

Sagicor's Term Conversion program is designed to offer your clients the option to apply the previous 12 month's annual premium paid on a term life insurance policy to be credited toward the purchase of a permanent life insurance policy. The Term Conversion Program applies during the first 5 policy years of the Term product.

### **Benefits of the Term Conversion Program**

- Conversion credits are available in years 2 through 5 and may be applied to the premium of a new permanent life policy. Conversion credits are not available after the 5<sup>th</sup> policy year.
- Conversion credits in years 2 through 5 = 100% of the previous 12 month's modal premium paid less any rider charges. This is the modal *base* premiums paid, including the policy fee, table ratings and flat extras.
- The Term policy is guaranteed to be convertible without additional underwriting and will convert to the risk class under which the original term policy was issued, if available. If that risk class is not available, it will be converted to the next best risk class available.

### **Products Eligible for the Term Conversion Program**

Sage Term 10/15/20 Year Term, Platinum Series 10/15/20 Year Term, Platinum Series 10/20/30 Year Term

- You can convert any of the products listed above to a Sage Indexed Universal Life (Sage IUL) or Sage Whole Life policy at the original risk class, if that product and risk class is available.
- After the 5<sup>th</sup> policy year, the only product offered for conversion is the Sage Whole Life with no conversion credits available.
- At its sole discretion, Sagicor can remove from or add to the list of conversion products at anytime.

### **Conversion Terms and Restrictions**

- Conversion credits are not available after the 5<sup>th</sup> policy year.
- The Term Conversion Program is available on term policies issued at age 55 and under.
- Premium payments must be current for the policy to be eligible for conversion.
- For partial conversions, the remaining portion of the original term policy may stay active but cannot be reduced below the minimum face amount requirements for the product.
- For a full conversion, the permanent life conversion policy must have an annual premium that is equal to, or greater than, the annual premium of the original term policy. For a partial conversion, the combined annual premium of the conversion policy and any coverage which remains in-force under the original term policy must be equal to or greater than the annual premium of the original term policy.
- Initial death benefit of the conversion policy(ies) may not exceed the death benefit of the original term policy, or, if a partial conversion, the initial death benefit of the conversion policy(ies) and the death benefit of the remaining term policy may not exceed the death benefit of the original term policy.
- All riders are excluded from the Term Conversion Program and will not be included in the permanent life conversion policy except for the Accelerated Insurance Benefit Rider. For the conversion policy, the Accelerated Insurance Benefit Rider available will be that of the conversion policy.
- Face amount requirements must be met on the new permanent life policy.
- The total face amount to be converted, either into one or multiple conversion policies, may only be converted if (1) the underwriting process for that face amount for the conversion policy(ies) is the same process as was used for the original term policy(ies), and (2) the total face amount does not exceed the maximum face amount permitted by that underwriting process for the conversion policy(ies).

### **Insurance Professional Only. No Public Distribution.**

Sagicor is rated "A-" (Excellent) by A.M. Best Company (4<sup>th</sup> best out of 16 possible ratings), affirmed as of September 11, 2020. Rating and guarantees based on claims-paying ability of issuing insurer.

- Policy risk class restrictions must be met for permanent life policies.
- Conversion of multiple term policies into a single permanent policy is permitted provided they are issued within the same risk class and all policies are within the conversion program period. All applicable conversion credits will be counted towards the permanent life conversion policy and will be weighed proportionately.
- Conversion of a single term policy into multiple permanent policies is permitted provided they are issued within the same risk class as the original term policy and the combined face amounts do not exceed that of the original term policy. Conversion credits will be weighed proportionately.
- Policies that have activated the Waiver of Premium Rider or the Accelerated Insurance Benefit Rider cannot be converted.
- Application backdating will not be permitted.
- This conversion credit is available only 1 time and any additional conversions will be based on the contractual conversion option of the product.

### **Term Conversion Program Procedures**

1. Use the Individual Insurance Conversion Request (Form: CONV) instead of the normal product application. Other product forms are still required and available on the Producer's section of the website.
2. If you are submitting a modal premium payment with the Term Conversion application, please do so with a check. Electronic Funds Transfer (EFT) may be set up for future premium payments.
3. Mail Term Conversion applications to the Client Services Department at this address:

Sagicor Life Insurance Company  
 Attention: Client Services Department  
 PO Box 52121  
 Phoenix, Arizona 85072-2121

### **Commissions**

First year commissions will be paid on the annual target premium for the new permanent life conversion policy, reduced by any conversion credits. Advance commissions will NOT be available on conversions, commission will be paid as earned.

Commission paid will be based on the application type submitted (paper vs. eApplication), of the original Term policy.

No commission will be paid on contractual conversions.

### **Insurance Professional Only. No Public Distribution.**

Sagicor is rated "A-" (Excellent) by A.M. Best Company (4<sup>th</sup> best out of 16 possible ratings), affirmed as of September 11, 2020. Rating and guarantees based on claims-paying ability of issuing insurer.

## Term Conversion Examples<sup>1</sup>

### Example 1 - Full Conversion Example; Year 2 through 5:

- Male 45 Preferred Non-Tobacco \$250,000 Face Amount
- 10 Year Sage Term Annual Premium (issue age 45) = \$300
- Waiver of Premium Rider Annual Premium = \$1102
- New Sage IUL Annual Target Premium (issue age 46 through 49) = \$2,000
- Year 2 Conversion Credit (100%) = \$300
- Commissionable Premium = \$2,000 - \$300 (2<sup>nd</sup> Year Conversion Credit) = \$1,700
- Commission = \$1,700 x .85 (AGA Level) = \$1,445
- Policyholder 1<sup>st</sup> Year Out of Pocket Sage IUL Premium = \$2,000 - \$300 = \$1,700

### Example 2 - Partial Conversion Example, with Remaining Term Policy Staying Effective; Year 4:

- Male 45 Preferred Non-Tobacco \$400,000 Face Amount
- 10 Year Sage Term Annual Premium (issue age 45) = \$400
- New \$100,000 Sage IUL Annual Target Premium (issue age 48) = \$1,000
- Original Term still effective for \$300,000 Face Amount at an Annual Premium of \$300
- Year 4 Conversion Credit (100%) = \$400
- Commissionable Premium = \$1,000 - \$400 = \$600
- Commission = \$600 x .85 (AGA Level) = \$510
- Policyholder 1<sup>st</sup> Year Out of Pocket Sage IUL Premium = \$1,000 - 400 = \$600

### Example 3 - Full Conversion of a Single Term Policy into Multiple Permanent Policies; Year 2:

- Male 45 Preferred Non-Tobacco \$400,000 Face Amount
- 10 Year Sage Term Annual Premium (issue age 45) = \$400
- New \$100,000 Sage Whole Life Annual Premium (issue age 46) = \$900
- New \$300,000 Sage IUL Annual Target Premium (issue age 46) = \$5,500
- Year 2 Conversion Credit (100%) = \$400
  - Sage Whole Life Conversion Credit =  $(\$100,000/\$400,000) \times \$400 = \$100$
  - Sage IUL Conversion Credit =  $(\$300,000/\$400,000) \times \$400 = \$300$
- Commissionable Premium = \$900 + \$5,500 - \$400 (2<sup>nd</sup> Year Conversion Credit) = \$6,000
  - Sage Whole Life Commission =  $(\$900 - \$100 (2^{\text{nd}} \text{ Year Conversion Credit; Proportionate})) \times .90 (AGA \text{ Level}) = \$720$
  - Sage IUL Commission =  $(\$5,500 - \$300 (2^{\text{nd}} \text{ Year Conversion Credit; Proportionate})) \times .85 (AGA \text{ Level}) = \$4,420$
- Total Commission = \$680 + \$4,680 = \$5,360
- Total Policyholder 1<sup>st</sup> Year Out of Pocket Premium = \$5,500 + \$900 - \$400 = \$6,000
  - Sage Whole Life 1<sup>st</sup> Year Out of Pocket Premium = \$900 - \$100 = \$800
  - Sage IUL 1<sup>st</sup> Year Out of Pocket Premium = \$5,500 - \$300 = \$5,200

<sup>1</sup> Face amounts, premiums and commissions are for illustration purposes only and do not necessarily reflect current rates.

<sup>2</sup> All riders are excluded from conversion.

## Questions

If you have questions regarding the Term Conversion Program, please contact our Client Services Department by phone at **888-724-4267, extension 4610** or email at **ClientServices@SagikorLifeUSA.com**.

Products issued by Sagikor Life Insurance Company. Home Office: Scottsdale, AZ. Life insurance and annuities have limitations and restrictions including surrender charges.

**Insurance Professional Only. No Public Distribution.**

Sagikor is rated "A-" (Excellent) by A.M. Best Company (4<sup>th</sup> best out of 16 possible ratings), affirmed as of September 11, 2020. Rating and guarantees based on claims-paying ability of issuing insurer.