



# Term life insurance advisor guide

including administration rules and guidelines

February 5, 2024

ADVISOR USE ONLY

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## About Equitable

Equitable® is proud to be one of Canada's largest mutual life insurance companies. As a mutual company, Equitable is not driven by shareholder pressures for quarterly results. This allows us to focus on management strategies that foster prudent long-term growth, continuity, and stability.

We are dedicated to meeting our commitments to our clients – to provide good value and meet their needs for insurance protection and wealth accumulation – now and in the future. That's why Canadians have turned to Equitable since 1920 to protect what matters most.

Equitable is a focused, stable, and strong company. We have sufficient earnings and capital to meet our future growth targets, and we continue to grow steadily. Our growth in sales has been driven by our ability to implement our strategic plan, placing a priority on products, service, and execution. Our financial success reflects our continued commitment to profitable growth and our ability to navigate a changing regulatory and economic environment.

Our mutual structure is a key element of our value proposition, along with our diversified product portfolio and superior service. As an organization we're progressive, competitive, and firmly committed to serving the best interests of our policyholders through longer-term strategies that foster ongoing stability, growth, and profitability.

## About this guide

This guide provides detailed product information and outlines the administrative rules and guidelines that apply to Equitable's Term life insurance products currently offered and is for information purposes only. All efforts have been made to ensure the accuracy of the information contained in this guide. The contract will govern in all cases.

Information contained in this guide reflects the provisions of the Income Tax Act (Canada) as of the date of publication of this guide. Equitable reserves the right to modify its practices to reflect any subsequent changes to the Income Tax Act (Canada) and regulations affecting these policies.

**FOR ADVISOR USE ONLY.**

## Who to contact

Equitable is committed to providing you with the service you need to support your business. If you have questions or require additional information on any of Equitable's insurance products, please contact your Equitable Wholesaler.

For additional information or clarification on a client's specific policy or administration of Equitable's Term life solutions no longer being sold, please contact your Equitable Advisor Service Team.

- By phone: 1.800.668.4095
- By email:
  - [western-service@equitable.ca](mailto:western-service@equitable.ca) (Western Canada: BC, AB, SK, MB)
  - [eastern-service@equitable.ca](mailto:eastern-service@equitable.ca) (Eastern Canada: ON, QC, NB, NS, PE, NF)

## Marketing materials

Term life marketing materials and other resources are available on EquiNet<sup>®</sup> at [www.equitable.ca/advisorhome](http://www.equitable.ca/advisorhome):

- Log in to EquiNet at [www.equitable.ca/advisorhome](http://www.equitable.ca/advisorhome)
- Under Individual Insurance select Marketing Materials
- Select [Supply Order Form](#)

Please request marketing materials from your MGA. Your MGA should complete the order form, scan it and email it to [supply@equitable.ca](mailto:supply@equitable.ca) or FAX it to 519-883-7424.

## Easy options to apply for coverage

Take advantage of EZcomplete<sup>®</sup>, Equitable's easy-to-use online application system. Use it for in-person or non-face-to-face meetings. It easily guides you through the required sections of the application and includes functionality that allows clients to sign the application using their own electronic device.

An EquiNet user ID and password will be required to use the EZcomplete application. Then simply log into EquiNet and click on the EZcomplete menu bar to start an EZcomplete application.

Paper applications are also accepted. Please use [form 350 \(Application for life and/or critical illness insurance\)](#).

**Need access to EquiNet?** Click on the Log In option in the EquiNet banner, then click on the option to **Create a new password**.

## About Term life insurance

### Term life at a glance

Plan summary	<p>Equitable offers affordable term life insurance protection that is easy to understand and easy to deliver to those clients who need temporary life insurance protection. It provides:</p> <ul style="list-style-type: none"> <li>• Low-cost life insurance protection.</li> <li>• Preferred underwriting, rewarding clients for their good health and lifestyle.</li> <li>• Additional features and benefits that allow clients to create an insurance plan tailored to their unique and changing needs.</li> </ul>
Target market	<p>Term life insurance is ideally suited to the following markets:</p> <ul style="list-style-type: none"> <li>• Individuals or families seeking mortgage/debt protection or income replacement.</li> <li>• Business owners seeking creditor protection, key person coverage or funding for buy sell agreements.</li> <li>• Individuals or families looking for an affordable alternative to more costly permanent coverage.</li> </ul>
Term policies and term rider	<p>Single life policy</p> <ul style="list-style-type: none"> <li>• only 1 life insured on the policy</li> <li>• covered by one plan type or multiple plan types (layered coverage)</li> </ul> <p>Joint first-to-die policy</p> <ul style="list-style-type: none"> <li>• 2 lives insured on one policy</li> <li>• one plan type with the lives sharing the death benefit amount</li> </ul> <p>Multi-life policy</p> <ul style="list-style-type: none"> <li>• not available on corporately-owned policies</li> <li>• multiple lives insured on one policy</li> <li>• each insured life can have one plan type or multiple plan types</li> </ul> <p>Term rider</p> <ul style="list-style-type: none"> <li>• single life coverage</li> <li>• on Equimax® (par whole life)</li> <li>• on Equation Generation® IV (universal life)</li> <li>• on Equitable Generations™ (universal life)</li> <li>• EquiLiving® (critical illness insurance)</li> </ul> <p>A term rider has all the plan features of the single life policy except for:</p> <ul style="list-style-type: none"> <li>• optional riders are not available on a term rider, and</li> <li>• the KIND® benefits are not available on a term rider</li> </ul>
Plan types	<p><b>10 Year Renewable Convertible Term (10 YRCT)</b>          Provides life insurance protection to age 85 of the life insured with level premiums for the first 10 years and then renewing each year at a guaranteed amount.</p> <ul style="list-style-type: none"> <li>• Issue ages: 18-75 years (based on age nearest at time of issue)</li> </ul> <p><b>20 Year Renewable Convertible Term (20 YRCT)</b></p>

	<p>Provides life insurance protection to age 85 of the life insured with level premiums for the first 20 years and then renewing each year at a guaranteed amount.</p> <ul style="list-style-type: none"> <li>• Issue ages: 18-65 years (based on age nearest at time of issue)</li> </ul> <p><b>Term 30/65</b> Provides life insurance protection with level premiums guaranteed and payable to the later of 30 years and age 65 of the life insured.</p> <ul style="list-style-type: none"> <li>• Issue ages: 18-55 years (based on age nearest at time of issue)</li> <li>• Not available for Joint First-to-Die policies</li> </ul>
Death benefit amount	<p>\$50,000-\$10,000,000</p> <p>Special quotes from Head Office may be obtained for coverage amounts over \$10,000,000.</p>
Policy fees	\$50.00 per year/\$4.34 per month
Class of risk	<p>Class 1 – Preferred plus non-smoker Class 2 – Preferred non-smoker Class 3 – Non-smoker (standard) Class 4 – Preferred smoker Class 5 – Smoker (standard)</p> <p>Preferred term life underwriting is available for amounts of insurance greater than or equal to:</p> <ul style="list-style-type: none"> <li>• \$1,000,000 for ages 18-50, and</li> <li>• \$500,000 for ages 51-60</li> </ul> <p>Preferred term underwriting is not available for ages 61+</p>
Rate banding	<p>Band 1: \$50,000 – \$99,999 Band 2: \$100,000 – \$249,999 Band 3: \$250,000 – \$499,999 Band 4: \$500,000 – \$999,999 Band 5: \$1,000,000 – \$2,499,999 Band 6: \$2,500,000 +</p> <p>For single life policies or multi-coverage policies: For policies where there are multiple layers of term plans on the same insured, premiums are based on the band applicable to each term plan amount, not the total of the combined amounts of insurance on that policy.</p>
<b>Built in benefits</b>	
Exchange option	Only included in 10 YRCT plans
Conversion option	All plans can be converted to a permanent life insurance policy
Substitution of a life insured	Only included in multi-life policies
Additional death Benefit	Only included in joint first-to-die policies
Survivor benefits	Only included in joint first-to-die policies
Automatic coverage continuation provision	Only included in term riders
<b>KIND benefits</b>	
Bereavement counselling benefit	Benefit included with all term policies (not term riders)
Compassionate advance	Non-contractual benefit included with all term policies (not term riders)



## Optional riders available on term policies

- Additional accidental death benefit rider
- Children’s protection rider
- Guaranteed insurability option
- EquiLiving critical illness insurance rider
- Waiver of premium rider
  - Waiver of premium (Insured disability)
  - Waiver of premium (Owner/Payor disability)

## Policy options

### Single life policies

- One insured with one term plan, or
- Multiple term plans on the same insured can be issued on the same policy to provide different “layers” of coverage to meet varying insurance needs (not available on business-owned policies)

### Multi-life policies (not available on business-owned policies)

- If the owner of the policy is an individual, a term policy can also include coverage on more than one life insured
- A death benefit is payable on the death of each individual insured

### Joint first to die policies

- Available only with 10 YRCT or 20 YRCT
- One coverage that insures two individual lives
- The death benefit is payable on the occurrence of the first insured’s death and the policy then terminates
- At the occurrence of the first death, the surviving life insured has options available to them under the survivor benefit

## Premium structure

All guaranteed premiums for a term plan are included in the premium schedule section of a client’s policy.

Plan type	Premium structure
Term 10 YRCT Term 20 YRCT	<ul style="list-style-type: none"> <li>• Premiums are guaranteed at issue and will automatically renew after the initial term on an annual renewable basis.</li> <li>• The premium due at each renewal is guaranteed at time of issue and is always an increase from the last renewal.</li> <li>• Premiums are payable to the policy anniversary nearest the insured’s 85<sup>th</sup> birthday at which time the coverage expires.</li> </ul>
Term 30/65	<ul style="list-style-type: none"> <li>• Premiums are guaranteed level and payable to the later of:               <ul style="list-style-type: none"> <li>○ Year 30 of the term coverage, and</li> <li>○ Age 65 of the life insured</li> </ul> </li> <li>• The premium does not renew, and coverage expires at the end of the premium payment period</li> </ul>

## KIND benefits

- The KIND program offers benefits to clients and their beneficiaries. If clients need any of these benefits and meet the eligibility requirements, we have them covered!

- Each term policy includes the KIND program benefits outlined below (not included with term riders).
- Clients must submit a request for any of the KIND benefits and provide the information we require. Requests are submitted to our Individual Life Claims team.

## Compassionate advance Non-contractual provision

If the life insured is diagnosed with a condition, disease or injury which is expected to cause death within 24 months, they may qualify for a one-time payment which advances the lesser of:

- \$100,000 or
- 50% of the death benefit,

less any existing indebtedness.

### Requirements:

- Diagnosis must be supported by a report/documentation from a licensed physician, and
  - The plan must have been in effect for a period of at least 24 months, and
  - No reinstatement of the policy has taken place in the previous 24 months
- Whether a compassionate advance benefit is payable is not dependent on who will be using the funds
  - Based on current tax legislation, compassionate advance benefit is not taxable
  - We will require the authorization of the beneficiary/assignee for the payment if a preferred beneficiary, irrevocable beneficiary, or an assignee is indicated on the policy for the term plan

The compassionate advance is an advancement of the death benefit and therefore:

- Premiums will continue to be due for the policy based on the death benefit amount in effect just prior to payment of the compassionate advance benefit
- If a waiver of premium rider on the insured is in effect on the policy, the premiums for the policy will be waived
- At time of death, the death benefit will be reduced by the compassionate advance amount advanced

## Bereavement counselling benefit Contractual provision

Upon the death of a life insured covered under the term plan and payment of the death benefit, we will provide a bereavement counselling benefit of up to a total of \$1,000 towards the cost of counselling expenses, shared among all beneficiaries.

- The benefit amount is a total of \$1,000 regardless of the number of beneficiaries.
- The beneficiary(ies) must submit receipts within 12 months of the date of death of the life insured to Equitable.
- Although contractually we state the reimbursement is offered once the death benefit has been paid, administratively we may allow the beneficiaries to request reimbursement and payment of counselling costs when a death claim has been submitted for the policy or if the compassionate advance has been approved. The contract governs in all cases.
- The counsellor must have professional accreditation or certification as determined appropriate by Equitable at the time of receipt.

## Built-in benefits

### Multi-life policies

#### Substitution of a life insured

Built-in only for multi-life policies

This benefit gives clients the option to substitute a life insured on a policy.

- The new life insured must submit satisfactory evidence of insurability, and
- Must provide proof of an insurable interest with the other lives insured under the policy, and
- An administrative fee may apply.

If the policy has a disability waiver of premium rider on the life being substituted, substitution of that life insured on the policy will require cancellation of the rider.

#### Separate policy option

Built-in only for multi-life term policies

If the owner of a multi-life term policy wants to change a term life plan to a standalone single life policy on the same life, they will be able to do so at any time, if the term policy and the term plan are in effect at the time of the change. No evidence of insurability will be required.

For the new single life term policy:

- The single life term policy will have the same benefits that applied to the insured life under the original term policy.
- The death benefit amount cannot be greater than the death benefit amount on the original term plan and not less than the minimum amount of insurance required for a single life term life insurance policy at that time.
- The single life term policy will be set up using original issue age and original rates.
- Any ratings that applied to the life insured under the original multi-life policy will apply on the new single life policy.
- The premiums are calculated using the same rates as those that apply to the original term plan at the date of the change and are increased by an additional policy fee and adjusted by any modal factor differences.
- Other riders and benefits may be added to the new term policy, subject to availability and approval by us; submission of satisfactory evidence of insurability as determined by us may be required.

Multi-life term policy	Separate single life term policy	
With a waiver of premium rider	With a waiver of premium rider	<p>No underwriting is required, provided:</p> <ul style="list-style-type: none"> <li>• the life insured was underwritten for and insured by the waiver of premium rider on the original term policy</li> <li>• premiums have not been waived in the past</li> <li>• premiums are not currently being waived at the time of the change</li> <li>• no claim for the disability waiver provision is pending.</li> </ul> <p>If the separate policy option is exercised while premiums are being waived under a waiver of premium rider, the premiums on the new separate single life term insurance policy will become payable at the time of the change.</p>

Without a waiver of premium rider	Without a waiver of premium rider	Satisfactory evidence of insurability will be required to add a waiver of premium rider to the separate single life term policy.
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### Joint first-to-die policies (special options provision)

Built-in only for Joint first-to-die policies.

A joint first-to-die policy has special options that are automatically included which are available to the surviving life insured or if the joint relationship has a material change.

#### Options on the first death

The joint first-to-die policy will end at the first death of the lives insured. Within 60 days of the first death, the surviving life insured will have the option to purchase, without evidence of insurability, a new single life term policy, with the following criteria:

- The maximum death benefit amount on the new term life policy will be limited to the death benefit amount in effect at the date of the first death.
- Plan minimums and maximums for coverage amounts, premiums and issue ages as per our then-current administrative and guidelines for the plan selected will apply.
- Premiums will be based on the attained age of the surviving life insured at the rates in effect at that time.
- The class of risk of the surviving life insured under the new policy will be the same as under the joint-first-to-die policy if the new term plan offers a similar class of risk for the amount of insurance and age of the insured. Otherwise, the class of risk for the new term plan will be the closest equivalent as determined by Equitable.

#### Waiver of premium rider on surviving insured

- If, at the time of death of the first insured, the surviving life insured is insured under a waiver of premium rider and
  - the surviving life insured is not disabled, the waiver of premium rider can be added to the new policy subject to availability and issue age limits.
  - premiums are being waived on the joint first-to-die policy as a result of the disability of the surviving life insured, a new term policy can still be issued as outlined above. The premiums under the new policy would continue to be waived as long as the disability of the surviving life insured continues.
- If premiums are being waived under the joint first-to-die policy at the time of the first death due to the disability of the deceased life, premiums for the new policy on the surviving life insured would not be waived and would become payable. In addition, any premiums for riders or benefits in effect on the surviving life insured would not continue to be waived and would become payable.

#### Additional death benefit payable

- If within 60 days of the first death the surviving life insured dies and at the time of death is under attained age 70, we will pay the beneficiary an additional death benefit equal to the death benefit amount in effect at the time of the first death.

#### Option to elect individual policies

Built-in only for joint first-to-die policies.

Joint first-to-die policies have an option to elect single life policies without underwriting, should there be a material change in the relationship of the lives insured. What constitutes a material change will be determined by Equitable, but examples include a divorce or a dissolution of a business partnership.

The request to elect individual policies must be submitted:

- No later than 90 days after obtaining evidence of the material change. Documentary evidence of the material change – e.g., a legal separation agreement, divorce order, dissolution of business partnership – must be submitted within 60 days of a request for such evidence by Equitable.
- In writing and can be made at any time prior to the policy anniversary nearest age 75 of the oldest life insured under the joint policy.
- The new single life policies are issued at current ages and current rates for a similar class of risk.
  - If the class of risk under the joint first-to-die policy is a “preferred” class, the class of risk under the new single life policy will be the same provided it is offered at the time individual policies are elected, otherwise the new single life policy will be a “standard” class of risk.
  - For example, if a “preferred” class applies to the joint first-to-die policy but the amount of coverage applied for the single life policy is less than minimums required for current preferred rates, we will not allow preferred rates to carry over.
  - If the class of risk under the joint first-to-die policy is other than “preferred”, the class of risk under the new single life policy will be the same if the new policy is for an amount that offers a similar class of risk, otherwise the new policy will be the closest equivalent class of risk as determined by Equitable.
- The existing joint first-to-die policy will be surrendered coincident with the issue of the new single life policies.
- The total death benefit amount for each single life policy will be limited to the total death benefit amount in effect on the joint policy at the time the request to surrender it for single life policies is received.
- The new single life policies must meet the plan minimums and maximums for the age, premium and amount of insurance required on the product and plan selected.
- Any request to increase the death benefit amount will be subject to underwriting approval.
- If the joint first-to-die term policy has a waiver of premium rider in effect on any of the lives insured at the time the policy is surrendered for single life policies, and premiums are not being waived, the life insured under the waiver of premium rider can continue to have a waiver of premium rider on the new single life policy.
  - Waiver of premium must be available as an option on the new single life policy and the life insured must be within the issue age limits for the rider on the new policy. Otherwise, the waiver of premium rider will terminate with the request to surrender the joint first-to-die term policy.
- If premiums for the joint first-to-die term policy are being waived under the waiver of premium rider and a request is made to surrender the policy for single life policies, premiums would not be waived for the new single life policies and premiums would become payable.

## Optional riders on term policies

Equitable Term life policies offer a variety of optional riders to ensure clients have the comprehensive coverage they need.

The following optional riders are available on term policies only (not available on term riders).

### Waiver of premium rider

Waiver of premium rider provides for the payment of all premiums applicable to the policy while the person insured under the rider is totally disabled by sickness or accident. If the total disability occurs prior to their 60<sup>th</sup> birthday and lasts for six consecutive months, Equitable will refund any premiums paid during this six-month period and waive any premiums that come due during the continuation of the total disability.

There are two types of waiver of premium rider available on a term policy.

- **Waiver of premium (insured disability):** This waiver insures a person insured for term coverage on the term policy
- **Waiver of premium (owner/payor disability):** This waiver insures the payor or owner (applicant) of the term policy

	Waiver of premium (Insured disability)	Waiver of premium (owner/payor disability)
Available on	<ul style="list-style-type: none"> <li>• Single life policies</li> <li>• Multi-life policies</li> <li>• Joint first-to-die policies</li> </ul>	
Insured covered under the waiver of premium rider	The life of the insured for the term life policy	The owner/payor of the term life policy (can only cover either the payor or the owner of the policy but not both)
Issue ages	18-55 years	
Expiry	On the policy anniversary nearest the person insured under this rider's 60 <sup>th</sup> birthday	On the policy anniversary nearest the person insured under this rider's 60 <sup>th</sup> birthday

- Can be added after policy issue, subject to underwriting approval, issue age limits, and any administrative rules in effect at that time.
- In situations where we are not notified within 6 months of a total disability, we will only retroactively waive premiums to a maximum of up to one year from the date the life insured notifies us of the disability.

If a claim for total disability is made prior to the expiry date of the waiver of premium rider and the person who is insured under the rider continues to be totally disabled at the expiry of the rider, the premiums will continue to be waived until the earlier of:

- The date the person insured under the waiver of premium rider is no longer totally disabled, or
- In the case of:
  - Waiver of premium rider (Insured disability): The date the term coverage on the person insured under the Waiver of premium rider (Insured disability) expires,
  - Waiver of premium (owner/payor disability): the date the term policy expires.

#### With waiver of premium (insured disability)

On a joint life policy, if:

- only one life has a waiver of premium (insured disability), premiums for the entire policy would be waived, but only upon disability of the life insured by the waiver of premium (insured disability).
- the other life insured under the joint policy does not have a waiver of premium (insured disability) and becomes totally disabled, premiums would not be waived and would continue to be payable.

#### With waiver of premium (owner/payor disability)

- An owner/payor insured under the waiver of premium (owner/payor disability) cannot transfer this rider to provide coverage to another owner/payor.
- If the ownership of the policy is transferred to another person, this rider does not transfer to that person.
- If premiums are being waived under this rider due to total disability and the owner/payor dies, premiums will resume on the policy.

#### Premiums for waiver of premium rider:

To calculate the premium amount for the waiver of premium rider, the total annual premium for each active plan and any additional riders (not including the waiver of premium rider itself) on the policy are summed. The total annual premiums for the policy are then multiplied by a pricing rate factor for the age, gender, and smoking status of the insured at issue.

- The rate factor used to calculate the waiver of premium at time of issue is guaranteed.
- While the rate factor does not change, the increase in total premium if a term plan renews means that the premium charged for the waiver of premium rider will increase.

- Any changes in the policy after issue resulting in a premium change, means that the premium charged for the waiver of premium rider will also change.
- **Total disability for waiver of premium:** a state of incapacity caused by disease or bodily injury that results in the person who is insured under the waiver of premium rider, unable to perform all duties of his regular occupation. If the person insured has no occupation, total disability means the inability to engage in any occupation for which the person insured is qualified by education, training, or experience.
  - If total disability occurs prior to the 60th birthday of the person who is insured under the waiver of premium rider, and lasts for 6 consecutive months, any premiums paid during the 6-month waiting period will be refunded and any premiums that come due during the continuation of the total disability will be waived.

### Additional accidental death benefit rider (AADB)

If death occurs because of an accident and the life insured dies within 90 days of the accident, this rider provides an additional death benefit equal to the amount elected at issue.

Available on	Issue ages	Issue limits	Expiry
<ul style="list-style-type: none"> <li>• Single life policies</li> <li>• Multi-life policies</li> </ul>	10 YRCT and 20 YRCT <ul style="list-style-type: none"> <li>• 18 years-60 years</li> </ul> Term 30/65 <ul style="list-style-type: none"> <li>• 18 years-55 years</li> </ul>	Min: \$1,000  Max: Limited to the lesser of the term plan amount of insurance or \$500,000	On the policy anniversary nearest to the person insured's 65 <sup>th</sup> birthday.

### Children's protection rider (CPR)

This rider provides the convenience of providing term life insurance protection for all the insured's children under one convenient plan.

- Children born or legally adopted by the life insured after the policy is issued are automatically covered after 15 days following birth or upon the date of adoption, whichever is later, provided the child is legally adopted before their 18<sup>th</sup> birthday.
  - Any child under the age of 15 days at the time of death of the life insured or born or adopted following the death of the life insured is not covered by the rider.
- Between the ages of 21 and 25 years, each insured child has the option to purchase their own policies for up to 5x the original death benefit amount of the children's protection rider:
  - They can choose either an Equitable Term life or a permanent life insurance policy, without evidence of insurability, subject to the then-current administrative rules and guidelines for issue limits for coverage amount, premiums, and age for the new plan.
  - The option to purchase their own life insurance policy expires on the anniversary nearest the child's 25<sup>th</sup> birthday.
  - For an insured child under multiple CPRs with Equitable, the maximum amount of new coverage that can be submitted for conversion for that insured child will be \$150,000. The maximum amount we will pay out on any plan converted from CPRs for that child will be \$150,000.
- Premiums are payable for this rider for 20 years after which payments for this rider cease, however coverage will continue for all insured children at that time and until expiry of the rider.
- If the life insured for the term policy dies before 20 annual premium payments have been paid, the rider will become paid-up and remain in effect on the insured children until coverage on that child expires at the anniversary nearest the child's 25<sup>th</sup> birthday.
- Requests to terminate the children's protection rider must be submitted in writing to Equitable. Premiums for this rider will not automatically end when the last insured child turns 25.

Issue age	Issue limit	Coverage expiry
Child insured: 15 days-18 years Issue age of insured parent: 16-55 years	\$10,000-\$30,000  Note: \$30,000 is the maximum payable across all policies for any child.  This means if one parent has a \$20,000 CPR on their policy and the other parent also has a policy with a \$20,000 CPR, that the maximum benefit payable for that child under the CPR will be \$30,000.	Insured child's 25 <sup>th</sup> birthday

### Guaranteed insurability option

Attractive rider for clients concerned about future insurability. This rider guarantees a client the option to buy additional amounts of insurance on a new policy at specified dates (option ages) in the future, without providing further evidence of insurability.

- The additional amount of insurance resulting from exercising a Guaranteed Insurability Option will be issued as a new policy.
- The new policy may be for any term Life or permanent life insurance policy or a combination of any of these plans with a term rider
- The new policy will be issued at current age and rates at that time; and must meet the minimum and maximum age and amount of insurance requirements for the plan elected.
- If the term policy contains a waiver of premium rider, the new policy will also contain such a rider. However, if the new policy is a limited pay plan, the inclusion of a waiver of premium will be subject to receipt of evidence of insurability.

Issue age	Term plan types
18-38 years (Cannot be added after policy issue)	Single life policies issued standard

### Option ages

- Depending on the age of the life insured at issue there may be only one option available or up to 7.
- The option date in the chart below is the policy anniversary closest to the insured's birthday for that age.
- At each option date the owner of the policy can purchase a new policy for a death benefit amount starting at \$25,000 up to the maximum option amount.
  - For example, a client aged 25 with this rider would be able to get 5 new policies, each with a maximum of \$50,000 of coverage. If they choose to take all the options, this means they could get a total of \$250,000 in new insurance without providing additional evidence of insurability.
- Each new policy must meet minimum and maximum age and coverage requirements of the new policy.

Life insured's issue age	Option date based on insured age:	Minimum option amount	Maximum option amount
18 - 20	22,25,28,31,34,37,40	\$25,000	\$50,000
21 - 24	25,28,31,34,37,40	\$25,000	\$50,000
25 - 27	28,31,34,37,40	\$25,000	\$50,000
28 - 30	31,34,37,40	\$25,000	\$50,000
31 - 33	34,37,40	\$25,000	\$50,000



34 - 36	37,40	\$25,000	\$60,000
37 - 38	40	\$25,000	\$75,000

## EquiLiving® critical illness insurance rider

For specific details please refer to the [EquiLiving advisor/admin guide](#).

Clients can add an EquiLiving rider to their Term policy on or after issue of the term policy and enjoy most of the same benefits of an EquiLiving policy without an additional policy fee. The addition of an EquiLiving rider makes Equitable's Term life a truly comprehensive insurance package—critical illness coverage to provide financial protection in the event of a covered critical condition, and term life insurance to pay a benefit to the beneficiaries upon a client's death.

EquiLiving provides clients with a lump sum benefit if the person insured under the rider is diagnosed with one of the 26 covered critical conditions and satisfies all the requirements for that covered condition as outlined in the rider. Clients can use their covered conditions benefit payment any they want.

If a term base policy is terminated but the owner wants to continue the coverage for the EquiLiving critical illness rider, the EquiLiving critical illness rider will be set up as a stand-alone EquiLiving policy with a policy fee and adjusted for any differences in modal factor if applicable.

- EquiLiving riders only provide coverage for one insured (single life insured).
  - For multi-life policies and joint first-to-die policies each life insured that wants critical illness coverage must apply for an EquiLiving rider on the application and be underwritten

EquiLiving plan type	10-year Renewable to Age 75	Level to Age 75	Level to Age 100 (coverage for life)
Benefit amount	\$10,000 - \$2,000,000		
Issue age <i>*Subject to the age restrictions for the term life policy</i>	18-65 years	18-64 years	18-65 years
Expiry	At the policy anniversary nearest the person insured's 75 <sup>th</sup> birthday	At the policy anniversary nearest the person insured's 75 <sup>th</sup> birthday	If the term policy expires at age 85 and the only remaining coverage is an EquiLiving rider, the EquiLiving rider will be issued as a standalone EquiLiving policy with original rates and age with a policy fee and adjusted for any differences in modal factor if applicable.  If premiums for a client's term life policy are being waived under a waiver of premium rider, the EquiLiving rider premiums will continue to be waived under the waiver of premium rider for as long as a client qualifies to have their premiums waived.

There are several built-in benefits available on the EquiLiving CI rider, including but not limited to:

Built-in benefits	Description
Early detection benefit	Provides a lump sum benefit if the person insured by the rider is diagnosed with and satisfies all the requirements for any of 8 non-life-threatening covered conditions.

	<ul style="list-style-type: none"> <li>• The early detection benefit will be the lesser of 15% of the then-current EquiLiving benefit amount and \$50,000.</li> <li>• This benefit can be paid multiple times while the rider is in effect, but only once for any one of the early detection benefit covered conditions.</li> </ul>
Change privilege	<p>Clients can change their EquiLiving rider to another critical illness insurance coverage plan type as follows subject to the issue age limitations for that plan:</p> <p><b>10-year Renewable to:</b></p> <ul style="list-style-type: none"> <li>• Level to Age 75</li> <li>• Level to Age 100 (coverage for life)</li> <li>• 20 Pay coverage to Age 75*</li> <li>• 20 Pay coverage for life*</li> </ul> <p><b>Level to Age 75 to:</b></p> <ul style="list-style-type: none"> <li>• 20 Pay coverage to Age 75*</li> <li>• 20 Pay coverage for life*</li> </ul> <p><b>Level to Age 100 to:</b></p> <ul style="list-style-type: none"> <li>• 20 Pay coverage for life*</li> </ul> <ul style="list-style-type: none"> <li>• Evidence of insurability will not be required if there is no increase in amount of insurance to the new plan.</li> <li>• The change privilege cannot be exercised if premiums for the rider are being waived under a waiver of premium rider.</li> <li>• Full and partial changes are permitted.</li> </ul> <p><i>*Since we do not allow 20 Pay CI riders on term policies: If a change privilege is for a CI 20 Pay plan, the 20 Pay CI plan will be issued as a stand-alone policy with a policy fee and adjusted for any differences in modal factor if applicable. The 20-year payment period for the 20 Pay CI starts on the date of the change.</i></p>
Rider Exchange Provision	<p>Available on:</p> <ul style="list-style-type: none"> <li>• Multi-life and joint first-to-die policies</li> </ul> <p>If a death benefit becomes payable causing the term policy to terminate, the Owner may request in writing, within 60 days of the death of the insured person, to exchange the EquiLiving rider that was providing coverage for any surviving insured person on the term policy, for a separate EquiLiving critical illness insurance policy on that insured, without evidence of insurability.</p> <p>If the premiums are being waived under a waiver of premium on the term life policy, the premiums will not be waived on the new EquiLiving policy.</p> <p>If a rider exchange provision is elected, the critical illness plan will be issued as a stand-alone policy with a policy fee and adjusted for any differences in modal factor if applicable.</p>

### Term life insurance as a rider (Term rider)

Addition of a term rider to a policy is subject to availability and the administration rules and practices in effect at the time of application.

- The premiums for the term riders are based on the current age of the life insured and the rates in effect at that time for the applicable class of risk as determined by us.
- Term riders only provide coverage for one insured (single life insured)
  - For multi-life policies: each life insured on the policy that wants a term rider must apply for a term rider to be underwritten.

Like the applicable term plan, term riders include an exchange and conversion option. Term riders do not include any KIND benefits.

**Tax status:** In the chart below, we refer to a G2 or G3 tax status policy. The coverage tab on the Individual Inquiry screens on EquiNet include a tax indicator field. It shows the tax status that applies to a client’s policy.

<p>What term plans can be added as a rider?</p>	<p><b>Whole life policy:</b> T10 YRCT, T20 YRCT, T 30/65</p> <p>Term riders may increase the maximum Excelerator deposit option (EDO) payment limits amounts or allow EDO to be added to an Equimax policy provided the term rider is issued at the same time as the Equimax policy. Please refer to the Equimax advisor/admin guide for more details.</p> <p><b>Term life policy, critical illness insurance policy and universal life policy:</b> T10 YRCT, T20 YRCT</p>
<p>Can term riders be added after policy issue?</p>	<p><b>Critical illness insurance policy:</b> Yes</p> <p><b>Term life policy, whole life policy and universal life policy:</b> Yes, if the policy is a G3 tax status.</p> <p>If someone with a G2 policy, applies for a Term rider, we will issue the Term coverage as a Term policy (not as a Term rider).</p> <p>Please refer to the “Term rider and tax status of the policy” below.</p>
<p>Class of risk</p>	<p>It is possible that a term rider added to a policy after issue could have a substandard rating even though a substandard rating does not apply to the base policy.</p> <p>There could also be differences in risk classes between plans on the same life insured based on different underwriting guidelines and risk assessment completed at the time of application for the base policy versus those in place at time of application for adding the term rider.</p>
<p>Premium and policy fee</p>	<ul style="list-style-type: none"> <li>• Premium rates for term riders are guaranteed at issue.</li> <li>• Each term rider is considered separately in determining the premium rate that applies even if it covers the same insured. If more than one term rider applies to a life insured, premiums are based on the band applicable to <u>each</u> individual rider amount of insurance, not the total of the combined amounts of insurance on the policy.</li> <li>• If the life insured on the term rider is different from the base life insured, the class of risk for the term rider is based on the person being insured under the term rider.</li> <li>• There is no separate policy fee associated with term rider while it remains a rider on a policy.</li> </ul>

<p>Premium payment for the Term rider</p>	<p><b>Universal life policy:</b></p> <p>Charges for universal life policies and all riders attached to the plan are always withdrawn monthly regardless of whether the client pays their premiums on an annual or monthly basis.</p> <p>The annualized premium for a term rider on universal life policies will be equal to 12x the term rider monthly premium.</p> <p>If adding the term rider to an existing universal life policy, the charges will increase for the policy when the term rider is added effective the last monthiversary.</p> <ul style="list-style-type: none"> <li>● If policy premium payments are monthly, the PAD payment will change only if the owner requests it to be changed or if it is less than the minimum required to cover the increase in charges. If we need to increase it because it is less than what is required to cover the charges, we will only increase it to the new minimum required to avoid a shortage.</li> <li>● If policy premiums payments are annual, we will look at the account value and excess premiums paid into the policy. If the value is sufficient to cover the Term rider cost, additional premium is not requested. If funds are not sufficient to cover the increase in charges, a pro-rata premium amount would need to be paid to cover the costs until the next premium due date.</li> <li>● If the minimum premium is being paid for the policy the owner may need to increase the payment to keep the policy in effect.</li> </ul> <p><b>Term life policy, critical illness insurance policy and whole life policy:</b></p> <p>If adding the term rider to an existing policy the premiums will increase for the policy when the term rider is added effective the last monthiversary of the policy:</p> <ul style="list-style-type: none"> <li>● If the existing policy premium payment mode is annual, a pro-rata premium payment will be required for the term rider to pay it up to the next policy anniversary. At the next policy anniversary, the total annual premium payment required will include the term rider.</li> <li>● If the existing policy premium payment mode is monthly, the additional monthly premium is charged when the term rider is added, and at the next monthiversary, the PAD payment required for the policy will include the term rider. <ul style="list-style-type: none"> <li>● It's important to note that the modal factor applied to the term rider is based on the modal factor of the policy and the premiums for the term rider can vary across term, critical illness and whole life policies because of this.</li> </ul> </li> </ul>
<p>Can a term rider be backdated?</p>	<ul style="list-style-type: none"> <li>● Up to 364 days (backdated to a policy monthiversary).</li> </ul> <p>When a term rider is added to a policy, the effective date of the term rider cannot be backdated prior to the effective date of the base policy.</p> <p>Backdating is not allowed to qualify for a term rider that would otherwise not be available for the insured based on their age nearest at time of application for the term rider.</p> <p>In some instances, the ability to backdate the term rider may be limited, for example for term exchanges, addition of term riders to existing policies, etc.</p>

Conversion option	<p>Any term riders issued on a policy with a G2 tax status which are converted will not be grandfathered for tax purposes. The new permanent policy will have a G3 tax status and be treated with the tax rules effective January 1, 2017.</p> <p>For G2 plans, refer to the term rider contract for conversion ages as these have changed over time.</p>
If adding a term rider to an existing policy with a waiver of premium rider	<p>The life insured must qualify for the term rider to be covered under the existing waiver of premium rider at time of application for the term rider.</p> <ul style="list-style-type: none"> <li>● If the life insured qualifies for the term rider to be covered under the existing waiver of premium rider: <ul style="list-style-type: none"> <li>● The term rider will be added to the existing policy.</li> <li>● The addition of the term rider to the policy will increase the premium or charges required for the waiver of premium rider.</li> <li>● The cost of the waiver of premium rider is based on the amount of premium or charges to be waived for the policy. Adding a term rider increases the total premium or charges for the policy and the amount that will need to be waived if the life insured becomes disabled.</li> </ul> </li> <li>● If the life insured does not qualify for the term rider to be covered under the existing waiver of premium rider: <ul style="list-style-type: none"> <li>● The term rider cannot be added to the existing policy.</li> <li>● In this case, the term rider will be set up as a separate policy without a waiver of premium rider.</li> <li>● A policy fee as determined by us may apply and premiums maybe adjusted for any differences in modal factors if applicable.</li> </ul> </li> </ul>
Automatic coverage continuation	<p>If the base policy to which a term rider is attached ends, and the term rider is in effect at that time, we will continue the coverage provided under the term rider until the earlier of the expiry date for the term plan, or until the client asks us to terminate the term plan.</p> <ul style="list-style-type: none"> <li>● A policy fee may be payable, and</li> <li>● Premiums may be adjusted for any differences in modal factor if applicable.</li> </ul> <p><b>If the policy is an EquiLiving critical illness insurance policy</b> The term rider will be changed to a separate term life policy effective the date of termination of the base policy and:</p> <ul style="list-style-type: none"> <li>● The separate term life policy is issued with the same term plan and death benefit amount and the same class of risk as the original term rider, without evidence of insurability.</li> <li>● The premiums that will apply to the new term life policy are calculated using the same rates as those that apply to the rider at the date of termination of the base policy.</li> <li>● An additional amount for a policy fee and any adjustments for differences in modal factor if applicable, will be charged by us at that time.</li> <li>● If premiums were being waived under a waiver of premium rider, they will continue to be waived for the term policy if the disability on the insured continues.</li> </ul> <p><b>If the policy is a multi-life insurance policy or a joint life policy</b> For multi-life or joint-life insurance policies, a separate term policy may be available for the surviving insureds covered under a term rider. If this option is available, the term rider</p>

	<p>will be changed to a term life policy on each insured effective the date of termination of the base policy:</p> <ul style="list-style-type: none"> <li>• The term life insurance policy on each surviving insured is issued with the same term plan, death benefit amount and the same class of risk as the original term rider, without evidence of insurability.</li> <li>• The premiums that will apply to the new term life insurance policy are calculated using the same rates as those that apply to the rider at the date of termination of the base policy, increased by an additional policy fee and any differences in modal factor if applicable, charged by us at that time.</li> </ul> <p><b>If a children’s protection rider existed on the term policy</b> the children’s protection rider it may be carried over as a rider on the new term life insurance policy and is treated as a continuation of the original children’s protection rider coverage.</p> <p><b>If the policy had a waiver of premium rider that the term life insured was underwritten and insured for</b> The separate term insurance policy can also have a waiver of premium rider added without providing additional evidence of insurability provided that:</p> <ul style="list-style-type: none"> <li>• premiums have not been waived in the past</li> <li>• are not being waived at the time the base plan terminates</li> <li>• no disability waiver claim is pending</li> <li>• If premiums were being waived under a waiver of premium rider on that insured when the base policy terminated, the premiums due for the separate term life insurance policy will continue to be waived if there is continued proof of total disability of the life insured. if the life insured by the term rider was not the disabled life, premiums for the new term policy will become payable.</li> </ul>
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**Term rider and tax status of the policy**

- The availability to add a term rider to an existing policy depends on the tax status of the policy. A policy with a G2 tax status is subject to tax legislation in effect prior to January 1, 2017. A policy with a G3 tax status is subject to tax legislation effective January 1, 2017.

Policy Issued:	
Prior to January 1, 2017 (tax status G2)	<p>Term riders cannot be added to protect the tax status of the original policy. If additional term life insurance coverage is required, the coverage will be administered as a new issue. This means it will be:</p> <ul style="list-style-type: none"> <li>• set up as a new policy with a policy fee,</li> <li>• set up using current age and current rates,</li> <li>• subject to administration rules and practices in effect at that time</li> </ul>
January 1, 2017, to current (tax status G3)	<p>Term riders can be added to the original policy and will be:</p> <ul style="list-style-type: none"> <li>• added to the original policy using current age and current rates</li> <li>• subject to the administration rules and practices in effect at that time</li> </ul>

## New issue & underwriting

### EZcomplete online application

Use it for in-person or non-face-to-face meetings.

- EZcomplete easily guides you through only the required sections of the application.
- It includes functionality that allows clients to sign the application using their own electronic device.
- Login to EquiNet® and click on the EZcomplete icon on the menu bar.

### Procedures at policy issue

Currently, there is no requirement that a sales illustration be submitted with any application for term life insurance. However, we have included a signature page with the illustration in anticipation of this requirement. If you wish to submit an illustration with an application for term life insurance, you may do so. The policy contract governs in all cases.

### Issue age

- Term life plans use a 6-month age nearest pricing approach.
- Age nearest is how we determine the issue age of the client and is based on the date of birth of the client and the date the policy is issued:
  - If the issue date of the policy is closest to the client's last birthday, the issue age of the client will be the age at their last birthday.
  - If the issue date of the policy is closest to the client's next birthday, the issue age of the client will be recorded as the age at their next birthday.

### Backdating

Note: All required premiums or charges would need to be paid from the backdated effective date of the term life plan.

Term policies: We allow backdating of up to 364 days on term policies.

- We do not allow backdating on a policy where the purpose is to save age to qualify for a coverage or feature the proposed insured would not qualify for based on their age nearest at the time they apply for coverage.

Term riders: We allow backdating of up to 364 days on a term rider.

- When a term rider is added to a policy, the effective date of the term rider cannot be backdated prior to the effective date of the policy.
- Backdating is not allowed to qualify for a term rider that would otherwise not be available for the insured based on their age nearest at the time of application for the term rider.
- In some instances, the ability to backdate the term rider may be limited, for example for term exchanges, addition of term riders to existing policies, etc.

### Premium payment

Clients have the option of paying their premiums annually or monthly by pre-authorized debit plan (PAD). If premiums are paid monthly, the modal factor used for term policies is 0.0867. All premiums are payable to The Equitable Life Insurance Company of Canada and must be received in our head office in Waterloo, Ontario.

For term life plans, there is no minimum premium requirement for plans, however there is a minimum amount of insurance that must be met.

Term riders have a modal factor that is the same as the policy it is a rider on.

## Underwriting risk class

At Equitable, we reward good health and lifestyle with better premiums on life insurance. That's why we offer clients 5 classes of risk or underwriting classifications on term plans. Better health and lifestyle translate into a preferred risk for the company and lower premiums for the client.

- Preferred risk class is available for amounts of insurance greater than or equal to:
  - \$1,000,000 for ages 18-50, and
  - \$500,000 for ages 51-60.
  - Preferred term underwriting is not available for ages 61+
- Coverage amounts that do not qualify for preferred risk have two risk classes: standard non-smoker (class 3) and standard smoker (class 5).
- All the criteria that need to be satisfied to qualify for preferred term rates are outlined in the [Guide for preferred underwriting classifications \(1345\)](#).

## Standard smoker

The person to be insured has not used any cigarettes, pipe or chewing tobacco, smoking cessation products, or tobacco substitutes within the past 12 months. Up to 1 cigar/cigarillo is permitted per month, subject to a negative cotinine level.

## Smoker

The person to be insured has used tobacco or nicotine-based products within the past 12 months.

## Substandard rating

- A substandard rating will affect the premium for the policy
- The illustration software will calculate the premium and include the additional amount that will be due if the underwriting assessment results in a substandard rating
- A substandard rating can either be in the form of a multiple rating (i.e., 200%) or a flat extra dollar amount

## Policy changes

A client can request several changes to their term plans by completing the appropriate form(s). Outlined below are guidelines that apply to currently available term plans.

## Conversion option

IMPORTANT:

- Please use [form #1616 \(Application for term conversion\)](#) when applying for a contractual term conversion from a term policy or term rider to an Equitable permanent policy.
- Please refer to the [Guide to application for term conversion](#) to help you complete form #1616 correctly.
- Please use [worksheet #1616 \(Term conversion worksheet\)](#) if you are doing a term conversion to Equimax that will include EDO.
- If the term coverage is converted and the client changes their mind, they must provide notice of cancellation to Equitable within 21 days of delivery of the converted policy to them. A fee to reverse the conversion may apply. If the client does not provide notice of cancellation to Equitable within 21 days of delivery of the converted policy to them, the client will be deemed to have accepted the permanent life insurance policy as issued and the conversion of their term coverage to the converted policy will be final.



All term plans can be fully or partially converted to a permanent life insurance product issued by Equitable at that time, without evidence of insurability provided the permanent policy amount of insurance is the same or less than the death benefit amount in effect on the term plan at the time of conversion. A term plan must be in effect for at least one month before eligible for conversion.

The following age restrictions apply:

Term policies	Age restrictions
<ul style="list-style-type: none"> <li>Single life policies</li> <li>Multi-life policies</li> <li>Term riders</li> </ul>	<b>10 YRCT and 20 YRCT</b> <ul style="list-style-type: none"> <li>Any time prior to the anniversary nearest the life insured's 71<sup>st</sup> birthday</li> </ul> <b>Term 30/65</b> <ul style="list-style-type: none"> <li>Any time prior to the anniversary nearest the life insured's 60<sup>th</sup> birthday</li> </ul>
Joint-life policies	<ul style="list-style-type: none"> <li>Any time prior to the anniversary nearest the oldest life insured's 71<sup>st</sup> birthday</li> </ul>

- Premiums for the converted coverage and any additional riders and benefits will be based on Equitable's then current premium or cost of insurance rates for the life insured's current age on the date of conversion.
- All coverages must meet the minimum and maximum amounts of insurance, age, and premium requirements, according to the current administrative rules and practices at that time.
- If a client exercises a conversion while premiums are being waived on the term life coverage under a waiver of premium rider, the premiums for the converted permanent policy will not be waived.
- If the term policy has other riders and benefits in effect when the term coverage is converted, availability of these riders and benefits on the new policy is subject to the administrative rules and guidelines in effect at that time.
- The term insurance that is being converted must be in effect at time of conversion.
- The effective date of the new permanent coverage will be the date of conversion.
- The ability to back-date the permanent policy may be limited based on when the original term coverage was issued. We will not allow back-dating of a converted permanent policy to have an issue date on or before the original term life plan.
- If the conversion is completed within the first 2 years of the term plan, commissions will be adjusted according to the applicable commission schedule.

We will allow the following changes at time of conversion:

Type of term coverage/policy	To
<ul style="list-style-type: none"> <li>Single life policy</li> <li>Multi-life policy</li> <li>Term rider</li> </ul>	Single life permanent policy
Joint first-to-die term policy	Joint first-to-die permanent policy Joint last-to-die permanent policy
2 insureds with separate term life plans. The term plans can be: <ul style="list-style-type: none"> <li>Single life policy</li> <li>Multi-life policy</li> <li>Term rider</li> </ul> Both term coverages must be issued on or after April 1 <sup>st</sup> , 2022 to be able to do this conversion.	Joint first-to-die permanent policy Joint last-to-die permanent policy  Amount of insurance on the new permanent policy will be based on the lesser of the term plan death benefit amounts of the 2 insureds.

## Conversion and risk class

- If the life insured for the term plan has a substandard rating(s) or any exclusion(s), the same rating(s) and exclusion(s) will apply to the new converted permanent insurance policy.

Currently, Equitable does not offer a permanent life insurance policy with preferred risk classes. Therefore, currently all term life conversions to permanent life policies are to either standard non-smoker or standard smoker risk classes.

## Conversion to Equimax

- Term plans can be converted to an Equimax Estate Builder® or Equimax Wealth Accumulator® policy with no restrictions on the dividend option allowed.
  - With the enhanced protection dividend option, the total of base coverage and the enhancement amount cannot exceed the death benefit amount of the term plan.
- Conversion to Equimax can include the option for EDO payments. No underwriting will be required if the maximum net amount at risk (NAAR) provided by the Equimax coverage amount and the EDO payment amount does not exceed the death benefit amount on the term plan.
  - In all other cases, evidence of insurability and underwriting approval will be required.
- The following needs to be submitted with an application for conversion to Equimax:
  - A signed illustration which displays the maximum NAAR that applies (refer to the Underwriting page of the illustration report)
  - If EDO is being added, Application for term conversion (form 1616) worksheet will be required. This worksheet is only for use in situations where the term coverage to be converted to Equimax is with EDO.
  - If EDO is being added without a NAAR request, we require an application form 350 fully completed which will be reviewed by UW for approval.

Please refer to the [Guide to application for term conversion](#) on how to complete the term conversion application.

## Conversion to Equation Generation IV and Equitable Generations

A term plan can be converted to an Equation Generation IV® or an Equitable Generations™ universal life policy, with no restrictions on the death benefit option, without providing evidence of insurability.

## Conversion option and G2 tax status

Any term plan issued on a policy with a G2 tax status which is converted will not be grandfathered for tax purposes. The new permanent policy will have a G3 tax status and be treated with the tax rules effective January 1, 2017.

## Conversion of a term policy with a waiver of premium rider

From	To	
Term plan with a waiver of premium rider	Permanent policy with a waiver of premium/charges rider	<p>Currently, no underwriting is required, provided that:</p> <ul style="list-style-type: none"> <li>• The life insured for the waiver of premium rider is not disabled or has a disability claim pending at the time of the request to convert the term plan.</li> <li>• Premiums have not been waived under the waiver of premium rider during the 12 months prior to the conversion request.</li> <li>• A waiver of premium/charges rider is offered on the new plan and the life insured meets the age requirements.</li> </ul>

		<p>If the term plan is being converted to a limited pay plan the inclusion of a waiver of premium will be subject to receipt of evidence of insurability.</p> <p>If the life insured is disabled prior to the policy anniversary nearest their 60<sup>th</sup> birthday, and the disability continues to the policy anniversary nearest their 65<sup>th</sup> birthday, we will offer to convert the term plan to a permanent life insurance coverage determined by us at that time. The premiums for the new converted policy will continue to be waived while the disability continues.</p> <p>If the insured is disabled after the policy anniversary nearest their 60<sup>th</sup> the birthday, and the disability continues to the policy anniversary nearest their 65<sup>th</sup> birthday, and a conversion option is requested while premiums are being waived under the disability waiver provisions, conversion is allowed, however premiums will become payable under the new converted policy.</p>
Term plan without a waiver of premium rider	Permanent policy with a waiver of premium/charges rider	Satisfactory evidence of insurability will be required to add waiver of premium/charges rider to the converted policy.

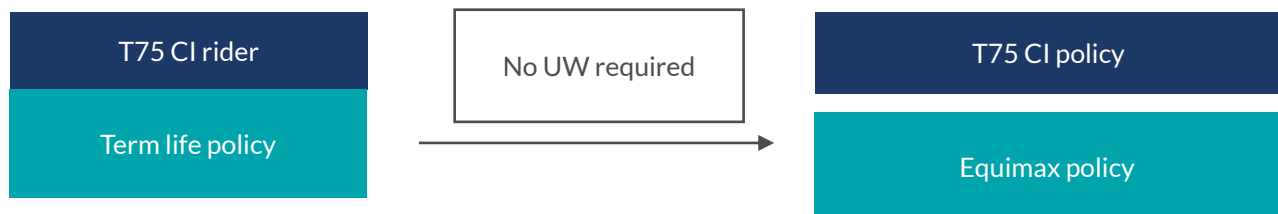
## Conversion option of a term policy with a CI rider

### Conversion option on term life policy when there is a CI rider (no change to CI coverage)

**Example:** Client A has a Term 10 YRCT life policy with a T75 EquiLiving rider. They want to convert their T10 YRCT life to Equimax and want to keep their T75 critical illness coverage. The client has 2 options:

**Option 1:** Have two policies, one for CI and one for life (no underwriting required):

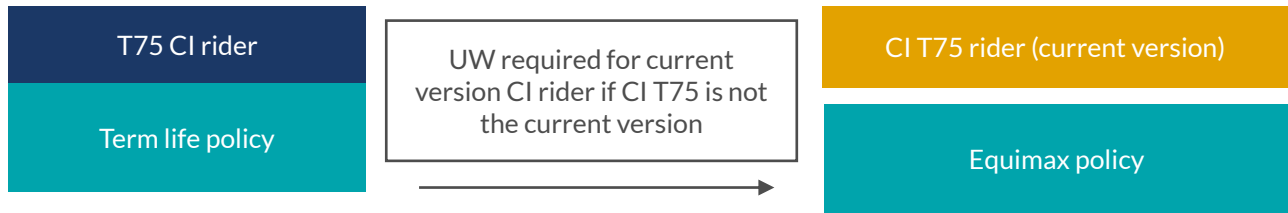
1. The EquiLiving coverage is issued as a separate policy with original age and rates with a policy fee added and adjusted for any modal factor differences, and
2. Issue a new permanent life policy with a policy fee.



**Option 2:** Have one policy with both CI and life coverage (underwriting may be required for the critical illness coverage):

1. Convert term life coverage to a newly issued Equimax policy with a current version EquiLiving rider with current age rates, current effective date, and policy fee.

- Since the client is going through underwriting for the critical illness coverage, they can apply for either the same CI plan (T75) or another eligible CI plan available.

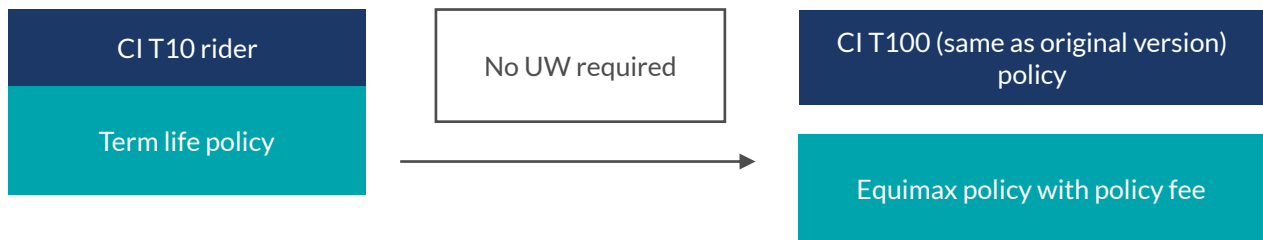


**Conversion option on term life policy where there is a CI rider where the change privilege is being exercised at the same time.**

**Example:** Client A has a Term 10 YRCT life policy with a T10 EquiLiving rider. They want to convert their T10 YRCT life to Equimax and want to change their T10 critical illness insurance coverage to T100 critical illness coverage at the same time. The client has 2 options:

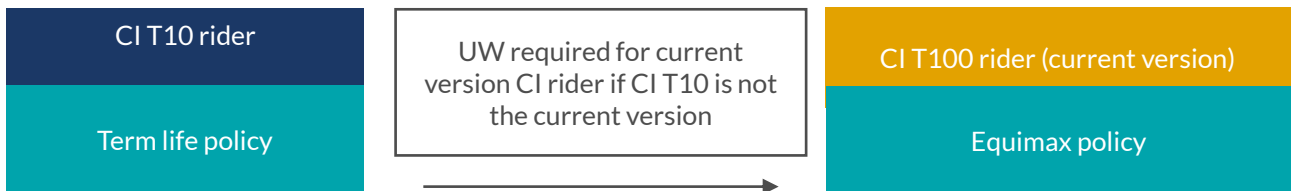
**Option 1:** Have two policies, one for CI and one for life (no underwriting required):

- The EquiLiving coverage is issued as a separate policy with original age and rates with a policy fee added and adjusted for any modal factor differences,
- Issue a new permanent life policy with a policy fee.



**Option 2:** Have one policy with both CI and life coverage (underwriting may be required for the critical illness coverage):

- Convert term life coverage to a newly issued Equimax policy with a current version EquiLiving rider with current age rates, current effective date, and policy fee.
- Since the client is going through underwriting for the critical illness coverage, they can apply for either the same CI plan (T75) or another eligible CI plan available.



**Partial conversion**

For partial conversions, there may be 2 options available to a client:

**Option 1:** Keep part of their term death benefit amount on the original policy and convert part of their term death benefit amount to a permanent policy.

- Minimum coverage amounts must be met for both the new permanent plan and the amount remaining on the original term plan.
- Unless providing evidence of insurability, the combined amount of insurance between the new policy and the term plan cannot exceed the death benefit amount in effect on the term plan prior to conversion.
- The risk class of the insured life under the term life plan may change if the amount of insurance on the remaining portion of the term plan is less than the minimum amount required for the term plan at time of issue to have qualified for preferred risk class. A change in risk class results in a change to premium rates.
- Future premiums and benefits associated with the remaining term plan will be determined based on the reduced death benefit amount.
- The remaining term plan will continue to have conversion privileges as outlined in the term contract.

**Option 2:** Convert part of their death benefit amount to a permanent life policy and carry-over the remaining term death benefit amount as a term rider on that permanent policy (this is known as a partial conversion with a term rider carry-over).

Although not a contractual provision, Equitable will allow a single life term policy amount to be split so that part of the term death benefit amount is converted to a permanent policy with the remaining term death benefit amount issued as a new term rider on the new permanent policy.

Partial conversion with a term rider carry-over is not permitted:

- If the partial term conversion is to an Equimax Estate Builder or Equimax Wealth Accumulator plan AND where EDO is to be added without underwriting or evidence of insurability.
- If the conversion is from a term rider.

At time of partial conversion:

- EDO can be added to an Equimax Estate Builder or Wealth Accumulator policy subject to underwriting and submission of additional evidence of insurability that we require.
- Both permanent and term rider are issued at the current age of the life insured and at the rates in effect at the time of conversion.

Term death benefit amount to be carried over:

- Plan minimums must be met.
- **If 50% or more of the term death benefit amount is converted:** The remaining term death benefit amount can be added as a term rider to the permanent policy.
- **If less than 50% of the term death benefit amount is converted:** A term rider can be added to the permanent policy with a maximum death benefit amount equal to the permanent amount of insurance.
- Any remaining death benefit that isn't converted to a permanent policy or carried over to a term rider remains on the original term plan, subject to plan minimums.
- If there is any reduction to the permanent amount of insurance within 12 months of the effective date of the converted policy, the term rider death benefit amount will also be reduced by the same amount as the permanent insurance reduction subject to plan minimums.
- Once any term death benefit amount has been carried over to a new policy under a partial conversion with a term rider carry-over, the term rider death benefit amount can still be converted to permanent coverage in the future, however a conversion with a term rider carry-over will not be permitted.

### Partial conversion with term rider carry-over example:

Client has a \$500,000 10 YRCT plan:

- Permitted: \$250,000 of permanent coverage and \$250,000 of 10 YRCT rider death benefit amount
- Permitted: \$400,000 of permanent coverage and \$100,000 of 10 YRCT rider death benefit amount
- Permitted: \$400,000 of permanent coverage and \$100,000 of 20 YRCT rider death benefit amount (only if the 10 YRCT was eligible for exchange option)
- NOT permitted: \$50,000 of permanent coverage and \$450,000 of 10 YRCT rider death benefit amount (term rider coverage amounts are over the limit for term rider carry-over)

### Conversion and backdating

When a term plan is converted, the new converted policy can be backdated to save age. All required premiums or charges would need to be paid from the effective date of the new policy. We can only backdate to a monthiversary date of the policy. Therefore, if the monthiversary of the permanent policy is the 15<sup>th</sup> of the month, we can only backdate to the 15<sup>th</sup> of any applicable month to save age.

The new permanent policy can be backdated up to 364 days to a maximum of 1 month after the issue date of the original term policy.

### Exchange option

A 10 YRCT can be exchanged (fully or partially) to a 20 YRCT at any time after the first coverage anniversary up to the earlier of:

- The 5<sup>th</sup> coverage anniversary, or
- The insured's 65<sup>th</sup> birthday
- Plan amount of insurance minimums for both the 10 YRCT plan and the 20 YRCT plan must be met.
- The 10 YRCT death benefit amount cannot be exchanged if premiums are being waived under a waiver of premium rider and the exchange option cannot be extended if it expires during the period premiums are being waived under a waiver of premium rider.

### New 20 YRCT plan:

- Premiums will be based on current age and rates in effect at the time of exchange.
- If the life insured had:
  - a substandard rating on the 10 YRCT, the same rating will apply to the new 20 YRCT.
  - any exclusions on the 10 YRCT, the same exclusions will apply to the new 20 YRCT.
- The effective date of the 20 YRCT will be the date of exchange.
- No charge backs will apply to the portion of the 10 YRCT death benefit amount exchanged.
- Suicide and contestability periods will be measured from the effective date of the original 10 YRCT plan.
- Commission is paid on the exchanged 20 YRCT death benefit amount. Please refer to the applicable commission schedule.

### Exchange option and preferred term status

- If the 10 YRCT has a preferred underwriting class, the preferred underwriting class will carry over to the 20 YRCT upon exchange, provided it meets our administrative and underwriting rules in effect at that time.
  - **Note:** Currently our administrative and underwriting rules allow the preferred class to be carried over based on the effective date of the Term 10 plan and the death benefit amount being exchanged.

To keep preferred rates on 20 YRCT following exchange, the following plan minimums must be met:

Term 10 plan effective date	Death benefit amount on the Term 20 following exchange
Prior to September 12, 2020	Greater or equal to \$500,000
September 12, 2020 to March 31, 2022	Greater than or equal to \$1,000,001
April 1, 2022 to current	Greater than or equal to \$1,000,000

- If the 10 YRCT was issued with a preferred risk class and the new 20 YRCT amount of insurance is less than the amount needed to qualify for preferred rates, standard non-smoker or smoker rates will apply.

### Exchange option and waiver of premium rider

From 10 YRCT	To 20 YRCT	
With a waiver of premium rider	With a waiver of premium rider	No underwriting is required, provided: <ul style="list-style-type: none"> <li>• the life insured for the waiver of premium rider on the exchanged 20 YRCT policy is the same insured that was underwritten for the waiver of premium rider on the 10 YRCT</li> <li>• premiums have not been waived in the past</li> <li>• are not currently being waived at the time of the exchange</li> <li>• no claim for the disability waiver provision is pending</li> </ul>
Without a waiver of premium rider	With a waiver of premium rider	Satisfactory evidence of insurability will be required to add the waiver of premium rider to the exchanged policy.

### Death benefit amount changes

#### Increasing the term death benefit amount

Requests to increase the death benefit amount after 30 days on a term plan issue are treated the same as a request to add new term plan to an existing policy.

Please refer to the section above on adding a new term plan to an existing term policy.

To apply for an increase in the term death benefit amount complete [form 374G3 – G3 Application for change](#).

#### Decreasing the term death benefit amount

A decrease in the term death benefit amount can be requested any time.

- The death benefit amount remaining after the decrease must meet the minimum required for the plan.
- If a requested decrease in the death benefit amount on a plan with a preferred risk class results in the plan falling below the minimum death benefit required for preferred rates, the risk class of the term life insurance plan will be changed to standard non-smoker or standard smoker and the premium rate will change accordingly and may increase. Please refer to the table below.
- To apply for a decrease to the term death benefit amount complete [form 374G3 – G3 Application for change](#).

To keep preferred rates on term plans, the following plan minimums must be met:

Term plan effective date	Death benefit minimum to keep preferred rates
January 1 <sup>st</sup> , 2007 to October 15, 2017	\$250,000
October 16 <sup>th</sup> , 2017 to September 11, 2020	\$500,000
September 12, 2020 to March 31 <sup>st</sup> , 2022	\$1,000,001
April 1 <sup>st</sup> , 2022 to current	\$1,000,000

## Adding a new term life plan to an existing term policy

Adding additional term plan to a term policy is subject to underwriting and submission of satisfactory evidence of insurability based on the requirements in effect for that plan at the time of application.

New term plan when it can be added to an existing term policy

- The premiums for the new term plan are based on the current age of the life insured and the rates in effect at that time for the applicable class of risk as determined by us and the death benefit amount being added.
  - It is possible that a term plan added to a policy after issue could have a substandard rating even though a substandard rating does not apply to the same insured already covered on the policy.
  - There could also be differences in class of risk between plans on the same life insured based on the new underwriting assessment completed at the time of application.
- Once approved, the effective date of the term plan will be the last monthiversary of the term policy.
- The premium payment mode for the term plan will be the same as that for the term policy.
- The total premium required for the policy will increase by the premium applicable to the new term plan effective at the last monthiversary of the policy.
- If the term policy includes a waiver of premium rider on that insured, the life insured must also qualify to be covered under that waiver of premium rider at time of application for the new term plan.
  - If the life insured qualifies for coverage under the waiver of premium rider, the addition of the term plan to the term policy will increase the premium required for the waiver of premium rider. The cost of the waiver of premium rider is based on the amount of premium to be waived for the policy. Adding a new term plan increases the total premium for the policy and the amount that will need to be waived.

New term plan when it cannot be added to an existing term policy (handled as a new application submitted through New Business and Underwriting)

- Depending on when the original policy was issued, or the type of term policy, a separate policy may need to be set up to issue the new term plan. A policy fee will be charged on the new policy. This will apply to all existing term policies with a G2 tax status.
- If the new term policy is to include a waiver of premium rider on the insured, the life insured must also qualify the waiver of premium rider at time of application for the new term plan.
- The premiums for the new term policy are based on the current age of the life insured and the rates in effect at that time for the applicable class of risk as determined by us.
  - It is possible that the new term policy could be issued with a substandard rating even though a substandard rating does not apply to the original term policy.
  - There could also be differences in risk classes for the insured between the two policies based on the new underwriting assessment completed at the time of application.
  - The effective date of the new term policy will be the date it is issued.

## Additions of riders after term policy issue

To add a rider after issue, [form 374 G3 – Application for policy change](#) is required (for G2 policies, see the [form 374 G2 – Application for policy change](#)). The addition of riders to a policy is subject to the age limitations for that rider.

The following riders will require underwriting to be added after issue:

- Waiver of premium rider
  - Waiver of premium (Insured disability)
  - Waiver of premium (Owner/payor disability)



- EquiLiving rider (can only on be added to life policies that do not have any other EquiLiving rider)

## Request for a smoking status change

If an insured was originally determined to be a standard smoker or a preferred smoker, they can request, by submitting the appropriate evidence, to have their status changed to non-smoker risk class. As with all policy changes, approval is subject to a full review of the current health and lifestyle profile and any other requirements as determined by Equitable.

- A client can request to move more than one class (for example, smoker to preferred non-smoker), providing the term plan has been in effect for at least 12 months and all medical requirements as determined by us are met.
  - If the term plan has been in effect for less than 12 months, a change to standard non-smoker (class 3) is not allowed.
- The change in status will take effect on the last policy monthiversary and the new premiums will be based on the non-smoker rates in effect at the time the term plan was issued.
- If premiums are received on an annual basis, and the request is received part way through a year, the excess premiums will be refunded or credited to future premiums.

## Change of waiver of premium (owner/payor disability)

The owner/payor of a policy is the person who would have been underwritten for and insured under the waiver of premium (owner/payor disability) when the rider was issued. Equitable allows the owner/payor of a policy to be changed once the policy is in effect. If this happens and a policy has a waiver of premium (owner/payor disability), then the following needs to happen:

1. The policy change area needs to be informed that a change of owner/payor has been made on the policy and that the waiver of premium (owner/payor disability) on the owner/payor needs to be removed (we will not automatically remove a waiver of premium (owner/payor disability) upon owner/payor change)
2. If the new owner/payor would like to have waiver of premium (owner/payor disability) on themselves, they must apply, and an Application for change sent to Underwriting so that the new owner/payor can be underwritten for the rider.

## Cancellation

A client may request to cancel a term plan, term rider, or term policy at any time by providing written notice to us.

- Once the notice has been received by us, premiums or charges for the term plan, term rider, or term policy will no longer be charged, and the death benefit and all other benefits associated with the term coverage or policy will end.
- The effective date of the cancellation will be the last monthiversary prior to the request.

## Policy lapse and grace period

After the first premium, if a premium is not paid on or before its due date, a grace period of 31 days will begin on the date the missed premium was due. The policy will lapse, and coverage will terminate if Equitable does not receive the premium due under the policy by the end of the grace period. If an insured dies during the grace period, any unpaid premiums applicable to the life insured will be deducted from any death benefit that would be payable.

## Reinstatement

A term policy may be reinstated within two years of its lapse upon written application by a client. Evidence of insurability will be required according to the then current underwriting guidelines. The premiums that would have been required to maintain the policy in effect from the date of lapse to the date of reinstatement plus interest will be required.

- The effective date of the reinstatement of the coverage will be the date the term policy lapsed. The policy will continue as originally issued.

- Any evidence of insurability that will be required to reinstate the policy will be based on the current age of the life insured.

For term life riders - If the base policy to which a term rider is attached is not reinstated, the term rider can be set up as a separate policy and continue as originally issued with a policy fee as determined by us, adjusted for any modal factor differences and subject to the minimum coverage amount required for a separate plan.

## Commissions

- Commission paid on premium for a term rider is the same as the commission paid on premium for term plans.
- The commission paid on a 20 YRCT plan issued under the 10 YRCT exchange option is less than what is paid on fully underwritten 20 YRCT plan.

**Questions?** Visit our online advisor portal, EquiNet® for more information.