

# BASIC CONVERSION GUIDELINES

When an application is submitted on an individual who already has coverage with United American, it can be handled several different ways. The following is provided to help you understand UA's important conversion guidelines.

## CONVERSION

A conversion occurs when the Home Office receives an application on a person who already has a like policy in force. *Please note we will not accept Medicare Supplement conversions from issue age to attained age rates unless accompanied by a statement from the insured indicating they are aware that they may now be subject to two rate increases per year.*

**Medicare Supplement to Medicare Supplement conversions with the same Agent** — The Agent gets new business commission on the increase in premium submitted, if any, renewal commissions on balance and remains Agent of record for any future renewals.

**Med-Supp to Med-Supp conversions from one Agent to another** — The new Agent gets the *new business commission on the increase in premium for the mode he collects only*. The original Agent receives the commission on balance and remains the Agent of record for future renewals.

**Med-Supp to Med-Supp conversions when original Agent is terminated** — The new Agent gets new business commission on the increase in premium submitted, if any, renewal commissions on balance and is coded as Agent of record for any future renewals.

**Non-Med-Supp to Med-Supp conversions where applicant is turning 65** — These always pay commission as new business and the Med-Supp writing Agent will always be the Agent of record regardless of the status of the original writing Agent of the health product. Therefore, Agents are encouraged to service their business by offering Med-Sups to those becoming eligible on a timely basis.

**Note:** *Due to government regulations, an insured is no longer required to terminate/convert underage hospital coverage at age 65 when a Medicare Supplement is purchased. Therefore, if the intent is to replace the underage coverage, the new application must show replacement or the old policy will remain in force and we will continue to draft or send billing notices.*

## COMPARABLE

A comparable conversion occurs when a new application is taken after 31 days but within 90 days of the due date of the lapsed policy. In this situation, the new Agent becomes the Agent of record regardless of the original Agent's status. Renewal commission percentage will be equal to the percentage paid on the original policy, and the insured must serve any applicable waiting periods.

## NEW BUSINESS

When a new application is taken with an app date more than 90 days after the due date of the old policy, the application is treated as new business. The new Agent gets new business as well as renewal commissions and is the Agent of record.

## RENEWAL OR REINSTATEMENT

In the case of a renewal or reinstatement conversion, the new application offers the same exact coverage, but is taken *within the 31 day grace period*. The app will be declined and collected premium applied to the original policy. In this case the Agent (if not the original Agent) receives nothing. If the app is taken *after the 31 day grace and within 90 days*, it is handled as a comparable issue and coded to the new Agent. (see Comparable section above)

## LONG TERM CARE, CANCER OR LIFE PLANS

LTC, Cancer and Life plans **CANNOT** be converted. If an insured has an existing Long Term Care, Cancer or Life policy in force and United American receives an application for additional coverage, it will be processed on a new business basis. More than one UA policy may be in force provided maximum coverage amounts are not exceeded — consult your Underwriting Guidelines for specific rules regarding multiple policies and underage health product conversions.