

## Converting Signature Term to New Permanent or Term Policies



### Conversion Premium Credit

- American National will provide a premium credit towards a new permanent policy when a term policy is converted before the 5th policy anniversary.
- A conversion in the first term policy year will result in a prorated premium credit.
- A conversion in the term policy years two through five receives a credit equal to 100% of the term policy's annual premium in the year of conversion.
- When converting an Annual Renewable Term (ART) Policy to a Level Term Policy, no Conversion Premium Credit will be applied.

| Policy         | Where the Conversion Credit Is Applied  |
|----------------|---|
| Term Life      | ✗ No conversion credit available.   |
| Whole Life     | ✓ The conversion credit will be applied to premiums.  |
| Universal Life | ✓ The conversion credit will be applied to premiums or cash value.<br>(If no preference is specified on the policy change application, credit will be automatically applied to cash value.) |

### Converting an Annual Renewable Term (ART) Policy to a Level Term Policy

An ART policy can be converted to a level premium term policy, with a few restrictions:

- Only available in the first three policy years.

|                              |   |              | Issue Ages 18–55                | Issue Ages 56–65 |
|------------------------------|---|--------------|---------------------------------|------------------|
| Annual Renewable Term Policy | → | 10-Year Term | ✗                               | ✗                |
|                              | → | 15-Year Term | ✗                               | ✗                |
|                              | → | 20-Year Term | ✓ Within 3 Years                | ✗                |
|                              | → | 30-Year Term | ✓ Within 3 Years (up to age 50) | ✗                |

# TERM CONVERSION GUIDE

## Converting to a Permanent Policy

The conversion option will expire on the policy anniversary at the end of the level premium term period or on the policy anniversary following the insured's attained age of 65, which ever occurs first. However, the conversion period will never be less than 5 years.

|                             |   | Permanent Policy (Full or partial conversion) |                  |                  |
|-----------------------------|---|---|------------------|------------------|
| Annual Renewable Term (ART) | → | Issue Ages 18–55                              | Issue Ages 56–60 | Issue Ages 61–65 |
|                             |   | ✓ Within 10 Years                             | ✓ Before Age 65  | ✓ Within 5 Years |
| 10-Year Level Premium Term  | → | Issue Ages 18–55                              | Issue Ages 56–60 | Issue Ages 61–65 |
|                             |   | ✓ Within 10 Years                             | ✓ Before Age 65  | ✓ Within 5 Years |
| 15-Year Level Premium Term  | → | Issue Ages 18–50                              | Issue Ages 51–60 | Issue Ages 61–65 |
|                             |   | ✓ Within 15 Years                             | ✓ Before Age 65  | ✓ Within 5 Years |
| 20-Year Level Premium Term  | → | Issue Ages 18–45                              | Issue Ages 46–60 | Issue Ages 61–65 |
|                             |   | ✓ Within 20 Years                             | ✓ Before Age 65  | X                |
| 30-Year Level Premium Term  | → | Issue Ages 18–35                              | Issue Ages 36–50 | Issue Ages 51–65 |
|                             |   | ✓ Within 30 Years                             | ✓ Before Age 65  | X                |

## General Rules When Converting a Term Policy

- The converted policy will use the same underwriting basis and will be issued at an equivalent rate class. If a better rate class is being requested, the Declaration of Insurability will need to be completed and the request will be reviewed by an underwriter.
- All conversions are “one for one”. Multiple term policies cannot be converted into a single new policy.
- Conversions are issued at attained age.

## Required Paperwork for Conversion

| Converting To          | Conversion Application<br>(Form Series 11131) | USA PATRIOT Act Form | Signed Illustration or Illustration Acknowledgment | Product Page<br>(Supplemental App) | NY Only             | NY Only   |
|------------------------|---|----------------------|--|------------------------------------|---------------------|---|
|                        |   |                      |  |                                    | Product Disclosures | Inforce Life Policy Transaction<br>(Form ANY-11177) |
| Indexed Universal Life | ✓   | ✓                    | ✓  | ✓                                  | (Form ANY-11166)    | ✓   |
| Guaranteed UL          | ✓   | ✓                    | X  | ✓                                  | (Form ANY-11167)    | ✓   |
| Executive UL           | ✓   | ✓                    | ✓  | ✓                                  | X                   | ✓   |
| Whole Life             | ✓   | ✓                    | ✓  | ✓                                  | (Form ANY-10937)    | ✓   |

**NOTE:** Additional forms may be required based on request. Check Instruction page on application.

This reference guide defines and summarizes the process of converting an eligible term life insurance policy at American National. All forms are available on the IMG website at [img.anicoweb.com](http://img.anicoweb.com). Please contact the IMG Field Support Center if you have any questions or would like help quoting a conversion.

## ? Questions We Hear Often



**Q: How can I quote a new conversion?**

**A:** For assistance running an illustration for a new conversion, contact IMG Field Support at 888-501-4043. For a quote that includes leaving a remaining balance on the term policy contact the Policy Change Team at 877-346-2950 or [LNBPolicyChangeTeam@AmericanNational.com](mailto:LNBPolicyChangeTeam@AmericanNational.com).

**Q: How will the riders/benefits be converted?**

**A:** Premium waiver riders, child term riders, and accelerated death benefit riders in force under the original term policy, and available for use under the new policy, will be included in the new policy (Please see instructions for completing Section 6 of the Policy Change Application).

**Q: How is the conversion credit calculated?**

**A:** The conversion credit is calculated based on premiums paid and percentage of face amount being converted. If half of the face amount is being converted, half of the conversion credit is available. If the client has been paying on their policy for less than a year, then the conversion credit will be pro-rated based on how much they have paid so far.

**Q: Can I request to increase the face amount during the conversion process?**

**A:** Yes, the face amount can be requested to be increased during a conversion. The Declaration of Insurability would need to be completed along with the required paperwork for the policy you are converting to.

**Q: Can new riders/benefits be added?**

**A:** Yes. If any riders or benefits are being added, this will need to be marked in (1) Section 6 of the Policy Change Application and (2) the Declaration of Insurability will need to be completed.

**Q: Will a request for a conversion be considered after the expiry date?**

**A:** Yes, as long as the conversion application and forms are signed on or before the expiry date. The application must be received by American National no later than one week after expiry date.

**Q: When is the Declaration of Insurability needed?**

**A:** The Declaration of Insurability is needed on a term conversion if the request includes:

- Increasing the new face amount from the original term policy.
- Adding any benefits that are currently not on the original term policy.
- Seeking a better rating than on the original term policy.

# TERM CONVERSION GUIDE

**Q: What if there has been a name change since the original policy?**

**A:** If a client's name has changed (ex. marriage or divorce), a name change form needs to be submitted with the conversion paperwork (Form AN-11090).

**Q: Does the insured need to sign the Policy Change Application if the owner is a different person?**

**A:** Yes, ONLY if the coverage is increasing, benefits are being added or a term rider is being converted. Additionally, if corrections on the application are requested and the insured is not the owner, the insured must initial if over the age of majority in the issue state.

**Q: What is the shelf life for underwriting requirements?**

**A: Ages up to 65 (standard risks or better)**

Medical Exams, labs, EKG's, and MVR's are good for 12 months on standard risks or better. Underwriting reserves the right to order "for cause" requirements. After 6 months, a new non-medical application with completed medical questions will be required. The company will also order a new prescription check and MIB after 6 months.

**Ages up to 65 (substandard risks)**

Medical Exams, labs, EKGs, and MVR's are good for 6 months. Underwriting reserves right to order "for cause" requirements.

**Ages 66–75**

Medical Exams, labs, EKG's and MVR's are good for 6 months. Underwriting reserves right to order "for cause" requirements.

**Ages 76+**

Medical Exams, labs, EKG's, and MVR's are good for 3 months. May allow up to 4 months if there has been a complete physical in the medical records in the past 3 months. Underwriting reserves right to order "for cause" requirements.

**Q: How long will underwriting hold a policy change request open?**

**A:** Policy change requests have 60 days from the request date to be completed.

**Q: What can I convert a Term SI policy to?**

**A:** As of January 1st, 2020 the Term SI product can only be converted into a Signature Whole Life policy.

**Q: What happens when you partially convert a preferred rated policy to a permanent policy lower than \$250,000?**

**A:** The new policy will be issued at a standard rating.

**POLICY CHANGE TEAM 877-346-2950 • LNBPolicyChangeTeam@americannational.com**  
**MARKETING FIELD SUPPORT CENTER 888-501-4043**

Form Series: ART18; ART18(NY); PWL16; PWL16(NY). (Forms may vary by state). American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility only for the products and services it issues.

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