

Financial underwriting

We are committed to maintaining market-leading underwriting and service, and we want you to be familiar with our financial underwriting requirements and guidelines when submitting cases to us.

Financial requirements

Face amount	Confidential financial statement	Financial underwriting supplement for life insurance	Electronic inspection report	Third party financial verification
\$2,000,000 to \$4,999,999	X	X (for ages 70+)	X (for ages 70+ at \$2,500,001 & up)	
\$5,000,000	X	X	X (for ages 70+)	
\$5,000,001 to \$10,000,000	X	X	X	X (for ages 70+)
\$10,000,001 and up	X	X	X	X
Any face amount, age 70+, trust less than two years	X	X	X	X

Premium to income ratio

If net worth is less than or equal to \$5 million, acceptable ratio of premium to income is up to 25 percent.

If net worth is greater than \$5 million, acceptable ratio of premium to income is up to 40 percent.

If net worth is greater than \$10 million, acceptable ratio of premium to income is up to 60 percent.

Personal financial underwriting guidelines

Purpose of insurance	Formulas and guidelines	Information needed
Income replacement	Maximum coverage	<ul style="list-style-type: none"> Gross annual income How amount of insurance was determined Other coverage in force or pending with all carriers
	Ages: Multiply income by:	
	18-35 30	
	36-45 25	
	46-55 20	
	56-60 15	
	61-65 10	
	66-70 5	
71+ 1		
Estate planning	Estate growth period	<ul style="list-style-type: none"> Estate analysis Net worth How insurance amount was determined Risk amounts
	Ages: Growth assumption:	
	Up to age 70 75% of life expectancy not to exceed up to 20 years	
	71-80 75% of life expectancy not to exceed up to 10 years	
	81+ Use current estate value	
	<ul style="list-style-type: none"> Estimate growth factor up to 8% Assume 50% of estimated future estate value will be lost to estate tax Insurance amount = 50% of estimated future estate value 	

Note: If you have questions regarding juvenile, charitable insurance or creditor insurance, please contact your home office underwriter.

Business financial underwriting guidelines

Purpose of insurance	Formulas and guidelines	Information needed
Key executive	<ul style="list-style-type: none"> • Up to 10 times annual income • Higher amounts may be considered based on case details • Business owner and beneficiary 	<ul style="list-style-type: none"> • Verification of income • List of other key executives and their coverage • Explanation of lay role to employer
Buy-sell and stock redemption plans	<ul style="list-style-type: none"> • Percent of ownership = X value of company • Cross purchase – partners are owners and beneficiaries • Entity purchase – business is owner and beneficiary • Value of business and how the value was determined 	Business financials: <ul style="list-style-type: none"> • Balance sheet • Income statement • List of owners/ownership percent • Confirmation all partners are similarly insured
Executive Bonus/ S Owner	<ul style="list-style-type: none"> • Insurance amount = a multiple of the executive's income 	<ul style="list-style-type: none"> • Verification of income
Deferred compensation	<ul style="list-style-type: none"> • Insurance amount = a multiple of the executive's income 	<ul style="list-style-type: none"> • Deferred compensation plan formula and description of insurance benefit • Verification of compensation

Note: If you have questions regarding creditor insurance, please contact your home office underwriter.