

FINANCIAL UNDERWRITING GUIDELINES

Income replacement and estate protection are two important factors in determining the total amount of insurance (applied for and in-force) the applicant is eligible for.

Income Replacement

An income factor may be used to determine the total amount of insurance an applicant is eligible for.

| AGE | MULTIPLIER OF EARNED INCOME |
|-----------|-----------------------------|
| 18 - 30 | 30 |
| 31 - 40 | 25 |
| 41 - 50 | 20 |
| 51 - 60 | 15 |
| 61 - 65 | 10 |
| 66 and up | 5 |

Earned income includes income from salary, commissions and bonuses. It doesn't include investment, pending, interest, retirement or rental income.

Estate Protection

This is generally meant to preserve the proposed insured's net worth by covering any federal, and if applicable, state estate or inheritance taxes. This is determined on a case by case basis. Factors used to determine the amount of coverage include:

- the value of the estate and the anticipated future value of the estate
- the state of residence and the anticipated estate taxes taking into consideration the federal exemption and current federal and, if applicable, state law.

Non-income Earning Spouse

We evaluate the insurance needs for a non-income earning spouse on an individual basis. Some factors we consider are:

- the amount of household income
- the amount of coverage on the income earning spouse. The non-income earner should not have more coverage than the working spouse unless the working spouse is uninsurable
- The number of dependents

Juvenile Underwriting

Most children and students do not need a significant amount of insurance since they do not have estates, pay taxes or have income to replace. When submitting applications on children or students, the following information will be required:

- Provide the amount of insurance each sibling, if any, has.
- An explanation will be required if the amount of insurance varies between siblings
- Amount of insurance in-force on the parents. Generally, a parent must have double the amount of insurance in-force than applied for on the child

In addition, when submitting applications for students or recent graduates, provide the following information:

- Area of study and expected graduation date
- Anticipated future earnings
- Family net worth

Some of the cases may not fit into the parameters above but we are willing to work with you to understand the special circumstances of each case. For complicated financial cases or when you cannot use the information above to justify the amount of insurance applied for or in-force, a Financial Needs Analysis along with a cover letter describing the financial need for your client will be beneficial.