

# Liberty Bankers Life Insurance Company

## Accelerated Living Benefit Rider Disclosure Statement

**ACCELERATED LIVING BENEFIT:** 25% of the face amount of the policy to which the rider is attached. On the date payment is made, the death benefit, the Policy's base premium, the cash value and any policy loans, will be reduced on a prorata basis.

### TAX DISCLOSURE

Pursuant to the acceleration-of-life-insurance benefits provision offered under this rider, you may receive benefits that do not qualify for favorable tax treatment under the Internal Revenue Code of 1986. Generally, a recipient of acceleration-of-life-insurance benefits qualifies for favorable tax treatment of those benefits only if the recipient has been certified by a physician as having a life expectancy of two years or less, or the recipient has been certified by a licensed health care practitioner as being sufficiently disabled to require long-term care services, such as nursing home care or home health care, the benefits are used to pay for such services and the contract provisions providing for payment of the benefits meet certain other state and federal requirements.

The acceleration-of-life-insurance benefits offered under this rider are not intended to be limited to such circumstances. Accordingly, proceeds received pursuant to this acceleration-of-life-insurance benefits provision may be taxable under federal law. The policyholder is advised to consult with a qualified tax advisor about the consequences of obtaining acceleration-of-life-insurance benefits.

### PUBLIC ASSISTANCE DISCLOSURE

Receipt of acceleration-of-life insurance benefits may affect your, your spouse or your family's eligibility for public assistance programs such as medical assistance (Medicaid), Aid to Families with Dependent Children (AFDC), supplementary social security income (SSI), and drug assistance programs. You are advised to consult with a qualified tax advisor and with social service agencies concerning how receipt of such a payment will affect you, your spouse and your family's eligibility for public assistance.

**COVERED DISEASES & ILLNESSES:** Heart attack, stroke, coronary bypass surgery, angioplasty, major organ transplants, Alzheimer's disease, or life threatening cancer occurring anytime during the Insured's lifetime, after 30 days from the rider's issue date and while the policy is in force is covered. (See Policy Rider provision for complete details.)

**Heart Attack:** The death of a portion of the heart muscle (myocardium) resulting from a blockage of one or more coronary arteries and resulting in the loss of the normal function of the heart.

**Stroke:** Any acute cerebral vascular accident producing neurological impairment and resulting in paralysis or other measurable objective neurological deficit persisting for at least 30 days.

**Coronary Artery Bypass Surgery:** The actual undergoing of bypass surgery using either a saphenous vein or internal mammary artery graft for the treatment of coronary heart disease.

**Angioplasty:** The actual undergoing of a percutaneous transluminal angioplasty deemed medically necessary by a cardiologist licensed to practice cardiology in the US. Laser or intra-arterial procedures are excluded.

**Major Organ Transplants:** The actual undergoing as a recipient of a transplant of a heart, lung, liver, pancreas, or kidney.

**Alzheimer's Disease:** Diagnosis must be made by a certified neurologist licensed to practice in the US. The insured must exhibit loss of intellectual capacity involving impairment of memory and judgment as measured by clinical evidence and standardized testing. It must result in significant reduction in mental and social functioning such that the insured requires supervision for daily living. All other dementing organic brain disorders and psychiatric illness are excluded.

**Life Threatening Cancer:** Only those types of cancer manifested by the presence of a malignant tumor, characterized by the uncontrolled growth and spread of malignant cells and the invasion of tissue.

As used herein, Leukemia and Hodgkin's Disease (except Stage I Hodgkin's Disease) shall be considered Life Threatening Cancer.

Life Threatening Cancer does not include: 1) premalignant tumors or polyps; 2) cancer in situ; 3) carcinoid of the appendix; 4) Stage 0 transitional carcinoma of urinary bladder; or 5) any skin cancers other than melanomas.

**DEATH BENEFIT:** In the Rider, the term "death benefit" refers to the death benefit under the Policy to which the Rider is attached.

**BENEFIT:** Upon receipt of proof of a qualifying event and written consent of all irrevocable beneficiaries and all assignees, we will pay an accelerated benefit. It will be paid in a single sum. To calculate the benefit, we will begin with the lesser of:

I. Should the qualifying event occur prior to the 91st day following the policy date, the lesser of:

- (a) two and one-half per cent (2.5%) of the death benefit,  
or
- (b) \$25,000

II. Should the qualifying event occur on or after the 91st day following the policy date, the lesser of:

- (a) twenty-five percent (25%) of the death benefit on the date of the qualifying event, or
- (b) \$250,000.

Then we will subtract:

- (c) the applicable percentage of any outstanding loan interest due and unpaid on the date of the qualifying event, and
- (d) any premium due and unpaid which applies to a period prior to the date a qualifying event occurs.

The applicable percentage shall be the lesser of a) above or b) above, divided by the death benefit on the date of the qualifying event.

On the date payment is made, the following will be reduced by the applicable percentage: 1) the death benefit; 2) the policy's base premium; 3) the cash values; 4) any policy loans. The policy fee and the premium rate for any waiver of premium benefit or any other riders on the policy will not be reduced.

Future Policy values will be calculated according to methods described in the Policy using the amounts described above.

***Illustrative Example : PermaTerm 20 - RPU***

Insured:	Male Age 35, Non-Smoker
Death Benefit:	\$50,000
Policy Date:	Purchased 10 Years ago
Annual Base Premium for Policy excluding policy fee:	\$163.00
Policy Fee:	\$50.00
Current Cash Value:	\$750
Policy Loan:	None
Qualifying Event:	Insured suffers Heart Attack at Age 45
Accelerated Living Benefit:	25% (\$12,500)
Annual Premium for ALBR:	\$51.00

***Once the payment of \$12,500 Accelerated Living Benefit is made (prior to applicable deductions in (c) and (d) above:***

New Death Benefit:	\$37,500 (\$50,000-\$12,500)
New Annual Base Premium:	\$122.25 (\$163.00 reduced by 25%)
Policy Fee:	\$50.00
New Current Cash Value	\$562.50 (\$750 reduced by 25%)
Accelerated Living Benefit:	\$-0-, No longer in force
Annual Premium for ALBR:	\$-0-, No longer in force

I have received a copy of this Disclosure Statement.

Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

I certify that this Disclosure Statement has been presented to the applicant

Agent: \_\_\_\_\_

Date: \_\_\_\_\_