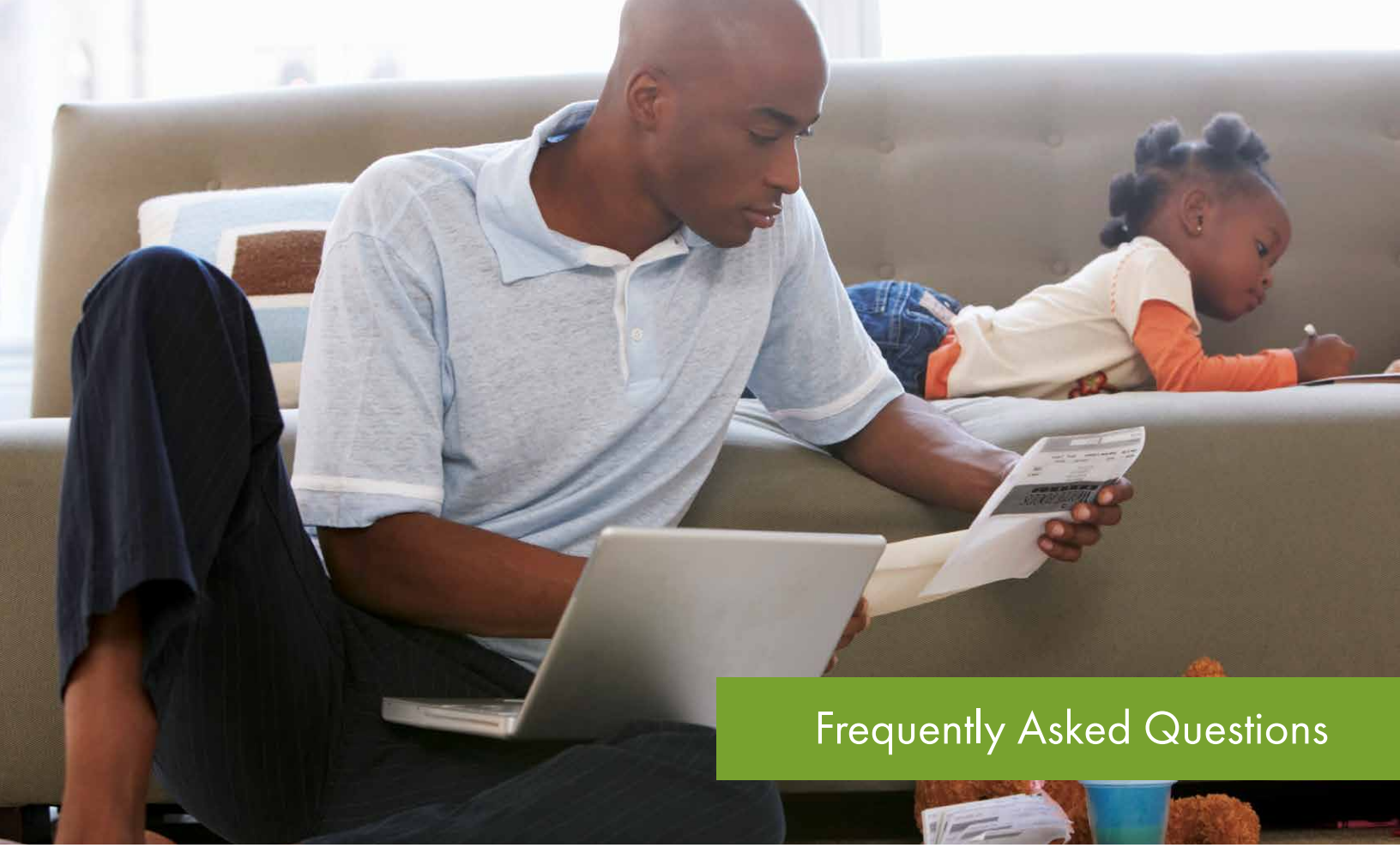

Frequently Asked Questions

Accelerated Access Solution®
Chronic Illness Protection Rider

1. Is it true that a chronic illness no longer needs to be permanent in order to access the new Accelerated Access Solution® (AAS) benefit?

Yes, it's true! American General Life's (AGL) AAS chronic illness rider no longer requires that a condition is expected to be permanent in order to file a claim for benefits.

How's that possible and what will the new requirement be?

Thanks to a recent change in accelerated benefit regulations, which allowed the permanency requirement to be removed from chronic illness riders, AAS benefits can now be accessed as long as a licensed healthcare practitioner certifies that the insured has met one of the following criteria for at least 90 consecutive days:

- Unable to perform 2 out of 6 Activities of Daily Living
- Diagnosed with a qualifying cognitive impairment (such as Alzheimer's Disease)

Does that mean that an injury resulting from an accident that is not "life-long" would be covered under this rider?

Yes! Even if a chronic illness resulted from an accidental injury, as long as all of the rider eligibility requirements are met (i.e. satisfies definition of chronically ill and satisfies 90-day elimination period, etc.), you can receive the AAS rider benefit.

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AGLC109769 REV0616

Policies issued by American General Life Insurance Company, member of American International Group, Inc. (AIG)

2. The new Accelerated Access Solution is available with what policies?

The new Accelerated Access Solution is currently available on Value+ Protector, Max Accumulator+, and Secure Lifetime GUL 3 policies. AAS can be added either with or without the Lifestyle Income Solution® (LIS), depending upon the base policy selected. AAS and LIS riders can be purchased together in the Asset Protector bundle or individually. More information can be found on RetireStronger.com.

3. Are there any restrictions on foreign residence/travel and AAS?

Although AAS is not available to foreign nationals, you do not have to live in the US at time of claim to receive benefits. AGL accepts certification by a US licensed health care practitioner even if the practitioner is not residing in the US. The practitioner must maintain his or her US healthcare license. Since AAS is an indemnity plan, benefit payments can be made anywhere.

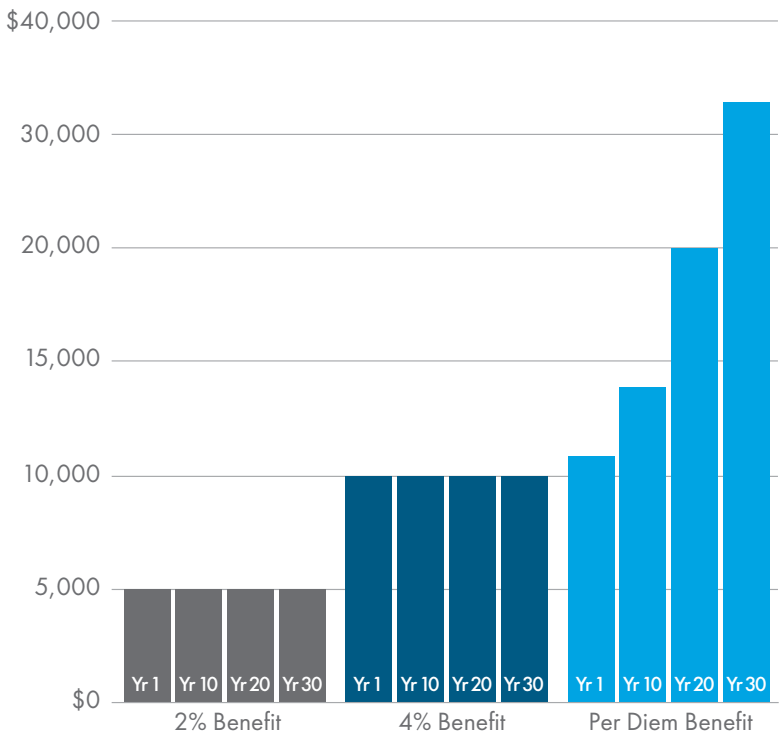
4. What is the benefit of having an IRS per diem benefit payout option?

Most chronic illness riders on the market offer either a fixed maximum payout option (typically 2% or 4% of the death benefit) which must be selected at the time of purchase. This locks you into fixed payouts whenever you go on claim.

A unique alternative with the AAS is the IRS per diem payout option. This feature allows you to purchase just the amount of coverage needed – no more and no less. AAS is the only product currently in the market providing the maximum monthly benefit allowable by law (the per diem) in an indemnity policy with tax-free benefits. AAS also offers the traditional 2% and 4% payout options for a total of 3 payout options to choose from.

The 2016 IRS per diem is $10,341.66/month. Since it has historically increased 4% per year, the hypothetical comparison below showcases the 3 payout options for a $250,000 chronic illness benefit projecting 1, 10, 20 and 30 years from now. The monthly benefit to the owner grows substantially when they have the IRS per diem option as compared a 2% or 4% option offered by other carriers as their only options. The maximum payout per year with the 2% or 4% options is capped and is not flexible.

Activation at Years 1, 10, 20, 30



In the example, the AAS rider is purchased in 2016 with the per diem option, provides a significant increase in monthly benefit amount as shown in the 10, 20 and 30 year projections. For example in year 10, the 2% monthly payout only pays $5,000, the 4% monthly payout pays $10,000 and the IRS per diem monthly payout pays $15,308.18.

5. How much am I required to purchase, or what are my AAS coverage options?

When purchasing an AAS rider, you have the option to choose anywhere from 50% to 100% of the life insurance benefit amount of the base policy (maximum $3M death benefit). This is a great feature for those that don't need to use their full life insurance benefit amount through their chronic illness (CI) rider. For example, if you purchased a $1M policy, and didn't need the full $1M for the CI benefit, you can choose between $500,000 – $1,000,000 to meet your needs.

6. How does the waiver of monthly deductions work when I'm on an AAS claim?

Another unique feature of AGL's chronic illness rider is that while on an AAS claim, your monthly deductions for both the entire base policy and all riders are suspended. If you decide to continue paying premiums while taking the AAS benefit, the Waiver of Monthly Deduction will still be in effect and deductions will be waived.

No other carriers currently offer the ability to choose a CI benefit of less than 100% of the life insurance benefit AND waive monthly deductions for the entire base policy plus all riders while on claim – including the portion not covered by the CI benefit.

7. Can the Accelerated Access Solution rider be canceled or terminated by American General Life on an inforce policy?

No, the rider cannot be canceled or terminated by American General Life on an inforce policy. It will remain in force as long as the required premiums are paid.

8. What happens if the policy lapses? Can it and the rider be reinstated?

Yes, if the policy and the rider terminate at the same time, and the policy is reinstated, the Accelerated Access Solution will also be reinstated, subject to evidence of insurability. Also note that while on claim American General Life waives all monthly deductions so if you come off claim you do not owe any back charges which decreases the likely hood of the policy lapsing.

9. What happens if the rider termination was the result of Severe Cognitive Impairment?

In that instance American General will not require evidence of insurability as long as American General receives your written request to reinstate within 5 months of the termination (refer to policy for more details).

10. What happens to my policy after coming off an AAS claim?

Upon returning to active plan status, remaining premiums paid will be based upon the remaining life insurance benefit left in your plan. Remaining premiums would still be actively participating in the index strategy (only applies to IUL) account and could potentially receive interest gains. Future plan administration would be handled by AGL Claims and any inquiries would be directed to (877) 800-2418.

If you are initially eligible for benefits (i.e. satisfy the definition of "Chronically Ill," and satisfy the 90-day elimination period, etc.) and then subsequently recover, a new elimination period will apply if the number of days that has passed since the end of the last benefit period and the date of the new certification for Chronic Illness is greater or equal to 30 days.

11. When purchasing an increasing death benefit (Option B) on an IUL, what happens to the chronic illness benefit?

The lifetime maximum benefit for the Accelerated Access Solution rider equals the selected percentage (2%, 4%, or IRS per diem) multiplied by the base policy life insurance benefit at the time all of the conditions in the Eligibility for Benefits provision are first satisfied. Therefore, for IUL policies using Option B (or increasing benefit), the maximum chronic illness benefit under the AAS rider will also increase, up to the $3M lifetime cap. Some carriers will cap their chronic illness/LTC rider benefit at the initial life insurance benefit and it will not grow with the increase in their policies' benefit amount.

12. How does AGL offer a chronic illness rider without a permanency requirement?

There have been some recent changes in the industry that have affected the design of chronic illness riders. Historically, most chronic illness riders offered have required that in order to activate the chronic illness rider and accelerate the death benefit an insured had to be unable to perform 2 of the 6 activities of daily living (eating, toileting, transferring, bathing, dressing, continence) or suffer from a severe cognitive impairment. Most riders required that the condition had to be permanent, meaning the insured was not going to recover from their condition as determined by a licensed health care practitioner.

This permanency requirement is not part of the Internal Revenue Code, IRC§7702B & §101(g), that set forth the requirements around the design of a chronic illness rider. Instead, the permanency requirement was a condition of the Interstate Insurance Product Regulation Commission (IIPRC), sometimes referred to as the Interstate Compact. This commission serves as a central point of electronic filing for certain insurance products, including insurance, annuities, disability income, and long-term care insurance.[1] The permanent trigger still exists under C(1)(e)(i), but as a result of updated IIPRC standards, the definition of qualifying event was revised to add a second alternative definition under C(1)(e)(ii) of "chronic illness". Because of these changes some companies have decided to take advantage of this most recent chronic illness rider definition that does not require permanency.[2]

[1] http://www.insurancecompact.org/about.htm, 2005-2016, Interstate Insurance Product Regulation Commission. All Rights Reserved.
[2] Society of Actuaries, April 2015, Report on Life and Annuity Living Benefit Riders – Considerations for Insurers and Reinsurers, Friedrich, FSA, MAAA

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