



SOCIAL MEDIA

Campaign in a Box

LTC or CI – BLOG CONTENT

Copy and paste the suggested content for your blog.

Be sure to update the “call to action” and remove page indicators in **red**.

Note: Check with your own compliance department before using this blog.

Long-Term Care Riders vs. Chronic Illness Riders on Life Insurance: 5 Key Points to Consider

Originally published by: AIG Consumer Life Insurance *[page 1 of 4]*

It’s a burning question for many people: “How will I cover my health care and other expenses in retirement, especially if I suffer a debilitating chronic illness or have to pay for extended and pricey long-term care costs?”

The available options, among others, include long-term care (LTC) riders on life insurance and chronic illness (CI) riders on life insurance. These may be of interest to people who find stand-alone long-term care insurance policies too expensive or restrictive. And in many cases, CI riders, in particular, may be the best choice to provide access to cash while living.

Following are 5 key points to consider when reviewing these riders on life insurance.

1. Reimbursement vs. Indemnity Design

Two primary types of rider design exist: the reimbursement model and the indemnity model.

With the reimbursement design of many LTC riders:

- A benefit is available if the policy requirements have been met and the policy holder has paid for an eligible service.
- The benefit may be as much as the insured’s total costs, within a predetermined maximum. However, the insured first must incur expenses and the receipts must be submitted for review and payment.
- In some cases, only the care provider, not the insured, can receive payment.



Policies issued by: American General Life Insurance Company (AGL), Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). AGL does not solicit business in the state of New York. Products may not be available in all states and product features may vary by state. Guarantees are backed by the claims-paying ability of the issuing insurance company. © 2019 AIG. All rights reserved



SOCIAL MEDIA

Campaign in a Box

LTC or CI – BLOG CONTENT

Copy and paste the suggested content for your blog.

Be sure to update the “call to action” and remove page indicators in **red**.

Note: Check with your own compliance department before using this blog.

Long-Term Care Riders vs. Chronic Illness Riders on Life Insurance: 5 Key Points to Consider

[continued, page 2 of 4]

With the indemnity design of all CI riders and some LTC riders: The insured receives a benefit after fulfilling the requirements of his or her contract. The person doesn't have to use the payout to cover direct costs of the chronic illness. The benefit can be used for any expense, to help make up for lost wages or to supplement personal savings.

The indemnity design, therefore, reflects the need for flexibility. It offers the insured access to the benefit when he or she is medically certified as eligible under the rider's terms.

Further, an indemnity design offers payment of the entire monthly benefit for the whole time the insured qualifies. In contrast, products based on a reimbursement structure pay only for the eligible monthly expenses incurred. If that total is less than the insured's monthly benefit, the insured likely won't receive the maximum monthly benefit.

2. Permanency Requirements

For payout, which occurs as an acceleration of the life insurance policy death benefit and reduces the death benefit accordingly, most CI riders on life insurance historically have required – like LTC riders – that the insured's qualifying condition be certified as permanent by a licensed medical practitioner. But recent innovation in the life insurance market has made it possible to purchase a CI rider that carries no permanency mandate.



Policies issued by: American General Life Insurance Company (AGL), Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). AGL does not solicit business in the state of New York. Products may not be available in all states and product features may vary by state. Guarantees are backed by the claims-paying ability of the issuing insurance company. © 2019 AIG. All rights reserved



SOCIAL MEDIA

Campaign in a Box

LTC or CI – BLOG CONTENT

Copy and paste the suggested content for your blog.

Be sure to update the “call to action” and remove page indicators in **red**.

Note: Check with your own compliance department before using this blog.

Long-Term Care Riders vs. Chronic Illness Riders on Life Insurance: 5 Key Points to Consider

[continued, page 3 of 4]

3. Protection Features

LTC riders are required to have specific consumer protection provisions. These are designed to help keep the insurance policy and the rider from lapsing due to unintentionally missed payments (in the case of an uninsured who develops a severe cognitive impairment). They’re also designed to permit a lapsed policy to be reinstated without additional underwriting. Although CI riders are not required to include such provisions, some CI riders do offer them. For reinstatement, conditions such as a time limit typically exist and proof that the insured’s condition caused the lapse likely will be needed.

4. Payout Methods

When reviewing LTC riders and CI riders, note that a variety of CI rider payout methods exist. In the interest of brevity, this blog post won’t go into detail, but take the time to review life insurance carrier resources that describe the discounted death benefit method, the lien method, and the dollar-for-dollar acceleration method.

5. Policy Premium Waivers

Now that some CI riders no longer have a permanency requirement, it’s vital to understand whether premium payments still will be required if an insured comes off claim. If the policy premiums aren’t paid while the insured is on claim and the rider doesn’t offer a waiver of charges, the policy holder may owe all missed charges assessed during the claim. This could result in the need for a very substantial



Policies issued by: American General Life Insurance Company (AGL), Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). AGL does not solicit business in the state of New York. Products may not be available in all states and product features may vary by state. Guarantees are backed by the claims-paying ability of the issuing insurance company. © 2019 AIG. All rights reserved



SOCIAL MEDIA

Campaign in a Box



LTC or CI – BLOG CONTENT

Copy and paste the suggested content for your blog.

Be sure to update the “call to action” and remove page indicators in **red**.

Note: Check with your own compliance department before using this blog.

Long-Term Care Riders vs. Chronic Illness Riders on Life Insurance: 5 Key Points to Consider

[continued, page 4 of 4]

premium to keep the policy in force. However, some CI riders have a feature through which all policy charges are waived while the insured is on claim.

Learn More

While a CI rider on a life insurance policy may be precisely what some clients need, others may want to consider different types of riders, as well – for example, to address financial needs that arise from a critical illness (such as a heart attack, stroke or invasive cancer, among other contingencies) or longevity. The more you know about available riders on life insurance and how newer offerings are designed to work, the more insight you have at hand to help with determining the most appropriate choice. For more information about available solutions. For more information, *(insert call to action)*.

