

Accelerated Death Benefit Endorsement for Critical, Chronic, and Terminal Illness

Universal life and indexed universal life insurance products

NOT FOR USE IN CALIFORNIA.

Overview

Midland National automatically includes an Accelerated Death Benefit Endorsement at policy issue for no additional premium on all applicable policies. The endorsement pays benefits if the owner elects to accelerate a portion of the death benefit as described here and in the endorsement form. The Accelerated Death Benefit Endorsement will include a terminal illness benefit and may also include critical and chronic illness benefits based on the eligibility requirements.

Critical illness

Specific medical conditions that may qualify for the critical illness benefit include heart attack, different types of cancer, stroke, major organ transplant, and kidney failure. Please keep in mind that the owner must file the claim within 12 months of a qualifying event.

Eligibility

All of the following criteria must be met for the proposed insured to qualify:

- Maximum issue age of 75 or less (see product feature cards for details); and
- Insured is rated at Table B or better; and
- No medical flat extras (non-medical flat extras are acceptable).

Qualifications

A physician must provide written certification that the insured has incurred a specified medical condition in the past 12 months, listed below.

- Heart attack
- Cancer
- Stroke
- Major organ transplant
- Kidney failure

Benefit amount

The minimum accelerated amount is \$2,500 of the death benefit. The maximum per election is 25% of the death benefit or \$50,000, whichever is less. The payment will be made in a lump sum. An election can be made for each different occurrence of a qualifying event.

Critical illness payment: Any payment an owner receives will be less than the amount of the death benefit that is accelerated – because the benefit is paid prior to the insured's death. All approved claims will receive a payment guaranteed to be 40% of the death benefit amount accelerated, (for example, 40% of \$50,000 = \$20,000) – regardless of the severity of illness, insured's age, or gender.

The dollar amount accelerated for critical illness assumes the policy has no outstanding loans. A portion of the accelerated death benefit payment will be used to reduce the outstanding loan.

Specified medical condition definitions

Cancer – means any malignant tumor positively diagnosed with histological confirmation and characterized by the uncontrolled growth of malignant cells and invasion of tissue. The term malignant tumor includes leukemia, lymphoma and sarcoma.

The following are not covered:

- a) All cancers which are histologically classified as any of the following:
 - Premalignant;
 - Non-invasive;
 - Cancer in situ;
 - Having borderline malignancy; or
 - Having low malignancy potential.

Critical illness (continued)

- b) All tumors of the prostate unless histologically classified as having a gleason score greater than 6 or having progressed to at least clinical TNM classification T2N0M0.
- c) Any skin cancer, (other than malignant melanoma), that has been histologically classified as having caused invasion beyond the epidermis (outer skin layer).
- d) Thyroid cancer classified as TINOMO.

Heart attack – means the death of heart muscle due to inadequate blood supply that has resulted in evidence of myocardial infarction based on typical rise and gradual fall of Troponin and other biochemical markers of myocardial necrosis with at least one of the following:

- a) Typical clinical symptoms (chest pain may or may not be present);
- b) Characteristic electrocardiogram (ECG or EKG) changes; or
- c) Coronary artery intervention.

This does not include:

- a) Angina;
- b) Elevated biochemical cardiac markers as a result of intra arterial cardiac procedures including, but not limited to, coronary angiography and coronary angioplasty, in the absence of new Q waves; or
- c) ECG changes suggesting a prior myocardial infarction, which do not meet the definition of heart attack described above.

Kidney failure – means chronic and end-stage renal failure (failure of both kidneys to function effectively) diagnosed and managed by a nephrologist, as a result of which regular dialysis is necessary.

Major organ transplant – means the undergoing as a recipient of a transplant of bone marrow or a complete heart, kidney, liver, lung, small intestine, or pancreas, or inclusion on the United Network of Organ Sharing (UNOS) waiting list. Transplant of any other organs, parts of organs, tissues or cells is not covered.

Stroke – (cerebrovascular accident) means a definite diagnosis of an acute cerebrovascular event caused by intra-cranial thrombosis, hemorrhage, or embolism with acute onset of new neurological symptoms and new objective neurological deficits on clinical examination, persisting for at least 96 hours following the date of diagnosis. These new symptoms and deficits must be corroborated by diagnostic imaging testing.

The following are not included:

- a) Transient ischemic attacks;
- b) Brain damage due to an accident or injury, infection, vasculitis, and inflammatory disease;
- c) Vascular disease affecting the eye or optic nerve;
- d) Ischemic disorders of the vestibular system;
- e) Chronic cerebrovascular insufficiency

Chronic illness

Benefits for a chronic illness allows the owner to accelerate a portion of the death benefit when the insured is diagnosed with a chronic illness.

Eligibility

All of the following criteria must be met for the proposed insured to qualify:

- Maximum issue age of 80 or less (see product feature cards for details); and
- Insured is rated at Table D or better; and
- No medical flat extras (non-medical flat extras are acceptable).

Chronic illness (continued)

Qualifications

A physician must provide written certification that within the last 12 months the insured is chronically ill. This medical certification is valid for 12 months. The insured is considered to be 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 (ADLs); or
- Requires substantial supervision by another person to protect oneself from threats to health and safety due to severe cognitive impairment.

Activities of daily living are basic human functional abilities, which measure the insured's ability for self care, to live independently without substantial assistance from another person as described below:

1. *Bathing* – the ability to wash oneself by sponge bath, or in either a tub or shower, including the task of getting into or out of the tub or shower;
2. *Continence* – the ability to maintain control of bowel and bladder function; or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for catheter or colostomy bag);
3. *Dressing* – the ability to put on and take off all items of clothing and any necessary braces, fasteners or artificial limbs;
4. *Eating* – the ability to feed oneself by getting food into the body from a receptacle (such as a plate, cup or table) or by a feeding tube or intravenously;
5. *Toileting* – the ability to get to and from the toilet, getting on and off the toilet, and performing associated personal hygiene; and
6. *Transferring* – the ability to move into or out of a bed, chair or wheelchair.

Severe cognitive impairment is defined as deterioration or loss of intellectual capacity that is measured by clinical evidence and standardized tests, which reliably measure impairment in:

- Short-term or long-term memory; OR
- Orientation to person, place or time; OR
- Deductive or abstract reasoning; AND
- Judgment as it relates to safety awareness.

FOR FLORIDA RESIDENTS ONLY:

A physician must provide written certification that within the last 12 months the insured is chronically ill. This medical certification is valid for 12 months. The insured is considered to be 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 (ADLs) due to loss of functional capacity; or
- Requiring substantial supervision for protection from threats to health and safety due to severe cognitive impairment. Diagnosis of severe cognitive impairment must be made by a licensed medical practitioner.

Severe cognitive impairment is defined as a deficiency in a person's short-term or long-term memory, orientation to person, place or time, deductive or abstract reasoning, or judgment to safety awareness.

Benefit amount

The minimum accelerated amount per election, except the final election, is 5% of the death benefit on the initial election date or \$50,000, whichever is less. The maximum per election is 24% of the death benefit on the initial election date or \$480,000, whichever is less. One election is available every 12 months. The death benefit on the initial election date is used to determine the maximum accelerated death benefit and the residual death benefit. The residual death benefit is the greater of 5% of the policy death benefit on the initial election date or \$10,000. The residual death benefit only applies to accelerated death benefits for chronic illness.

The payment will be paid in a lump sum. A new application for election of accelerated benefits must be completed for each election.

Terminal illness	<p>In the event that the insured is found ineligible for critical or chronic illness benefits at the time of policy issue, the terminal illness benefit is included.</p> <p>Eligibility Terminal illness benefits have the same criteria as the life insurance policy issued.</p> <p>Qualification For terminal illness, the physician must provide written certification that the insured has a life expectancy of 24 months or less (12 months or less in Florida).</p> <p>Benefit amount The minimum accelerated amount is 10% of the death benefit or \$100,000, whichever is less on the election date. The maximum the owner may accelerate is 90% of the death benefit or \$1,000,000, whichever is less. We allow only one election per policy for terminal illness. The payment will be paid in a lump sum.</p>
Electing benefits	<p>To elect benefits under this endorsement, the owner must complete an application for election of accelerated benefits form, which includes a section for the physician's certification mentioned above. The application for election also allows the owner to choose the amount of the death benefit to accelerate, subject to the minimum and maximum election amounts listed for each benefit. The maximum death benefit that can be accelerated per policy is \$2,000,000. A final election occurs when the owner chooses to accelerate all of the remaining death benefit in the policy, excluding the residual death benefit.</p>
Physician certification	<p>In order to qualify for benefits, a physician must provide written certification that the insured is critically, chronically, or terminally ill. The diagnosing physician must be a licensed medical doctor (M.D. or D.O.) operating within the scope of the state license issued within the United States. A physician cannot be the owner, the insured, or a member of the insured's or owner's immediate family.</p> <p>Midland National may require a second opinion by a physician Midland National designates. In the event the insured's physician and Midland National's physician disagree on whether the insured is terminally ill, chronically ill, or critically ill, accelerated death benefit eligibility will be determined by a third medical opinion provided by a physician mutually acceptable to both the owner and us. Midland National will pay for any additional medical opinions.</p>
Coordination of Accelerated Death Benefits	<p>Midland National will not simultaneously accelerate any portion of the policy's death benefit for critical, chronic and terminal illness under this endorsement. The owner must discontinue any existing accelerated death benefit payments in order to elect another accelerated death benefit under this endorsement.</p>
Benefit payment	<p>An accelerated death benefit payment the owner may receive will be less than the amount of the death benefit accelerated. This payment is reduced by a discounting method, any administrative fee, and any applicable policy debt repayment.</p> <p>Reduced policy death benefit The policy death benefit will be reduced by the amount of the death benefit accelerated.</p> <p>Discounting method: chronic and terminal The payment the owner may receive will be less than the amount of death benefit accelerated because the benefit is paid prior to death. Because of the time value of money (present money has a higher value than future money) an actual payment made is discounted from the full death benefit accelerated. An actual payment depends on a number of factors such as life expectancy and the interest rate environment at the time of election. A shorter life expectancy and/or a lower interest rate generally leads to a higher payment.</p> <ul style="list-style-type: none"> • For a chronic illness election, a payment is discounted based on current interest rates, age at election, death benefit and account value at election, and the expected mortality for the chronically ill. • For a terminal illness election, a payment is discounted based on current interest rates using an 18-month time period.

Benefit payment (continued)	<p>Administrative fee</p> <p>We charge an administrative fee for the terminal illness and each chronic illness election after applying the discount to the accelerated death benefit amount. The maximum administrative fee is \$200, or \$100 in Florida. There is no administrative fee when the critical illness benefit is elected.</p> <p>Debt repayment amount</p> <p>Policy debt must be reduced in the same proportion to the amount of death benefit accelerated. A portion of the accelerated death benefit (after discounting) will be used to pay down policy debt. (See example under “Impacts to Policy”)</p>
Monthly deduction	<p>For the critical illness election, monthly deductions are not waived, however we will suspend lapse checking for the six months following each election.</p> <p>While a chronic illness election is in effect (12 months following the election date), we waive monthly deductions for the first \$2,000,000 of the policy’s death benefit amount in effect immediately prior to the initial election date. We resume monthly deductions when an election is no longer in effect. However, we will suspend lapse checking if at least 50% of the death benefit on the initial election date has been accelerated (which means the policy is in protected status, which means the policy is guaranteed not to enter the grace period).</p> <p>For a terminal illness election, we waive all monthly deductions after paying the benefit.</p>
Withdrawals and policy loans	<p>Critical illness elections</p> <p>For six months following the election of a critical illness the owner cannot take withdrawals. The election of a critical illness benefit does not impact the ability to take policy loans. Availability of withdrawals resumes after the six-month election period.</p> <p>Chronic illness elections</p> <p>While a chronic illness election is in effect or if the policy is in protected status, the owner cannot take withdrawals. Policy loans may be taken during an election period – except after a final election. Availability of withdrawals resumes after the 12-month election period is over and the policy is not in protected status.</p> <p>Terminal illness elections</p> <p>Withdrawals and policy loans remain available after electing to accelerate the death benefit for terminal illness.</p>
Impacts to policy	<p>Impact to death benefit, specified amount and account value</p> <p>The death benefit, specified amount and account value will all be reduced in proportion to the death benefit that is accelerated. For example, if the death benefit before election is \$100,000 and the accelerated death benefit is \$20,000, the death benefit, specified amount and account value will all be reduced by 20% (\$20,000/\$100,000).</p> <p>While a critical illness election is in effect, the owner may not increase or decrease the specified amount or change the death benefit option.</p> <p>While a chronic illness election is in effect or the policy is in protected status, the owner may not increase or decrease the specified amount or change the death benefit option.</p>
Other riders and endorsements	<p>Upon election of accelerated death benefits, all existing riders and endorsements will continue to be effective, subject to the terms and conditions of each rider or endorsement. The exception is under a final election for chronic illness; in this case, all other riders and endorsements (except for this endorsement) attached to the policy will terminate. However, any accidental death benefit rider on the policy, if any, will not be affected by the accelerated death benefits under the endorsement. After the initial election of the critical or chronic illness accelerated death benefit, no additional endorsements or riders may be added to the policy.</p>

Other riders and endorsements (continued)	<p>Provisions, riders or endorsements that restrict changes to the death benefit</p> <p>If the owner has elected a policy provision, endorsement, or rider that restricts making any changes to the death benefit, the owner may not elect accelerated benefits under the endorsement. This includes any restrictions specified by a policy provision, endorsement, or rider providing overloan protection. If overloan protection benefit is in effect, the owner cannot accelerate the death benefit.</p>
Cancellation in case of death	<p>If the insured dies after the owner elects to receive an accelerated death benefit, but before the payment is made, the election will be cancelled and the death benefit will be paid as described in the policy.</p>
Reinstatement	<p>If the policy is reinstated, the endorsement will be reinstated unless the maximum accelerated death benefit has been paid under the endorsement.</p>
Limitations	<p>Accelerated Death Benefits are not available if the law requires the benefit to meet the claims of creditors, whether in bankruptcy or otherwise, or a government agency requires the benefit in order to apply for, obtain, or keep a government benefit or entitlement.</p>
Term conversions	<p>By current company practice, when a term policy is converted to a permanent policy within the first five policy years, we may add the chronic and/or critical accelerated death benefit without any additional underwriting requirements as long as the policy meets the qualifications listed in the eligibility section of each benefit.</p> <p>This conversion privilege is current company practice and not a guaranteed feature or benefit. Neither the chronic nor critical illness benefits will be available if the policyowner has already exercised one of them on the term policy. For converted policies beyond the fifth policy year, the insured can submit evidence of insurability to apply for both the chronic and critical illness accelerated death benefit. The new policy must meet the qualifications listed in the eligibility section for each death benefit. A change in health will not affect base policy rates, only the availability of the chronic or critical illness accelerated death benefit.</p> <p>The agent must provide an accelerated death benefit disclosure form to the owner at time of application for conversion.</p>
Form	<p>Accelerated Death Benefit Endorsement for Critical, Chronic and Terminal Illness (form series TR169 (USVI), TR210 (USVI) or E109), the Accelerated Death Benefit Endorsement for Chronic and Terminal Illness (form series TR155 (USVI), TR184 (USVI), TR209 (USVI) or E110), Accelerated Death Benefit Endorsement for Terminal Illness (form series TR156 (USVI), TR185 (USVI), TR208 (USVI) or E111) are issued by Midland National Life Insurance Company, West Des Moines, IA. Products, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.</p> <p>THIS IS NOT HEALTH, DISABILITY OR LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE HEALTH, DISABILITY OR LONG TERM CARE INSURANCE.</p>



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