

# Understand the ins and outs of critical illness insurance

Coverage that helps pay the expenses associated with having a serious illness

Life doesn't always go as expected. Serious illnesses happen. And while medical insurance helps pay for medical expenses, and disability insurance replaces lost income, they don't cover all the costs associated with having a serious illness.

That's why Principal® offers a way to help employees be financially prepared to handle those expenses. With critical illness insurance, when a covered insured is diagnosed with a specific critical illness, they receive a lump-sum cash benefit<sup>1</sup> to use any way they choose, regardless of other insurance they have or actual expenses incurred.

## Product features

Covered critical illness	% of benefit	
	First occurrence	Additional occurrences
Cancer one*	100%	100%
Cancer two*	25%	25%
Coronary artery bypass graft*	25%	25%
Heart attack	100%	100%
Major organ failure	100%	100%
Stroke	100%	100%

\*Employers have the option to remove coverage for these illnesses

## Product specifications

First occurrence	Benefits are payable the first time a critical illness is incurred under the policy, subject to pre-existing condition limitation.
Multiple payouts	<ul style="list-style-type: none"> <li>• Benefits for a first occurrence of a different critical illness are payable if incurred more than 12 months after the preceding critical illness.</li> <li>• Benefits for additional occurrences of the same critical illness are payable if incurred more than 12 months after the preceding critical illness and 12 months treatment-free.</li> </ul>
Maximum lifetime benefit	Two times the benefit amount selected by the employee
Pre-existing conditions	6 months/12 months
Survival period	No, although diagnosis must be made while the insured is alive
Spouse/child coverage	<ul style="list-style-type: none"> <li>• Employee must enroll to cover dependents</li> <li>• Spouse benefit up to 50% of employee benefit</li> <li>• Flat \$2,500 child benefit</li> </ul>
Wellness benefit	<ul style="list-style-type: none"> <li>• Employer choice</li> <li>• \$50/year for employee or spouse</li> </ul>
Portability	<ul style="list-style-type: none"> <li>• Employer choice</li> <li>• Proof of good health not required</li> <li>• Options: to age 70, 3 years or 5 years</li> <li>• Must be insured for 12 months and not incurred a critical illness</li> </ul>

## Underwriting guidelines

Critical illness insurance is available with 10% participation and must be sold with another Principal group product.

	# Eligible	Employee	Spouse	Child
Minimum benefit	50+	\$5,000	\$2,500	\$2,500
Guaranteed issue/ maximum benefit	50-99	\$10,000	\$5,000	\$2,500
	100-999	\$15,000	\$7,500	
	1,000+	\$20,000	\$10,000	

## Definitions

**Cancer one** – A malignant tumor characterized by uncontrolled growth of malignant cells and invasion of normal tissue, and blood cancers (lymphoma, leukemia and multiple myeloma).

**Cancer two** – Chronic lymphocytic leukemia, carcinoma in situ, early stage melanoma, early stage prostate cancer, papillary microcarcinoma of the thyroid and noninvasive papillary cancer of the bladder. Excludes all other skin cancers.

**Coronary artery bypass graft (CABG)** – Major surgery requiring division of the breast bone to correct narrowing or blockage of one or more coronary arteries with bypass grafts.

**Heart attack** – Death of heart muscle due to inadequate blood supply. All the following criteria must be satisfied: typical clinical symptoms, such as central chest pain; diagnostic increase of specific cardiac markers for myocardial infarction; and new electrocardiographic changes of infarction.

**Major organ failure** – Irreversible end-stage failure of bone marrow, heart, kidney, liver, lung or pancreas, and for kidney failure, dialysis initiated, or other organs, a transplant recommended and insured is either listed with the United Network of Organ Sharing or a suitable donor is found.

**Stroke** – Death of brain tissue due to an acute cerebrovascular event. All these criteria must be satisfied: clinical evidence of brain tissue infarction or intracranial or subarachnoid hemorrhage; clear evidence on a CT, MRI or similar imaging technique that stroke has occurred; permanent neurologic deficit measured 30 days or more after the event.

**Wellness benefit** – Wellness tests or procedures covered: cancer screenings (bone marrow, breast, colorectal, ovarian, prostate, skin), chest x-ray, electrocardiogram (ECG), diabetes testing, standard blood chemistry profile or lipid panel, pap smear, completion of smoking cessation program or weight reduction program.



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Critical illness insurance from Principal® is issued by Principal Life Insurance Company, 711 High Street, Des Moines, IA 50392.

CRITICAL ILLNESS INSURANCE PROVIDES LIMITED BENEFITS. For producer information only. Not for use with consumers or the public. This is an overview of the benefits critical illness insurance provides, but there are limitations and exclusions. For use in Florida only. Policy form CG 5700.

<sup>1</sup> Based on current federal income tax laws, if insurance premiums are paid with after-tax dollars, the benefits are received income-tax-free.

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