

# 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 having to provide any further medical evidence, following certain, specific life events.





Zurich has two types of **Protection Continuation Options** on our Term policies – you must check the policy document to determine whether the policy has a traditional continuation option or a rolling conversion 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 all elements of your client's policy. This benefit is applicable for Life, Serious Illness and Cancer Cover.** 

# **Traditional Continuation Option**

Policies that have a risk commencement date before 15 July 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. This option, if exercised, will not be available on the new policy.

## **Rolling Continuation Option**

Zurich launched a rolling Continuation option on 15 July 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 Mortgage Protection

In 2019, Zurich launched a rolling Protection Continuation Option for Mortgage Protection policies, input on or after August of that year. This option allows a client to extend their cover at any stage or convert their mortgage protection policy to a Term Protection policy. The option will also be available on the new 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 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 extend or convert their existing plan.

## **Commission**

Zurich offers a full range of commission structures on the exercise of both options. Commission payable is subject to certain terms and conditions, driven by when the option is exercised.

Protection 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

Note: Conversion to Whole of Life is not available.

### **Terms and Conditions**

- Rates will be as per the client's age at the time of conversion, 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 status/previous loading, then a new application with full underwriting will be required.
- The new policy will have the policy definitions as per Zurich's offering at the time of continuation with the exception of the Inflation Protection Option (where the rate increase applicable is that associated to your original policy).
- 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.

- If the basis of cover of the policy is single life, the replacement policy must be a single life policy. If the basis of cover is dual or joint life, the replacement policy must be the same basis or one life can be removed and a single life policy can be taken out instead. Dual life policies have an additional option in that two single life policies can be taken out to replace the original dual policy i.e. both lives can still be covered under their own separate plan.
- The replacement policy must commence on the first day of the month following the expiry of the original plan.

### **Pension Term Conversion**

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 Term Protection Policy if a client leaves service, or with the company's approval.

A Pension Term policy can be extended beyond the maximum retirement age, in which case the replacement policy will be a regular Term Protection Policy.



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

- 1. Your client will need to complete the dedicated application form for Protection Continuation & Guaranteed Insurability Options.
- 2. 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. These will be the same structures available to you as per online new business application at time of exercise.
- 3. 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 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.

This option allows your client to increase the sum insured on a policy with Life cover or add Life cover to a stand-alone Serious Illness 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.

# What's needed to apply?

1. Your client will need to complete the dedicated application form for Protection Continuation & Guaranteed Insurability Options.

- 2. 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. These will be the same structures available to you as per online new business application at time of exercise.
- 3. Evidence of the event will be required, for example a birth certificate if the event is the birth of a child.
- 4. The proposal form and evidence of event should be emailed to newbusinessrisk@zurich.com

### **Zurich Life Assurance plc**

Zurich House, Frascati Road, Blackrock, Co. Dublin, A94 X9Y3, Ireland. Telephone: 01 283 1301 Fax: 01 283 1578 Website: www.zurich.ie Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

