

Accelerated Death Benefit Rider – Chronic Illness

SPECIFICATION

Effective Date	JUN 04, 2020
Administrative Fee	\$500
Maximum Initial Annual Percentage	25%
Maximum Lifetime Percentage	100%
Maximum Lifetime Death Benefit	\$1,000,000
Minimum Accelerated Benefit	\$25,000

This rider is a part of the Policy to which it is attached. In the event of Chronic Illness of the Insured, under this rider, You may request to accelerate part of the death benefit provided by the Policy and any qualifying Term Life Insurance Rider covering the Insured. This rider is subject to the terms, conditions and provisions contained in the Policy. This rider supersedes any conflicting terms, conditions or provisions in the Policy or other rider attached to the Policy.

The benefits provided by this rider are intended to be treated as accelerated death benefits under section 101(g)(1)(B) of the Internal Revenue Code of 1986 and as amended (Code). Accelerated death benefits provided by this rider generally will be excluded from gross income if they do not exceed the per diem limitation of section 7702B(d) of the Code, although in some circumstances such benefits may be taxable even if they are less than this limitation.

Receipt of Accelerated Benefits may affect your eligibility for Medicaid, supplemental security income, or other government benefits or entitlements.

The Per Diem Limit and Requested Per Diem Limit, as defined in this rider, may be more or less favorable than the limit allowed by the Code. You should consult with a qualified tax advisor to understand limits that may result in benefits under this rider being treated as taxable income.

Upon acceleration, the Policy and qualifying Term Life Insurance Rider, account value, surrender value, monthly deductions, cost of insurance charges and premiums will be reduced if an Accelerated Benefit is paid. If a Policy includes outstanding Policy loan and loan interest at the time of the requested acceleration, the Accelerated Benefit will be reduced by a pro-rata share, any outstanding Policy loan and loan interest. The outstanding Policy loan and loan interest remaining with the Policy will be reduced by an equal amount.

The Company does not provide tax advice. You should consult with a qualified tax advisor before accelerating death benefits.

This rider does not provide health insurance, long-term care benefits or nursing home coverage.

Definitions

Available Death Benefit: The total amount of active death benefit covering the Insured of the Policy and qualifying Term Life Insurance Rider covering the same person at the time of an Accelerated Benefit request. Qualifying Term Life Insurance Rider includes those issued with the original policy and those issued after the original policy that are not rated in excess of table 4 and the riders are not expected to expire during the current Benefit Period.

Accelerated Amount: The accelerated death benefit amount requested by You.

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Accelerated Benefit: The amount payable to You, as a single payment, prior to any further pro-rata reduction due to outstanding Policy loan and loan interest, under this rider if the Insured qualifies for Chronic Illness benefits.

Accelerated Ratio: The Accelerated Amount divided by Available Death Benefit.

Activities of Daily Living (ADLs): The basic functional abilities that measure the Insured's ability for self-care and ability to live independently without Substantial Assistance from another individual. The six (6) Activities of Daily Living are:

- 1) Bathing: The Insured's ability to wash himself or herself 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 Insured's ability to maintain control of bowel or bladder function, or, when unable to maintain control of bowel or bladder function, the ability to perform associated personal hygiene (including caring for a catheter or colostomy bag).
- 3) Dressing: The Insured's ability to put on and take off all items of clothing and any necessary braces, fasteners or artificial limbs.
- 4) Eating: The Insured's ability to feed himself or herself by getting food into the body from a receptacle (such as a plate, cup, or table) or by feeding tube or intravenously.
- 5) Toileting: The Insured's ability to get to and from the toilet, getting on and off the toilet, and performing associated personal hygiene.
- 6) Transferring: The Insured's ability to move into or out of a bed, chair or wheelchair.

Benefit Period: A period equal to twelve (12) consecutive months. A Benefit Period starts on the date a Licensed Health Care Practitioner certifies that the Insured is a Chronically Ill Individual. Any subsequent Benefit Periods start no earlier than the end of the preceding Benefit Period.

Chronically Ill Individual (Chronic Illness): The Insured has been certified by a Licensed Health Care Practitioner within the prior twelve (12) months as:

- 1) being permanently unable to perform at least two (2) Activities of Daily Living, without Substantial Assistance from another person, due to a loss of functional capacity; or
- 2) requiring permanent Substantial Supervision by another person to protect the Insured from threats to health and safety due to the Insured's Severe Cognitive Impairment.

Insured: The person named as the Insured on the Policy **INFORMATION** page.

Licensed Health Care Practitioner: A physician, as defined in Section 1861(r)(1) of the Social Security Act, registered professional nurse, or licensed social worker other than You; the Insured, the brother, sister, parent, spouse, or child of either You or the Insured; any spouse; or domestic partner of any of them. He or she must be:

- duly qualified;
- licensed in the United States of America;
- performing within the scope of his or her license; and
- rendering services in the United States of America.

Maximum Annual Value: The Accelerated Amount allowed in any Benefit Period cannot exceed the Available Death Benefit at the time of the initial request multiplied by the Maximum Initial Annual Percentage listed in the **SPECIFICATION** section of this rider.

Maximum Lifetime Value: The sum of all Accelerated Amounts requested and approved under this rider cannot exceed the Maximum Lifetime Death Benefit listed in the **SPECIFICATION** section of this rider.

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Per Diem Limit: the Internal Revenue Service establishes the inflation-indexed daily benefit effective January 1 of each calendar year. The daily benefit multiplied by the number of days in a Benefit Period is the annual equivalent of the Per Diem Limit, and is used to determine the maximum Accelerated Benefit per Benefit Period from all sources. We will use the inflation-indexed daily benefit, without adjustments described in section 7702B(d) of the Code, in effect at the beginning of each Benefit Period to calculate the annual equivalent Per Diem Limit amount.

Requested Per Diem Amount: An amount requested by You that is less than or equal to the Per Diem Limit to be used in determining the Accelerated Benefit.

Severe Cognitive Impairment: The deterioration or loss of intellectual capacity that is:

- 1) Comparable to, and includes, Alzheimer's Disease, and similar forms of irreversible dementia; and
- 2) Measured and confirmed by clinical evidence and standardized tests which reliably measure impairment in:
 - a. Short-term or long-term memory;
 - b. Orientation to people, places, or time;
 - c. Deductive or abstract reasoning; and
 - d. Judgment as it relates to safety awareness.

Substantial Assistance: Hands-On Assistance and Standby Assistance as defined below:

Hands-On Assistance: The physical assistance of another person without which the Insured would be unable to perform any Activities of Daily Living.

Standby Assistance: The presence of another person, within arm's reach of the Insured, that is necessary to prevent, by physical intervention, injury to the Insured while the Insured is performing an Activities of Daily Living.

Substantial Supervision: Continual supervision, which may include cueing by verbal prompting, gestures, or other demonstrations, by another person, necessary to protect the Insured from threats to his or her health or safety due to Severe Cognitive Impairment.

We, Our, Us, Company: Fidelity & Guaranty Life Insurance Company

You, Your: The Owner of the Policy

Effective Date

This rider's effective date is shown in the **SPECIFICATION** section of this rider.

Accelerated Death Benefit Amounts

While the Insured is alive and this rider is in force, You may request an Accelerated Amount or Requested Per Diem Amount and if We approve Your request We will pay the Accelerated Benefit, subject to the following conditions:

- You submit a Written Request and all required documentation, in good order, proving the Insured is a Chronically Ill Individual.
- The Accelerated Amount requested under this rider does not exceed the lesser of:
 - Maximum Annual Value or
 - Maximum Lifetime Value.
- The Accelerated Ratio is less than the Maximum Lifetime Percentage shown in the **SPECIFICATION** section of this rider.
- The Accelerated Benefit:
 - Is at least equal to the Minimum Accelerated Benefit listed in the **SPECIFICATION** section of this rider and
 - Does not exceed the annual equivalent Per Diem Limit.
- When We receive a claim for a Requested Per Diem Amount:
 - We will determine the appropriate Accelerated Amount; and
 - We may reduce the Requested Per Diem Amount to comply with Maximum Annual Value allowed by this rider.

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Any premium amount needed to keep the Policy from lapsing must be paid before We approve Your Written Request.

If the Insured dies before the Accelerated Benefit is paid, the entire death benefit will be paid in accordance with the Policy and any qualifying Term Life Insurance Rider; this rider will terminate and no Accelerated Benefit will be paid.

Accelerated Benefit for Chronic Illness

The Accelerated Benefit for Chronic Illness is the Accelerated Amount less the all following deductions:

- An actuarial discount; and
- An Administrative Fee, shown in the **SPECIFICATION** section of this rider is applicable to each requested Accelerated Amount.

Furthermore, the Accelerated Benefit will be reduced by a portion of any unpaid loans and loan interest. The portion is determined by multiplying the Accelerated Ratio by the sum of unpaid loans and loan interest.

As a result of the deductions, the Accelerated Benefit is less than the Accelerated Amount and, in some cases, may be substantially less. The Accelerated Benefit will never be less than the Policy surrender value multiplied by the Accelerated Ratio.

We will determine the actuarial discount using factors including, but not limited to, the following:

- The projected account value of the Policy; and
- The future expected monthly deductions associated with the Accelerated Amount; and
- Our assessment of the expected future mortality of the Insured.

We compute the actuarial discount using interest at an annual rate which will not be higher than the greater of: (i) the current yield on 90-day United States Treasury bills; or (ii) the current maximum statutory adjustable policy loan interest rate. If the source of the interest rate used in determining the Accelerated Benefit is discontinued, We will use an appropriate substitute and comparable interest rate, subject to the approval by the Interstate Insurance Product Regulation Commission (IIPRC) or the state in which the rider was sold.

All values used to determine the Accelerated Benefit are determined as of the date We approve Your request and subject to change for subsequent Benefit Periods.

Written Request and Proof of Chronic Illness

This rider must be in force to receive an Accelerated Benefit. We will require a Written Request, to Our Home Office or administrative office that we maintain, for the Accelerated Amount before We pay the Accelerated Benefit. If there are any joint owners, irrevocable beneficiaries or assignees that have an interest in the Policy, We will require each person's written consent to the request for the Accelerated Amount. We will not approve any request if You are required by:

- Law to use the benefit under this rider to meet the claims of creditors, whether in bankruptcy or otherwise; or
- A government agency to use the benefit under this rider in order to apply for, obtain, or keep a government benefit or entitlement; or
- A court order to maintain life insurance coverage on the Insured under the Policy and any Term Life Insurance Rider covering the Insured.

We will require that You provide Us with proof satisfactory to Us that the Insured has a Chronic Illness. This proof must include:

- Certification by a Licensed Health Care Practitioner that the Insured is a Chronically Ill Individual;
- If applicable, the certification from the Licensed Health Care Practitioner must be dated at least twelve (12) months after a previous certification for the same Insured; and
- Complete records of the Insured's medical history, test results, and treatments evidencing the inability to complete two (2) or more Activities of Daily Living or Severe Cognitive Impairment.

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Payment Procedures

We reserve the right to obtain a second medical certification, additional tests, or examination by a Licensed Health Care Practitioner selected by Us. In the case of conflicting opinions, eligibility for benefits shall be determined by a third medical opinion, by a licensed Health Care Practitioner that is mutually acceptable to You and Us. Any second or third opinion will be made at Our expense.

Upon receipt of Your request for an Accelerated Amount. We will mail a claim form to You within 15 days. If the claim form is not sent within this 15-day period, and You provide proof satisfactory to Us, that the Insured qualifies for Chronic Illness in a format other than Our claim form, You will be deemed to have complied with the claim requirement. Such proof must include a certification from a Licensed Health Care Practitioner that the Insured is a Chronically Ill Individual.

The Accelerated Benefit is paid to the Owner or Owner's estate while the Insured is living, unless the benefit has been otherwise assigned or designated by the Owner. The Owner is responsible for obtaining and delivering to the Company consent of the Accelerated Benefit from any assignee or irrevocable beneficiary.

Upon approval, payment will be due immediately to You. We will pay the Accelerated Benefit, less a pro-rata adjustment of any outstanding loan and loan interest, in a single payment.

Effect on the Policy

Upon approving an Accelerated Benefit request:

- The death benefit in effect under (i) the Policy and (ii) any qualifying Term Life Insurance Rider covering the Insured will be reduced. The reduction is equal to the Policy and qualifying Term Life Insurance Rider death benefit multiplied by the Accelerated Ratio.
- Each Policy account value segment will be reduced. The reduction is equal to the amount in the account value segment prior to the payment of the Accelerated Benefit multiplied by the Accelerated Ratio.
- For any Policy loan type, the unpaid loan and loan interest under the Policy will be reduced. The reduction for each loan type is equal to the unpaid loan and loan interest prior to the payment of the Accelerated Benefit multiplied by the Accelerated Ratio.
- The future Annual Target Premium, No-Lapse Premiums and total Unit Expense Charge for the Policy are based on the reduced Death Benefit.
- If the Accelerated Ratio equals 100% and the Policy death benefits are exhausted, the Policy and all attached riders terminate.

Statement of Effect

You and any Irrevocable Beneficiary will be provided a statement demonstrating the effect of the Accelerated Benefit on the Policy's total account value, death benefit, premium or other charges, and loans upon Written Request to accelerate and upon payment of an Accelerated Benefit.

Impact on Other Riders Attached to the Policy

If any of the following riders are attached to Your Policy, the rider may be impacted by an Accelerated Benefit provided under this rider.

- Except in the situation where all Policy death benefits are accelerated, the following types of benefits are not impacted by Accelerated Benefits:
 - Non-qualifying Term Life Insurance Riders
 - Accidental Death Benefit Riders

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- Spouse and Child Term Insurance Riders
- The future charges and benefits for other riders attached to the Policy will reflect the reduced Death Benefit, total account value, or Annual Target Premium.

If the Accelerated Ratio equals the Maximum Lifetime Percentage or the total of all Accelerated Amounts equals the Maximum Lifetime Death Benefit, this rider will terminate when the Accelerated Benefit is paid to You.

Incontestability

We will not contest this Rider based on statements made in the application after this rider has been in effect during the Insured's lifetime for 2 years from this rider's Effective Date or date of reinstatement except for the nonpayment of premium.

Misstatement of Birth Date or Sex

If there is a misstatement of the Insured's birthdate or sex (misstatement of sex only applies if the underlying contract is issued on a sex distinct basis) and the death benefit provided by the Policy and Term Life Insurance Rider covering the Insured is adjusted, the Accelerated Benefit will take into account the adjustment.

Reinstatement

The Reinstatement provision of the Policy applies to this Rider subject to the following condition.

The amount of death benefit eligible for reinstatement will be the in force amount immediately prior to the date the Policy last lapsed.

Suicide

Benefits under this Rider will not be payable if the Insured's Chronic Illness is a result of attempted suicide or intentionally self-inflicted injury, while sane or insane, within two years from the Effective Date or Effective Date of last Reinstatement. If We previously paid the Accelerated Benefit and the Insured dies from suicide, while sane or insane, within the Policy's suicide exclusion period, any payment will be reduced by the Accelerated Benefit paid.

Rider Termination

This Rider will end at the earliest of the following events:

- The Insured dies;
- The Policy terminates;
- An accelerated benefit under another rider attached to the Policy is paid;
- Upon approval of an Accelerated Benefit, the Accelerated Ratio equals the Maximum Accelerated Ratio;
- The sum of all Accelerated Benefits approved under this Rider equal the Maximum Lifetime Value; or
- Your Written Request to terminate this Rider.

The termination of this Rider will not prejudice the payment of benefits for any Chronic Illness that occurred while this rider was still in force.

Signed for the Company

Fidelity & Guaranty Life Insurance Company



Chris Blunt

President



Eric Marhoun

Secretary