

Financial underwriting is a key part of the underwriting process. It is an important step when determining the purpose of coverage for a client, the insurable interest and preventing possible anti-selection against the client or Sagacor. Insurable interest must show a financial loss for the owner/beneficiary if the insured dies prematurely (subject to state laws). A cover letter is always welcomed to help explain any details to help financially underwrite an application. You will need to complete a Financial Questionnaire for any face amount over \$1,000,000 (Personal – Form 5073, Business – Form 5074).

BANKRUPTCY

We will typically consider an individual for coverage once any type of bankruptcy has been discharged. If bankruptcy has been discharged within two years, a cover letter would be helpful in explaining the circumstances that caused the bankruptcy and help Underwriting determine the insured’s financial status.

BUY/SELL AGREEMENT

- Provide the value of the company, the method of valuation, ownership percentages of each owner and net income of business. A copy of the buy/sell agreement may be required.
- Write a cover letter explaining purpose of the coverage and any additional information that would help Underwriting understand the purpose of coverage.
- Complete Financial Questionnaire (Business) Form 5074.

CHARITABLE GIVING

- Provide the insured’s average annual giving and any key duties or responsibilities that the insured performs or holds for the charity.

KEY PERSON

- Provide the reason the insured is a key person and what the financial impact the insured’s premature death will have on the company.
- Complete Financial Questionnaire (Business) Form 5074.

INCOME REPLACEMENT

See income factor table below. Income factors shown can be subject to Underwriting’s discretion. (IC = Individual Consideration)

INCOME FACTOR	
Under 18 years old	(IC)
18 – 39 years old	25x
40 – 50 years old	20x
51 – 60 years old	15x
60 – 65 years old	10x
65 – 70 years old	5x
>70 years old	(IC)

NON-WORKING SPOUSE/CHILDREN

We will allow equal coverage of the working spouse up to \$1,000,000. Amounts above \$1,000,000 will be individually considered. Children will be allowed up to one-half (½) of their parents’ coverage. All siblings should have like coverage or like premium payments. If siblings do not have like coverage, please provide an explanation.

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