

## Field bulletin

# NEW Accelerated Death Benefit Endorsements (ADBE) for California

GA20-55

**Date:** November 5, 2020**Effective:** November 23, 2020

Midland National is pleased to announce new accelerated death benefit endorsements for the state of California. Beginning **November 23, 2020**, a new Chronic and Terminal Illness endorsement (Combo) as well as a new Terminal Illness endorsement will be available on currently marketed Term, Universal Life (UL), and Indexed Universal Life (IUL) products.

## What's changed from the previous endorsements?

- The Chronic Illness endorsement will now be available on Premier Term (previously only the Terminal Illness endorsement was included).
- Chronic and Terminal Illness will now be combined as a single endorsement.
- More than one election is permitted to be made in a 12-month period.
- Removed the word "permanent" and "consecutive" from the definition of chronically ill to now read: *"Being expected to be unable to perform, for at least 90 days without Substantial Assistance from another person, at least two Activities of Daily Living"*
- The election of benefits provision includes the requirements for a second assessment if the insured does not meet the definition of chronically ill.
- The lifetime policy maximum will vary depending on which endorsements are issued with the policy. For example:

- If a person qualifies for Critical, Chronic, and Terminal Illness, he or she will receive endorsement forms TR197 (the existing CA Critical Illness) and the new TR20904 for the Combo (Chronic/Terminal Illness). Lifetime Policy Maximum = \$2,000,000\*
- If a person qualifies for the Combo, he or she will receive the endorsement for the new TR20904 (Chronic/Terminal). Lifetime Policy Maximum = \$2,000,000\*
- If a person qualifies for Terminal Only, he or she will receive the endorsement for the new TR20804 (Terminal Only). Lifetime Policy Maximum = \$1,000,000

\*The lifetime policy maximum is the total acceleration of death benefit from multiple claims.

## Application Signed Date Guidelines

The Chronic and Terminal Illness endorsement (Combo) as well as the new Terminal Illness endorsement will be available on applications dated **on or after** October 1, 2020. To be eligible to receive these new benefits on an application dated **prior** to October 1, 2020, a new fully completed application dated October 1, 2020, or after will be required.

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### Product Availability

The Chronic and Terminal Illness endorsement (Combo) as well as the new Terminal Illness endorsement will be available on the following products:

- Premier Term 8
- Essential Guaranteed® UL 5
- Strategic Protector IUL
- Strategic Accumulator IUL
- Strategic Accelerator IUL

*Note: The Critical Illness endorsement is available on permanent UL and IUL products only (not available on Term).*

### Eligibility and Requirements

Benefit	Age and Class Availability	Special Form Requirements
New Chronic Illness	<ul style="list-style-type: none"> <li>• Available on ages 0-80 (based on age calculation of base plan)</li> <li>• Not available if approved Table E or higher</li> <li>• Not available if approved with medical flat extra rating</li> <li>• Not available if long term care insurance is being replaced</li> <li>• Subject to individual underwriting consideration – meaning Underwriting can choose to not offer the benefit based on health history of client even if rating threshold has not been met.</li> </ul>	<ul style="list-style-type: none"> <li>• ADBE Chronic Illness Supplemental Application: 9870 (7-14)</li> <li>• Disclosure Form <b>9504CA (4-20)</b> for permanent products and <b>27753CA (4-20)</b> for Term</li> </ul>
New Terminal Illness	<ul style="list-style-type: none"> <li>• Available on ages 0-85 (based on age calculation of base plan)</li> <li>• Available at all classes/ratings</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure Form <b>9504CA (4-20)</b> for permanent products and <b>27753CA (4-20)</b> for Term</li> </ul>
Critical Illness *No change in this benefit, only available on UL and IUL products, not available on term	<ul style="list-style-type: none"> <li>• Available on ages 0-75 (based on age calculation of base plan)</li> <li>• Not available if approved Table C or higher</li> <li>• Not available if approved with medical flat extra rating</li> <li>• Not available if proposed insured does not have health insurance</li> <li>• Not available if Chronic Illness benefit is denied for any reason</li> </ul>	<ul style="list-style-type: none"> <li>• CA ADBE Critical Illness Summary Disclosure: 7627CACR (9-16)</li> </ul>

### ADBE Chronic Illness Supplemental Application

[Form 9870 \(7-14\)](#), Supplement to Individual Life Insurance Application – Eligibility for Chronic Illness, will be used to determine eligibility for the Chronic/Terminal Illness endorsement (combo). This form is required to be completed, signed, and submitted with the general purpose application. In addition to medical questions, the supplemental application contains a question regarding replacement of long-term care insurance.

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### Concerning Long-Term Care Insurance

Midland National's Chronic/Terminal Illness accelerated death benefit is not intended to provide, and does not provide, the same benefits for services as long term care insurance. Chronic/Terminal Illness accelerated death benefit is not long-term care insurance, is not intended to replace long-term care insurance, and does not eliminate the need for long-term care coverage. If the supplemental application indicates a replacement for long-term care insurance, the Chronic Illness endorsement will not be available.

### ADBE Summary and Disclosure Statement

The disclosure forms are required to be provided to the client at time of application. A second copy is required to be signed by the owner and agent, and submitted with the application.

The new ADBE summary and disclosure statement form numbers are:

- [9504CA \(4-20\) for permanent products](#)
- [27753CA \(4-20\) for term products](#)

### Policy Date Guidelines

If a policy is issued with the new Chronic/Terminal (combo) or Terminal Illness endorsements, the policy date must be **October 1, 2020** or after.

### Transition Period Information

*The following information applies to applications that are dated 10/1/20 or after.*

On November 23, 2020, the new ADBE benefit endorsements will be automatically applied to any eligible case that has not been placed in force. Requirements will also be added for the new ADBE supplemental forms regardless if the case is pending, approved, or issued. These forms will be required before the case can proceed to the next status (ex: forms will be required for a pending/approved case to be issued and for an issued case to be placed in force). If you would like to proactively complete the new supplemental forms, you may access them via the links below.

- UL/IUL ADBE Supplemental form
  - [9504CA \(4-20\) for permanent products](#)
- Term ADBE Supplemental forms
  - [27753CA \(4-20\) for term products](#)
  - [Form 9870 \(7-14\)](#), Supplement to Individual Life Insurance Application – Eligibility for Chronic Illness

While the new forms can be completed now, policies will not be able to be issued with the new ADBE benefits until November 23, 2020. Web Illustrations will be updated with the new ADBE benefits on November 25, 2020.

- If you have an eligible case that is ready to be issued and you would like it held until November 23 so it will be issued with the new ADBE benefit endorsement, contact New Business or Policy Change with this request. We will also hold up issuing a policy until November 23 if the new ADBE supplemental forms are received.

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- If a request is not received to hold up issuing a case or if the new ADBE forms are not received, any cases that are ready to be issued between now and November 20, 2020, will be issued per standard processing guidelines.

Please refer to the following chart for a detailed explanation of what will happen to your pending business that has not been placed in force as of November 20, 2020. This action will take place throughout the week of November 23.

Note: any business placed in force by November 20, 2020, will **not** automatically be updated to receive the new ADBE benefit endorsements. To request the new ADBE benefit endorsement on an inforce case, exchange paperwork will need to be submitted and the case will be subject to full underwriting.

Plan	Status	Action
Term	Pending as of 11/20/20	<ul style="list-style-type: none"> <li>• If not already received, a requirement for Supplemental Application form #9870 will be added and required before an underwriting decision.</li> <li>• If not already received, a requirement for ADBE Disclosure form #27753CA will be added and required before a policy will be issued.</li> </ul>
Term	Approved but not issued as of 11/20/20	<ul style="list-style-type: none"> <li>• If not already received, a requirement for ADBE Disclosure form #27753CA and Supplemental Application form #9870 will be added and required before a policy will be issued.*</li> <li>• When issued, new ADBE benefits will be included based on eligibility.</li> </ul>
Term	Issued but not placed in force as of 11/20/20	<ul style="list-style-type: none"> <li>• If not already received, a requirement for ADBE Disclosure form #27753CA and Supplemental Application form #9870 will be added and required before the case will be placed in force.*</li> <li>• Once forms are received, case will be reissued with new ADBE benefits based on eligibility.</li> </ul>
UL/IUL	Not issued as of 11/20/20	<ul style="list-style-type: none"> <li>• If not already received, a requirement for ADBE Disclosure form #9504CA will be added and required before a policy will be issued.</li> <li>• When issued, new ADBE benefits will be included based on eligibility.</li> </ul>
UL/IUL	Issued but not placed in force as of 11/20/20	<ul style="list-style-type: none"> <li>• If not already received, a requirement for ADBE Disclosure form #9504CA will be added and required before the case will be placed in force.</li> <li>• Policy will be reissued with new ADBE benefits based on eligibility.</li> </ul>

\*If an application has already been approved and underwriting was able to determine that Chronic Illness is not eligible, the Supplemental Application form #9870 will not be required.

### Inforce Policies

Midland National will not automatically add the new Chronic and Terminal Illness (combo) or new Terminal Illness endorsements to any inforce policies.

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To request the new ADBE benefit endorsements on an inforce case, exchange paperwork will need to be submitted and the case will be subject to full underwriting.

When a policy is terminated that previously had accelerated death benefit endorsements, we will reinstate the policy with the same endorsements upon approval of the reinstatement.

To add the new ADBE benefit endorsements to a case that was placed inforce as of November 20, 2020:

- If the policy is within the free-look period:
  - A written request can be submitted to Policy Change requesting the new benefits. The new ADBE supplemental forms will be required (Supplemental application and disclosure form for term; Disclosure form only for UL/IUL).
    - *Note – Adding Chronic to term will be subject to underwriting approval.*
  - A new policy number will be assigned and once approved, a new policy will be issued.
- If the policy is not within the free-look period:
  - Full exchange paperwork including the new ADBE supplemental forms should be submitted to Policy Change.
  - A new policy number will be assigned and once approved, a new policy will be issued.

### **Guaranteed exchange privilege (Essential Guaranteed<sup>®</sup> UL)**

When applying for an exchange under the guaranteed exchange option on the Essential Guaranteed UL product, if the existing policy did not have the accelerated death benefit endorsement for Chronic Illness, the following forms must be included when submitting paperwork for the exchange:

- ADBE Chronic Illness Supplemental Application
- The new accelerated death benefit summary and signed disclosure statement form

### **Illustration platform**

ExactIllustrations will be updated with the new ADBE benefit endorsements starting **November 25, 2020**. Please note that the New Business and Policy Change systems will be updated effective November 23, 2020. Any policies issued on November 23 and 24 will reflect the new ADBE benefit endorsements but web illustrations will not be updated to show the new ADBE benefit endorsements until November 25, 2020.

### **ExactApp<sup>®</sup> e-app electronic applications**

Effective **November 25, 2020**, all applications started and/or submitted in ExactApp<sup>®</sup> will include the new supplemental forms for the new Chronic/Terminal Illness (combo) and new Terminal Illness endorsements.

### **More information**

For further information on these changes, please contact your Regional Distribution Partner.

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Regional Distribution Partners are Regional Sales Directors who are independent agents contracted with Midland National and Regional Vice Presidents who are employees of Midland National.

Sammons Financial<sup>SM</sup> is the marketing name for Sammons<sup>®</sup> Financial Group, Inc.'s member companies, including Midland National<sup>®</sup> Life Insurance Company. Annuities and life insurance are issued by, and product guarantees are solely the responsibility of, Midland National Life Insurance Company.

**AN ACCELERATED DEATH BENEFIT FOR CHRONIC ILLNESS IS NOT LONG-TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG-TERM CARE INSURANCE.**

**Agents offering, marketing, or selling accelerated death benefits in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide your clients with the revised Long-Term Care Comparison Chart, form 20627 (4-20).**

Indexed Universal Life Insurance products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Strategic Accelerator (policy form series L149), Strategic Protector (policy form series L148), Strategic Accumulator (policy form series L147), Essential Guaranteed UL 5 (policy form series L146), and Premier Term (policy form series T142), or state variations, Accelerated Death Benefit for Chronic and Terminal Illness (form TR20904, CA only), Accelerated Death Benefit Endorsement for Terminal Illness (form TR20804, CA only), and Accelerated Death Benefit Endorsement for Critical Illness (form TR197, CA only), are issued by Midland National<sup>®</sup> Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, South Dakota 57193. Products, features, riders, endorsements, or issues ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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