

# Term Conversion Changes FAQ

## What's changing?

The term conversion duration will be reduced from the entire length of the term to the following term conversion periods:

Term Length	Current Term Privileges	New Term Privileges
10-year	Earlier of <b>10 years</b> or age <b>75</b>	Earlier of <b>7 years</b> or age <b>70</b>
15-year	Earlier of <b>15 years</b> or age <b>75</b>	Earlier of <b>12 years</b> or age <b>70</b>
20-year	Earlier of <b>20 years</b> or age <b>75</b>	Earlier of <b>15 years</b> or age <b>70</b>
30-year	Earlier of <b>30 years</b> or age <b>70</b>	Earlier of <b>20 years</b> or age <b>70</b>

*The maximum conversion age is also changing to age 70. The minimum conversion period is remaining at 5 years regardless of issue age.*

## Who does this affect?

This impacts new sales of ADDvantage® Term policies with a policy signed date of **April 23, 2022**, or later. This does not impact term policies that are already in force.

## What's **not** changing?

- **Rates.** Term rates are not changing.
- **Accelerated death benefit endorsements.** We will continue to offer accelerated death benefit endorsements on our term products for critical, chronic, and terminal illness. These benefits are still available without additional premiums.<sup>1</sup> Please note, critical illness is not available on ADDvantage Term in California.
- **Products available for conversion.** We continue to offer a wide product portfolio for term conversions, including all of our currently marketed guaranteed universal life<sup>2</sup> and indexed universal life products.
- **Conversion notices.** Conversion notices will continue to be sent to clients when they are eligible for conversions.
- **Commissions.** There are no commission changes on our term products.

## Why did we make this change?

These changes put us in line with industry standards while also ensuring our products are aligned with the long-term focus you have come to expect from North American.

## What actions do I need to take?

For existing term products, no action is needed. To receive a term product with the extended conversion duration, the application must be signed by April 22, 2022, and received by April 30, 2022. If a new application is required for any reason, the conversion period received will be based on the application signed date of the final application received.

## Does this change the competitive position of North American's ADDvantage Term?

Our competitive position remains strong as our term product pricing has not changed. Additionally, the marketable features of the living benefits package and the compelling product portfolio available for conversions remain in place.

## Additional questions can be directed to your MGA.

<sup>1</sup> An administration fee is required at time of election of an accelerated death benefit. The face amount will be reduced by the accelerated death benefit amount. Since benefits are paid prior to death, a discount will be applied to the face amount accelerated. As a result, the actual amount received will be less than the amount of face amount accelerated. Accelerated Death Benefits are subject to eligibility requirements.

<sup>2</sup> Guaranteed death benefit is subject to premium payment requirements.

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**Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes the comparison. Comparison is for solicitation purpose only, not for conversions.**

ADDvantage Term (policy form series LS174) or state variation including all applicable endorsements and riders, is issued by North American Company for Life and Health Insurance, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Products, features, riders, endorsement or issue ages may not be available in all jurisdictions. Restrictions or limitations may apply.