

# Nonmedical requirements

## Client direct interview inspections

| Issue age | Specified amount      |
|-----------|-----------------------|
| 71-80     | \$500,000 or more     |
| 81+       | All specified amounts |

A client direct interview (CDI) is conducted over the phone by a specially trained associate who contacts the customer directly to gather the additional information we need.

## Financial supplements

|   |   |
|---|---|
| <b>Personal life financial supplement</b> | Ages 18 to 70 and amounts of \$2,000,001 - \$10 million <sup>4</sup><br>Ages 71+ and amounts of \$100,001 - \$10 million <sup>4</sup> |
| <b>Business life financial supplement</b> | Amounts of \$500,001 or more <sup>4</sup>   |
| <b>Third-party financials</b>             | All ages and amounts of \$10,000,001 or more <sup>4</sup>   |

We reserve the right to request additional financial information if the applicant is outside of these parameters. For example, we may ask the applicant to fill out IRS Form 4506-T: Request for Transcript of Tax Return or provide copies of financial statements that validate assets and/or net worth so that we can verify the income stated on the life application. The applicant completes a one-page authorization form during the application process. Our underwriting department submits it to the IRS, and we receive the transcript within about 48 hours.

## Reinsurance automatic and jumbo limits

Large and complex cases can be difficult to manage, but we stand ready to make them easier for you with our automatic binding and jumbo limits.

### Automatic binding limits

| Individual and survivorship life cases |                  |
|--|------------------|
| Issue ages                             | Standard—Table C |
| 0-24                                   | \$25 million     |
| 25-70                                  | \$50 million     |
| 71-75                                  | \$15 million     |
| 76-80                                  | \$5 million      |
| 81+                                    | \$1 million      |

### Jumbo limits

| Individual products |              |
|---------------------|--------------|
| Issue ages          | Jumbo limit  |
| 0-24                | \$30 million |
| 25-75               | \$65 million |
| 76-80               | \$35 million |
| 81+                 | \$15 million |

| Survivorship products |              |
|-----------------------|--------------|
| Issue ages            | Jumbo limit  |
| All ages              | \$65 million |

<sup>4</sup> This amount is equal to the amount of insurance applied for currently with Nationwide, plus any amount placed in force in the past three years with Nationwide.

**Note:** Nationwide respects the information and privacy of its members and those applying to become a member. As a result, any information provided, financial or otherwise, will not be shared with outside sources. Any information obtained will be used solely to determine eligibility regarding the specific products, coverage amounts or riders applied for.

# Financial underwriting requirements

## Income replacement

As you help your clients select the life insurance that meets their needs, you may have questions about typical coverage amounts. Use our guidelines for some common life insurance scenarios to help answer them. Please keep in mind, though, that we may consider your clients for amounts outside these guidelines on an individual basis. Also, remember that we reserve the right to adjust these guidelines at any time.

| Age   | Multiply annual earned income by: |
|-------|-----------------------------------|
| 20-30 | 30                                |
| 31-40 | 25                                |
| 41-50 | 20                                |
| 51-60 | 15                                |
| 61-70 | 10                                |
| 71+   | 5                                 |

## Estate protection

We base coverage levels for estate protection on applicable state and federal estate and inheritance taxes. At rates of 55% and higher, you may calculate the amount of insurance necessary using reasonable estate growth projections:

- Time horizons of up to 15 years (or your client’s life expectancy, if it’s less)
- Current interest rates of up to 6%

Keep in mind, however, that you should value all estate assets on a current or near-current basis for older clients.

## Juvenile

For individual juvenile coverage, ages 15 days through 17 years, the maximum amount of coverage may not exceed the amount of life coverage in force on the parent or legal guardian up to a maximum of \$1 million<sup>5</sup> for all states except Washington and New York. Washington and New York laws limit the amount of coverage on juveniles as follows:

### Washington state:

- The life coverage may not exceed the household income

### New York state:

- Ages under 4½ years — The maximum life coverage may not exceed the greater of \$50,000 or 25% of the amount of insurance in force on the parent/owner
- Ages 4½ years to 17 years — The maximum life coverage may not exceed the greater of \$50,000 or 50% of the amount in force on the parent/owner

The owner of the policy must be a parent, legal guardian, grandparent or noncustodial parent. Parents or guardians who have legal custody must complete and sign the application.<sup>6</sup>

## Key person

For key person protection, the maximum amount of coverage is typically five to 10 times the individual’s annual salary. We may consider a higher amount if you attach a full explanation of the need. Additional information you may want to include is the business’s net worth, the proposed insured’s monetary contribution to the business and the in-force coverage on other key personnel.

## Buy/sell agreements

Important partners or shareholders should be insured based on their relative worth to the business. Of course, the overall value for all insureds must be realistic in relation to their respective roles and percentage of ownership of the business. We’ll base the amount of insurance coverage on the reasonable appraised value of the business and the proposed insured’s share of it. Typically, the amount of coverage for operating entities is up to 10 times the net income amount.

<sup>5</sup> Amounts over \$1 million in all states except Washington and New York will be considered on an individual basis.

<sup>6</sup> If the face amount is \$25,000 or less and the grandparent has custody of the child, the signature of the parent is not required.