

### Principal<sup>®</sup> Term conversion provisions

## Leverage Term for protection today and tomorrow.

A Term policy can provide your clients with lower-cost life insurance coverage today, which they may qualify for based on their current health. But fast forward a few years, and your clients' health and insurance needs might have changed. That's where our Term insurance conversion provisions come in.

Term insurance from Principal locks in clients' insurability, so when it comes time to convert, they can do so at the same underwriting class and without additional underwriting requirements.<sup>1</sup>

#### **Evolving needs = more opportunity for you**

Having a Term policy in place for your clients gives you the opportunity to check in with them periodically to see if the coverage is still meeting their needs. Talk to them about their goals and do a review of their current policy. Discuss their future and plans for retirement. This will help you continue to grow the relationship as their needs evolve.

### Converting to a permanent policy is easy.

Our Term products can be converted to a variety of permanent products without additional evidence of insurability. Here's how:

#### **Conversion Extension Rider**

The Conversion Extension Rider<sup>2</sup> allows the conversion option to extend to the earlier of the full level premium period or the policy anniversary nearest the insured's 70th birthday, whichever occurs first. Issue age requirements for the rider are:



**10-Year Term** | Age at issue must be 20–62.

**15-Year Term** | Age at issue must be 20–57.

**20-Year Term** | Age at issue must be 20–54.

**30-Year Term** | Age at issue must be 20–49.

#### **Standard Policy Conversion Privilege**

The Standard Policy Conversion Privilege allows the insured to convert the policy from Term to a permanent policy during the conversion period or the policy anniversary nearest the insured's 70th birthday, whichever occurs first. Conversion periods are:



**10-Year Term** | Must convert within the first seven years of the policy.

**15-Year Term** | Must convert within the first 12 years of the policy.

**20-Year Term** | Must convert within the first 15 years of the policy.

**30-Year Term** | Must convert within the first 20 years of the policy.

## How the conversion provision works

- Minimum policy amounts at the time of conversion apply.
- The underwriting class of the permanent policy will be issued at the same or most comparable risk class of the original Term policy. If the insured is rated (up to Table 6 on Term), the rating will carry over to the permanent policy.
- Partial Term conversions are allowed, provided the remaining Term policy and the new policy both meet their respective minimum face amount guidelines.
- The Chronic Illness Death Benefit Acceleration Rider<sup>3</sup> is available on some of our permanent policies. It may be added at the time of conversion with no additional underwriting if the insured's risk class under the Term policy qualifies and the Term policy is within its first five policy years. If the Term policy is beyond five years from its effective date, additional underwriting is required.



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<sup>1</sup> Conversion is available up to the earlier of the end of the policy conversion period or attained age 70. The Conversion Extension Rider is available to add to the policy to extend the conversion period. The state of New York allows for a conversion period of at least two years from when the policy is issued, regardless of the insured's attained age.

<sup>2</sup> Policy rider descriptions are not intended to cover all restrictions, conditions, or limitations. See policy for full rider details. Product and riders are subject to state availability. Additional costs may apply to some riders.

<sup>3</sup> The Chronic Illness Death Benefit Advance Rider is an additional coverage option that allows you to access part of your policy's death benefit if you're diagnosed with a chronic illness. There is no premium charge for the rider. The policy has specific details for the rider. The maximum lifetime accelerated death benefit amount is the lesser of 75% of the Initial Eligible Amount or \$2 million.



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