

||| Manulife

Advisor's Guide to Term Insurance

The Manufacturers Life Insurance Company



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The most flexible product on the market

When it comes to term insurance, it's hard to know which product to choose. Unless you know what to look for.

No matter your clients' term insurance needs – family protection, business continuity or estate planning, Manulife offers the most comprehensive and innovative range of term products on the market. We make your choice easy.

Family Term™

Our industry-leading Family Term insurance is specially designed to meet the personal or business needs of your clients – in one affordable policy.

- Four coverage choices (Term-10, Term-20, Term-65 and Term-Life) means you can customize your solution to meet clients' specific needs – all in the same plan
- Multiple lives can be added at (or after) issue
- Children and even grandchildren can be covered at issue (or later)
- A unique rider can be added that ensures business partners can purchase additional coverage in the future as the business grows, without providing medical evidence
- Coverage can be added, deleted or changed
- Coverage amounts can be increased or decreased
- Combined coverage insures two lives at a discount (Term-10, Term-20 and Term-65)
- Joint first-to-die and joint last-to-die available on Term-Life for estate planning needs
- Partially convert to permanent protection and carry over the balance as a new Term Insurance Rider

More value with Manulife *Vitality*

Because we think insurance should be more than just financial protection, we offer clients access to certain Manulife *Vitality* benefits on eligible* Family Term policies at no cost (Manulife *Vitality Go*).

When your clients purchase a Family Term policy, they can get rewards for healthy living, including discounts on popular brands, savings on a Garmin or Fitbit watch, and more.

To access the maximum-value rewards and benefits of Manulife *Vitality*, they can upgrade to a Manulife *Vitality Plus* membership at anytime, without underwriting.

Learn more on [Advisor Portal](#).

* Eligibility requirements: Insured must have reached their 18th birthday by the time the policy is issued. Available on single life coverage only.



Who is Term insurance for?

Term insurance is a straightforward, low-cost option that provides protection for things like:

- Income replacement
- Mortgage and debt coverage
- Children's education
- Coverage for funeral expenses
- Financial security for a family's future
- Buy-sell funding
- Key person or employee coverage
- Collateral insurance
- Estate tax coverage (Term-Life)

With unmatched affordable and flexible multi-life protection, Manulife's Term product provides a variety of options to easily customize your clients' coverage to meet their needs and fit comfortably within their budget. When their needs change, they'll have the perfect solution.

Manulife's Term insurance at a glance

	Term-10, Term-20 and Term-65	Term-Life
Coverage options	<ul style="list-style-type: none"> • Term-10 (10-year renewable and convertible) • Term-20 (20-year renewable and convertible) • Term-65 (Level COI to age 65, convertible) 	<ul style="list-style-type: none"> • Term-Life (Level COI to age 100, convertible)
Coverage types	<ul style="list-style-type: none"> • Single life • Combined coverage 	<ul style="list-style-type: none"> • Single life • Joint first-to-die • Joint last-to-die
Issue age	<ul style="list-style-type: none"> • Term-10: 18–70 • Term-20: 18–60 • Term-65: 18–45 	<ul style="list-style-type: none"> • 60–85
Combined coverage	<ul style="list-style-type: none"> • Covers 2 people • 3% reduction in cost of insurance • Coverage option and amount must be the same for each person • Face amounts up to and including \$10,000,000 • At first death, second coverage continues automatically, without the 3% reduction, at original age rates • In the event of simultaneous death, Manulife will pay two death benefits • Combined insurance coverages are convertible until the policy anniversary nearest the: <ul style="list-style-type: none"> • 75th birthday for Term-10 and Term-20, and • 60th birthday of the oldest insured person under the combined coverages for Term-65 • Combined coverages end at the policy anniversary nearest the: <ul style="list-style-type: none"> • 80th birthday for Term-10 and Term-20, and • 65th birthday of the oldest insured person under the combined coverages for Term-65 	Not available
Joint coverage	Not available	<ul style="list-style-type: none"> • Covers 2 people • Available on first-to-die and last-to-die basis • Survivor's benefit available with first-to-die
Renewable (all renewals are fully guaranteed)	<ul style="list-style-type: none"> • Term-10 and Term-20: to age 80 • Term-10: premium is initially level then increases annually after 10 years until expiry • Term-20: premium renews each subsequent 20th anniversary for the same term until expiry • Term-65: not applicable 	Not applicable

Manulife's Term insurance at a glance *(continued)*

	Term-10, Term-20 and Term-65	Term-Life
Convertible	<p>Convert to any permanent insurance plan offered by Manulife, including partial conversions with carryover:</p> <ul style="list-style-type: none"> • Term-10 and Term-20: up to the policy anniversary nearest the insured person's 75th birthday <p>Convert to any permanent insurance plan offered by Manulife:</p> <ul style="list-style-type: none"> • Term-65: up to the policy anniversary nearest the insured person's 60th birthday 	<p>Convert to any permanent insurance plan offered by Manulife:</p> <ul style="list-style-type: none"> • up to the policy anniversary nearest the insured person's 75th birthday
Coverage option changes	<p>Change coverage without further underwriting:</p> <ul style="list-style-type: none"> • Term-10 to Term-20 or Term-10 or Term-20 to Term-65: up to the 5th coverage anniversary • Term-10 or Term-20 to Term-Life: up to the policy anniversary nearest the insured person's 75th birthday • Term-65 to Term-Life: at the policy anniversary nearest the insured person's 60th birthday 	Not available
Minimum face amounts	<p>Years 1–5: \$100,000 per insured person Years 6+: \$25,000</p>	<ul style="list-style-type: none"> • Single and joint coverage: \$25,000 per insured person
Policy fee	\$5.10 monthly or \$57 annual guaranteed fee for each policy, regardless of the number of coverages or insured people in the plan	\$5.10 monthly or \$57 annual guaranteed fee for each policy, regardless of the number of coverages or insured people in the plan
Payment mode	<ul style="list-style-type: none"> • Monthly Pre-Authorized Cheque (PAC) • Annual 	<ul style="list-style-type: none"> • Monthly Pre-Authorized Cheque (PAC) • Annual
Rate banding by amount of insurance	<ul style="list-style-type: none"> • Band 1: \$25,000–\$99,999 • Band 2: \$100,000–\$249,999 • Band 3: \$250,000–\$499,999 • Band 4: \$500,000–\$999,999 • Band 5: \$1,000,000–\$9,999,999 • Band 6: \$10,000,000 	<ul style="list-style-type: none"> • Band 1: \$25,000–\$99,999 • Band 2: \$100,000–\$249,999 • Band 3: \$250,000–\$499,999 • Band 4: \$500,000–\$999,999 • Band 5: \$1,000,000–\$9,999,999 • Band 6: \$10,000,000

Build custom solutions

Manulife's Term insurance riders help you customize an insurance solution to meet your client's needs.

	Term-10, Term-20 and Term-65	Term-Life
Child Protection Rider (CPR)	<ul style="list-style-type: none"> • Issue age: 15 days to 18 years • Option to buy up to \$250,000 of new insurance coverage, including up to \$100,000 in critical illness insurance, at age 25 or specified option dates • Cost of \$2.50 per month, per child for \$10,000 of coverage 	<ul style="list-style-type: none"> • Issue age: 15 days to 18 years • Option to buy up to \$250,000 of new insurance coverage, including up to \$100,000 in critical illness insurance, at age 25 or specified option dates • Cost of \$2.50 per month, per child for \$10,000 of coverage
Total Disability Waiver (TDW)	Rates renew every 10 years	Rates renew every 10 years
Accidental Death and Dismemberment Rider (AD&D)	<ul style="list-style-type: none"> • Rates renew every 10 years • Issue age: 18–65 • Minimum \$10,000 	<ul style="list-style-type: none"> • Rates renew every 10 years • Issue age: 18–65 • Minimum \$10,000
Guaranteed Insurability Option Rider (GIO)	<ul style="list-style-type: none"> • Issue age: 18-45 • Minimum \$25,000 • Maximum is the lesser of: <ul style="list-style-type: none"> • \$250,000 • The total amount of insurance provided by all the insurance coverages in effect on the GIO insured 	<ul style="list-style-type: none"> • Issue age: 18-45 • Minimum \$25,000 • Maximum is the lesser of: <ul style="list-style-type: none"> • \$250,000 • The total amount of insurance provided by all the insurance coverages in effect on the GIO insured
Business Value Protector Rider (BVP)	Available on Family Term	Available on Family Term
Bereavement Counselling Assistance	Reimbursement of counselling fees up to \$1,000 after the death of any insured person in the plan	Reimbursement of counselling fees up to \$1,000 after the death of any insured person in the plan
Compassionate Assistance Program (CAP)	In case of terminal illness, the policy owner may be able to obtain an advance payment of the death benefit in the form of a collateral loan	In case of terminal illness, the policy owner may be able to obtain an advance payment of the death benefit in the form of a collateral loan



As your clients' insurance needs change

Manulife's term solution offers plenty of coverage flexibility to keep pace with your clients' ever-changing lives.

Coverage option changes

Your clients can change their term coverage without medical evidence:

- Term-10 to Term-20
- Term-10 and Term-20 to Term-65
- Term-10, Term-20 and Term-65 to Term-Life

Plus, your clients can increase or decrease coverage amounts or add additional coverages.

Conversions

Your clients have options for fully or partially converting their term policy without medical evidence.* With a full conversion, the insured can move from term to any permanent life insurance policy we offer.

With a partial conversion, your client can still keep their full amount of coverage by carrying over the remaining portion of the term insurance as a rider on the new policy. The term insurance rider will be based on current rates and the age of the insured as of the effective date of the new coverage.

* Please refer to the Conversion Administration Rules posted on Advisor Portal for complete details.



Quick Facts

- Issue age: 18 to 65
- \$50,000 minimum
- Available to clients who are a standard risk or better
- Available exclusively to business owners
- Can be added at or after issue of the policy
- To purchase the rider, the business must have existed for at least three years
- Option dates are the 1st to 10th policy anniversaries following the BVP coverage date
- The BVP allows multiple business owners to each be covered under separate BVP coverages within the same policy
- The new coverage can be Family Term or any other term or permanent life insurance product that Manulife offers at the option date

One-of-a-kind solutions

Business Value Protector Rider (BVP)

As a business grows and matures, so does its value. If a business owner dies, the beneficiaries may not have enough funds on hand to pay the costs associated with the success of the business. Paying capital gains taxes or business debt and funding buy-sell agreements are business-planning priorities that increase in size as the business grows. However, it is very difficult to predict how much insurance will be required in the future and there is the risk that the owner may not be eligible for additional insurance when the need arises.

One of Family Term's unique features is specifically designed to address this need. The Business Value Protector rider gives a business owner the option to purchase additional coverage without medical evidence, based on the increased value of the business.

Benefits of the BVP

The BVP meets the needs of a growing business as it matures. As the business increases in value, further insurance may be needed to:

- Pay costs such as the capital gains tax associated with the success of the business when the owner dies
- Fund buy-sell agreements
- Uniquely customize the amount of future coverage to the value of the business, now and in the future, providing flexibility to increase coverage only as needed
- Increase an individual's insurance if their share of the fair market value of the business increases
- Pay a death benefit equal to the amount of insurance that could have been purchased if an application for new insurance is received within the 45-day period before an option date and the insured person dies during this period

How much BVP can be purchased

- The BVP amount may be any amount up to the insured person's share of the fair market value of the business on the coverage date and it must be at least \$50,000
- The BVP amount will remain fixed after issue of the coverage

How we determine the fair market value of the business

The fair market value of the business will be determined by underwriting, based on a formula which is used as part of the underwriting process. Using the financial statements provided to us, our current formula is:

$$\text{Fair Market Value} = \text{Average business net earnings after tax for the last three fiscal years (adjusted for nonrecurring items and management bonuses)} \times 10$$



Exercising the BVP option

- To purchase the BVP rider, and at the time that the BVP option is exercised, the business owner must submit the following information to determine the fair market value of the business:
 - The two most recent company financial statements (Note: We require the company's financial results for the last three consecutive years)
 - Documentation that demonstrates the business owner's equity position in the company at the date of the application
- Option dates are the 1st to 10th policy anniversaries following the BVP coverage date. A notice will be mailed to the client 45 days prior to the scheduled BVP option date
- When exercising the option, the amount of insurance must be the minimum for the plan. The maximum amount is three times the BVP amount less any amounts previously purchased (the maximum option amount)
- The maximum purchase, on any option date, is the lesser of:
 - The maximum option amount, or
 - The growth in the insured person's share of the fair market value of the business since the BVP coverage date, less any amounts previously purchased
- The new coverage will remain at the same Healthstyle category as the one determined at the purchase of the rider, subject to age and amount limits
- At the option date, the new coverage can be in Family Term or any other term or permanent life insurance product that Manulife offers

Expiry of the BVP

A BVP will expire at the earlier of either of the following:

- The 10th policy anniversary following the BVP coverage date; or
- The date on which the maximum option amount has been exercised

Information about the new insurance being purchased

- The new insurance must conform to our rules for issue ages, minimum/maximum amounts of insurance, and minimum premiums, which vary for each individual product
- We must receive an application for the new insurance and the first premium (if applicable) on or before the option day
- The new insurance will take effect on the option day as long as the insured person is alive on the day the application is signed and when the new insurance starts
- A total disability waiver rider (such as WOD or TDW) may be purchased (subject to issue rules) with the new insurance coverage, provided a TDW rider was in effect on the same person under the original policy
- The Suicide and Contestability/Validity provisions will apply from the coverage issue date of the new insurance coverage
- The premium for the new insurance will be based on:
 - The insured person's sex and attained age; and
 - The Healthstyle category applicable to the insured person, subject to age and amount limits



Accelerated underwriting

Manulife is recognized throughout the industry as a leader in underwriting.

As the first life insurance company to insure known diabetics, Manulife is regarded as a leader in insuring such medical problems as obesity, heart murmurs, elevated blood pressure, coronary artery disease, HIV, AIDS and coronary artery bypass. In addition, we specialize in underwriting clients at older ages with new coverage offered on some policies up to age 85.

With accelerated underwriting, we use analytics to challenge traditional underwriting practices and make insurance more accessible. It's one more way we're modernizing insurance – fundamentally changing the way Canadians experience buying and owning insurance. Many of your clients between 18 and 50 can now get life insurance for up to and including \$5 million of coverage without having to meet with a nurse to provide blood, urine and other biometric data. Your clients between 51 and 60 can apply for up to \$1 million fluid free.* This means an easier, less intrusive experience, and faster decisions.

Additional information

- Healthstyles underwriting is available on Family Term
- Healthstyle 1 and 2 are available for all coverages above \$5M for ages 18 to 50, above \$1M for ages 51 to 60 and \$100,000 and above for ages 61 and over**
- For joint coverage, an equivalent single life age (ESLA) is calculated using male Healthstyle 3 rates
- Juveniles are provided with Healthstyle 5 rates

Making changes

- Your client can apply to have his or her Healthstyle improved (maximum allowed is once per year) if the insured person meets the criteria for the improved category.
- For conversion to a policy with Healthstyles, the same Healthstyle categories will be used. For conversions after 15 years, category 1 and 2 will be converted to a Healthstyle 3.

* Please refer to most recent Evidence of Insurability Chart.

** Healthstyle 2 rates are not available for issue ages older than 70.

Comparing term insurance products

What to look for

Does price matter when choosing term insurance for your clients?

Of course it does. However, with the introduction of multiple underwriting classifications and the industry's move to more complex term products, price is no longer the only factor you need to consider.

Before making a recommendation in today's term market, advisors should complete a process of "due care" to ensure their choice is sound. Due care is our term for a "best effort" at looking out for our clients' needs when we recommend a product.

What to look for in a company

- Does the company consistently receive excellent ratings from several internationally known rating agencies?
- Does the company have the capital to grow and to compete in an increasingly competitive environment?
- Does the company treat its existing clients fairly?

What to look for in a product

- Is the product partially convertible with carryover? Are there limits?
- Does the product offer no medical underwriting for most policies?
- What permanent products are available to convert to?
- How long is the product renewable?
- Are the renewal rates guaranteed? Are they competitive?
- Does the product offer lower rates for healthier clients? How difficult is it to qualify for the company's preferred rates?
- Are preferred rates offered when converting to a permanent plan?
- Does the product offer a range of coverage options all in the same plan?
- Does the product offer the flexibility to change as clients' needs change?
- Does the product offer a range of competitive riders to custom design solutions to meet unique client needs?



Having the answers to these questions and more will help you make sound product recommendations.

Visit [Advisor Portal](#) for details.



For more information, visit [Advisor Portal](#) or speak to your **Manulife Sales Representative**.

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