

Quality of Life...Insurance

Accelerated Benefit Riders

California Specific



Policies issued by American General Life Insurance Company (AGL), Houston, TX,
member of American International Group, Inc. (AIG).

QoL

Value of Living Benefits

- ✓ Help cover cost of care for chronic, critical, or terminal illness
- ✓ Provide peace of mind during a difficult time
- ✓ Help maintain quality of life



Built-in on **ALL** Quality of Life... Insurance Products

Accelerated Benefit Rider Details

- Accelerate 100% of death benefit, **up to \$2 million**, for a qualifying chronic, critical, or terminal illness.
- Total accelerated death benefit across all QoL policies may not exceed \$2 million
- Provide a discounted benefit depending on severity of the condition and the expected impact on life expectancy
 - More severe the expected impact on life expectancy, greater the accelerated amount
 - Death benefit will be reduced by the death benefit allocated to the benefit claimed
- Indemnity Benefit – No receipts required; spend benefits on anything
- No underwriting restrictions!



Chronic Illness – An illness or physical condition that:

**Certified in the last 12 months by a
licensed health care practitioner**

AND

**Affects the insured so that he or
she is unable to perform at least 2
activities of daily living without substantial
assistance**

OR

**Requires substantial supervision by
another person to protect themselves from
threats to health and safety due to severe
cognitive impairment**

ACTIVITIES OF DAILY LIVING

BATHING

EATING

DRESSING

TOILETING

TRANSFERRING

CONTINENCE

*Claim must be certified by a US physician practicing in the state where the physician is licensed. A claim certified by a U.S. licensed physician practicing abroad is not acceptable.



Critical Illness – An illness or physical condition that:

- ✓ Insured is diagnosed by a physician within 365 days of date claim is received
- ✓ Is diagnosed by a physician* after insured's coverage has been in force for 30 consecutive days
- ✓ Is not an occurrence of the same illness or condition that an acceleration has already been paid under this rider

QUALIFYING CRITICAL ILLNESSES

HEART ATTACK

STROKE

INVASIVE CANCER

END STAGE RENAL FAILURE

MAJOR ORGAN TRANSPLANT

AMYOTROPHIC LATERAL SCLEROSIS (ALS)

BLINDNESS

PARALYSIS

*Claim must be certified by a US physician practicing in the state where the physician is licensed. A claim certified by a U.S. licensed physician practicing abroad is not acceptable.



Terminal Illness – An illness or physical condition that:

**Is certified by a physician*
to be reasonably expected
to result in the insured's
death within 24 months
from the date of the
diagnosis**



*Claim must be certified by a US physician practicing in the state where the physician is licensed. A claim certified by a U.S. licensed physician practicing abroad is not acceptable.

Accelerated Access Solution (AAS)

Additional Chronic Illness Coverage

California Specific



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QoL

Accelerated Benefit Rider Details - **California**

What is it?

- Paid chronic illness rider
- Available on certain permanent policies

How does it work?

- Dollar-for-dollar acceleration
- Client always knows the benefit amount

How much?

- Accelerate 100% of death benefit
- \$3 million maximum

Underwriting details

- Table D max UW class
- Not available with a flat extra.



Accelerated Benefit Solution - **California**

Conditions

- ✓ 2-out-of-6 ADLs; or Severe Cognitive Impairment
- ✓ Does not require condition to be Permanent

Indemnity Benefit

- ✓ No Receipts
- ✓ Spend benefits on anything

Flexible Benefit Base

- ✓ Benefit = 50% up to 100% of Death Benefit
- ✓ \$50,000 minimum up to \$3,000,000 maximum
- ✓ Full waiver of monthly deductions

Accelerated Benefit Solution - **California**



Flexible Monthly Benefit

2% per month OR 4% per month

The maximum monthly amount is \$10,000
increased annually by 4% until the time of claim.

Max Monthly Benefit = Total Benefit ÷ 12

Alternatively, the insured has the option at the time of claim to receive the accelerated benefit in a lump sum payment in lieu of the benefits payable under the original monthly payment option selected. Such lump sum benefit will be subject to an actuarial discount that is determined by the company at the time the insured becomes eligible for benefits under the rider.¹

IRS caps the maximum per diem limitation excludable from taxable income each year. The 2022 maximum is \$390/day or \$11,863/month. Subsequent years may be higher.

¹ The Company will determine the actuarial discount applicable to a given lump sum payment using factors including, but not limited to the Company's assessment of the expected future mortality of the Insured and an interest rate determined as described in the rider.



Care Coordination Program

AGL offers services to help the insured locate and choose a provider through its “Care Coordination Program”.

American General Life has partnered with the nation’s largest administrator of long-term care insurance (Long-Term Care Group, Inc. or LTCG™), to arrange the long-term care services at no cost to policyholders. This free benefit, called the “Care Coordination Program”, is completely optional and available on all policies with the Accelerated Access Solution chronic illness rider.



Care Coordination Program



This program offers access to Care Management professionals that can provide information to support a search for a caregiver or facility that is right for each family's situation as well as assistance to:

- locate a qualified caregiver, long term care facility or home-delivered meals provider
- develop a plan of care to ensure all your needs are met
- direct you to organizations with expertise in your disabling condition
- set up your first home care visit
- understand the steps involved in moving into a long term care facility
- help you understand the cost of long term care and how you will be billed for the services you receive



Disclosures Applicable to Critical Illness, Chronic Illness, and Terminal Illness Accelerated Death Benefit Riders

(1) When filing a claim for Qualifying Critical Illness under a Critical Illness Accelerated Death Benefit Rider, for Qualifying Chronic Illness under a Chronic Illness Accelerated Death Benefit Rider or for Qualifying Terminal Illness under a Terminal Illness Accelerated Death Benefit Rider, the claimant must provide to the Company a completed claim form and then-current Certification which must be received at its Administrative Center.

(2) If a benefit under the Critical Illness Accelerated Death Benefit Rider is payable, the Company will provide the Owner with one (1) opportunity to elect a Critical Illness Accelerated Benefit Amount as to the occurrence of the Qualifying Critical Illness in question. To make such an election, the Owner must complete an election form and return it to AGL within the Election Period set forth in the rider (i.e., within 60 days of the owner's receipt of the election form).

The Company will not provide a later opportunity to elect a Critical Illness Accelerated Benefit Amount under a Policy as to the same occurrence of a Qualifying Critical Illness.

(3) If a benefit under the Chronic Illness Accelerated Death Benefit Rider or under the Terminal Illness Accelerated Death Benefit Rider is payable, the Company will provide the Owner with an opportunity to elect a Chronic Illness Accelerated Benefit Amount as to the Qualifying Chronic Illness in question or to elect a Terminal Illness Accelerated Death Benefit Amount as to the Qualifying Terminal Illness in question, as applicable. To make an election, the Owner must complete an election form and return it to AGL within 60 days of the Owner's receipt of the election form.

(4) Under certain circumstances where an insured's mortality (i.e., our expectation of

the insured's life expectancy) is not significantly changed by a Qualifying Critical Illness or a Qualifying Chronic Illness and, notwithstanding the Minimum Accelerated Benefit Amount provision, the accelerated benefit may be zero.

(5) See your policy for applicable requirements concerning claim and election forms for accelerated death benefits.

(6) Benefits payable under an accelerated death benefit rider may be taxable. Neither American General Life Insurance Company nor any agent representing it is authorized to give legal or tax advice. Please consult a qualified legal or tax advisor regarding questions concerning the information and concepts contained in this material.

(7) Generally, we will send you an IRS Form 1099-LTC if you receive an accelerated death benefit on account of a Chronic Illness or a Terminal Illness. We will send you an IRS Form 1099-R if you receive an accelerated death benefit on account of a Critical Illness. The sum that will be included in Box 2 (Accelerated death benefits paid) of IRS Form 1099-LTC or in Box 1 (Gross distribution) of IRS Form 1099-R will be the actual sum you received by check or otherwise minus any refund of premium and/or loan interest included with our benefit payment plus any unpaid but due policy premium, if applicable, and/or pro rata amount of any loan balance.

(8) The maximum amount of life insurance death benefits that may be accelerated as to an Insured Person under all accelerated benefit riders is the lesser of the existing amount of such death benefits or a lifetime maximum of \$2,000,000.

(9) See your policy for details



Disclosures Applicable to Critical Illness, Chronic Illness, and Terminal Illness Accelerated Death Benefit Riders

NOT Long-Term Care Insurance

This is a life insurance benefit that also gives you the option to accelerate some or all of the death benefit in the event that you meet the criteria for a qualifying event described in the policy. This policy or certificate does not provide long-term care insurance subject to California long-term care insurance law. This policy or certificate is not a California Partnership for Long-Term Care program policy. This policy or certificate is not a Medicare supplement policy.

An accelerated death benefit such as the Chronic Illness Accelerated Benefit Rider and long-term care insurance provide very different kinds of benefits:

Generally, an accelerated death benefit is a rider to or other provision in a life insurance policy that permits the policy owner to accelerate some or potentially all of the death benefit of a life insurance policy if the insured meets the definition of having a chronic illness as defined in the rider or policy provision. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

A Long Term Care insurance policy is any insurance policy, certificate, or rider providing coverage for diagnostic, preventive, therapeutic, rehabilitative, maintenance, or personal care services that are provided in a setting other than an acute care unit of a hospital. Long-term care insurance includes all products containing any of the following benefit types: coverage for institutional care including care in a nursing home, convalescent facility, extended care facility, custodial care facility, skilled nursing facility, or personal care home; home care coverage including home health care, personal care, homemaker services, hospice, or respite care; or community-based coverage including adult day care, hospice, or respite care. Long-

term care insurance includes disability based long-term care policies but does not include insurance designed primarily to provide Medicare supplement or major medical expense coverage.

If you are interested in long-term care, nursing home or home care insurance, you should consult with an insurance agent licensed to sell that insurance, inquire with the insurance company offering the accelerated death benefits, or visit the California Department of Insurance Internet Web site (www.insurance.ca.gov) section regarding long-term care insurance.

If you choose to accelerate a portion of your death benefit, doing so will reduce the amount that your beneficiary will receive upon your death.

Receipt of accelerated death benefits may affect eligibility for public assistance programs, such as Medi-Cal or Medicaid. Prior to electing to receive the accelerated death benefit, you should consult with the appropriate social services agency concerning how receipt of accelerated death benefits may affect that eligibility.

If the policy terminates, the Chronic Illness Accelerated Death Benefit Rider will also terminate.

LTC expense reimbursement vs. ADB benefits are paid without receipts. LTC benefits are based on benefit levels and a pool of money selected at the time of purchase, and ADB benefits depend on the life policy value. ADB benefits will reduce the death benefit that the policyholder's heirs will receive, and the use of the ADB proceeds is unrestricted, whereas LTC benefits will not reduce the death benefit that the policyholder's heirs will receive and the policyholder must use LTC benefits for LTC services.



Disclosures Applicable to Critical Illness, Chronic Illness, and Terminal Illness Accelerated Death Benefit Riders

Accelerated Access Solution (AAS)

The Accelerated Access Solution (AAS) is an optional living benefit rider that is available on the insurance policy issued by American General Life Insurance Company in the state of California. The Accelerated Access Solution is a life insurance rider that accelerates a portion of a policy's death benefit when an insured meets the health impairment criteria set forth in the rider. 1 Control over how money is spent is up to the policy holder; there are no receipts required and no restrictions on what the money is used for once the policy owner has been certified as eligible to receive AAS benefits. Benefits are paid directly to the policyholder for as long as the criteria are met, or until the AAS benefit amount is exhausted, whichever occurs first. Acceleration of death benefits and payments under such an accelerated death benefit will reduce the death benefit of the policy and reduce other policy values as well, potentially to zero. If the entirety of the insurance amount is accelerated, the policy terminates.

Payout Options

Multiple benefit payment options are available with two options for monthly disbursement at the time of purchase: •2% of AAS benefit, or the applicable maximum monthly amount if less •4% of AAS benefit, or the applicable maximum monthly amount if less than the maximum monthly amount is \$10,000 increased annually by 4% until the time of claim. •Alternatively, you have the option at the time of claim to receive the accelerated benefit in a lump sum payment in lieu of the benefits payable under the monthly payment option you selected. Such lump sum benefit will be subject to an actuarial discount that is determined by the company at the time you become eligible for benefits under the rider.2

Benefit Payment

Once the insured meets the health impairment criteria and benefits have been approved for payment, they may select their disbursement. There is a maximum benefit payable under the monthly disbursement option that we'll notify the insured of at their time of claim. The insured may also select a smaller amount than the maximum monthly benefit. A lump sum option is available as well; which can be substituted for monthly benefits.

Tax Implications

There are no restrictions or limitations on the use of the accelerated death benefit proceeds under the Chronic Illness Accelerated Death Benefit Rider. The accelerated benefits payable under this rider are generally intended for favorable tax treatment under Section 101(g) of the Internal Revenue Code. There may be tax consequences in some situation in accepting an accelerated benefit payment amount, such as where payments exceed the per diem limitation under the Internal Revenue Code. You should consult your personal tax advisor to assess the impact of this Benefit prior to accepting the Benefit. 1 Insured must be certified as chronically ill by a Licensed Health Care Practitioner and meet all eligibility requirements and the condition need not be permanent. 2 The Company will determine the actuarial discount applicable to a given lump sum payment using factors including, but not limited to the Company's assessment of the expected future mortality of the Insured and an interest rate determined as described in the rider.



Important Information

Policies issued by American General Life Insurance Company (AGL), Policy Form Numbers 15442, ICC15-15442, 15442-10A, 15646, ICC15-15646; Rider Form Numbers 15602, ICC15-15602, 15603, ICC15-15603, 15604, ICC15-15604, 15600, ICC15-15600, 15972, 82012, 82410, 88390, 14002, 14306, 07620, 15997, ICC15-15997, 15996, 15994, ICC15-15994, 15271, ICC15-15271, 15274, ICC15-15274, 15272, ICC15-15272, 15273, ICC15-15273, ICC14-14002, 15990, 13600-5. Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). Guarantees are backed by the claims-paying ability of the issuing insurance company. AGL does not solicit business in the state of New York. Products may not be available in all states and product features may vary by state. © 2018 AIG. All rights reserved.

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