

Adding a LIBR After Issue

Page Information

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Overview

The Lifetime Income Benefit Rider (LIBR) provides a guaranteed lifetime income after meeting requirements outlined in the rider. We have different versions of LIBR. There is additional information at the end of this document.

About This Topic

Timelines

What is new with LIBR5 implemented on 4/25/2016 for LSW and 09/25/2016 for NL?

- LIBR5 is available for Living Life and FlexLife II, if the state has approved.
- For LSW Living Life and LSW FlexLife II, we do not have multiple versions of LIBR. Only LIBR5 is available. Therefore, if the state has not approved LIBR5, the policy will have no LIBR.
- For NL, multiple versions of LIBR will remain available until states have approved LIBR5. MD and NY will have LIBR3 until LIBR5 is approved since they never approved LIBR4 (MD is approved for LIBR5 starting 1/23/17). Other states will have LIBR4 until LIBR5 is approved.
- LIBR5 is the same as LIBR4, but with minor changes to the rider page language.
- Not available on premium class Express Standard Non-tobacco 2 (letter Z).
- Other restrictions same as LIBR4.

LIBR4 Implemented on 05/18/2014

- LIBR4 introduced for existing eligible products
- LifeCycle Solution is one of the eligible products and LIBR4 is available for ages 0-75 (based on younger insured). The minimum age is lower than it was for LIBR1.
- LifeCycle Solution will have an expanded substandard availability for LIBR4. If one insured is standard or better risk, the second insured can have any substandard rating or be uninsurable. If an insured has only a flat rating, they are considered standard risk. If both insureds are substandard, the existing rule still holds that neither can have a rating above 250%.
- Not all states have approved LIBR4 as of our implementation date.

How is LIBR4 different than earlier versions of LIBR?

- After the Minimum Threshold occurs, benefit payments will continue as Fixed Net Cost Loans. Immediately prior to any benefit payment being made after the Minimum Threshold occurs, interest will be credited to the Basic Strategy in the amount of the benefit payment. Since the LIBR payments will be handled as loans, the payments will not be taxable (under current tax law) as long as the policy is not a MEC.
- LifeCycle Solution is going from the original LIBR to LIBR4 so they will also get the enhancements that LIBR2 and LIBR3 offered.

Eligibility

Eligible Products for LIBR4

Note: These are IUL products.

- SecurePlus Provider
- SecurePlus Provider HPR
- SecurePlus Paragon
- SecurePlus Advantage 79
- Ultra EIUL
- Ultra Select – (continued on next page)
- FlexLife (NL and LSW)
- LifeCycle Solution (NL and LSW).
- NL FlexLife II (for states where LIBR5 is not approved)

Ineligible Products for LIBR4

All other products not listed above are ineligible.

Automatic Conversion and Mailing for LIBR4

- Any inforce policy that had LIBR2 or LIBR3 and any inforce LifeCycle Solution that had LIBR had a conversion to the LIBR rider segment to make it be LIBR4. Due to the volume of policies, this had to be done over several months using selection criteria that resulted in manageable groups.
- For each group of policies that were converted, a mailing was done to the policyholders that included a letter, LIBR4 data pages and rider pages. The conversions and mailings went from November 2014 through May 2015. OnBase document type: AGY LIBR SPECIAL MAILING.
- For Paragon, Ultra Select and FlexLife that have the original LIBR (SUPR shows this as 1), we cannot automatically terminate LIBR and add LIBR4 because it is harder to compare the benefits with the new LIBR4 and say whether they are better. For these policyholders, we will include a LIBR4 flyer with their annual statement and they can return the bottom portion if they wish to have LIBR4.

Availability Rules

- Issue ages 0 through 75 for SecurePlus Paragon, SecurePlus Advantage 79, Ultra Select, LifeCycle Solution (based on younger insured), FlexLife, Living Life, FlexLife II.
- Issue ages 0 through 70 for SecurePlus Provider, Provider HPR and Ultra EIUL.
- Allowed on single life policies with substandard rating of 250% or lower.
- Not allowed on single life policies with substandard rating > 250%
- LifeCycle Solution will have an expanded substandard availability for LIBR4. If one insured is standard or better risk, the second insured can have any substandard rating or be uninsurable. If an insured has only a flat rating, they are considered standard risk. If both insureds are substandard, the existing rule still holds that neither can have a rating above 250%.
- Allowed on MEC and non-MEC policies
- Allowed on Death Benefit Option A and B policies
- Not allowed on CVAT policies
- Available under qualified plans except 412(e)(3). In order to exercise the rider, the policy must first be assigned out of the plan.
- Not allowed on premium class Z policies.

Exercise Date

LIBR has an exercise date which is the earliest date on which they can request income payouts to begin. This date displays on the rider segment and also the CI3A screen. The system calculates the exercise date when you add LIBR. The date is the greater of the duration component and the age component.

- Age component is the insured's 60th birthday. For LifeCycle Solution, this is based on the younger insured.
- Duration component varies by product and is calculated from the most recent increase segment (base or APB).
 - 15 years for SecurePlus Provider, Provider HPR and Ultra EIUL.
 - 10 years for SecurePlus Paragon, SecurePlus Advantage 79, Ultra Select, LifeCycle Solution, FlexLife.

Impact of Increases on Exercise Date

If a policy has LIBR (any version) and an increase to the base or APB is processed, the system recalculates the exercise date. If the recalculated date is later than the current exercise date, the system will automatically update the exercise date. If the date has changed, new data pages for LIBR should be sent with the increase data pages.

GPR automatic increases do not impact the Exercise Date.

The GLI trx stores the prior exercise start date so if the GLI is reversed, the system will set the date back to what it was. This date shows on the TRXH/D for the GLI trx.

Other Transactions that May Impact LIBR Data Pages

- Death Benefit Option Change: Impacts data pages for LIBR and LIBR2 because there are separate LIBR data pages for Option A and Option B. Subsequent versions of LIBR include both sets of rates in the LIBR data pages.
- Premium class changes: Can impact the exercise charge shown on the LIBR data pages depending on the class change. Product explained it this way: Smoker to non-smoker would have an impact (was a smoker and now is not). Smoker to preferred smoker would not have an impact (was a smoker and still a smoker).

Procedures

How to Add LIBR

LIBR is added on the GU1 screen (common rider).

Valid values: LIBR5, LIBR4, LIBR3, depending on product and state approval

GU1 SCREEN:

COMMAND

COMMON RIDER ADD

CO NL ORIG SPH POL NO LS0286200 SEC ID PROD U1 STAT REQ N

*** PLAN INFORMATION (GU-1) ***

COMMON RIDER TYPE libr4 QUALIFIED ID Y RIDER ISSUE STATE

COV INS pr DIRECTORY ID INCREASE IND

PLAN CODE NO OF UNITS PREMIUM CLASS CODE

PROD GRP 01 REINS N NON STD N BENE IND N BENE GRP

COV EFF DATE 06082014 PREM EFF DATE 06082014 ISSUE DATE

COV TERM DATE PREM TERM DATE RATE EFF DATE

UND EFF DT EXCLUSION IND N UND BASIS CODE ADV IND N

APP DATE ** OVERRIDES ** SP CASE N

GUIDELINE LVL PREM GUIDELINE SGL PREM

Do not input termination date

MINIMUM TARGET SURR TARGET

PYMT TARGET COMM TARGET

RISK LOAD DUR ADJ RISK COMM DUR ADJ

 ** CMRDR USER AREA **

(01) (02)

(03) (04)

(05) (06)

(07) (08)

(09) (10)

PROD CODE IN LINE 24 OVERRIDDEN

NXT TRX GU VER PROD U1 CL/POL LS0286200 SEC ID CO NL OVRD N

Fields that need inputs

- COMMON RIDER TYPE – valid values LIBR5, LIBR4, LIBR3, LIBR2, LIBR. Add the most recent version of LIBR that is available for the product and state.
NOTE: LifeCycle Solution – if LIBR4 is not approved, then use LIBR. LIBR2 and LIBR3 were not available for LifeCycle.
- COV INS – always PR for primary
- PROD GRP – enter the 2 digit producer code that should be associated with LIBR
- COV EFF DATE – must be a date that falls on a monthiversary (usually last monthiversary). Input mmddyyyy.
- PREM EFF DATE – input same date as COV EFF DATE
- F1 to transmit

NOTE: Rider Issue State defaults to Residence State so if you need a different state, input this field (2 character alpha, example VT).

SYSTEM WILL POPULATE THE FOLLOWING:

- RIDER ISSUE STATE – residence state is used. If adding the rider effective the issue date and the Issue State and Residence state are not the same, input the Issue State 2 character alpha code (example VT). Also can input the state for situations where the Residence State is not correct.
- PLAN CODE
- COV TERM DATE – same as the base coverage
- PREM TERM DATE – same as the base coverage

OTHER TRANSACTIONS:

- If the policy has an earlier version of LIBR that is active, the system will automatically terminate the earlier version when it adds the new LIBR.
- Do an EM trx to request new data pages and LIBR rider pages. LIBR has its own data pages.

ON-LINE ERROR MESSAGES:

- A128 RIDER/BEN. NOT APP. FOR ISS STAT – if the state has not approved the rider type that was input, you will get this edit. If you also get W890 CK LIBR – NEW VERSION AVAILABLE, try a more recent version to see if it is approved for the state.

A128 error without W890, means a newer version of LIBR is not approved for the product that you have. In this scenario, try adding the previous (earlier) version to see if the A128 error goes away. You will get the W890 warning which you can override since you already know the state did not approve the newer version.

- A804 ISSUE AGE LESS THAN MINIMUM – issue age is less than what is allowed for LIBR.
- A805 ISSUE AGE MORE THAN MAXIMUM – issue age is greater than what is allowed for LIBR.
- B146 RIDER NOT AVAIL WITH PLAN – LIBR is not available for the product.
- R05U INVALID STATUS FOR TRANSACTION – check the status of the policy. If it is A, P, U, W or 5, this edit can be overridden.
- R317 LIBR N/A; RATING > 250% - this pertains to all versions of LIBR . Policy cannot have LIBR if the policy is rated greater than 250%. For LifeCycle, the system checks the ratings for both insureds and follows the rules based on the LIBR you are adding. If you override this edit, the trx will error in batch if the same conditions exist.
- W890 CK LIBR – NEW VERSION AVAILABLE – if a newer version of LIBR is available for the product, you will get this warning. Verify if the state has approved the newer version. You can do this on the system by doing a rider add for the newer

version. If you do not get the A128 state approval error, then the new version is available for that state and that is the version you should be adding.

If you do get the A128 state approval error, the new version is not approved yet so you should add the version you originally tried and override the W890 warning.

- X396 LIBR NOT AVAIL ON CVAT – this pertains to all versions of LIBR.
- XA07 RIDER N/A DUE TO PREMIUM CLASS – LIBR is not allowed on a policy with premium class Z.

BATCH ERROR MESSAGES:

- A128 RIDER/BEN. NOT APP. FOR ISS STAT – you can get this error in batch on a GU trx coming over from New Business. Has the state approved the rider? If approved, verify if the Vantage state approval table 011 is missing the state. If it is missing, work with the Product area to get the state added to the table for the applicable rider. You can process the GU trx the day after the table is updated.

If the state has approved and the Vantage state approval table is ok, check the RATE EFF DATE on the GU trx that shows in revolving error file (RC trx). If the RATE EFF DATE is prior to the effective date in the Vantage Rider/Benefit Plan table 006, this is why you are getting the A128 error. Below are the dates in the table:

LIBR3 = 10/01/2012

LIBR4 = 01/01/2013

LIBR5 = 10/01/2015

To resolve this, you will need to input the GU trx on Vantage and input the RATE EFF DATE field with the date that corresponds with the table date. You will need to input the Rider Issue State field on the GU trx if the residence state and issue state are not the same. For a new issue policy, the issue state should be used.

If the state has not approved, is the Plan Structure File correct? Did someone override a caution or delete a caution? If an earlier version of LIBR is available for the state, you can input the GU trx on Vantage. You will need to input the Rider Issue State field on the GU trx if the residence state and issue state are not the same. For a new issue policy, the issue state should be used.

- R05U INVALID STATUS FOR TRANSACTION – check the status of the policy. Valid status codes for GU trx are A, P, U, W or 5.
- R317 LIBR N/A; RATING > 250% - this pertains to all versions of LIBR . Policy cannot have LIBR if the policy is rated greater than 250%. For LifeCycle, the system checks the ratings for both insureds and follows the rules based on the LIBR you are adding.
- W169 TRX NOT ALLOWED-NI IS DISABLED – if the policy is status U, the GU trx will process and this error will be on the Update Error report. For LIBR, this error can be ignored.

NEW ISSUE POLICY: TERMINATE LIBR AND ADD A DIFFERENT VERSION:

If you have the wrong LIBR version on a new issue policy, you can correct the policy by doing the following on Vantage (in one cycle):

- Terminate the existing LIBR by inputting the COVERAGE TERM DATE and the TRANS EFF DATE fields on the CMR1 screen with a date equal to the coverage effective date. F4 to transmit.
- Add the correct LIBR version using the GU1 screen. The date for the COV EFF DATE and PREM EFF DATE fields should match the date of the LIBR you are terminating.

On-line edits:

- W12U CONFIRM DATES & STATUS OF RIDER – this can be overridden. It is a reminder to be sure you are using the correct date.
- W732 PREM TERM DATE PRIOR TO LAST COI – this can be overridden. You will get this if the date you had to use is prior to the last COI.

FIELDS THAT UPDATE FOR LIBR:

SUPR – displays one of the following:

- 5 = LIBR5
- 4 = LIBR4
- 3 = LIBR3
- 2 = LIBR2
- 1 = original LIBR for Paragon and Ultra Select or LIBR for LifeCycle Solution
- N = no LIBR

CI1 – LIBR Indicator displays one of the following:

- 5 = LIBR5
- 4 = LIBR4
- 3 = LIBR3
- 2 = LIBR2
- 1 = LIBR for LifeCycle Solution
- 0 = original LIBR for Paragon and Ultra Select (note SUPR displays this as a 1)
- N = no LIBR

CI3A – displays Exercise Date which is the earliest date they are eligible to start LIBR payouts.

II – displays rider type, plan code, coverage effective date, coverage termination date:

- LIBR5
- LIBR4
- LIBR3
- LIBR2
- LIBR

CMR1 – rider segment has all the fields applicable to LIBR

CMR2 – displays the following:

- Max exercise age
- Minimum income payout
- Minimum death benefit

BACKGROUND ON LIBR INTRODUCTIONS:

LIBR was originally introduced 10/10/2010. Some of the facts are below:

- Available for new issue Ultra Select and SecurePlus Paragon.
- Not available if the policy had APB.
- Not available if the insured was a juvenile.
- Not allowed on policies with substandard rating > 250%.
- Not allowed on CVAT policies.
- During the payout phase, payments are taken 1st by partial withdrawal to the extent that the policy qualifies as Life Insurance for Federal Income Tax purposes and then fixed net cost loan. Once the minimum threshold criterion has been reached, payments will be paid from National Life General account.

LifeCycle Solution was introduced 6/6/2011 with its own LIBR version. Some of the facts are below:

- If exercised, the guaranteed lifetime income continues until the death of the second insured.
- Issue ages 18 – 75 based on younger insured.
- Exercise ages 60 – 85 based on younger insured.
- Not available if either insured is rated > 250% or if either insured is uninsurable.
- Not available if the policy had APB.
- Not allowed on CVAT policies.
- During the payout phase, payments are made by fixed net cost loans. Once the minimum threshold criterion has been reached, payments will be paid from National Life General account.

FlexLife was introduced 9/25/2011 and used the same LIBR as Ultra Select and SecurePlus Paragon.

LIBR2 was introduced 04/16/2012. Some of the facts are below:

- In addition to Ultra Select, Paragon and FlexLife, the list of eligible products was expanded to include Provider, Provider HPR, Paragon, Advantage 79.
- Allowed on juveniles.
- Allowed with APB.
- During the payout phase, payments are made by fixed net cost loans. Once the minimum threshold criterion has been reached, payments will be paid from National Life General account.
- Income payments can be suspended temporarily. Policyholders can resume income payments at any time up to and including attained age 85.
- While income payments are suspended, policyholders can make additional premium payments, make loan repayments, request face amount increases and decreases or take partial withdrawals and policy loans. Death benefit option changes cannot be requested. Once income payments are resumed policyholders can no longer request these changes.

LIBR3 was introduced 04/08/2013. Works like LIBR2 and has the following new features:

- Two different payout options are offered: level and increasing. Previous versions offer only level.
- If LIBR has been exercised and they subsequently ask that payouts stop, if they are later resumed , we guarantee that the payout amount will be at least as much as their most recent Guaranteed Income Payment amount, as long as no increases, loans or withdrawals are processed during the suspension of payouts.

LIBR5 PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Codes	LSW LIBR Plan Codes
Living Life Defender	N/A	970015 - sex distinct 980015 - unisex
SummitLife	970116 - sex distinct 980016 - unisex	970015 - sex distinct 980015 - unisex
Peaklife	970116 - sex distinct 980016 - unisex	970015 - sex distinct 980015 - unisex
Flexlife 19	970116 - sex distinct 980016 - unisex	970015 - sex distinct 980015 - unisex
Living Life By Design	N/A	970015 - sex distinct 980015 - unisex
Living Life	N/A	970015 - sex distinct 980015 - unisex
FlexLife II	970116 – sex distinct 980016 – unisex Rider form 20412	970015 – sex distinct 980015 – unisex Rider form 20266

LIBR4 PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Code	LSW LIBR Plan Codes
Provider Prov HPR	N/A	970314 – sex distinct 980314 – unisex Rider form 20205 except PA uses 20206
Paragon Adv 79	N/A	970114 – sex distinct 980114 – unisex Rider form 20206
FlexLife	970014 – sex distinct 980014 – unisex Rider form 20235	970114 – sex distinct 980114 – unisex Rider form 20206
Ultra Select	970014 – sex distinct 980014 – unisex Rider form 20235	N/A
Ultra EIUL	970214 – sex distinct 980214 – unisex Rider form 20235, except PA uses 20204	N/A

LifeCycle Solution	970414 – sex distinct	970514 – sex distinct
	980414 – unisex	980514 – unisex
	Rider form 20235	Rider form 20205

Note: Different form numbers for PA for Ultra EIUL and Provider because these products don't allow Fixed Net Cost Loan.

LIBR3 PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Code	LSW LIBR Plan Codes
Provider Prov HPR	N/A	970413 – sex distinct 980413 – unisex Rider form 20153
Paragon Adv 79	N/A	970213 – sex distinct 980213 – unisex Rider form 20153
FlexLife	970113 – sex distinct 980113 – unisex Rider form 20152	970213 – sex distinct 980213 – unisex Rider form 20153

Ultra Select	970113 – sex distinct	N/A
	980113 – unisex	
	Rider form 20152	
Ultra EIUL	970313 – sex distinct	N/A
	980313 – unisex	
	Rider form 20152	

LIBR2 PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Code	LSW LIBR Plan Codes
Provider Prov HPR	N/A	970512 – sex distinct
		980512 – unisex
		Rider form 20049
Paragon	N/A	970612 – sex distinct
		980612 – unisex
		Rider form 20049
Adv 79	N/A	970712 – sex distinct
		980712 – unisex
		Rider form 20049

FlexLife	970212 – sex distinct	970312 – sex distinct
	980212 – unisex	980312 – unisex
	Rider form 20048	Rider form 20049
Ultra Select	970412 – sex distinct	N/A
	980412 – unisex	
	Rider form 20048	

LIBR (ORIGINAL) PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Code	LSW LIBR Plan Codes
Paragon	N/A	970110 – sex distinct
		980110 – unisex
		Rider form 8866
Ultra Select	970010 – sex distinct	N/A
	980010 – unisex	
	Rider form 8865	
FlexLife	970010 – sex distinct	970110 – sex distinct
	980010 – unisex	980110 – unisex
	Rider form 8865	Rider form 8866

LIBR (LIFECYCLE SOLUTION) PLAN CODES AND RIDER FORMS (BASIC FORM):

Product	NL LIBR Plan Code	LSW LIBR Plan Codes
LifeCycle Solution	970210 – sex distinct	970310 – sex distinct
	980210 – unisex	980310 – unisex
	Rider form 8932	Rider form 8949

CHANGES UNDERWAY

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