Preferred Term 10 Exchange Program

Which plans are eligible for an exchange to a Preferred Term 20 plan?

- All Preferred Term 10 base plans issued with the Wave (version 28.0) or later rates
- Switch to a Preferred Term 20 plan without further underwriting can start at any time on or after the first policy anniversary for full exchange or; on or after the second policy anniversary for a partial exchange; prior to reaching the fifth policy anniversary or age 65 (whichever comes first)
- Any partial exchange must meet the plan minimum for both the remaining Preferred Term 10 plan and the new Preferred Term 20 plan according to our current administrative rules at the time of the exchange
- Exchanges are available on single life and joint first to die coverages

Which plans are not eligible for an exchange to a Preferred Term 20 plan?

- A Preferred Term 10 policy cannot be exchanged (in full or in part) while premiums are being waived under a waiver of premium benefit rider. The availability period will not be extended while the policy is on waiver.
- A Preferred Term 10 policy cannot be exchanged if the Preferred Term 10 policy was issued as a result of exercising the Survivor Option on a Joint First-to-Die Preferred Term 10 Policy.

Is this a contractual feature?

- Term 10 Exchange is a privilege included in the new Preferred Term 10 and Joint First-to-Die Preferred Term 10 policy contracts

What are the new Preferred Term 20 rates based on?

- The rates for the new Preferred Term 20 plan will be based on:
  - the insured's age nearest to the new coverage date
  - the original insurance rating applied to the original Preferred Term 10 plan
  - the original underwriting class applied to the original Preferred Term 10 plan
  - the current Preferred Term 20 rates in effect at the time of the exchange

Can my client split a Joint-First Preferred Term 10 plan into two single Preferred Term 20 plans?

- Splitting of a joint first Preferred Term 10 policy into 2 single Preferred Term 20 policies is permitted provided that both lives have elected the exchange and approved for the split

How about an exchange to a Preferred Term 30 plan?

- Preferred Term 10 exchange to a Preferred Term 30 is not available at this time

At the time of the exchange, can my client add new riders?

- Adding a new rider on the new Preferred Term 20 plan at time of the exchange is permitted. Regular Term conversion rules and procedures apply.

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What happens to the riders/benefits on the original Preferred Term 10 plan at the time of the exchange?

- Full Exchange: Waiver of Premium, Accidental Death Benefit and Child Term Riders are carried over, current dated, provided there is a comparable rider available on the switch plan. Business Guaranteed Insurability Option and Living Benefit 10 riders are not available for the switch.

- Partial Exchange: Waiver of Premium and Accidental Death Benefit coverage in excess of the remaining Preferred Term 10 coverage (if applicable) are carried over to the new plan. Child Term rider and Living Benefit 10 riders would remain on the original policy.

What is the compensation schedule?

- 25% FYC is payable on the entire premium of the new Preferred Tem 20 plan including rider coverages carried over from the original policy.
- Regular service and renewal commission would continue to apply.

Is there a commission chargeback against the original Preferred Term 10 plan?

- No chargeback on the original Preferred Term 10 plan if the exchange was executed after the applicable waiting period.
- Chargeback will apply for policies issued on advisors and members of the advisor's family for partial exchange within 5 years

What is the commission chargeback on the new Preferred Term 20 plan?

- 2 years (standard); or 5 years for policies issued on advisors and members of the advisor's family

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