

Accelerated Death Benefit Endorsements for Select Whole Life 5

Financial protection against critical, chronic, and terminal illnesses

Overview

Midland National automatically includes an Accelerated Death Benefit Endorsement for Select Whole Life 5 (SWL5) at policy issue for no additional premium on all applicable policies. These endorsements pay benefits if the owner elects to accelerate a portion of the face amount as described here and in the endorsement form. The Accelerated Death Benefit Endorsement for SWL5 includes critical, chronic, and terminal illness benefits based on the eligibility requirements. Qualification may vary by jurisdiction.

Critical illness

Coverage for a critical illness allows the owner to accelerate a portion of the face amount when the insured is diagnosed with a qualifying medical condition.

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 the lesser of 10% of the face amount on the election date, or \$100,000. The maximum per election is 90% of the face amount up to \$1,000,000. The payment will be made in a lump sum. An election can be made for each different occurrence of a qualifying event.

Specified medical conditions 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.
- 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

Critical illness (Continued)

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

Coverage for a chronic illness allows the owner to accelerate a portion of the face amount 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).

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;

<p>Chronic illness (Continued)</p>	<p>5. <i>Toileting</i> – the ability to get to and from the toilet, getting on and off the toilet, and performing associated personal hygiene; and</p> <p>6. <i>Transferring</i> – the ability to move into or out of a bed, chair or wheelchair.</p> <p>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:</p> <ul style="list-style-type: none"> • Short-term or long-term memory; OR • Orientation to person, place or time; OR • Deduction or abstract reasoning; AND • Judgment as it relates to safety awareness. <p>Benefit amount</p> <p>The minimum accelerated amount per election is 5% of the face amount on the initial election date or \$50,000, whichever is less. The maximum per election is 24% of the face amount on the initial election date or \$480,000, whichever is less. One election is available every 12 months. The face amount on the initial election date is used to determine the maximum accelerated face amount and the residual death benefit. The residual death benefit is the greater of 5% of the policy face amount 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.</p>
<p>Terminal illness</p>	<p>Coverage for a terminal illness allows the insured to accelerate a portion of the face amount while living if diagnosed with a terminal illness.</p> <p>Eligibility</p> <p>Terminal illness coverage has the same criteria as the life insurance policy issued.</p> <p>Qualification</p> <p>For terminal illness, the physician must provide written certification that the insured has a life expectancy of 24 months or less, or 12 months in Florida.</p> <p>Benefit amount</p> <p>The minimum accelerated amount is 10% of the face amount on the election date or \$100,000, whichever is less. The maximum the owner may accelerate is 90% of the face amount 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>
<p>Electing benefits</p>	<p>To elect benefits under these endorsements, 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 face amount they'd like to accelerate, subject to the minimum and maximum election amounts listed for each benefit. The maximum face amount that can be accelerated per policy is \$2,000,000. A final election occurs when the owner chooses to accelerate all of the remaining face amount in the policy, excluding the residual death benefit.</p>
<p>Physician certification</p>	<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 critically, chronically, or terminally 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>
<p>Coordination of accelerated death benefits</p>	<p>Midland National will not simultaneously accelerate any portion of the policy's face amount for critical, chronic, and terminal illness under these endorsements. The owner must discontinue any existing accelerated death benefit payments in order to elect another accelerated death benefit under this endorsement.</p>

Impact of illness on mortality

It is important to remember that many factors will determine whether a Critical Illness or Chronic Illness benefit is payable as well as the amount of any benefit payable. The impact an illness has on future mortality is one of the key factors in determining the amount and availability of benefits along with other factors such as age, and the amount of the death benefit and premiums normally payable under the policy. Certain illnesses, including even some forms of cancer, may actually have a minimum impact to future mortality and result in no benefit being payable. We assess the impact of an illness to mortality in our sole discretion using our established underwriting guidelines.

Quotes – Accelerated Benefit Summary report

Midland National's ExactIllustrations software provides theoretical benefit payments for critical and chronic illness accelerated death benefit elections according to three generic impacts to the insured's life expectancy. They are described as minor, moderate, and severe impact on future mortality. It is important to note that the actual result of the time of election underwriting process may fall anywhere within this range (i.e. anywhere between minor to severe). With minor to moderate impact on future mortality, the accelerated benefit payment may be zero or minimal.

- Minor: Based on health conditions that are reasonably expected to have very little or no effect on the insured's lifespan.
- Moderate: Based on health conditions that are reasonably expected to shorten the insured's lifespan by a meaningful amount.
- Severe: Based on health conditions that are reasonably expected to shorten the insured's lifespan substantially, but not to the extent that the condition can be considered Terminal (24 months or less).

Hypothetical Example

The hypothetical example below assumes \$24,000 is accelerated. It is representative of various products and ages and is intended to show how the benefit payment can vary across the severity of future mortality impact due to critical and chronic conditions. Please run an actual illustration to obtain sample payouts for a particular product and insured.

Attained Age At Acceleration	Minor Impact on Future Mortality	Moderate Impact on Future Mortality	Severe Impact on Future Mortality
60	\$0	\$12,000	\$20,000
70	\$0	\$13,000	\$21,000
80	\$0	\$14,000	\$22,000

Benefit payment amount

An accelerated death benefit payment the owner may receive will be less than the face amount accelerated. The following occurs when a policyowner elects to accelerate the death benefit.

1. The policy face amount is reduced by the accelerated amount.
2. The benefit payment is determined by reducing the accelerated amount by:
 - a. An actuarial discount.
 - For terminal illness elections, the discount is based on current interest rates using an 18-month time period.
 - For critical and chronic illness elections, the discount amount is determined through an underwriting process at the time of election. See the **Underwriting at time of election** section below.
 - b. An administrative fee. See the **Administrative fee** section below.

Underwriting at time of election

For critical and chronic illness election, the actuarial discount is based primarily upon our evaluation of the insured's life expectancy. A shorter life expectancy will result in a larger payment and a longer life expectancy will result in a smaller payment which may be as low as zero dollars. Our evaluation of the insured's health may be based upon several sources including our underwriting manual, published survival rates from medical data, reinsurer review, medical records, and any other underwriting techniques in use at the time of election. The benefit payment will be reduced by the value of all future premiums the company expected to receive on the accelerated amount prior to the death of the insured, as well as lost investment income.

Administrative fee

We charge an administrative fee for a terminal illness election and for each critical or chronic illness election. The current and maximum administrative fee is \$200 for a terminal illness election. The current fee for each critical and chronic illness election is \$250, and the maximum is \$500. The administrative fee may vary by jurisdiction.

Waiver of premiums	<p>For a terminal illness election, we waive all premiums after paying the benefit.</p> <p>For chronic and critical illness elections, we do NOT waive premiums, nor do we suspend lapse checking. However, future premium payments are reduced because they are based upon the remaining face amount.</p>
Impact to face amount	<p>The face amount will be reduced in proportion to the face amount that is accelerated. For example, if the face amount before election is \$100,000 and the accelerated death benefit is \$20,000, the face amount will be reduced by 20% (\$20,000/\$100,000).</p>
Other riders and endorsements	<p>Upon election of accelerated death benefits, the Option to Purchase Additional Insurance Rider, if attached to the policy, will terminate. All other endorsements and riders attached to the policy will continue to be effective subject to the terms and conditions of each endorsement or rider. 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. After the initial election of a critical or chronic illness accelerated death benefit, no additional endorsements or riders may be added to the policy.</p> <p>Provisions, riders or endorsements that restrict changes to the face amount</p> <p>If the owner has elected a policy provision, endorsement, or rider that restricts making any changes to the face amount, the owner may not elect accelerated benefits under these endorsements. This includes any restrictions specified by a policy provision or another rider or endorsement.</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 face amount will be paid as described in the policy. If the insured dies before all benefit payments are paid, we will pay the face amount in lieu of any remaining accelerated death benefit payments.</p>
Reinstatements	<p>These endorsements may be reinstated following a policy lapse unless the maximum accelerated death benefit has been paid under these endorsements.</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 benefit without any additional underwriting requirements as long as the policy meets the qualifications listed in the eligibility section of each benefit. 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.</p> <p>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 benefit. A change in health will not affect base policy rates; only the availability of the accelerated death benefit endorsement.</p> <p>The agent must provide an accelerated death benefit disclosure form to the owner at time of application for conversion.</p>
Form	<p>Select Whole Life 5 (policy form series L151), Accelerated Death Benefit Endorsements for Critical, Chronic, and Terminal Illness (policy form series TR172), Accelerated Death Benefit Endorsement for Chronic and Terminal Illness (policy form series TR171), Accelerated Death Benefit Endorsement for Terminal Illness (policy form series TR170), and OPAI rider (policy form series TR189) are issued by Midland National Life Insurance Company, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Products, features, endorsements, riders or issue ages may not be available in all states and jurisdictions. Limitations or restrictions may apply.</p> <p>THIS IS NOT LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG TERM CARE INSURANCE.</p>

**THE ACCELERATED DEATH BENEFIT ENDORSEMENT FOR CRITICAL ILLNESS IS NOT HEALTH INSURANCE NOR IS IT INTENDED TO REPLACE HEALTH INSURANCE.
THE ACCELERATED DEATH BENEFIT FOR CHRONIC ILLNESS IS NOT LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG TERM CARE INSURANCE.**

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