



FOR ADVISORS

# Term Exchange Option

The Term Exchange Option offers clients a simple way to extend their term life insurance coverage without having to provide new evidence of insurability. This provides clients with more flexibility if their insurance needs change.

## Features

- Available after the first month from issue and before the 7<sup>th</sup> coverage anniversary
- Possibility to exchange the full or a reduced insurance amount
- Partial exchanges permitted
- Offered on individual and joint first-to-die policies
- Exchange is possible between level and decreasing coverage

<b>Exchange Options</b>	<b>Original term</b> (level or decreasing)	<b>Exchange option</b> (level or decreasing)
Clients must select a longer-term period than the original term and the insured's age, and the new term period cannot exceed 85.	T10	T15, T20, T25, T30, T35
	T15	T20, T25, T30, T35
	T20	T25, T30, T35
	T25	T30, T35
	T30	T35

## At a Glance

### Availability Period

- The Term Exchange Option is available after the first month from issue and before the 7<sup>th</sup> coverage anniversary of the original term coverage.

### Insurance Amount

- The new amount of insurance cannot exceed the amount of insurance of the original coverage. In the case of decreasing term insurance, the amount of insurance cannot exceed the insurance amount remaining at the time of exchange.
- The new insurance amount must meet minimum product requirements.

## At a Glance (Continued)

<b>Rates</b>	<ul style="list-style-type: none"><li>• Rates on the new coverage will be based on the life insured's age at the time of exchange. Any ratings will also apply based on the current age.</li></ul>
<b>Partial Exchanges</b>	<ul style="list-style-type: none"><li>• Both the new coverage and existing coverage must adhere to the issue limits for the plan.</li></ul>
<b>Risk Classes</b>	<ul style="list-style-type: none"><li>• The new coverage will receive the same risk class as the original coverage.</li></ul>
<b>Compensation</b>	<ul style="list-style-type: none"><li>• First-year commission of 25% paid on the new coverage.</li><li>• No new commission is paid on riders carried over from the original coverage, renewal commission would continue to apply.</li><li>• Subject to standard chargeback rules as per the commission schedule, if an exchange is completed within the first 2 years.</li></ul>
<b>Riders</b>	<ul style="list-style-type: none"><li>• Riders on the original coverage may be carried over to the new coverage for an equal or lesser amount without evidence of insurability.</li><li>• The disability benefit riders will maintain their original premium.</li><li>• Premiums will be based on rates at the time of exchange.</li></ul>
<b>New Coverage Provisions</b>	<ul style="list-style-type: none"><li>• Suicide and incontestability provisions period will not be extended due to the exchange.</li></ul>
<b>Exclusions and Limitations</b>	<ul style="list-style-type: none"><li>• In case of total disability under the waiver of premium benefit, the exchange option is not available.</li><li>• The right to exchange the term of the coverage may only be exercised once.</li></ul>
<b>How to Apply</b>	<ul style="list-style-type: none"><li>• To apply, complete and submit the <b>Application Form – Term Exchange Option (5739-00A)</b> before the 7<sup>th</sup> anniversary of the term coverage.</li><li>• New evidence of insurability is not required.</li></ul>



**Contact your Director of Business  
Development to learn more!**