

Exercising the Protection Continuation & Guaranteed Insurability Options

- ▶ **Protection Continuation Option** is an optional added benefit, that gives the client the option to extend the term of a plan, without any further medical evidence.
- ▶ **Guaranteed Insurability Option** is an automatic additional benefit that gives the client the option to increase cover, without any further medical evidence, following certain, specific special events.

Zurich has two types of **Protection Continuation Options** on our Guaranteed Term policies – you must check the policy document to determine whether the policy has a traditional or a rolling continuation option. This is based on when the policy started. This guide for Financial Brokers provides information on operational aspects of exercising the continuation option. You should refer to the policy document for exact details relevant to your client's policy.



Traditional Continuation Option

Policies that have a risk commencement date before late 2014 have what we call a 'traditional' continuation option. This means the client can only exercise the option 90 days before or after the end of the policy term. These policies can only be exercised once.

Rolling Continuation Option

Zurich launched a rolling continuation option in late 2014. This means that if your client has this option they do not need to wait until the end of the policy to extend the term. They also continue to have the continuation option on the new policy.

Continuation Option on Guaranteed Mortgage Protection

In 2019, Zurich launched a rolling Protection Continuation Option for Guaranteed Mortgage Protection policies, input on or after August of that year. This option allows a client to extend their cover at any stage and they continue to have the continuation option on the new policy. The option also includes the flexibility to convert to a Guaranteed Term policy.

Cessation of original plan

Zurich will write to customers 3 months before the end of their policy to highlight if they have a continuation option. Please note that, regardless of the type of continuation option that they have, once their policy has ceased they have 90 days to exercise the continuation option. However they are not on cover until the new policy is issued by Zurich i.e. it is not assumed that they will convert their existing plan.

Commission

Zurich offers a full range of commission structures on the exercise of the continuation option where the original policy has reached the end of its term. For policies converted prior to the end of the term, commission will be assessed on a case-by-case basis. In general, commission will be payable on any increase in premium that arises.

Group Schemes

If you have clients who are part of a Zurich Group Risk scheme that are leaving service it is worth checking whether the scheme has a continuation option on the life cover. Zurich offers full commission on these converted policies. Most schemes allow only 30 days from leaving service to exercise the option.

Continuation Option Details	To Term Protection	To Mortgage Protection
From Term Protection	Yes	No
From Mortgage Protection * Policies from end 2019	Yes	Yes
From Pension Term	Yes (for example if leaving service)	No
From: Group Risk Schemes	Yes (within 30 days from leaving service)	No

Note: Continuation to Guaranteed Whole of Life is not available.

Terms and Conditions

- Rates will be as per the client's age at the time of continuation, and the premium will be recalculated as per Zurich's premium rates at the time of the exercise of the option.
- The same underwriting decision and smoker rates will apply as per the original policy. Any special terms will also continue to apply on the new policy.
- If a client is looking for a change to smoker rates / previous loading, then a new application with full underwriting will be required.
- Discounts are not available on policies arising from the exercise of the continuation option.
- The new policy will have the policy definitions as per Zurich's offering at the time of continuation.
- The term available on the new plan is based on the policy document of the existing plan. In general, the following applies – you should check your client's policy document for exact details, or a member of our underwriting department would be delighted to provide you with assistance.

✓ Generally this is max to age 85 for life cover (newer policies input from August 2019 will allow continuation to age 90) with a maximum term of 40 years.

✓ Generally it is max to age 75 if there is Serious Illness on the policy, or Life and Serious Illness.

- A Single Life policy can only convert to a Single Life policy. If the basis of cover of this policy is Joint Life or Dual Life, that of the replacement policy must be the same basis of cover, or you may elect to remove a Life Insured from the policy and change the basis of Cover to Single Life.
- The replacement policy must commence on the first day of the month following the expiry of the original plan.

Pension Term Continuation

Note that for the exercise of the option on a Personal Pension Term or Executive Pension Term policy, up-to-date information will be required. This includes company details, information about your salary etc. This Information is required for Revenue and will not impact the underwriting decision.

A Pension Term policy can be converted to a regular Guaranteed Term Protection Policy if a client leaves service, or with the company's approval.

What is needed to exercise your client's Continuation Option?

1. Your client will need to complete a new application form excluding the medical questions.
2. Confirm which commission option should be applied to the policy.
3. Your non-web agency number will be required as you cannot submit a continuation option online. If you do not know your non-web agency number, please provide a member of our New Business team with your web agency number. Your Broker Consultant can inform you what commission structures you have available to you.
4. If you are converting a group scheme please quote the scheme number, date of leaving service, salary at time of leaving service and whether the client is a non-smoker. If they are not a smoker they will be required to complete a non-smoker declaration.
5. The proposal form should be emailed to newbusinessrisk@zurich.com along with details on commission and the appropriate agency number.



The **Guaranteed Insurability Option** is an option to increase cover and the sum insured on a policy without having to provide further medical evidence after certain life events. The events which are covered will be provided in the policy document. In order to use the option it will need to be exercised within 6 months of the event. A new policy will be issued for the additional sum insured and this will run in conjunction with the original policy.

The term on this new policy cannot exceed the term of the original policy. A full range of commission options are available on the new policy.

There are limits on the size of the increase in cover available. The details of these limits are specified in the policy document of the original plan.

Discounts are not available on policies arising from the exercise of the Guaranteed Insurability Option.

What's needed to apply?

1. Your client will need to complete a new application form excluding the medical questions.
2. Confirm which commission option should be applied to the policy.

3. Your non-web agency number will be required as you cannot submit a continuation option online. If you do not know your non-web agency number, please provide a member of our New Business team with your web agency number. They will inform you what commission structures you have available to you.
4. Evidence of the event will be required, for example a birth certificate if the event is the birth of a child.
5. The proposal form and evidence of event should be emailed to **newbusinessrisk@zurich.com**

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