

# A GUIDE TO EXERCISING A CONVERSION OPTION



A Conversion or Guaranteed Cover Again option is a very valuable benefit for customers, allowing them to continue their Life or Specified Illness Cover without providing further medical evidence. This is particularly valuable if your customer's health has deteriorated.

This guide is aimed to give you the adviser some guidance around how the various options work across existing Irish Life, Canada Life and Progressive Life plans.

How the option works can vary between plans, so it is very important to check the specific Terms & Conditions of the policy and also to check if there were any restrictions put in place on the original acceptance terms.

**Please refer to the plan document and policy terms & conditions for full information on rights and restrictions. This is a guide only. If you are unsure about anything please contact the underwriting department.**



## WHAT IS A CONVERSION/GUARANTEED COVER AGAIN OPTION?

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In simple terms the option allows a customer to convert their Life Cover or Specified Illness Cover to a new plan without underwriting and without having to answer any additional medical or financial questions. The option is available to be used at any stage throughout the term of the plan, subject to any specific age restrictions.

On term & pension life business prior to December 2012, the conversion option is not available on the new plan. The perpetual conversion option on term and pension life insurance plans after December 2012 allows customers to choose the option again on future converted plans.

There are many variations of the conversion/guaranteed cover again option, some of which include restrictions such as:

- having to exercise the option before the age of 65
- having a restriction on the term of the new plan
- only being allowed to take out specific policies

This option can only ever apply to Life Cover and Specified Illness Cover, it does not apply to any other benefit.



## HOW DOES IT WORK?

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The option to convert applies to life and specified illness cover only (with some restrictions on SIC).

- The conversion option has to be exercised before the expiry date of the original plan.
- Cover on the new plan can be equal to or less than the cover provided on the existing plan subject to the sum assured restrictions outlined in the policy conditions.
- Once the cover is converted the existing plan will be cancelled and the terms and conditions of the new plan will apply.
- The guaranteed cover again/conversion option allows a new plan to be taken out without having to provide any new medical or financial evidence but any loadings or exclusions applied to the original plan will transfer over to the new plan.
- The option to convert does not include any indexation/inflation protection on the new plan.
- The smoking status on the new plan will be the same as the original plan, regardless of whether the customer has started or stopped smoking.
- The maximum age at entry rules for the new plan available from Irish Life will apply.
- Entitlements under the guaranteed cover again/conversion option are set out in the terms and conditions of the existing plan. Any additional restrictions imposed will be set out in your plan document/policy schedule/endorsements.



## HOW TO APPLY:

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Applications can be made through your normal point of sale system, including the plan number that is to be converted. Please note that quotes for Life Options (reviewable premium) policies can only be obtained from your New Business Team. Email: "lifewebusiness@irishlife.ie."





## FREQUENTLY ASKED QUESTIONS

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If the Life Assured has given up smoking since the original plan was taken out, will non-smoker apply on the new plan?

**No** – the smoking status on the original plan will apply on the new plan.

If the Life Assured has taken up smoking since the original plan was taken out, will smoker rates apply on the new plan?

**No** – the smoking status on the original plan will apply on the new plan.

A plan from before 2009 with Specified Illness cover and which has no partial payments, will partial payments apply on the new plan?

**No**, only benefits covered on the original plan will be covered on the new plan, partial/additional benefit payments will not be covered on the new plan.

What definitions apply for Specified Illness cover on the new plan?

The definitions on the new plan will apply.

On a dual life case, if only one of the lives assured wishes to avail of the conversion option is that allowed?

**Yes**, that is allowed subject to agreement by both lives assured (both must sign the conversion option form).

On a dual life case, if the couple have since separated/divorced, can they simply convert to 2 single life own life policies?

**Yes**, that can be considered for most plans – check with Underwriting first.

Do we write to customers prior to their 65th birthday advising them they have a conversion option?

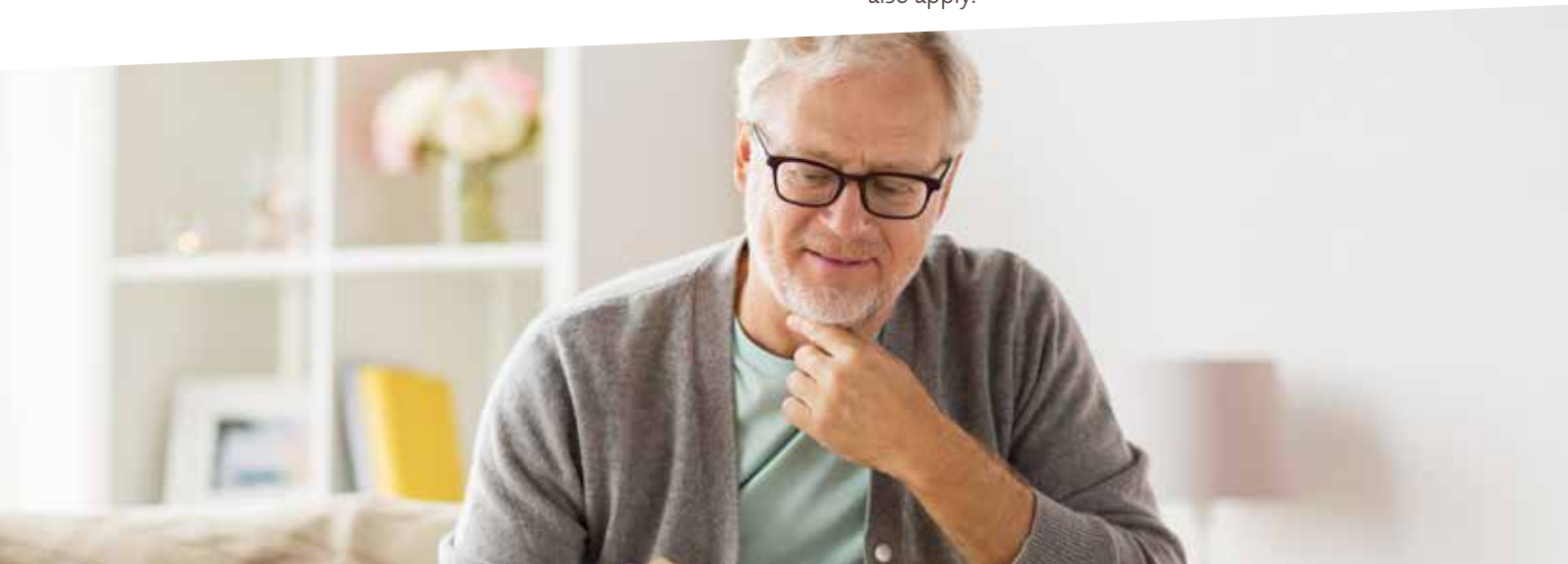
**Yes**, customers should receive correspondence from Irish Life confirming the deadline for exercising the conversion option even if the cover continues on beyond this date.

On plans where the plan owner is not the life assured, can the ownership of the new plan be changed?

**Yes** – but only with the consent of the plan owner. Please refer to Compliance for requirements.

Does the term on the new term plan have to be the same as the original plan?

In general no but there may be restrictions due to age – some plans will only allow cover to age 65 and the maximum age restrictions on the new plan will also apply.





## GENERAL NOTES

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### PLAN STATUS

Existing Plan must be in force and paid to date.



### SUM ASSURED

Can convert an amount equal to or lesser than the sum assured in force at the time the conversion option is being exercised subject to the sum assured restrictions outlined in the policy conditions.



### BASIS OF COVER

- Accelerated Specified Illness cover – can only have Accelerated Specified Illness cover on the new plan. Independent Specified Illness cover – can convert to either Independent or Accelerated Specified Illness cover.
- Dual life to dual life, single life to single life.
- Dual life to 2 single life plans – can consider this subject to original plan details.
- 2 single life plans to dual life plan – cannot consider this.



### NEW PLAN

- The option to convert does not include any indexation/inflation protection on the new plan.
- Cannot convert from a Level Term Plan to a Mortgage Term Plan.
- The maximum age at entry/age at expiry rules for the new plan available from Irish Life at the time of conversion will apply.
- Same smoker status will apply on the new plan regardless of smoker status at time conversion option is being exercised.
- Same loadings and exclusions will apply on the new plan.



### PLAN OWNERSHIP

- All interested parties – life assured, plan owner, assignee, have to agree to conversion of cover.
- Change plan ownership – can be done prior to conversion of plan or after new plan has been put in force unless specific authorisation given by plan owner/ assignee.



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# Irish Life

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ILA 14043 (REV 02-21)