

# Quit Smoking Incentive

## FREQUENTLY ASKED QUESTIONS

### Q. What is the “Quit Smoking Incentive”?

A. The Quit Smoking Incentive (QSI) is a feature available on John Hancock UL and VUL products.\* Clients with Standard Smoker or Preferred Smoker risk classes will receive Standard Non Smoker cost-of-insurance rates for the first three policy years. Those who provide evidence they quit smoking for a period of at least 12 months within the first three policy years can have their risk classes and their policy charges permanently changed to Standard Non Smoker.

### Q. Can Smokers who participate in QSI pay the Standard Non Smoker premium?

A. Preferred Smokers and Standard Smokers who purchase a Protection UL-G or Protection SUL-G can pay the Standard Non Smoker premium for the first three policy years. If before the end of year three they provide evidence that they have quit smoking for a period of at least 12 months, they will be able to continue paying the Standard Non Smoker premium. **For all other products that participate in QSI, smokers will have to pay a premium that is at least the required minimum for their Smoker class. In many cases, this premium is higher than the typical “solve” premium for a Standard Non Smoker premium.**

### Q. How is QSI illustrated?

#### A. Protection UL-G & Protection SUL-G Products

Due to the design of **Protection UL-G** and **Protection SUL-G**, the Quit Smoking Incentive allows Preferred and Standard Smokers to pay Standard Non Smoker premiums for the first three policy years.

This applies ONLY to these two products.

Here's what you need to do to illustrate:

**Step One:** On JH Illustrator, run your client as a Standard Non Smoker and write that premium down.

**Step Two:** Now, switch the risk class of your client either to Standard or Preferred **Smoker**.

**Step Three:** Take the Standard Non Smoker premium that you have written down and manually input that premium into the premium schedule for the first three policy years. Then, choose the PPR premium option for the fourth year until the clients' desired policy duration. *Remember to keep the risk class as either Preferred or Standard Smoker. Do not change to Non Smoker risk class.*

**Step Four:** Run the illustration. If run correctly, your illustration should have the standard Non Smoker premium that you inputted for the first three policy years and then a jump in premium in the fourth policy year. This is the premium that your client will need to pay if they do not quit smoking.

**All other UL & VUL Products**

For all other products that participate in QSI, smokers will have to pay a premium that is at least the required minimum for their Smoker class. In many cases, this premium is higher than the typical “solve” premium for a Standard Non Smoker premium.

Here’s what you need to do to illustrate:

**Step One:** Run a Standard or Preferred Smoker illustration on JH Illustrator. Make sure to check off ‘Annual Account Summary under Optional Reports’.

**Step Two:** Then, hit ‘Quick View’ or ‘Illustration Preview’.

**Step Three:** You will notice on the Annual Account Summary that the COI rates are lower for the first three policy years and return to the smoker charges in the fourth year.

This is how QSI is illustrated on all products, excluding Protection UL-G and SUL-G. It’s really that easy!

**Q. Is QSI available on all products?**

A. No. The Quit Smoking rider is currently available on John Hancock's Accumulation UL, Accumulation VUL, Accumulation SVUL, Protection UL-G, Protection SUL-G, Protection VUL, Protection SVUL, Performance UL and Performance SUL.

**Q. Why can't I pay the Standard Non Smoker premium on the VUL and current-assumption UL products?**

A. Although insureds will receive Standard Non Smoker policy charges in the first three years, they will still be subject to the Smoker no-lapse guarantee requirements. In many cases, these requirements are higher than the Standard Non Smoker “solve” premiums.

**Q. Does this apply to all types of smoking (cigars, pipes, etc.)?**

A. QSI applies only to cigarette smokers. Clients who use other tobacco products can still qualify for Standard Non Smoker rates.

**Q. What evidence must clients provide to prove they have quit smoking?**

A. To change a rating from a Smoker to Non Smoker, clients must fill out a form that indicates they have stopped smoking for a period of at least 12 months. They must also submit a micro urinalysis. If the micro urinalysis is free of nicotine, we will change their risk class to Standard Non Smoker. When participating in QSI, full underwriting is not required to change the risk class. However, if clients do not provide evidence they quit smoking by the end of year three; any requested risk class change would require full underwriting.

**Q. My client is a Preferred Smoker. If she quits smoking, will her rating change to Preferred Non Smoker?**

A. No. If the client fulfills the requirements of QSI, we will change her risk class to Standard Non Smoker. When she has been smoke-free for 24 months (the minimum requirement for Preferred Non Smoker), she can request another rating change to Preferred Non Smoker. However, full underwriting will be required for that change.

**Q. My client quit smoking 9 months ago. If the policy is issued today, can he apply for the Standard Non Smoker rates in 3 months?**

A. Yes. The client must have quit smoking for a total of 12 months, not for 12 months from issue.

**Q. Is QSI part of the contract?**

A. No. QSI is part of our current underwriting program. It is not contractual, and the term “Quit Smoking Incentive” does not appear on any illustrations.

**Q. Do I submit a Smoker or Non Smoker Illustration?**

A. A Smoker illustration must be submitted.

**Q. Will the client be issued as a Smoker or a Non Smoker?**

A. The client will always be issued as a Smoker when participating in QSI. Therefore, it is important to make sure the policyholder signs a sales illustration with the insured listed as a Smoker.

**Q. Can Smokers with substandard ratings participate in the “Quit Smoking Incentive”?**

A. No. This program does not apply to substandard risks. Full underwriting will be required if the insured quits smoking and applies for Non Smoker rates.

**Q. How does QSI pertain to different products?**

Product	Can Smokers Pay the Non Smoker Premium in the first 3 years?	Which policy charges are the same for Smokers and Standard Non Smokers?
Protection UL-G & Protection SUL-G	Yes	All Policy Protection Value (“Shadow Account”) Charges, years 1-3
Protection VUL, Accumulation VUL	No	Cost-of-Insurance charges only, years 1-3
Performance UL, Accumulation UL, Performance SUL, Accumulation SVUL, & Protection SVUL	No	All Policy Charges, years 1-3

\* The Quit Smoking rider is currently available on John Hancock’s Accumulation UL, Accumulation VUL, Accumulation SVUL, Protection UL-G, Protection SUL-G, Protection VUL, Protection SVUL, Performance UL and Performance SUL.

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