



Accelerated Access Solution®

Chronic Illness Protection Rider

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

Frequently Asked Questions

1. Does a chronic illness need to be permanent in order to access the Accelerated Access Solution® (AAS) benefit?

No, thanks to a recent change in accelerated benefit regulations; which allowed the permanency requirement to be removed from chronic illness riders, AAS benefits can be accessed so long as a licensed healthcare practitioner certifies that the insured has met one of the following criteria for at least 90 consecutive days:

- Unable to perform 2 out of 6 Activities of Daily Living; bathing, dressing, toileting, transferring, continence and eating.
- Diagnosed with a qualifying cognitive impairment (such as Alzheimer’s Disease)

Does that mean that an injury resulting from an accident that is not “life-long” would be covered under this rider?

Yes! Even if a chronic illness resulted from an accidental injury, so long as all of the rider eligibility requirements are met (i.e. satisfies definition of chronically ill and satisfies 90 day elimination period, etc.), you can receive the AAS rider benefit.

2. What are some of the key features that differentiate the AAS chronic illness rider, from a traditional long-term care rider?

FEATURE	AAS Chronic Illness Rider	Traditional Long-term Care Riders
Diagnosis	Severe cognitive impairment or unable to perform at least 2 of the 6 Activities of Daily Living (ADLs) as diagnosed by a licensed healthcare practitioner	Severe cognitive impairment or unable to perform at least 2 of the 6 Activities of Daily Living (ADLs) as diagnosed by a carrier-designated examiner
Duration	At least 90 consecutive days (Permanency NO longer required)	At least 90 days
Benefit Payment Types	Indemnity – full monthly benefit paid to insured every month they qualify	Reimbursement (receipt required) or Indemnity
Benefit Types	Face amount acceleration	Face amount acceleration and/or LTC
Benefit Payment Options	Tax favored if meet IRS per diem requirements (Current maximum of \$370 per day for 2019)	Tax favored if meet IRS per diem requirements and amounts above IRS limits are also not taxable if reimbursement or proof is provided of expenses being related to the condition (Current maximum of \$370 per day for 2019)
Claims	Waives both base policy and rider charges while on an AAS claim, with no short-term claims catch up provision	Carrier predetermined limit for reimbursement riders
Care Coordination Services	Choice of care is up to the insured, Care Coordination Program available at no additional cost and participation is optional	Some form of care coordination assistance is provided by most carriers; costs vary
Policy Premiums Paid by Owner	Fixed number of years	Lifetime
Policy Cash Values	Potentially builds cash value every year until you surrender	Potentially builds cash value every year until you surrender
Benefit amount if NO chronic illness incurred	The entire face amount of your base policy, i.e. your original life insurance benefit amount	The entire face amount of your base policy, i.e. your original life insurance benefit amount

3. The new Accelerated Access Solution is available with what policies?

The new Accelerated Access Solution is currently available on QoL Max Accumulator+, QoL Value+ Protector, and QoL Guarantee Plus GUL II policies. The maximum underwriting classification is Table D - not available with a flat extra rating.

4. What if I suffer more than one Chronic Illness event, may I access both the AAS rider and the QoL Chronic Illness rider?

Yes, you may access both riders for qualifying Chronic Illnesses up to 100% of the death benefits (\$3M on AAS and \$2M on the QoL Chronic Illness Rider) for a combined maximum of \$3M.

5. What is the benefit of having an IRS per diem benefit payout option?

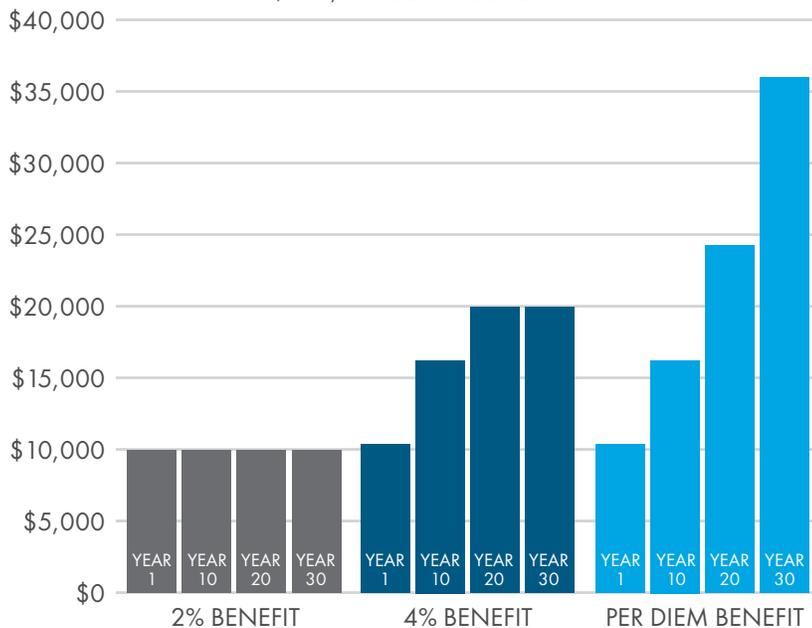
Most chronic illness riders on the market offer either a fixed maximum payout option (typically 2% or 4% of the death benefit) which must be selected at the time of purchase. This locks you into fixed payouts whenever you go on claim.

An alternative with the AAS is the IRS per diem payout option. This feature allows you to purchase just the amount of coverage needed – no more and no less. AAS is the only product currently in the market providing the maximum monthly benefit allowable by law (the per diem) in an indemnity policy with tax-free benefits. AAS also offers the traditional 2% and 4% payout options for a total of 3 payout options to choose from.

The 2019 IRS per diem is \$11,254/month. Since it has historically increased 4% per year, the hypothetical comparison below showcases the 3 payout options for a \$250,000 chronic illness benefit projecting 1, 10, 20 and 30 years from now. The monthly benefit to the owner grows substantially when they have the IRS per diem option as compared a 2% or 4% option offered by other carriers as their only options. The maximum payout per year with the 2% or 4% options is capped and is not flexible.

MONTHLY BENEFIT OPTIONS

\$500,000 DEATH BENEFIT



NOTE: IRS caps the maximum daily rate each year. For 2019, the maximum per diem is \$370/day, or \$11,254/month for a thirty day month. In the chart above, hypothetical per diem increases based on IRS 2019 per diem in year 1, and increasing 4% each year thereafter. Whether or not the IRS per diem limit will change over time is not guaranteed. Hypothetical representation for illustrative purposes only.

In the example, the AAS rider is purchased in 2019 with the per diem option, provides a significant increase in monthly benefit amount as shown in the 10, 20 and 30 year projections. For example in year 10, the 2% monthly payout only pays \$5,000, the 4% monthly payout pays \$10,000 and the IRS per diem monthly payout pays \$15,585.

6. Are there any restrictions on foreign residence/travel and AAS?

Although AAS is not available to foreign nationals, you do not have to live in the US at time of claim to receive benefits. The claim must be certified by a U.S. physician practicing in the state where the physician is licensed. A U.S. licensed physician practicing abroad is not acceptable. Since AAS is an indemnity plan, benefit payments can be made anywhere.

7. How much am I required to purchase, or what are my AAS coverage options?

When purchasing an AAS rider, you have the option to choose anywhere from 50% to 100% of the life insurance benefit amount of the base policy. This is a valuable feature for those that don't need to use their full life insurance benefit amount through their chronic illness (CI) rider. For example, if you purchased a \$1M policy, and didn't need the full \$1M for the CI benefit, you can choose between \$500,000 – \$1,000,000 to meet your needs.

8. How does the waiver of monthly deductions work when I'm on an AAS claim?

Another feature of AGL's chronic illness rider is that while on an AAS claim, your monthly deductions for both the entire base policy and all riders are waived. If you decide to continue paying premiums while taking the AAS benefit, the Waiver of Monthly Deduction will still be in effect and deductions will be waived.

9. Can the Accelerated Access Solution rider be canceled or terminated by American General Life on an inforce policy?

No, the rider cannot be canceled or terminated by American General Life on an inforce policy. It will remain in force as long as the required premiums are paid.

10. What happens if the policy lapses can it and the rider be reinstated?

Yes, if the policy and the rider terminate at the same time, and the policy is reinstated, the Accelerated Access Solution will also be reinstated, subject to evidence of insurability. Also note that while on claim American General Life waives all monthly deductions so if you come off claim you do not owe any back charges which decreases the likelihood of the policy lapsing.

11. What happens if the rider termination was the result of Severe Cognitive Impairment?

In that instance American General will not require evidence of insurability as long as American General receives your written request to reinstate within 5 months of the termination (refer to policy for more details).

12. What happens to my policy after coming off an AAS claim?

Upon returning to active plan status, remaining premiums paid will be based upon the remaining life insurance benefit left in your plan. Remaining premiums would still be actively participating in the policy and could potentially receive interest credits. Future plan administration would be handled by AIG Claims and any inquiries would be directed to (877) 800-2418.

If you are initially eligible for benefits (i.e. satisfy the definition of "Chronically Ill," and the satisfy 90-day elimination period, etc.) and then subsequently recover, a new elimination period will apply if the number of days that has passed since the end of the last benefit period and the date of the new certification for Chronic Illness is greater or equal to 30 days.

13. When purchasing an increasing death benefit (Option B) on an IUL, what happens to the chronic illness benefit?

The lifetime maximum benefit for the Accelerated Access Solution rider equals the selected percentage (2%, 4%, or IRS per diem) multiplied by the base policy life insurance benefit at the time all of the conditions in the Eligibility for Benefits provision are first satisfied. Therefore, for IUL policies using Option B (or increasing benefit), the maximum chronic illness benefit under the AAS rider will also increase, up to the \$3M lifetime cap. Some carriers will cap their chronic illness/LTC rider benefit at the initial life insurance benefit and it will not grow with the increase in their policies' benefit amount.

California Resident Supplemental Information

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.¹⁷ 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

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.¹⁸

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 longterm 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.

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.

¹⁷ 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.

¹⁸ 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.

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.



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