



Life Insurance Overview

Session 6: Client Underwriting

For Agent Use Only – Not for dissemination to the public.

Disclosures

Investment and Insurance Products and Services are not FDIC/NCUA/NCUSIF insured, not insured by any Federal Government Agency, not bank or credit union guaranteed, and may lose value.

Imeriti, Inc. and its employees do not provide tax or legal advice. This commentary is not intended to be, nor should it be construed as, tax or legal advice.

As with all matters of a tax or legal nature, your clients should consult their own tax or legal counsel.

Life Insurance: Which is the Right Choice?

Product	Description	Highlights
Level Term/ Term with ROP	Term insurance is best suited for a temporary need that will expire at some time in the future. Term insurance may also be appropriate for young people who cannot afford permanent insurance. Term with return of premium is attractive because at the end of the term, all premiums are returned if no death benefit has been paid out.	<ul style="list-style-type: none"> •Temporary Insurance Protection •Lowest initial cost •More coverage per premium dollar
Fixed Universal Life	Fixed UL is attractive to customers accustomed to receiving periodic interest on their financial investments. Some want the luxury of an increasing death benefit. Others want to focus on the cash value build-up for future needs. All want guaranteed coverage for life at a fixed price with premium and death benefit flexibility.	<ul style="list-style-type: none"> •Flexibility of premiums •Flexibility of death benefit May Provide: <ul style="list-style-type: none"> •Fixed premiums for life •Cash value accumulation •Coverage for life as long as premiums are paid
Whole Life	With whole life, the customer can permanently transfer the risk of premature death to the insurance company. Whole life is generally bought by conservative clients interested in long-term security and premium that's fixed for life.	<ul style="list-style-type: none"> •Fixed premiums for life •Cash value accumulation •Guaranteed cash value •Coverage for life as long as premiums are paid
Indexed Universal Life	Indexed UL offers death benefit protection with policy cash value interest credit linked to the performance of one or more stock market indices (e.g. S & P 500 Index).	<ul style="list-style-type: none"> •Flexibility of premiums •Flexibility of death benefit May provide: <ul style="list-style-type: none"> •Fixed premiums for life •Cash value accumulation •Coverage for life as long as premiums are paid
Single Premium Universal Life	Single payment life is generally sold as a way to protect customer's estate and increase its value at the same time. Many customers are conservative investors between 55 and 85 years old. They have a nest egg to pass on to children, other family members, or charity.	<ul style="list-style-type: none"> •Increased estate value •Tax-deferred gain in contract •No income tax to beneficiary •Safety of medical provisions
Other Life	Other options for direct stock market participation include Variable Universal Life (VUL) products, which may be discussed in further detail with your licensed Representative.	



Underwriting process.

- Through their underwriting process, insurance companies classify or rate insureds by their risk characteristics:
 - Health
 - Occupation
 - Avocations
 - Gender
 - Habits (e.g., whether or not the insured smokes or drinks)
- Depending on the rating, **premiums may be based on “standard” or “preferred” mortality charges** or multiples of up to 5 or more times the standard mortality charges.
- **Insurance companies base their mortality assumptions on the experience of large groups of people.**
 - Mortality tables exhibit the average relative number of persons who survive, or who have died, at the end of each year of life.



General (Generic) Underwriting

	BEST Best Rates	BETTER Preferred Rates	GOOD Preferred and Standard
No Nicotine Use	5 years	Usually 3 years	Usually 1 year
Family History	No cardiovascular or cancer in parents or siblings before age 60	No cardiovascular or cancer death in parents before the age of 60	No cardiovascular death of more than one parent before the age of 60
Aviation / Avocation <i>*assuming the activity to be excluded is not the primary source of revenue</i>	Usually available with a flat extra or exclusion	Available with a flat extra or exclusion	Available, but may have a flat extra or exclusion
Blood Pressure	Current BP cannot exceed 140/85, may vary over 60 not available with treatment.	Current BP cannot exceed 140/90, may vary over 60, with or without treatment.	Current BP cannot exceed 155/94, may vary over 60, w/w/o treatment
Cholesterol or Cholesterol/HDL Ratio	Maximum 220. HDL ratio not to exceed 5.0 (with or without medication)	Maximum 250. HDL ratio not to exceed 6.0 (with or without medication)	Maximum 300. HDL ratio not to exceed 8.0 (with or without medication)
Cancer History	Not available. Possible exception: Basal cell cancer (skin)	Not available. Possible exception: Basal cell cancer (skin)	Usually available after 7 yrs. for most carriers
Heart Disease	Not Available	Not Available	Usually not Available
Driving History	No DUI, reckless driving, or suspension for 5 yrs.	No DUI, reckless driving or suspension for 5 yrs.	No DUI, reckless driving or suspension for 2 yrs.
Should you have any questions, please contact your Brokerage General Agency.			

Handout available



General (Generic) Underwriting

Maximum Build Chart

Male/Female	HEIGHT		
	Preferred Plus	Preferred	Standard
5'0"	145	161	189
5'1"	149	165	193
5'2"	153	170	197
5'3"	158	175	204
5'4"	162	180	209
5'5"	166	185	215
5'6"	170	190	220
5'7"	176	195	225
5'8"	182	200	230
5'9"	188	205	235
5'10"	193	210	242
5'11"	199	216	251
6'0"	205	222	256
6'1"	211	229	263
6'2"	216	236	271
6'3"	222	243	279
6'4"	227	250	286
6'5"	233	257	293
6'6"	238	264	300

Handout available



Financial Underwriting

- **What Is Financial Underwriting?**
 - Financial underwriting is the analysis of an individual's financial situation, which takes place every time a life insurance case is underwritten.
 - The purpose of this evaluation is
 - to determine the need for insurance and
 - to make sure the amount of insurance applied for is reasonable and in line with the insured's needs.



Financial Underwriting

Purpose	Formulas and Guidelines		Pertinent information in a cover letter to accompany the application
Personal Insurance—Replacement of Income	<p>Age</p> <p>20–35 36–40 41–45 46–50 51–59 60–64 65–70 70+</p>	<p>Factor times income</p> <p>20 to 30 15 to 25 14 to 20 12 to 20 10 to 15 7 to 10 4 to 10 4 to 5</p>	<p>A cover letter explaining:</p> <ul style="list-style-type: none"> • Purpose and need for coverage's • How amount was determined • Details on earned and unearned income
Children's Coverage	<p>Up to 50% of parents' coverage</p> <p>*Some carriers only offer maximum of \$250,000. Check with your BGA for details.</p>		<ul style="list-style-type: none"> • Need for coverage <p>If there is more than one child in the family, they should all be insured for similar amounts. If not, an explanation should be given.</p>
Debt Protection (Personal)	<p>100% of home loan 50% to 75% of loan balance for other types of loans</p>		<ul style="list-style-type: none"> • Reason for loan • Duration and amount of loan • Identity of lender • Status of loan (pending or approved)
Debt Protection (Business)	<p>50% to 75% of loan balance</p>		<p>Same as personal loan with the addition of:</p> <ul style="list-style-type: none"> • Business financial statements • Explanation of why the proposed insured is key to the dept repayment
Charitable Contributions	<p>Based on contribution history and personal needs having been met</p>		<ul style="list-style-type: none"> • Details of association with charity • Details of personal insurance • Details about organization if not well known • Organization's tax-exempt number • Reason for purchase
Key Person	<p>Up to 10 times annual income</p>		<ul style="list-style-type: none"> • Description of why this is a key person • Details of coverage on other key staff <p>Other details:</p> <ul style="list-style-type: none"> • Proof of total compensation • Employment contract

Handout available



Financial Underwriting

Purpose	Formulas and Guidelines	Pertinent information in a cover letter to accompany the application
Non-Working Spouse	Up to one-half of working spouse coverage with a maximum of \$1,000,000 in most cases.	<ul style="list-style-type: none"> Working spouses annual income Working spouse's total line of coverage <p>* If applying for more than \$1,000,000, include details as to why, number of children, etc.</p>
Buy/Sell	% of ownership times corporate value (fair market value)	<ul style="list-style-type: none"> Details of ownership Market value of business Details of other owner's insurance Status of Buy/Sell Agreement <p>Other details:</p> <ul style="list-style-type: none"> Business Financial Statements (Income statement and balance sheet) Details of Buy/Sell Agreement
Estate Planning	Estate value appreciation at 6 percent for one-half the greatest life expectancy or 8 to 10 years	<ul style="list-style-type: none"> Details of insurance in force and applied for Financial advisors who have been consulted (names and phone numbers) <p>Other details:</p> <ul style="list-style-type: none"> Personal balance sheet Estate Planning Analysis <p>Each carrier has its own specific guidelines.</p>

Handout available



General Underwriting


- **Cover Letter:**

- A cover letter is an excellent way for you to clarify a situation or provide the underwriter with additional information about your client. If you have information that will give a more complete picture of the person or present a favorable impression, do not hesitate to submit it

- **What should your cover letter include?**

- Highlight the factors that would not be developed through the application, current exam, attending physician statements, or an inspection report.
 - For example, if your client has a history of a heart attack, highlight the favorable lifestyle changes that he/she has made since the event—weight, cholesterol and blood pressure control, smoking cessation, a daily aspirin, and exercise 3 times per week.

Fact Finder



LIFE INSURANCE Fact-Finder
All personal information protected by HIPAA regulations.

Agent: Name _____ E-Mail address _____
Telephone _____

Proposed Insured:
Name _____ Date of Birth _____
Name _____ Date of Birth _____

INFORMATION FOR INSURANCE PROPOSAL

State of Residence / Issue: _____

Plan of Insurance requested: Individual: Term, Yrs: _____ UL WL IUL VUL
Survivorship: ROP Term, Yrs: _____
 SUL SIUL SVUL

Death Benefit Amount: \$ _____ or Expected Premium Pymt: \$ _____

Premium Frequency: Annual Semi-ann Quarterly Monthly
Pay Premium: Continuous (for Life) # of Yrs: _____ To Age _____
 Single Premium: \$ _____
 1035 Transfer: \$ _____

Death Benefit: (Indicate preference for each category)
a. Benefit Option: Level Increasing [Base death benefit plus cash accumulation]
b. Death Benefit calculation:
 Guarantee to Age _____
 Minimum DB to meet Guideline Premium Test
 Minimum DB to meet 7-Pay Premium Test
 Minimum DB / Max Withdrawal / Loan First WD/Loan at Age or Year: _____; Last WD/Loan at Age or Year: _____
c. Non-Guaranteed Interest Rate (3.0% min. - 8.0% max.) - for IUL or VUL only: _____%

Proposed Insured's information: (If Survivorship, complete for both proposed insureds)

Nicotine use: None Cigarettes, Cigars, Pipe, Dip, Chew, Nicotine Gum, Other [circle applicable] - quantity/frequency of use: _____
Former Nicotine Use: List each type, quantity and frequency used, and date of last use: _____

Build: Height: _____ feet _____ inches Weight: _____ pounds


Blood Pressure and Cholesterol:
Latest BP reading: _____/_____/_____ Latest total cholesterol: _____ mg. Latest cholesterol/HDL ratio: _____
Are you currently taking any medication for BP? No Yes, name of medication(s): _____
Are you currently taking any medication for cholesterol? No Yes, name of medication(s): _____

Driving History: Have you had any of the following motor-vehicle-related incidents in the past 10 years?
 Moving violation Reckless driving DWI or DUI License suspension or revoked
Provide dates, details: _____

Medical History: Have you ever had, been told you had, or been treated for any of the conditions listed? If yes, check all that apply:

<input type="checkbox"/> Acquired immune deficiency syndrome or ARC (AIDS-related complex)	<input type="checkbox"/> Crohn's disease	<input type="checkbox"/> Kidney disease
<input type="checkbox"/> Alcohol abuse	<input type="checkbox"/> Depression/anxiety	<input type="checkbox"/> Lupus
<input type="checkbox"/> Alzheimer's/dementia/cognitive impairment	<input type="checkbox"/> Diabetes **	<input type="checkbox"/> Multiple sclerosis
<input type="checkbox"/> Asthma	<input type="checkbox"/> Drug abuse	<input type="checkbox"/> Peripheral vascular disease
<input type="checkbox"/> Cancer *	<input type="checkbox"/> Epilepsy	<input type="checkbox"/> Rheumatoid arthritis
<input type="checkbox"/> Cirrhosis	<input type="checkbox"/> Heart murmur/valve disease	<input type="checkbox"/> Sleep apnea
<input type="checkbox"/> COPD	<input type="checkbox"/> Hepatitis	<input type="checkbox"/> Stroke
<input type="checkbox"/> Coronary artery or cerebrovascular disease	<input type="checkbox"/> Internal organ transplant	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Irregular heartbeat/palpitations	

List dates, diagnosis, details, treatment for any condition checked above - [next page]



LIFE INSURANCE Fact-Finder
All personal information protected by HIPAA regulations.

Proposed Insured's information continued: (If Survivorship, complete for both proposed insureds)

Medical History, continued:
List dates, diagnosis, details, treatment for any condition checked on previous page:
* If Cancer, please provide: Date, Type, Stage/Grade, and Treatment _____
** If Diabetes: T1 T2 Age at Onset: _____ A1C score: _____

Prescription Medications: Please list any prescription medications, dosage, and purpose if not listed previously:

Family History: [Family history is a consideration for each rate class]
To your knowledge, is there any family history (parent or siblings) with onset of disease prior to age 60 due to cardiovascular disease, cerebrovascular disease, diabetes, or cancer?
 No Yes
If yes, provide full details with impairment, age at onset and age at death if deceased:
 Father: _____
 Mother: _____
 Sibling: _____

Aviation / Avocation:
In the past 5 years have you or do you intend to participate in any of the activities listed?
 None Flying Racing Sky diving Scuba diving Other
Details: _____

Citizenship / Residency / Travel:
U.S. Citizen: Yes No, citizen of _____
If no, provide type and expiration date of visa, green card status, and length of time in USA: _____

Any future plans to live or travel outside the USA? [check regarding state compliance prior to completing any application(s)]
 No Yes, provide purpose, cities, countries, frequency, and duration: _____

Does Proposed Insured have current Life Insurance coverage? No Yes, please provide the following for each policy:

Death Benefit Amount	Insurance Company	Policy Type	Issue Year	Underwriting Rating	Will new insurance replace policy?
_____	_____	_____	_____	_____	_____

Notes / Comments:

For assistance with underwriting or illustrations, Fact-Finder may be scan/emailed or faxed to Imeriti:
Scan/Email: quickquotes@imeriti.com
Fax: 866-592-7974
Questions or additional assistance, please call Imeriti 800-921-3100

Handout available

Life insurance offers a potentially powerful combination of benefits, protections and advantages

I wish to Thank You for attending.
And now, Questions

For Case Design and Life Product assistance,
contact an **Imeriti Representative** at 800.921.3100

