

National Life Term Conversion Q&A

Questions

Answers

<i>Are National Life term contracts convertible to permanent insurance?</i>	Yes, the Annual Renewable Term and Level Term, term riders on whole life policies and flex-term riders all have conversion options.
<i>Can term conversions be submitted via eApp?</i>	Yes! eApp is available for term conversion!
<i>What are the contract conversion periods?</i>	<p>The conversion period varies by the term series of the contract. The conversion period for the current term series are listed below. The conversion period for a specific policy can be found in the policy record found in the agent portal.</p> <p>The end of the conversion period is defined as:</p> <ul style="list-style-type: none"> • The 10th policy anniversary for ART and 10-year term plans; or • The 12th policy anniversary for 15-year term plans; or • The 15th policy anniversary for 20-year term plans; or • The 20th policy anniversary for 30-year term plans; • The 10th policy anniversary or age 70 (whichever comes first) for Flex Term Riders
<i>To which permanent contracts can a term be converted?</i>	An attained age conversion is available at any time during the contract conversion period to a traditional or non-traditional product available at time of conversion (full or limited pay) and the premiums for the new permanent contract will be based on the client's current (attained) age.
<i>Can a policyowner do a partial conversion of their term contract?</i>	Yes, a partial term conversion is an option. The new permanent contract is expected to comply with minimum face amount specifications. The term insurance contract will continue for a minimum of \$50,000.
<i>Can two term contracts on a single insured be converted to one permanent contract?</i>	Yes, two term contracts on a single insured can be converted to one permanent contract.
<i>Can a term contract be converted to increase an in-force IUL/UL contract?</i>	Yes, a term conversion may be used to increase the face amount of an in-force IUL/UL contract. The conversion cannot be done prior to the IUL/UL contract's first anniversary date and must be done in accordance with the in-force contract provisions.
<i>Can a term contract be converted to an IUL/UL contract with an increasing death benefit without incurring additional underwriting?</i>	Yes, a term contract can be converted to an IUL/UL contract with an increasing death benefit without additional underwriting. Underwriting is required when the face amount of the new contract exceeds the amount of term being converted.

Products issued by
National Life Insurance Company®

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<i>Can a rated term contract be converted to a permanent contract?</i>	Yes, the rating on the term contract carries over to the permanent contract.
<i>Can a term contract be converted to a permanent contract that uses a flex-term or additional protection benefit (APB) rider?</i>	Yes, term can be converted to a traditional contract with a Flex-term blend or to a IUL/UL with a APB blend provided that the combined permanent coverage and Flex/APB coverage does not exceed the term coverage.
<i>If the term contract has an Accelerated Benefit Rider (ABR), can the ABR be added to the permanent contract when the conversion takes place?</i>	Barring any State approval conflicts, if the term contract has had the ABR rider it may be added to the permanent contract at the time of conversion.
<i>Does National Life offer any term conversion incentives/credits?</i>	Yes, if a policyowner chooses an attained age conversion of their National Life term contract to a permanent contract within five to ten years (depending on the type of policy purchased) from date of issue, they may be eligible for a National Life term conversion credit. The credit is based on the length of time the term contract has been in-force and may be as much as 12% of the base annual premium for traditional life and as much as 12% of the Commissionable Target premium for non-traditional life.
<i>How is the conversion credit calculated?</i>	The conversion credit is determined by the amount of term coverage converted and is calculated as a percentage of the non-rated base annual premium of Traditional Life contracts and the non-rated commissionable target premium (CTP) of Non-Traditional contracts. For example, when converting a rated term contract to a non-traditional contract, the credit is calculated on the non-rated permanent contract CTP to which they are converting not the rated permanent contract CTP. The credit is based on the CTP even if the client chooses to pay a premium amount below the CTP.
<i>How is the conversion credit applied?</i>	For Universal Life the credit is applied as a premium payment and for Traditional Life the credit is applied as a discount to the initial premium.
<i>Does selection of a modal payment option by the policyowner affect the conversion credit?</i>	No, the conversion credit is calculated as described above regardless of the modal payment selected by the policyowner.
<i>Can the term conversion credit be illustrated?</i>	Yes, this option can be found in the premium section of the illustration system.

Contact Life Sales at 800-906-3310 for additional questions.

Term contracts are underwritten by National Life Insurance Company. Riders are optional, may be available at additional cost, and may not be available in all states. Receipt of Accelerated Benefits will reduce the Cash Value and Death Benefit otherwise payable under the policy, may result in a taxable event, and may affect your client's eligibility for public assistance programs.

National Life Group® is a trade name of National Life Insurance Company, Montpelier, VT and its affiliates.

Centralized Mailing Address: One National Life Drive, Montpelier, VT 05604 | 800-906-3310 | www.NationalLife.com

No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

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