the potential costs in mind. Here are some of the costs they might expect to pay:

- Private room in a nursing home — **\$129,575 per year**²
- Licensed home health aide (non-medicare certified) — **\$80,080 per year**²

HYPOTHETICAL EXAMPLES*

A discount factor is applied to the amount of death benefit accelerated.



Critical illness — Your client unexpectedly has a heart attack. Your client could qualify for the critical illness benefit and elect to accelerate a portion of their death benefit to help them cover their medical expenses. It could also help them make mortgage payments while they're unable to work.



Chronic illness — At age 80, your client is diagnosed with Alzheimer's disease and their doctor certifies they can no longer live alone or at home without supervision. Your client could qualify for the chronic illness benefit and elect to accelerate a portion of the death benefit to help pay for nursing care expenses.¹



Terminal illness — Your client's doctor has informed them that they have less than two years to live. Upon qualifying for the terminal illness benefit on the life insurance policy, your client could elect to accelerate a portion of their death benefit, and use the money to take a vacation to remember with their family.

How do your clients qualify for an acceleration?

A physician or licensed healthcare practitioner must provide written certification that the insured is critically, chronically or terminally ill, as defined in the endorsement.

Critical illness: Specified medical conditions that may qualify for the critical illness benefit include: heart attack, cancer, stroke, major organ transplant, and kidney failure. The owner is allowed an election for each occurrence of a specified medical condition. The owner must file the claim within 12 months of the date of the critical illness event. For complete definitions of the specified medical conditions, please refer to the Accelerated Death Benefit Endorsement form EI09, (form LR498, California only).

Chronic illness: One is considered chronically ill if he or she is unable to perform, for at least 90 days, without Substantial Assistance from another person, at least two Activities of Daily Living (bathing, continence, dressing, eating, toileting and transferring) or requires Substantial Supervision by another person to protect oneself against threats to health and safety due to Severe Cognitive Impairment. Definitions for chronic illness may vary by state. Refer to your state specific accelerated death benefit endorsement form for complete information.

Terminal illness: One is considered terminally ill if he or she has been diagnosed with a medical condition which results in a life expectancy of 24 months or less (12 months in Florida).

DOS & DON'TS

Accelerated death benefits can vary from case to case. In order to make sure your clients have the most objective information, it is important that you **know the dos and don'ts of marketing ADBE on North American products.**

Don't: Describe North American's accelerated death benefits as like or similar to long-term care or disability or health insurance.

Do: Emphasize that this is a benefit where the company provides a payment now in exchange for a reduction in the total death benefit, which is subject to eligibility requirements as defined in the endorsement. This is often referred to as an "acceleration" of the death benefit. This benefit is not long-term care insurance nor is it intended to replace long-term care insurance. This benefit is not health or disability insurance and is not intended to replace health or disability insurance.

Don't: State that the full amount of the death benefit can be accelerated.

Do: Emphasize that the amount of death benefit that can be accelerated is limited, and that this limit varies between terminal, chronic, and critical benefits. The more severe the condition (such as terminal), the more death benefit may be accelerated.

Don't: State that the payment amount will be the same as the death benefit reduction.

Do: Be clear that the actual payment amount will be less than the amount reduced on the policy's death benefit. For example, on a critical illness acceleration, if the owner receives a payment for \$20,000, then the death benefit amount of the policy will be reduced by \$50,000. The actual amounts and reductions will be clarified at the time of a claim for accelerated death benefits.

Don't: Present the benefit as being paid to the insured.

Do: Be clear the benefit is paid to the owner based on the insured's qualifications. The owner may choose not to elect the benefit, even if the insured meets the qualifications.

Don't: State that any medical condition will qualify for an election of an acceleration of benefits.

Do: Emphasize that the company will require a physician's certification (licensed healthcare practitioner in California) attesting that the insured suffers from the specific medical condition qualification as defined in the endorsement form. Emphasize that the endorsement form requires specific medical conditions be met that may vary by company and state. For more information, refer to the Accelerated Death Benefit Endorsement brochure.

*Stories are for example purposes only. Eligibility requirements apply for qualification of benefits.

1. Accelerated Death Benefits are subject to eligibility requirements. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. There is an administrative fee charged at the time of election.

2. * Source: Genworth Cost of Care Survey, conducted by CareScout®, March 2026. Site accessed May 2026. Median cost is quoted. Genworth is an insurance holding company. <https://www.carescout.com/cost-of-care>

CALIFORNIA NOTE: Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

Payment of Accelerated Death Benefits for chronic illness paid under these Endorsements are intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code. Accelerated death benefit payments due to chronic illness are subject to limits imposed by the federal government and any amounts received in excess of these limits are includible in gross income. Clients should seek assistance from a qualified tax adviser for assistance with any questions they may have.

Refer to the Accelerated Death Benefit Endorsements brochure for more details on these benefits.

Accelerated Death Benefit Endorsement for Critical, Chronic and Terminal Illness is issued on form series ICC22EI09/EI09; Accelerated Death Benefit Endorsement for Critical Illness on form LR498 (CA); Accelerated Death Benefit Endorsement for Chronic and Terminal Illness is issued on form series ICC22EI10/EI10/EI10CA; and Accelerated Death Benefit Endorsement for Terminal illness is issued on form series ICC22EI11/EI11/EI11CA are issued by North American Company for Life and Health Insurance, West Des Moines, IA. Products, features, riders, endorsements or issue ages may not be available in all jurisdictions. Limitations and restrictions may apply.

ACCELERATED DEATH BENEFITS ARE NOT HEALTH, DISABILITY OR LONG TERM CARE INSURANCE NOR ARE THEY INTENDED TO REPLACE HEALTH, DISABILITY, OR LONG TERM HEALTH INSURANCE.

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