

Conversion and Replacement guidelines

Note: Conversion and Replacement transactions are not currently compatible with the Sun eApp

Replacement Form Guidelines

PRODUCT	INDIVIDUALLY OWNED – POD	INDIVIDUALLY OWNED – TIC
Alberta and British Columbia	A Life Insurance Replacement Declaration (LIRD) form (E4432) specific to the province is required.	
Saskatchewan, Manitoba,	Life Insurance Replacement Declaration form (E4357).	
Ontario	Life Insurance Replacement Declaration form (E4357) and a copy of the written analysis	The written analysis can be submitted by completing either written analysis to accompany Life Insurance Replacement Declaration form (E4459) or the advisor's own version of the written analysis.
Quebec	<p>A Notice of Replacement of Insurance of Persons Contract form is required (available online in electronic format only on the Autorité des marchés financiers website).</p> <p><i>The advisor has an obligation to send a copy of the notice of replacement signed by him/her within 5 days of the application signed date. The client signatures can be a settlement requirement, however, we will not issue the policy if we didn't receive the forms and/or the advisor did not sign)</i></p>	<p>Note: For each new policy, a separate Notice of Replacement of Insurance of Persons Contract form is required for each original policy that is being replaced (i.e. if 2 new policies are replacing one original policy, each new application needs a Notice of Replacement of Insurance of Persons Contract policy form for that original policy). If the new number is replacing more than one original number, a Notice of Replacement of Insurance of Persons Contract form must be completed for each original number.</p> <p>The Client signature, date and the advisor signature must be on the form. If any of these are missing the form must be returned to the advisor for completion.</p>
PEI, Nova Scotia, New Brunswick, Yukon, Northwest Territories, Nunavut and Newfoundland	<p>Either of the following:</p> <p>Life Insurance Replacement Declaration form (E4357).</p> <p>Disclosure replacement form (only available in hardcopy).</p>	

Conversion Applications

Product	Individually owned	Corporately owned
If PAR, UL, PERM	<ul style="list-style-type: none"> ○ E260 ○ 4830 form required ○ Signed illustration (not required for Sun Permanent Life) ○ If partial conversion appropriate Disclosure forms will be required prior to issue (check the Replacement form guidelines chart to determine which form is applicable) ○ If increasing coverage/adding benefits/changing smoking status (from S to NS)/Term to term rider more than 3X the base amount/ -> Evidence required 	<ul style="list-style-type: none"> ○ E260 ○ 4831, 4545 and 5091 forms required ○ Signed illustration (not required for Sun Permanent Life) ○ If partial conversion appropriate Disclosure forms will be required prior to issue (check the Replacement form guidelines chart to determine which form is applicable) ○ If increasing coverage/adding benefits/changing smoking status (from S to NS)/Term to term rider more than 3X the base amount/ -> Evidence required
If term or critical illness	<ul style="list-style-type: none"> ○ E260 ○ If partial conversion appropriate Disclosure forms will be required prior to issue (check the Replacement form guidelines chart to determine which form is applicable) ○ If increasing coverage/adding benefits/changing smoking status (from S to NS)/Term to term rider more than 3X the base amount/ -> Evidence required 	<ul style="list-style-type: none"> ○ E260 ○ If partial conversion appropriate Disclosure forms will be required prior to issue (check the Replacement form guidelines chart to determine which form is applicable) ○ If increasing coverage/adding benefits/changing smoking status (from S to NS)/Term to term rider more than 3X the base amount/ -> Evidence required

Tips and Tricks for replacement and conversion applications:

- A policy cannot be issued without the Life Insurance Replacement Declaration (LIRD) form/replacement forms.
- We require a LIRD any time the full amount of coverage is not being kept. For example, if a Client converts 500K and cancels the remaining 250K balance, they are walking away with less insurance than they started with. This means a LIRD is required. If converting 500K and keeping the remaining 250K in force, a LIRD is not required.
- Rating/exclusion on original policy:
 - If the original policy is rated, the policy is reviewed by the Underwriter and they determine if the rating is carried over or removed
 - If completing a cross channel conversion, the advisor of record must be changed prior to the conversion being processed. [A Request for Service Advisor](#) form can be completed to change the advisor of record.
- We need release form ([E87](#)) for policies that have collateral assignments and the ownership is changing. This form is required before we make any ownership changes.

Changing the ownership structure while Converting/Replacing:

Individual to a third-party individual owner

- If partially converting and the remainder is staying in force under the original owner:
 - Form [E229](#) required (original owner needs to sign)
 - The new policy can be issued under the new ownership as applied for
- If full conversion, we require form [E82](#), Transfer of ownership, to be completed on the original policy so the owner can be changed and match the owner of the new business policy.

Individual to a corporate owner

- If partially converting and the remainder is staying in force with the original owner:
 - We need to issue the new business policy under the original owner
 - Form [E82](#), transfer of ownership
 - You can do the ownership change in advance or submit the [E82](#) with settle documents. Ownership change will be processed prior to settling
- If full conversion, we require form [E82](#), Transfer of ownership, to be completed on the original policy so the owner can be changed and match the owner of the new business policy.

Corporate ownership to an individual

- If partially converting and the remainder is staying in force with the original owner, we need to issue under the corporate owner. The transfer of ownership will be processed after settlement.
- If it's a full conversion, the ownership can be changed on the original policy before the submission of the conversion application,. Or, we send the [E82](#), transfer of ownership, as a settle document. This is before the case manager terminates the original policy. The owner must be changed to match the new policy owner.

Splitting a multi life policy

- Form [E229](#) is required
- If Clients A & B own a multi life contract and Client A is converting their portion and Client B is remaining on the original plan, Client B must sign the [E229](#) to "release" Client A's portion to the new plan.
- If full conversion, we require form [E82](#), Transfer of ownership, to be completed on the original policy so the owner can be changed and match the owner of the new business policy.

Note: If converting or replacing to a UL, Par or Sun Permanent Life product AML requirements apply