

# WE'VE GOT THIS COVERED

## TERM CONVERSION

### TERM TO PERMANENT CONVERSIONS<sup>1</sup>

Term life insurance can provide level premium protection for a client's loved ones over a specified period of time. However, it may not be the best permanent solution. After the level term premium period, significant premium increases can be required to keep the coverage in force.

The conversion option on an in force term policy or rider is an important benefit that allows policy owners to convert to a permanent policy, without additional underwriting. The new permanent policy can provide clients the security of lifelong protection and the potential to build cash value. Permanent life insurance has different fees and charges than term life insurance so premiums could be higher for the same amount of coverage. Fluctuations in interest rates and/or policy charges may require the payment of additional premiums to keep the policy in force.

Enhanced product options<sup>2</sup> are available for conversion from eligible term policies if they are converted within the early conversion period. For current versions of *Trendsetter® Super* (TL24) and *Trendsetter® LB* (TL23), this period has been extended as shown in the table below. The early conversion period for previous *Trendsetter* policies, all other term products, and riders, remains five years.

The early conversion period lasts until the end of the early conversion period shown in the table, or age 75 for Preferred Plus risk class or age 70 for all other risk classes, whichever occurs first.

Term Product	Policy Level Term Period	Early Conversion Period
TL24 <i>Trendsetter Super</i> <sup>3</sup>	10 years	5 years from issue date
TL23 <i>Trendsetter LB</i> <sup>3</sup>	15 and 20 years	10 years from issue date
	25 and 30 years	15 years from issue date

<sup>1</sup> Term conversions are subject to the rules of conversion in the existing term policy or rider.

<sup>2</sup> The enhanced product options are IUL and whole life policies at fully underwritten rates. The additional product options are not contractual and may be changed at any time.

<sup>3</sup> Policies issued after May 6, 2017. Not available in California, Guam, or New York.



# HOW TO SUBMIT BUSINESS

To help avoid delays and ensure cases are processed as quickly as possible, please keep this information in mind.

## STEP 1: DETERMINE CLIENT NEED

The first step is to work with the policy owner to determine if he or she is interested in conversion, and if the current Transamerica term product is eligible for conversion. Once this is determined, depending on the client's needs, they can select the desired permanent life insurance policy to convert to, and determine whether they want to convert all or part of their existing term policy.

## STEP 2: RUN AN ILLUSTRATION OR QUOTE

If the client decides to convert to a permanent product, run an IUL illustration or a whole life quote to determine the premium amount for the new policy.

## STEP 3: DOWNLOAD NECESSARY PAPERWORK

Forms to complete a term conversion can be downloaded from your agent portal.

## STEP 4: COMPLETE PAPERWORK WITH ALL NEEDED SIGNATURES

Be sure to complete all of the applicable paperwork, with required signatures, and submit them to New Business. When converting to an IUL, include the signed illustration with the new application paperwork.

# CONVERSION OPTIONS BY PRODUCT

Policies are subject to the conversion rules outlined in the contract, endorsement, or rider that governs the existing term policy. In addition to those rules, Trendsetter policies within the early conversion period must meet additional criteria in order to convert to the enhanced product offerings.

Products issued by Transamerica Life Insurance Company are eligible to convert across affiliated issuing companies subject to jurisdictional rules.

<b>Trendsetter LB</b> <b>Trendsetter Super</b>	<b>Conversions Within the Early Conversion Period</b>	<b>Conversions After the Early Conversion Period</b> (within the contractual conversion period)
	<b>Policies originally underwritten with exam/labs or a Part II nonmedical</b>	<b>Policies originally underwritten with exam/labs or a Part II nonmedical</b>
	<ul style="list-style-type: none"><li>• <i>Transamerica Lifetime</i><sup>SM4</sup></li><li>• <i>Transamerica Financial Foundation IUL</i><sup>®</sup> (FFIUL)<sup>4</sup></li><li>• <i>Transamerica Financial Choice IUL</i><sup>SM</sup> (FCIUL)</li></ul>	<ul style="list-style-type: none"><li>• <i>Transamerica Lifetime conversion classes</i></li></ul>
<b>FlexTerm 7<sup>4</sup></b> <b>and other term products<sup>5</sup></b>	<b>Conversions at Any Time</b> (within the contractual conversion period)	
	<ul style="list-style-type: none"><li>• <i>Transamerica Lifetime conversion classes</i></li></ul>	

<sup>4</sup> May not be applicable to all distribution channels

<sup>5</sup> See contract language for conversion privilege



## ADDITIONAL REQUIREMENTS FOR EARLY CONVERSIONS

- Contact Customer Service or Sales Support for the conversion rules
- FCIUL — \$250,000 minimum face amount
- *Transamerica Lifetime* — Conversion of up to \$9,999,999 of the existing term face amount allowed to any one policy. Conversion of \$10,000,000 or more of the existing term face amount must be converted to multiple policies with no one new policy greater than \$9,999,999.

Term policies issued with a substandard table rating are not eligible for eight-year flat extra substitutions when converting.

## TRENDSETTER LB NONMEDICAL<sup>6</sup> CONVERSION RULES

	During the Early Conversion Period		Conversion at Any Time (within the contractual conversion period)
	Issued prior to January 2018	Issued January 2018 and later	
<b>Policy Date</b>	Issued prior to January 2018	Issued January 2018 and later	Policies older than 5 years
<b>Max face amount at issue</b>	\$249,999	\$249,999	\$249,999
<b>Age and face limits to convert to FFIUL, Transamerica Lifetime (LWL)</b>	<b>FFIUL</b> <ul style="list-style-type: none"> <li>Ages 18-50: up to \$99,999*</li> <li>Ages 51-60: up to \$75,000*</li> </ul> <b>LWL</b> <ul style="list-style-type: none"> <li>Ages 18-50: up to \$99,999*</li> <li>Ages 51-60: up to \$75,000*</li> <li>Ages 61-80: up to \$50,000*</li> </ul> * Max conversion face amounts for non-conversion rates	<ul style="list-style-type: none"> <li>Entire amount may convert to either FFIUL or LWL</li> <li>Conversions into the FFIUL are no longer restricted by age and face amount limits under a nonmedical conversion</li> </ul>	<ul style="list-style-type: none"> <li>Full nonmedically underwritten face amount may convert to LWL</li> <li>Must use conversion rates</li> </ul>
<b>Remaining face amount after first conversion</b>	Any face amount remaining in excess of the age and face amount limits above may convert to LWL at the conversion risk classes.	Any face amount remaining in excess of the age and face amount limits above may convert to LWL at the conversion risk classes.	Remaining amounts may convert to LWL.
<b>Living Benefit Riders</b>	Face amounts below \$100,000 that are converted to LWL qualify for the LB riders.		Face amounts below \$100,000 that are converted to LWL will convert with the LB riders.

## TRENDSETTER SUPER NONMEDICAL<sup>6</sup> CONVERSION RULES

	During the Early Conversion Period		Conversion at Any Time (within the contractual conversion period)
	Issued prior to January 2018	Issued January 2018 and later	
<b>Policy Date</b>	Issued prior to January 2018	Issued January 2018 and later	Policies older than 5 years
<b>Max face amount at issue</b>	\$99,999	\$99,999	Not applicable
<b>Age and face limits to convert to FFIUL, Transamerica Lifetime (LWL)</b>	<b>FFIUL</b> <ul style="list-style-type: none"> <li>Ages 18-50: up to \$99,999*</li> <li>Ages 51-60: up to \$75,000*</li> </ul> <b>LWL</b> <ul style="list-style-type: none"> <li>Ages 18-50: up to \$99,999*</li> <li>Ages 51-60: up to \$75,000*</li> <li>Ages 61-80: up to \$50,000*</li> </ul> * Max conversion face amounts for non-conversion rates	May convert to either FFIUL or LWL at an equivalent face amount	<ul style="list-style-type: none"> <li>Full nonmedically underwritten face amount may convert to LWL</li> <li>Must use conversion rates</li> </ul>
<b>Remaining face amount after first conversion</b>	Any face amount remaining in excess of the age and face amount limits above may convert to LWL at the conversion rates at nontobacco or tobacco.	Any face amount remaining in excess of the age and face amount limits above may convert to LWL at the conversion rates at nontobacco or tobacco.	Remaining amounts may convert to LWL.
<b>Living Benefit Riders</b>	Terminal Illness Rider will apply; Critical and Chronic Illness Riders are not available.		Terminal Illness Riders will apply; Critical and Chronic Illness Riders are not available.

<sup>6</sup>Policies underwritten without a paramed exam/labs



## CONVERSION OPTIONS BY RIDER

Riders are subject to the conversion rules outlined in the contract that governs the existing term rider. In addition to those rules, riders within their first five years must meet additional criteria in order to convert to enhanced product offerings. Conversion rates apply unless contract language states otherwise.

Children's Insurance Rider is only able to convert to the *Transamerica Lifetime* whole life. Juveniles converting from the child rider will get CNV Juvenile risk class. Children over the age of 18 converting from a juvenile risk class will convert to CNV Tobacco rate class.

The early conversion period is available within the first five years for the riders listed below.

Additional Insured Rider <sup>7</sup> Base Insured Rider <sup>8</sup>	Conversions Within the First Five Policy Years Fully underwritten may convert up to \$2,000,000	Conversions at Any Time (within the contractual conversion period)
Other Insured Rider Primary Insured Rider	Riders originally underwritten with exam/labs, Part II nonmedical or Part I medical history questions	Riders originally underwritten with exam/labs, Part II nonmedical or Part I medical history questions
Term Insurance Rider	<ul style="list-style-type: none"> <li>▪ <i>Transamerica Lifetime</i></li> <li>▪ <i>FFIUL</i></li> <li>▪ <i>FCIUL</i></li> </ul>	<ul style="list-style-type: none"> <li>▪ <i>Transamerica Lifetime conversion classes</i></li> </ul>

## RIDERS CONVERTED WITH BASE POLICY

Critical and chronic accelerated death benefit riders can be converted with existing term coverage. For all other riders, please see policy contract for convertible options.

<sup>7</sup> Additional Insured Rider can convert prior to the Additional Insured's 70<sup>th</sup> birthday.

<sup>8</sup> Base Insured Rider conversion must be prior to insured's 70<sup>th</sup> birthday.

# RISK CLASS COMPARISON

Current Risk Class of Term Policy <sup>9</sup>	Risk Class of Converted Product Within the Early Conversion Period		Risk Class of Converted Product Anytime
	<i>Transamerica Lifetime</i>	FFIUL and FCIUL	<i>Transamerica Lifetime</i>
Preferred Elite	Preferred Elite	Preferred Elite	CNV Preferred Elite
Preferred Plus <sup>10</sup>	Preferred Elite	Preferred Elite	CNV Preferred Elite
Premier	N/A	N/A	CNV Preferred Elite
Preferred Choice	Preferred Plus	Preferred Plus	CNV Preferred Plus
Preferred	Preferred Nontobacco	Preferred Nontobacco	CNV Preferred Nontobacco
Preferred Nonsmoker	Preferred Plus	Preferred Plus	CNV Preferred Plus
Preferred Nontobacco	Preferred Nontobacco	Preferred Nontobacco	CNV Preferred Nontobacco
Preferred Smoker	Preferred Tobacco	Preferred Tobacco	CNV Preferred Tobacco
Preferred Tobacco	Preferred Tobacco	Preferred Tobacco	CNV Preferred Tobacco
Standard Nonsmoker	Nontobacco	Nontobacco	CNV Nontobacco
Standard Smoker	Tobacco	Tobacco	CNV Tobacco
Standard Plus	Preferred Nontobacco	Preferred Nontobacco	CNV Preferred Nontobacco
Standard Express Nonsmoker <sup>11</sup>	N/A	N/A	CNV Nontobacco w/Table D
Standard Express Smoker <sup>11</sup>	N/A	N/A	CNV Tobacco w/Table D

<sup>9</sup> Term policies with no defined risk class may convert to Lifetime CNV Tobacco class only.

<sup>10</sup> WRL Freedom Choice Term II Preferred Plus policy will convert to Lifetime CNV Preferred Plus.

<sup>11</sup> Standard Express Nonsmoker and Standard Express Smoker rates were discontinued as of May 2017.

# CONVERSION RULES AND RESTRICTIONS

These company practices will not supersede any more favorable contractual guarantees.

## UNDERWRITING RULES:

- The underwriting of the original policy must have been within the product's published Age & Amount Evidence Guidelines; that is, NO underwriting exceptions were made.
- The published underwriting guidelines of the converted-to product must not be more restrictive than the underwriting guidelines applied to the original policy.

## PARTIAL CONVERSION RULES

A partial conversion is subject to the minimum face amount requirements of the new policy. The face amount of the in force term policy will be reduced by the specified amount for the permanent policy. The new permanent plan is subject to rate class change if the rate class on the existing coverage is not available.

During the early conversion period, the remainder of the converted term policy may either be surrendered or continue in force at the lower face amount. After the early conversion period, the remainder of the converted term policy can continue in force only as long as it does not cause the policy to change to a lower rate class band. In all cases, the remaining amount must satisfy the minimum face amount requirements for the term policy.

Partial conversions with a face amount above \$2 million are allowed within the early conversion period; however, except for TL23 and TL24, partial conversions can only convert to the CNV risk classes of *Transamerica Lifetime*.

This guide is intended to provide an overview of the options and requirements for converting term life insurance to permanent life insurance. Policy owners should review their specific term life insurance policy or rider form for conditions and criteria to exercise the conversion privileges.

## WHAT THIS LOOKS LIKE FOR EXISTING TERM POLICIES

The existing term has the option to stay in force or be surrendered. If a client would like to keep the existing insurance, there are some items to keep in mind:

- Within the first five years of converting, Transamerica can lower the rate class of the existing term should the face amount fall below the current rate class band.
- After five years, the existing policy can remain in effect if the rate class band does not change.

**For help converting a term policy to a permanent policy, please contact your Transamerica Home Office.**

# REQUIRED FORMS

General Forms: Applicable forms are dependent on the current solicitation state. Please use state-specific application of the policy owner's current solicitation state when submitting conversion applications. If the policy owner resides outside of the United States, use the application for the state where the original policy was issued. All forms can be found on your agent portal and must be completed entirely and signed by policy owner, insured (if different than owner), and licensed representatives.

<i>Trendsetter LB</i> <i>Trendsetter Super</i>	<i>Transamerica Financial Foundation IUL and Transamerica Financial Choice IUL</i>	<i>Transamerica Lifetime</i>
	<ul style="list-style-type: none"> <li>▪ Conversion Application</li> <li>▪ Accelerated Death Benefit Form<sup>12</sup></li> <li>▪ Supplemental Application for Index Universal Life</li> <li>▪ Electronic Fund Transfer</li> <li>▪ IUL Statement of Understanding</li> <li>▪ Signed Illustration</li> <li>▪ Beneficiary/Additional Insured Information Form</li> </ul>	<ul style="list-style-type: none"> <li>▪ Conversion Application</li> <li>▪ Accelerated Death Benefit Form<sup>12</sup></li> <li>▪ Electronic Fund Transfer</li> </ul>

<i>FlexTerm 7</i>	<i>Transamerica Financial Foundation IUL and Transamerica Financial Choice IUL</i>	<i>Transamerica Lifetime</i>
	Not Applicable	<ul style="list-style-type: none"> <li>▪ Conversion Application</li> <li>▪ Accelerated Death Benefit Form<sup>12</sup></li> <li>▪ Electronic Fund Transfer</li> </ul>



## WHAT YOU'LL NEED TO START

1. Existing term policy number
2. Insured's name
3. Owner's name

<sup>12</sup> Accelerated Death Benefit Form not required for all states or territories. Living Benefit disclosure forms will be required as well. Please check your agent portal for a list of states and/or territories that require this form.

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