

Financial
Professional

Long-term care and chronic illness PRODUCT COMPARISON

The table below compares general features for products that offer benefits in the event of a chronic illness. These features are not specific to any particular product or carrier.

Category	Product			
	Individual long-term care (LTC) insurance	Linked benefit (life insurance with death benefit acceleration and LTC extension)	Life insurance with chronic illness (CI) protection	Life insurance with LTC rider
Regulation codes	7702b	7702b and modified endowment contract (MEC)	101g	7702b
Definition of chronic illness	2 out of 6 ADLs ¹ or severe cognitive impairment	2 out of 6 ADLs ¹ or severe cognitive impairment	2 out of 6 ADLs ¹ or severe cognitive impairment; some policies and/or states require this condition to be permanent	2 out of 6 ADLs ¹ or severe cognitive impairment
Benefit payment options	Reimbursement, indemnity and cash indemnity	Reimbursement and cash indemnity	Reimbursement and cash indemnity	Reimbursement, indemnity and cash indemnity
Underwriting	Full underwriting with cognitive assessments after certain age	Simplified underwriting	Ranges from no underwriting to full underwriting as part of base life insurance contract	Full underwriting with base life insurance contract
Underwriting classes	Multiple; generally offers some rated classes	Limited; tobacco and couples discount available	Ranges from none to multiple	Multiple; generally offers some rated classes
Charges/premium	Premium determined based on plan design; some limited pay options available	COI ² charge taken from accumulation value like other policy charges; limited pay options available (ranging from single-pay to 10 years)	Design options range from a COI ² charge taken from accumulation value, to no COI charge but an administration fee to access the benefit and increased rate of death benefit acceleration	COI ² charge taken from accumulation value like other charges

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	Individual long-term care (LTC) insurance	Linked benefit (life insurance with death benefit acceleration and LTC extension)	Life insurance with chronic illness (CI) protection	Life insurance with LTC rider
Benefit calculation	Determined based on plan design selected when applying	Monthly death benefit acceleration amount determined by time period selected and other benefit options (such as inflation); monthly LTC extension amount equals the monthly death benefit acceleration amount, but total benefit pool available is based on time period selected	Monthly benefit ranges from 2% to 4% of the death benefit; total CI benefit pool equals a percentage of the base life insurance policy, typically ranging from 10% to 100%	Monthly benefit ranges from 2% to 4% of the death benefit; total LTC benefit pool equals a percentage of the base life insurance policy, typically ranging from 10% to 100%
Impact on death benefit	N/A	Dollar-for-dollar reduction of the death benefit; base policy death benefit must be accelerated fully in order to access LTC extension pool	Design ranges from dollar-for-dollar reduction of death benefit, to an increased reduction ratio of chronic illness benefit to death benefit (for example, \$1 for chronic illness = \$2 of death benefit)	Dollar-for-dollar reduction of the death benefit
Inflation and other options	Compound and simple inflation options; many other riders to enhance the overall benefit	Compound and simple inflation options; return-of-premium feature	No inflation options; monthly CI benefit will track with IRS per diem	No inflation options; monthly LTC benefit will track with IRS per diem

¹ ADL= Activities of Daily Living

² COI= Cost of Insurance

Riders are available at an additional cost and subject to restrictions. Distributions under an LTC or chronic illness rider on a life insurance product, as with any policy loans and withdrawals, may create an adverse tax result in an event of a lapse or policy surrender, and will reduce both the surrender value and death benefit.

This comparison does not take all material factors into account and must not be used with the public. These factors include: product costs, underwriting, suitability and availability. Product features, including limitations and exclusions, vary by company, product and state.

Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods.

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