

**CONVERSION OF GROUP OR EMPLOYEE
LIFE INSURANCE TO AN INDIVIDUAL POLICY**

Life Insurance Company of North America



What is the conversion privilege?

The right of an individual insured under the Group Life Insurance policy to replace all or part of his/her Life Insurance Benefit with an individual policy if all or part of his/her coverage under the group policy terminates. No medical examination or other evidence of good health is required for a conversion policy.

The converted policy will be effective 31 days from the end of coverage under the group life insurance policy. If a person insured under the group life insurance policy dies prior to the effective date of the converted policy, any death benefit provided by the group life insurance policy will be paid.

When can you convert?

An insured individual, who is eligible to convert, as described below, can convert during the conversion period. The conversion period immediately follows the date the insured ceases to be eligible under the group life insurance policy.

Who is eligible to convert?

1. An Insured, whose group life insurance ends due to termination of employment or termination of membership in an eligible class under the group life insurance policy is eligible to convert. If coverage ends because the group life insurance policy terminates, or because the class of insureds to which the insured belongs is terminated, the additional limitations, described below, apply.
2. An insured, whose group life insurance is reduced or terminated because of retirement, or change in benefit amounts, is eligible to convert the amount reduced or terminated. An insured whose group life insurance is reduced due to age may also be eligible to convert the reduced amount. Please consult your certificate of insurance to determine if conversion is available when group life insurance is reduced due to age.
3. An insured dependent may convert if the dependent ceases to be eligible because the employee ceases to be eligible, or because the dependent ceases to be an eligible dependent, as defined in the group life insurance policy. Each dependent eligible to convert must complete an application for an individual whole life policy.

How much can be converted?

1. An insured whose coverage terminates because he or she ceases to be eligible under the group life insurance policy, may convert up to the amount of coverage terminating under the group life insurance policy, but not less than \$2,000 (unless your benefit was less than \$2,000).
2. An insured whose coverage is reduced because of age, if available in the group life insurance certificate of insurance, retirement or change in benefit amounts, is eligible to convert the reduced amount, but not less than \$2,000 (unless your benefit was less than \$2,000).
3. If the group life insurance policy terminates, or if coverage for a class of insured's terminates, the insured's who were covered under the group life insurance policy for at least three years may convert \$10,000 or the amount of terminating group life insurance, if less. Insurance regulations in some states require that an insured be permitted to convert after being insured under the group policy for a shorter period, or be permitted to convert a greater amount of terminating coverage. Please consult your Group Insurance Certificate or contact your Plan Administrator, for details of your eligibility and the amount of coverage available to you.

Who receives the insurance benefits in the events of the insured's death?

A beneficiary(ies) must be named on the application to designate the individual who will receive the death benefit of the insured person. If one Primary Beneficiary is named, that individual will receive the entire death benefit. If two or more Primary Beneficiaries are named, they will share equally in the death benefit unless a percentage is specified for each individual. One or more Contingent Beneficiary(ies) may also be named, who will receive the benefit should no Primary Beneficiary(ies) survive the insured. This should be indicated as follows:

Primary Beneficiary:	Mary J. Smith, wife*
Contingent Beneficiary:	William P. Smith, son

* If a beneficiary is a married woman, use her given name, for example, Mary J. Smith and not Mrs. William Smith. If there is no relationship between the insured and the beneficiary, the application should indicate "no relationship" and the beneficiary's address and social security number must be entered on the application where indicated.

What type of policy can you convert to?

Conversion may be to any permanent life insurance policy, except term insurance, being offered by Life Insurance Company of North America. The Individual Whole Life insurance policy will not include any disability benefits. Benefits other than pure life insurance (such as Waiver of Premium, Accidental Death & Dismemberment, or Accelerated Payment Benefits) are not included in the individual whole life insurance policy.

Plan Description: The individual whole life insurance policy is a permanent life insurance plan with premiums payable for the lifetime of the insured. The benefit is paid to the designated beneficiary(ies) at the time of the insured's death. This policy begins to build up cash and loan values, based on the insured's age at issuance, and after a certain number of premium payments have been made. It is a nonparticipating plan (no dividends are paid).

What is the automatic premium loan provision?

After a certain number of premium payments, the individual policy begins to build up "cash value." If you elect the Automatic Premium Loan provision and do not pay the premium when it is due, that premium will be paid automatically by a loan against the cash value of the policy at the end of the 31-day grace period. Further, if you elect the Automatic Premium Loan provision, and your policy does not have sufficient funds to cover the loan amount, the applicable Paid-Up Insurance option will automatically take effect.

If you make a premium payment while the Automatic Premium Loan provision is in effect, your payment will be applied first to any remaining months in the billing cycle you have selected, and the balance, if any, will be applied to your cash value. The usual billing statements will continue to be sent to you while the Automatic Premium Loan provision is in effect. There is no additional cost for this option, and, should you forget to make a payment, it can help protect the whole life feature of the policy's coverage from ending if you have cash value.

What are the Paid-Up Insurance Options?

If you do not pay a premium within 60 days of the date it is due, the Cash Value of the policy remains the same as it was on the due date. After 60 days, the Cash Value (minus any indebtedness) will be used to purchase either Extended Term Insurance or Reduced Paid-Up Insurance.

Under the Extended Term Insurance option, your Face Amount will continue for a specific time period which is calculated based on the available Cash Value amount. Under the Reduced Paid-Up Insurance option, your life insurance will continue for an amount that is lower than your Individual Whole Life Face Amount; however, this reduced coverage amount will continue for your lifetime with no further payments required. The amount of Reduced Paid-Up Insurance is calculated based on the available Cash Value amount.

Please note, you are automatically enrolled in the Extended Term Insurance option. If you prefer the Reduced Paid-Up option, you must elect it in writing. This election must be made within 60 days after the date the premium was due.

How to apply for conversion:

1. Complete the Application for Conversion of Group Life Insurance within this booklet.
2. Be sure your former employer completes the *Notice of Right to Convert* form attached in this booklet. We cannot process your application and issue a policy without this information. If you received this form because you are no longer eligible for Waiver of Premium, the *Notice of Right to Convert* form does not need to be completed. Please refer to your Waiver of Premium cover letter from the insurance company for instructions.
3. Select the amount of insurance you want to convert, and indicate this amount on the application. You may convert any amount (minimum amount \$2,000, unless your benefit was less than \$2,000) up to the full amount you had under your prior group plan. (Employees converting from a terminated plan may be subject to restrictions.) Please note you cannot convert more than is being replaced under a subsequent policy.
4. Calculate your premium for the amount you selected. (See rates and instructions in this booklet.)
5. Send the completed application, the Notice of Right to Convert Form (if applicable), and premium payment made payable to **Life Insurance Company of North America** to the address shown below. Payment should be made via check or money order. We cannot accept cash:

**NEBCO
P.O. Box 152501
Irving, TX 75015-2501**

or

**NEBCO (Overnight Address only)
8500 Freeport Parkway South
Suite 450
Irving, TX 75063**

Note: The completed application and premium must be submitted to the address shown above within 31 days of your coverage end date or within 15 days of the date of this notice, whichever is later. If you are not notified following your coverage end date, an application will not be accepted beyond 91 days from your coverage end date.

Instructions for Calculating Your Insurance Age and Premium.

After you have selected the amount of insurance you wish to convert, you can calculate your Insurance Age and premium using the example below:

Calculate your Insurance Age:

1. Determine the effective date of your new policy, which is usually 31 days immediately following your termination of your group life insurance coverage
2. The age you will be six months from the effective of the new whole life insurance policy is your "Insurance Age. If your birthday falls within that six-month period, you must add one year to your present age, otherwise use your present age.

For example:

Date of Birth	March 1, 1950
Age in June 2003:	53
Date of Group Insurance Discontinuance:	November 14, 2003
Effective Date of New Policy:	December 16, 2003
Six Months from December 16, 2003:	June 16, 2004
Insurance Age:	54

3. To determine your annual premium rate, first determine your "Insurance Age", and then refer to the rate table included in this document.
4. Calculate your premium using the attached worksheet.

Calculate Your Premium:

1. Number of \$1,000 units of insurance being converted, up to the amount terminating under your group life Insurance policy (e.g., \$11,500 equals 11.5) _____
2. Enter the rate per Unit for age from the rate table _____
3. Annual Premium...Multiply (1) X (2) _____
4. Annual Policy Administration Fee _____ \$100.00 _____
5. Annual Payment...Add (3) & (4) _____
6. Enter the appropriate factor: Annual Payment x 1.00
Semi-Annual Payment x 0.50
Quarterly Payment x 0.25 _____
7. Total Payment Due Multiply (5) x (6) _____

This is your total payment due. (Send a check or money order for this amount payable to **Life Insurance Company of North America.**)

* Monthly payments are also available by using the **Monthly Check-O-Matic** option. An automatic monthly deduction would be made from your personal checking account to pay your premiums. If you are interested in this option, please indicate "yes" in the space provided on the application form. An authorization form will be sent to you upon receipt of your application. **Your initial payment must be for at least a quarterly amount and must accompany your application.**

Examples:

STEP	AGE 60 \$22,000 FACE ANNUAL PAYMENT	AGE 49 \$53,000 FACE SEMIANNUAL PAYMENT	AGE 36 \$8,500 FACE QUARTERLY PAYMENT
1	22	53	8.5
2	\$51.24	\$29.52	\$16.32
3	\$1,127.28	\$1,564.56	\$138.72
4	\$100.00	\$100.00	\$100.00
5	\$1,227.28	\$1,664.56	238.72
6	1.00	.50	.25
7	\$1,227.28	\$832.28	\$59.68

Special Notes:

- The rates provided only reflect rates up to age 75. If you are over age 75 and applying for conversion, please contact our office for the appropriate rate information.
- If you were covered for Basic and Supplemental Life Insurance under the same group life insurance policy, and you are converting both benefit amounts, add the two amounts together and indicate the total amount on the application. Only one individual whole life insurance policy will be issued. If coverage for Basic and Supplemental Life Insurance is provided under separate group life insurance policies, two separate conversion applications must be submitted and two separate individual whole life insurance policies will be issued.
- The Annual Policy Administration Fee is an annual fee which will be included in your premium notice each year.
- You cannot increase your whole life insurance coverage once issued.

Checklist:

1. Did you calculate your correct Insurance Age?
2. Did you indicate the amount of insurance you wish to convert?
3. Did you double-check your premium calculation and indicate the mode of payment?
4. Did you designate your Beneficiary(ies)?
5. Have you signed and dated the conversion application and included the initial payment?
6. Has the *Notice of Right to Convert* form been completed, dated and signed by your Employer? Does not apply if Waiver of Premium has recently been cancelled.
7. For Waiver of Premium related notification, has your letter from the insurance company been attached?

If you have any questions or need assistance in completing this application, please call our toll-free number 1-800-423-1282, Monday through Friday, 8:00 A.M. to 4:30 P.M. (CST).

ANNUAL RATE PER \$1,000

AGE	RATE	AGE	RATE
Under 1	\$6.24	38	17.88
1	6.36	39	18.60
2	6.48	40	19.44
3	6.48	41	20.40
4	6.60	42	21.36
5	6.72	43	22.20
6	6.84	44	23.40
7	7.08	45	24.48
8	7.20	46	25.68
9	7.44	47	26.88
10	7.56	48	28.20
11	7.80	49	29.52
12	8.04	50	30.96
13	8.16	51	32.52
14	8.40	52	34.20
15	8.64	53	35.88
16	8.76	54	37.68
17	9.00	55	39.60
18	9.12	55	39.60
19	9.36	56	41.64
20	9.60	57	43.80
21	9.84	58	46.20
22	10.00	59	48.60
23	10.32	60	51.24
24	10.56	61	54.00
25	10.92	62	57.00
26	11.28	63	60.12
27	11.64	64	63.36
28	12.00	65	66.84
29	12.36	66	70.68
30	12.84	67	75.00
31	13.32	68	79.68
32	13.80	69	84.84
33	14.40	70	90.24
34	15.00	71	95.59
35	15.72	72	101.28
36	16.32	73	107.34
37	17.04	74	113.83
		75	120.82

For rates over age 75, please contact our office at 1-800-423-1282.

Application for Conversion of Group Life Insurance



Each insured must complete a separate Application for Conversion of Group Life Insurance (copies of this form are acceptable). The following information must be completed by the insured or the owner of this coverage if coverage was previously assigned.

Full Name _____
 (Last) (First) (MI) (Social Security Number)

Address _____
 (Street) (City) (State) (Zip Code)

Date of Birth ____/____/____ Gender: Female Male
 Month/Day/Year

Phone Number - Day _____ Phone Number - Evening _____

COMPLETE THE NEXT LINE FOR CONVERSION OF EMPLOYEE COVERAGE ONLY

Employee Last day worked _____ Were you disabled on your Coverage End Date? Yes No

Amount of Coverage you wish to convert \$ _____

How shall premiums be payable: ANNUALLY SEMI-ANNUALLY QUARTERLY (default)

Please indicate if you would like information on Monthly Check-O-Matic: Yes No

Note: Your initial quarterly premium payment must be received before Monthly Check-O-Matic can become effective.

I elect the Automatic Premium Loan Provision: Yes No

Amount of Payment submitted with this application (minimum is quarterly) \$ _____

Have you applied for: (check all that apply)

- Waiver of Premium Application Date: _____
- Accelerated Benefit/Terminal Illness Benefit Application Date: _____

Beneficiary Information – You must specify a beneficiary(ies) by completing the section(s) below

Primary Beneficiary Name, Address, Phone #	Percentage <i>Must equal 100%</i>	Social Security #	Date of Birth <i>Month/Day/Year</i>	Relationship
Contingent Beneficiary Name, Address, Phone #	Percentage <i>Must equal 100%</i>	Social Security #	Date of Birth <i>Month/Day/Year</i>	Relationship

If you need additional space for your beneficiaries – sign, date, and attach a separate sheet of paper using the above format. The total percentage for each type of Beneficiary (Primary or Contingent) must equal 100%.

Community Property Laws - If you are married, reside in a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Washington, and Wisconsin), and name someone other than your spouse as Beneficiary, payment of benefits may be delayed or disputed unless your spouse also signs the beneficiary designation.

Spouse Signature _____ Date _____
 Month/Day/Year

Insured Name _____ Social Security Number _____

IMPORTANT NOTICE TO THE EMPLOYEE

Your eligibility for Life Insurance under the Group Insurance Policy issued by Life Insurance Company of North America to the Policyholder has ceased. You are hereby notified that under the terms of the Group Policy, you may, subject to the terms of the Policy, convert your all or part of your Life Insurance coverage under the said Policy to an individual Policy. The individual Policy will not contain disability or supplemental benefits. Your application and premium payment must be submitted within 31 days after the Termination Date, or within 15 days of the date of this notice, whichever date is later, but in no event will an application be accepted beyond 91 days from said Coverage Termination Date. You must attach the completed Employer Notice of Right to Convert form (if applicable) when you submit your application for coverage.

I have read the above questions and answers, and hereby declare that they are complete and true, and I agree that this application shall form a part of any policy issued. I understand that I am eligible to convert an amount not to exceed the amount of coverage in effect on the date my group life insurance terminated. I represent that the amount of coverage applied for above does not exceed the amount I am eligible to convert. I further agree that while my application to convert under the terms of the group policy is being reviewed, the Insurance Company may deposit the payment submitted with the application. If I am later determined not to be eligible to convert my group insurance, the sole obligation of the Insurance Company shall be to refund the premium paid.

If any changes or corrections are made by the Insurance Company as noted below, acceptance by the Owner of a policy to which a copy of the modified application is attached will ratify such changes or corrections.

Signature _____ Date _____

(Parent or Guardian signature if applicant is under age 18)

Corrections and changes (***Office Use Only***) _____

Send the completed application, the Notice of Right to Convert form (if applicable) and premium payment made payable to ***Life Insurance Company of North America*** to the address shown below. Payment should be made via check or money order. We cannot accept cash:

**NEBCO
P.O. Box 152501
Irving, TX 75015-2501**

or

**NEBCO (Overnight Address only)
8500 Freeport Parkway South
Suite 450
Irving, TX 75063**



Employer Notice of Right to Convert

This form must be completed by the Policyholder/Employer

Employer/Policyholder Name: _____ Group Policy Number: _____

Employer Address _____

Name of Employee _____ Employee Class Number (required) _____

Date of Hire: _____ Last Day Worked: _____
Month/Day/Year Month/Day/Year

Salary as of the Employee's last day worked: _____ Effective Date of Salary: _____
Month/Day/Year

Coverage Termination Date: _____ Employment Termination Date: _____
Month/Day/Year Month/Day/Year

Reason for Termination of Coverage: Check all that apply.

- Termination of Employment Change to Another Class Reduction in Benefit Temporary Layoff
- Paid Leave of Absence Unpaid Leave of Absence Retirement FMLA Sabbatical
- Disability (STD) Disability (LTD) Other _____

Cancellation of Group Contract – If coverage terminates because of cancellation of the group contract, were the individuals insured for at least 3 years? Employee Yes No Spouse Yes No Child Yes No

Amount of Group Life Insurance Eligible for Conversion:

Reminders:

- 1) If an Accelerated Death Benefit (ADB) was paid under the group policy the amount of coverage eligible for conversion is the remaining death benefit amount.
- 2) If coverage has already been reduced because of age, report the reduced amount currently inforce.

Basic Life Coverage amount eligible for Conversion:

Premium paid through date for Basic Life Coverage _____
Month/Day/Year
 Employee \$ _____ Group Coverage Effective Date _____
Month/Day/Year
 Spouse \$ _____ Group Coverage Effective Date _____
Month/Day/Year
 Child \$ _____ Group Coverage Effective Date _____
Month/Day/Year

Voluntary Life Coverage amount eligible for Conversion:

Premium paid through date for Voluntary Life Coverage _____
Month/Day/Year
 Employee \$ _____ Group Coverage Effective Date _____
Month/Day/Year
 Spouse \$ _____ Group Coverage Effective Date _____
Month/Day/Year
 Child \$ _____ Group Coverage Effective Date _____
Month/Day/Year

Employer/Policyholder Signature Title Date Month/Day/Year

Telephone No. _____

Has an assignment been recorded on any of this coverage? Yes No
 If an assignment has been recorded for the coverage, you will need to provide notice to the assignee and not the employee.

IMPORTANT NOTICE TO THE EMPLOYEE

Your eligibility for Life Insurance under the Group Insurance Policy issued by Life Insurance Company of North America to the Policyholder on the date shown in the Employer Notice of Right to Convert has ceased. You are hereby notified that under the terms of the Group Policy, you may, subject to the terms of the Policy, convert all or part of your Life Insurance coverage under the said Policy to an individual Policy. The Individual Policy will not contain disability or supplemental benefits. Your application and premium payment must be submitted within 31 days after the Termination Date or within 15 days of the date of this Notice, whichever date is later, but in any event, no later than 91 days from said Coverage Termination Date. You must attach the completed Employer Notice of Right to Convert (if applicable) when you submit your application for coverage.

Important Information to Policyholder/Employer

1. **Make a copy of this form for your file. This is for your own protection to ensure proper notification has been given.**
2. If the employee is under age 60 and totally disabled, he/she may be eligible for premium waiver under the group policy instead of the conversion policy. Please check your group policy to determine whether or not you have elected Waiver of Premium, determine the eligibility, and process the application accordingly.
3. If the employee has eligible dependents covered by the group policy, an application for each eligible dependent must be completed and submitted for processing. The Whole Life Policy is an individual policy, therefore each covered dependent will be issued a separate insurance policy.
4. This form must be completed in its entirety. If any portion is incomplete or incorrect, it could result in delays or rejection of this valuable coverage for the employee and his/her dependents.


IF THE INSURED HAS PREVIOUSLY ASSIGNED OWNERSHIP OF HIS/HER GROUP INSURANCE COVERAGE TO ANOTHER PERSON – COMPLETE THE FOLLOWING INFORMATION AND PROVIDE A COPY OF THE COMPLETED ASSIGNMENT FORMS.

Owner – The Owner is the person who has the right to assign, borrow, surrender, and exercise all other rights contained in the Policy. If no other Owner is designated, the insured shall be the Owner. All correspondence and premium notices will be mailed to the Owner.

Owner Name _____ **Tax I.D./Social Security Number** _____

Street Address _____

City _____ **State** _____ **Zip** _____ **Phone No.** _____

Please sign here  **Owner's Signature** _____ **Date** _____
Must be signed by Owner if other than employee. Month/Day/Year