

DISCLOSURE FORM FOR TERMINAL ILLNESS ACCELERATED DEATH BENEFIT ENDORSEMENT

NOTICE: The endorsement is intended to provide an accelerated death benefit which will qualify for favorable tax treatment under Section 101 (g)(1)(A) of the Internal Revenue Code, as amended, or its successor, except as provided in Section 101(g)(5) of the Internal Revenue Code, as amended, or its successor. As with all tax matters, the Owner should consult a personal tax advisor to assess the impact of any benefit received under the endorsement.

Any benefit received under the endorsement may impact the recipient's eligibility for Medicaid or other government benefits.

PURPOSE OF DISCLOSURE FORM

This disclosure form provides a brief description of the important features of the endorsement. This is not an insurance contract. Only the endorsement contains governing contractual provisions. This means that the endorsement sets forth in detail the rights and obligations of both the Owner and the insurance company.

GENERAL DESCRIPTION

The endorsement provides for a single accelerated death benefit payment to the Owner or the Owner's Estate, during the lifetime of the Insured and while the endorsement is in force, if the Insured is first diagnosed as being a Terminally Ill Individual by a Physician after the Effective Date and all of the terms and conditions of the endorsement are met. The accelerated death benefit amount the Company will pay is called the Adjusted Accelerated Death Benefit.

DEFINITIONS

Adjusted Accelerated Death Benefit. Means the single, lump sum dollar amount equal to (a) minus (b) minus (c) where:

- (a) Accelerated Death Benefit;
- (b) Administrative charge which will not exceed \$300;
- (c) Policy Debt.

The amount deducted from the Accelerated Death Benefit under (c) above, if any, will be used to repay any Policy Debt on the Adjusted Accelerated Death Benefit payment date.

Terminally Ill Individual. Means an individual who has been certified by a Physician as having a non-correctable illness or physical condition which can reasonably be expected to result in death in 6 months or less after the date of certification.

ELIGIBILITY

All of the following conditions must be met to qualify for an accelerated death benefit under the endorsement:

- (a) The Insured is first diagnosed as being a Terminally Ill Individual by a Physician after the Effective Date;
- (b) Written consent from any irrevocable beneficiaries and collateral assignees is received by the Company;
- (c) The Policy is not in force under a grace period, nonforfeiture option or paid-up endowment option;
- (d) An Adjusted Accelerated Death Benefit payment has not been made under the endorsement;
- (e) The date a Physician certifies that the Insured is a Terminally Ill Individual is more than 1 year from the Maturity Date or Expiry Date, if applicable, of the policy;
- (f) Notice of claim is received by the Company; and
- (g) Proof of claim is received by the Company.

IMPACT ON THE POLICY

Lien. A lien will be established against the Policy in the amount of the Accelerated Death Benefit. Interest will be charged on the lien beginning on the Adjusted Accelerated Death Benefit payment date. Interest on the lien will be due on each Policy anniversary date as long as the lien and the Policy are in force. Interest as it accrues is considered part of the lien. Once the lien is established it will continue against the Policy until the earlier of the Policy termination date or the lien repayment date.

The effect of a lien will be as follows:

- (a) The lien amount will be subtracted from the death benefit or death benefit proceeds, as applicable, of the Policy.
- (b) If applicable under the Policy, access to the cash value for surrender, full surrender, partial surrender, withdrawal, partial withdrawal, automatic premium loan or nonforfeiture option will be limited to the cash value of the Policy minus any Policy Debt and minus the Lien. The lien will be repaid, if the Policy is continued in force as paid-up life insurance under a nonforfeiture option.
- (c) Access to the cash value for policy loan or policy loan interest will be limited to the cash value of the Policy minus any Policy Debt and minus the lien. If this limit is negative, the Policy may terminate in accordance with the terms of the Policy.

Continuing Premium Requirement. Any premium payments due under the Policy will need to be paid by the Owner in accordance with the terms and conditions of the Policy.

I acknowledge receipt of the Disclosure Form for Terminal Illness Accelerated Death Benefit Endorsement.

City & State _____ Date _____

X _____ X _____
Agent (Print Name) Agent Signature

X _____ X _____
Applicant/Owner (Print Name) Applicant/Owner (Sign Full Name)

RETURN THIS SIGNED ACKNOWLEDGMENT TO HOME OFFICE

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City & State _____ Date _____

X _____ X _____
Agent (Print Name) Agent Signature

X _____ X _____
Applicant/Owner (Print Name) Applicant/Owner (Sign Full Name)

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