

Quit Smoking Incentive

FREQUENTLY ASKED QUESTIONS

Q. What is the “Quit Smoking Incentive”?

A. The Quit Smoking Incentive (QSI) is part of our current underwriting program that allows Standard Smoker and Preferred Smoker clients to receive Standard Non-Smoker cost-of-insurance rates for the first three policy years on John Hancock UL and VUL products.¹ If they provide evidence they quit smoking for a period of at least 12 months within the first three policy years, they can have their risk class and 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 UL-G or SUL-G policy 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. UL-G & SUL-G Products

For UL-G and SUL-G, the illustration system can generate a Quit Smoking illustration with a single click.

- When you run a UL-G or SUL-G lifetime, level-pay Standard or Preferred Smoker illustration, you will be given the option to “Click to Compare.”
- When you select “QSI Comparison” on the drop down menu, JH Illustrator will display a QSI comparison screen that shows the “Original Case” premium, the “Quits Smoking” premium and the “Resumes Smoking” premium in years 1–4.
- If you click on “Build QSI Illustrations,” JH Illustrator will generate illustrations for each of the three scenarios.

EDY	Planned Age	Net Premium	Net Inc	QSI Comparison			Net Surrender Value	Net Death Benefit	
1	2	3	4	POLICY YEAR	#1 Original Case	#2 Quits Smoking	#3 Resumes Smoking		
46	47	48	49	1	17,610	11,277	11,277	0	1,000,000
50	51	52	53	2	17,610	11,277	11,277	5,683	1,000,000
54	55	56	57	3	17,610	11,277	11,277	23,022	1,000,000
58	59	60	61	4	17,610	11,277	11,277	38,289	1,000,000
62	63	64	65					53,974	1,000,000
66	67	68	69					69,980	1,000,000
70	71	72	73					86,269	1,000,000
74	75	76	77					102,689	1,000,000
78	79	80	81					119,195	1,000,000
82	83	84	85					135,639	1,000,000
86	87	88	89					151,927	1,000,000
90	91	92	93					168,075	1,000,000
94	95	96	97					184,044	1,000,000
98	99	100						200,078	1,000,000
0	0	0	0		197,691	194,544	234,947	211,910	1,000,000
0	0	0	0		206,967	204,547	241,649	247,324	1,000,000

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!

Policy Year	EDY	Age	Planned Premium	Premium Charge	Issue/Loading Charge	Admin Charge	Insurance Charge	Interest Credited	Policy Value	Surrender Charge	Net Surrender Value
1	46	16,742	1,000	1,529	0	1,259	726	13,675	10,126	3,547	
2	47	16,742	1,000	1,289	0	1,285	1,429	28,267	9,003	19,265	
3	48	16,742	1,000	1,289	0	1,245	2,175	43,646	7,877	35,768	
4	49	16,742	1,000	3,044	0	1,454	2,905	57,790	6,752	51,038	
5	50	16,742	1,000	3,044	0	1,481	3,626	72,623	5,627	66,996	
6	51	16,742	1,000	3,044	0	1,532	4,381	88,166	4,501	83,664	
7	52	16,742	1,000	3,044	0	1,590	5,172	104,441	3,376	101,065	
8	53	16,742	1,000	3,044	0	1,678	6,000	121,456	2,251	119,206	
9	54	16,742	1,000	3,044	0	1,766	6,865	139,249	1,125	138,124	
10	55	16,742	1,000	3,044	0	1,871	7,770	157,841	0	157,841	
11	56	0	0	120	0	2,072	8,460	164,109	0	164,109	
12	57	0	0	120	0	2,268	8,792	170,513	0	170,513	
13	58	0	0	120	0	2,471	9,132	177,055	0	177,055	
14	59	0	0	120	0	2,620	9,481	183,796	0	183,796	
15	60	0	0	120	0	2,789	9,840	190,727	0	190,727	
16	61	0	0	120	0	2,992	10,209	197,824	0	197,824	
17	62	0	0	120	0	3,243	10,595	205,046	0	205,046	
18	63	0	0	120	0	3,546	10,966	212,346	0	212,346	

Q. Is QSI available on all products?

A. No. The Quit Smoking incentive feature is currently available on John Hancock’s Accumulation UL, Accumulation VUL, Accumulation SVUL, UL-G, SUL-G, Protection VUL, Protection SVUL, Protection UL and Protection 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 not part of the contract. It is part of our current underwriting program.

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?
UL-G & SUL-G	Yes	All Policy Protection Value ("Shadow Account") Charges, years 1–3
Protection VUL	No	Cost-of-Insurance charges only, years 1–3
Protection UL, Accumulation UL, Protection SUL, Accumulation SVUL, Protection SVUL & Accumulation VUL	No	All Policy Charges, years 1–3

For more information, call your local Regional Director or National Sales Support at 888-266-7498, option 2.

1. The Quit Smoking incentive feature is currently available on John Hancock's Accumulation UL, Accumulation VUL, Accumulation SVUL, UL-G, SUL-G, Protection VUL, Protection SVUL, Protection UL and Protection SUL.

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