



## **NOTICE TO APPLICANTS REGARDING REPLACEMENT OF LIFE INSURANCE**

**THIS NOTICE IS FOR YOUR PROTECTION AND IS REQUIRED  
BY REGULATION OF THE MICHIGAN COMMISSIONER OF INSURANCE  
PLEASE READ IT CAREFULLY**

Dropping or changing your existing life insurance to replace it with a new life insurance certificate may be disadvantageous because:

An insurer can deny a claim during the first two years if it can be shown that you withheld information from your application which was important to the decision of whether to insure you. This is called the "CONTESTABLE PERIOD." If you drop or change certificates, you may have to go through the two year period again.

You may pay **HIGHER RATES** for identical coverage because of your age. Life insurance rates go up as you get older.

**BEFORE YOU DROP, CHANGE OR CASH IN YOUR PRESENT INSURANCE** and apply for new insurance, you should:

1. Compare the certificate **BENEFITS** and **OPTIONS**. The agent is required by law to provide you with all pertinent facts of the change and the insurance company you are considering must notify the company that issued your existing policy or certificate.
2. Be aware that you may be required to provide **EVIDENCE OF INSURABILITY**. If your health condition has changed since the application was taken on your present certificate/policy, you may be required to pay additional premiums under the new certificate, or be denied coverage.
3. Compare the **LOAN INTEREST RATE**. The interest rate for new certificate is probably higher than for the existing certificate/policy. Therefore, you will pay more when you want to borrow the cash value. If you are considering borrowing against your existing certificate/policy, you should understand that in the event of your death, the amount of any unpaid loan, including unpaid interest, will be deducted from the benefits of your policy/certificate.
4. Find out if the existing certificate/policy and/or the proposed certificate offers **DIVIDENDS OR EXCESS INTEREST**. Dividends or excess interest can have a significant impact on net certificate cost. Remember that no company can guarantee the amount of dividends it will pay in the future, nor can excess interest projections be presented as to imply a guarantee.
5. **CONTACT THE AGENT OF YOUR PRESENT INSURER**. Your present insurer may make changes in your existing insurance on terms which are more favorable to you than can another company.
6. Find out if there are income or estate tax consequences if you drop or change your present policy/certificate.

You should not drop or change your existing life insurance coverage until after you have been issued the new certificate, examined it and found it to be acceptable to you. **REMEMBER YOU HAVE TWENTY DAYS AFTER RECEIPT OF THE CERTIFICATE TO CANCEL AND OBTAIN A FULL REFUND.**

Applicant's Signature \_\_\_\_\_

*White copy - Home Office    Yellow copy - Applicant*







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