

Life Insurance

CHRONIC ILLNESS RIDER

Accessing Living Benefits



Everything Insurance Should Be®

One of the most challenging conversations you may have with your clients is discussing the reality of chronic illnesses and their associated expenses. When you help your clients select the right amount of life insurance coverage for their needs, consider discussing more than just a policy's death benefit. A policy with living benefits can allow the policyowner to access cash while they are still living.

Cincinnati Life's Chronic Illness Rider allows you to offer clients living benefits with flexibility and liquidity. Should they become chronically ill, this rider provides policyowners the ability to use an accelerated portion of the policy death benefit as they see fit.

Key features

- Premiums are charged up front, not taken from the death benefit.
- Your clients have access to the death benefit even if they need to use this rider soon after policy coverage begins.
- No receipts for medical care, in-home assistance or similar expenses are required because benefits are based on the amount requested, not the actual costs incurred.

Rider information

- Can be added only at issue
 - Guaranteed Whole Life: 15 days-70 years
 - Heritage UL: 15 days-70 years
- Cannot be combined with Accelerated Benefit Rider
- Requires policy face amount of \$100,000 or more
- Not available with a substandard rating above Table 2
- Requires Supplemental Application Form CLI-8956
- Requires cognitive screening for ages 61 and older

How it works

A portion of the death benefit can be requested once per calendar year if the insured is either:

- Diagnosed by a licensed health care practitioner within the preceding 12 months as:
 - Permanently unable to perform two or more activities of daily living without substantial assistance due to loss of functional capacity, or
 - Requiring substantial supervision due to permanent severe cognitive impairment
- Diagnosed by a physician with a terminal illness that is reasonably expected to result in death within 24 months

Limits and conditions

Each accelerated benefit payment is subject to limits and conditions:

- Administrative expense fee is applied to each acceleration, with a maximum charge of \$250 per acceleration
- Minimum benefit that can be advanced is \$10,000
- Maximum lifetime benefit available is the lesser of \$1 million or the face amount minus the minimum policy death benefit:
 - \$10,000 for Guaranteed Whole Life
 - \$35,000 for Heritage UL
- Maximum annual advance is limited to the lesser of:
 - 25% of the difference between the specified amount and the minimum plan face amount at the time of first accelerated benefit payment or
 - 365 multiplied by the IRS per diem limitation (\$390 as of 2022) = \$142,350

Effects of an accelerated benefit payment

- Death benefit, policy value and any surrender charge or policy loan amount are reduced by the accelerated percentage
- Accelerated benefit payment is decreased by any loan amount reduction
- Future payments or charges are reduced
 - Guaranteed Whole Life: premiums based on original issue age and reduced specified amount
 - Heritage UL: cost of insurance calculated using new specified amount at time of deduction

Examples

These examples are based on the policyholder having no outstanding policy loans and taking the maximum available benefit payment.

Example #1 – Guaranteed Whole Life policy with a \$500,000 death benefit

- 25% of \$490,000 (\$500,000 – \$10,000): \$122,500
- Payment limit: \$122,500 (lesser of \$122,500 and \$142,350)
- New policy face amount: \$377,500

Example #2 – Heritage UL policy with a \$500,000 death benefit

- 25% of \$465,000 (\$500,000 – \$35,000): \$116,250
- Payment limit: \$116,250 (lesser of \$116,250 and \$142,350)
- New policy face amount: \$383,750

Example #3 – Guaranteed Whole Life policy with a \$2 million death benefit

- 25% of \$1 million (lifetime maximum) is \$250,000
- Payment limit: \$142,350 (lesser of \$250,000 and \$142,350)
- New policy face amount: \$1,857,650



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This is not a policy. For a complete statement of the coverages and exclusions, please see the policy contract. All applicants are subject to underwriting approval. Products and riders available in most states.

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