

TERM EXCHANGE OPTION

Frequently asked questions

WHAT IS THE EXCHANGE OPTION?

- If the owner has 10-year term coverage, either as a policy or a rider, they may have the option, while the coverage is in effect, to exchange it for 20-year term coverage without evidence of insurability.
- The amount of the 20-year term coverage cannot be more than the coverage amount of the 10-year term coverage and must not be less than the minimum required for the coverage at that time.
- The effective date of the 20-year term coverage will be the date of exchange.

WHAT 10-YEAR TERM COVERAGES ARE ELIGIBLE FOR AN EXCHANGE TO 20-YEAR TERM?

- Some 10-year term policies and riders issued between June 23, 2008 and July 14, 2008, may be eligible. Please contact the [Equitable Life Advisor Service Team](#) for more information.
- 10-year term policies and riders issued after July 14, 2008* are eligible to take advantage of the exchange option once they have reached the first coverage anniversary and prior to reaching the fifth anniversary or the anniversary nearest age 65 of the life insured (whichever comes first).
- Exchanges are available on single life 10-year term policies and riders, as well as multiple lives and joint life policies.

* The 10-year term coverage cannot be exchanged if premiums are being waived under a disability waiver provision.

WHAT ARE THE NEW 20-YEAR TERM PREMIUMS BASED ON?

- The premium for the new 20-year term coverage will be based on attained age of the life insured and rates in effect at the time of exchange.
- Rates are based on the life insured's age nearest, the new coverage date and the insurance rating applicable to the life insured under the original 10-year term coverage.
 - If the life insured by the original 10-year term coverage has a substandard rating, the same rating will apply to the new 20-year term coverage.
 - If the life insured by the original 10-year term coverage qualified for a preferred risk class:
 - the same class of risk will apply to the new 20-year term coverage provided it meets the minimum face amount for preferred rates according to the current administrative rules at the time of the exchange.
 - a standard non-smoker or smoker rate will apply if the new 20-year term coverage does not meet the minimum face amount for preferred rates.

ARE PARTIAL EXCHANGES ALLOWED?

- Yes, partial exchanges are allowed as long as the remaining 10-year term coverage and the new 20-year term coverage meet the minimum issue requirements according to the current administrative rules at the time of the exchange.
- If the original 10-year term coverage qualified for a preferred risk class and the remaining amount is less than what is required for preferred rates, standard non-smoker or smoker rates will apply.

WILL AN EXCHANGE AFFECT THE TAX STATUS OF THE POLICY?

- No. If the 10-year term coverage was issued with a G2 tax status the new 20-year term coverage issued through the exchange option will also have a G2 tax status. For partial exchanges, the remaining 10-year term coverage will retain its G2 tax status.

WHAT ARE THE SUICIDE AND CONTESTABILITY PERIODS FOR THE NEW 20-YEAR TERM COVERAGE?

- Suicide and contestability periods will be measured from the effective date of the original 10-year term coverage.

HOW DO YOU REQUEST AN EXCHANGE FROM 10-YEAR TO 20-YEAR TERM COVERAGE?

- Complete the Application for Change form:
 - [#374G2](#) for policies issued with a G2 tax status
 - [#374G3](#) for policies issued with a G3 tax status

The coverage tab on the Individual Inquiry screens on EquiNet[®] includes a tax indicator field. It shows the tax status that applies to your client's policy.

Select the correct form based on the tax status of your client's policy, check off Exchange Option (E) and complete sections 1, 8, and 9. Submit the completed form to Equitable Life of Canada's head office in Waterloo, Ontario.

WHAT COMPENSATION IS PAID?

- First year commission (FYC) of 25% is payable on the new 20-year term coverage.
- No FYC is paid on any rider coverages carried over from the original 10-year term policy. Regular renewal commission would continue to apply.

WILL THERE BE A COMMISSION CHARGEBACK AGAINST THE ORIGINAL 10-YEAR TERM COVERAGE?

- No charge backs will apply to the portion of the 10-year term coverage exchanged.

WILL THERE BE A COMMISSION CHARGEBACK PERIOD APPLIED TO THE NEW 20-YEAR TERM COVERAGE?

- Yes. A two-year commission chargeback period applies to the new 20-year term coverage. See the Schedule "A" Commission Schedule for details.

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