

Lincoln Special Exchange Program

External term to perm - Frequently Asked Questions

QUESTION	ANSWER
PROGRAM OVERVIEW	
<p>Why is Lincoln offering an exchange program for external term into a currently sold Lincoln permanent product?</p>	<p>This limited time external exchange program has been developed to create additional sales opportunities for the Lincoln single life permanent products. A client can benefit from stepping up their existing term coverage to a permanent product solution if their needs have changed.</p>
<p>What permanent product types will be offered for the Special Exchange Program?</p>	<p>Lincoln will offer single life: universal life, indexed universal life, and variable universal life. Please note, state and firm approvals will apply.</p> <p>This program does not include MoneyGuard or any survivorship products at this time.</p>
<p>During what timeframe will this Special Exchange Program be offered?</p>	<p>The Special Exchange Program will be offered from July 1, 2015 through December 31, 2015. Signed applications must be received in good order in the home office by December 31, 2015 to apply for this program.</p>
<p>Is this program available in all states?</p>	<p>Yes, the program is available in all states, yet product availability may vary by state. Please check state availability grids.</p>
<p>If the term policy is issued in New York and the owner no longer lives in New York can this program be used?</p>	<p>For the state of New York, the original term policy and the new permanent product must BOTH be available in New York and issued in New York.</p>
<p>Are Term UL products (from the other Company) available for this Special Exchange Program?</p>	<p>No, only traditional term products are eligible for this program.</p>
<p>If the term product is part of a group plan is it available for this Special Exchange Program?</p>	<p>No, Lincoln is only considering individually underwritten policies.</p>
TARGET MARKET	
<p>Who is the target market for <i>The Special Exchange Program</i>?</p>	<p>A typical client is someone looking to make the switch from term insurance to a permanent insurance solution that can be met with one of Lincoln's many product options.</p>
<p>What type of underwriting classification is required on the original policy?</p>	<p>Term policies issued with standard or preferred classes are eligible (no flat extras). The classification on the existing term policy must be comparable to Lincoln's standard or preferred classification (see the Underwriting section of this document for more details).</p>

QUESTION	ANSWER
COMPENSATION	
Will advisors be compensated on the new policy?	Yes, exchanges will be treated as new business.
PROGRAM SPECIFICATIONS	
What are the program specifications?	<ul style="list-style-type: none"> • Issue Ages are 20 to 60. • Maximum Face Amount is \$2.5 million (subject to underwriting approval). • Minimum Face Amount is subject to permanent policy minimums. • Lincoln will offer an exchange into any currently sold single life universal life, indexed universal life, and variable universal life – State and firm approvals will apply for individual product selection. • Exchange must occur within 36-months of term policy issue date (see the Underwriting section of this document for more details). • Term policy must be from a qualifying carrier (see next question). • Term policies issued with any standard or preferred class are eligible (no flat extras) • No partial conversions.
Who are the qualifying carriers that Lincoln will accept a term policy for exchange?	The surrendering term company must be a qualifying carrier. A qualifying carrier is defined as having an A+ rating, or higher with A.M. Best. A policy from Genworth or Lincoln Benefit will also be considered.
UNDERWRITING	
Who is eligible to apply for this product?	<ul style="list-style-type: none"> • Term policies issued with any standard or preferred class are allowed (no flat extras). • Those eligible must be residing in the United States and be either U.S. citizens or have a permanent visa. Lincoln will not accept anyone living abroad or those with temporary visas. • Maximum issue age 60.
Does it matter what underwriting class was issued on the original policy?	Yes, any standard or preferred class is allowed (just not flat extras). The changing of class (i.e. tobacco to non-tobacco) will NOT be allowed at issue.
If the surrendering Company uses a 3-tier preferred class system how will it be converted to Lincoln's 2-tier preferred classes?	The term carrier's best class would be given Lincoln's Preferred Plus class. The other two preferred classes would be assigned Lincoln's Preferred Tobacco or Non-Tobacco class (as appropriate) [i.e., this would include carriers such as Met Life. Met's Elite+ would get Preferred+ (PF+) class from Lincoln and Met's Elite and Preferred would get Lincoln Preferred Non-Tobacco (PFNT) class].
How will carriers' variations of Standard (STD) classes (Super STD, STD+, Select, Plus) be converted to a Lincoln policy?	All variations of a Standard class will be converted to Lincoln's Standard class.

QUESTION	ANSWER
<p>What if the insured was issued Preferred Smoker at the previous company but only smokes a pipe? Would Lincoln exchange the term policy to a Standard Non-Tobacco contract?</p>	<p>Lincoln will NOT consider tobacco changes as part of the exchange program. The insured will retain the same tobacco rates as on the original term policy.</p>
<p>NEW BUSINESS REQUIREMENTS</p>	
<p>What paperwork is required to apply for the Special Exchange program?</p>	<ul style="list-style-type: none"> • Part One and Two (non-med) of the Application. • HIPAA (Authorization for Release of information). • Illustration signed and dated (by owner). • Term policy (copy, lost policy form or affidavit will not be accepted) see next question. • State replacement form (if applicable). • Lincoln Absolute Assignment Form # LF10748 (# LF10748-18 for NY).
<p>What if my client has lost their original term policy?</p>	<p>If a client has lost the original policy, prior to program submission, the client should contact the old company to obtain a duplicate policy. Lincoln will NOT accept the Lost Policy Affidavit (for this program).</p>
<p>What type of insured requirements will be requested by underwriting?</p>	<p>Underwriting will :</p> <ul style="list-style-type: none"> • Send the Lincoln Absolute Assignment Form # LF10748 (# LF10748-18 for NY) to term carrier if guidelines are met. • MIB • Order a Motor Vehicle Report (MVR) • Order a Prescription Search (RX search) • Review requirements to confirm no interim medical concerns since original term policy issue.
<p>If the term carrier refunds any unearned premium, will the refund be sent to Lincoln?</p>	<p>No. When Lincoln notifies the carrier to surrender the term policy and includes the Absolute Assignment Form, the letter will advise the carrier to refund any unearned premium to the original owner.</p>
<p>Will additional riders be available with additional underwriting on the permanent policy?</p>	<p>Yes (based on state availability) if the rider is available on the permanent product, then the ability to apply/purchase will exist. Additional fees and restrictions may apply. Refer to your Lincoln producer website or individual product materials for more detailed information.</p>
<p>Can my client apply for the Special Exchange Program with a term policy that was issued exactly 36-months ago?</p>	<p>Yes, as long as the application signed date is within the 36-months of issue, and application and paperwork is received in the home office within the 36-month timeframe.</p>

QUESTION	ANSWER
<p>Can I exchange a Lincoln Term policy into a permanent policy?</p>	<p>In general, a Lincoln term policy can be converted to a <i>permanent policy</i> during the contractual convertibility period as long as the client meets requirements as stated within the Lincoln Product Term Conversion Guidelines. This type of conversion can be done at any time and does not need to follow the timeframe for the Special Exchange Program.</p>
<p>Is it acceptable to exchange two term policies into one Lincoln permanent policy?</p>	<p>Yes, as long as the total of both policies does not exceed the maximum face amount limit of \$2.5 million, the current age is not greater than 60, both policies were issued within 36-months, both term policies were issued with qualifying carriers and were both issued at standard/preferred rates.</p>
<p>Does the name of the insured and the name of the owner need to stay the same during the exchange?</p>	<p>The insured must be the same person. The owner can be different, but the original owner of the term policy must sign the assignment form.</p>
<p>TRAINING SUPPORT</p>	
<p>Where can I go to learn more about Lincoln's Product Portfolio?</p>	<p>The Lincoln producer website has technical training and marketing materials available for all currently available for sale single life – universal life, indexed universal life and variable universal life products.</p>
<p>MARKETING SUPPORT</p>	
<p>Are there any sales tools available for this promotion?</p>	<p>A special flier and two HTML emails have been created to help promote this offer. They are for Broker/dealer use only. The promotion flier is called <i>Lincoln Special Exchange Program: Term to Perm Sales Opportunity Flier</i> and can be accessed through Lincoln Fulfillment using code: UW-CONV-FLI001</p>
<p>TAX CONSEQUENCES</p>	
<p>Are there tax consequences for exchanging a term policy to a permanent policy?</p>	<p>Lincoln Financial Group affiliates, their distributors, and their respective employees, representatives, and/or insurance agents do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. Please consult your own independent advisor as to any tax, accounting, or legal statements made herein.</p>

Disclosure:

Please note: Term and universal life policies all offer a death benefit but differ greatly in their design, functionality and cost. These differences and others should be taken into consideration before recommending any one product over another to a client.

All guarantees and benefits of the insurance policy are subject to the claims-paying ability of the issuing insurance company. They are not backed by the broker-dealer and/or insurance agency selling the policy, or any affiliates of those entities other than the issuing company affiliates, and none makes any representations or guarantees regarding the claims-paying ability of the issuer.

Lincoln Financial Group is the marketing name for Lincoln National Corporation and its affiliates, including The Lincoln National Life Insurance Company, Fort Wayne, IN, and Lincoln Life & Annuity Company of New York, Syracuse, NY. Variable products distributed by broker-dealer/affiliate Lincoln Financial Distributors, Inc., Radnor, PA. Securities and investment advisory services offered through other affiliates. Affiliates are separately responsible for their own financial and contractual obligations.

Products, riders and features are subject to state availability. Limitations and exclusions may apply. Check state availability.