

Underwriting – UL and VUL

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Requirements

Age & Amount Chart

Amount	Ages					
	0-19	20-39	40-49	50-64	65-75	76+
0 – 99,999	NM	A	A	B	C	D
100,000 – 249,999	NM	A	B	B	C	D
250,000 – 1,000,000	IC	B	B	C	D	D
1,000,001 – 3,000,	IC	B	C	C	D	D
3,000,001 – 5,000,000	IC	B	C	D	D	D
5,000,001+	IC	D	D*	D*	D*	D

NM – Non – Medical

IC – Individual Consideration. May include an APS and/or exam.

A – Non-medical(HGT, WGT, & BP), Blood Profile, Urinalysis

B – Paramedical, Blood Profile, Urinalysis

C – Paramedical, Blood Profile, Urinalysis, EKG

D – MD Exam, Blood Profile, Urinalysis, EKG*

New Treadmill EKG Requirements for Sun Life Financial – Effective Immediately

Individual Age	Amount	Treadmill* Requirement
0 to 50		No Treadmill
51 to 55	Over \$35,000,000 Single or Joint Life	Treadmill Required
56 to 75	Over \$10,000,000 Single Life	Treadmill Required
	Over \$20,000,000 Joint & Survivorship*	Treadmill Required
76 & over		No Treadmill

Non-Medical Requirements

Non-Medical requirements are:

- Inspection reports for applicants under age 15 should be ordered on the appropriate parent for face amounts greater than \$2,500,000;
- Inspection reports for ages 16 to 70 for amounts greater than \$2,500,000, and ages 71 and older for amounts greater than \$500,000;
- Motor vehicle reports are required on all applicants age 16 and older.

Additional Information/Tests

Additional information or tests may include, but are not limited to:

- Chest x-rays;
- Complete blood counts (CBCs);
- Treadmill EKGs; and/or
- Pulmonary function tests(TVC-FEV1);
- The underwriter will advise accordingly;
- A thorough **executive physical**, completed within the past 6 months, may be substituted for some or all of the above requirements. Please contact your underwriter to discuss further.

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Other Companies' Evidence

- We prefer to use Sun Life Financial exams and lab work done through LabOne;
- We will consider using another company's evidence if it was completed within the last 90 days, meets our qualifications, and the laboratory results are consistent with our testing protocol;
- When another company's evidence is used, the non-medical (part II) portion of the Sun Life Assurance Company of Canada or the Sun Life Assurance Company of Canada (U.S.) application should be completed in its entirety.

Dated Evidence*

Updated medical evidence will normally be requested when the date of the:

- Exam exceeds 6 months;
- Blood Profile exceeds 6 months;
- Urinalysis exceeds 6 months;
- EKG exceeds 6 months;
- Treadmill EKG exceeds 12 months.

*These guidelines apply to the original application. Any requests for additional coverage will require updated evidence. Consult your underwriter for details.

Medical Examiner Guidelines

- All medical examiners must be state-licensed and currently practicing;
- Physicians specializing in family medicine, internal medicine, or cardiology should complete medical exams for coverage up to and including \$5,000,000;
- Physicians certified in internal medicine or cardiology must perform all exams for coverage exceeding \$5,000,000.

Financial Justification

Sales representatives should submit cover letters explaining the basis and purpose of each sale. In addition to a cover letter, for applications equal to or exceeding \$2,500,000 we require:

- A Personal Financial Questionnaire(UND 14/257);
- A Business Financial Questionnaire (UND 14/80); and/or
- Actual financial documents;
- Larger death benefits may require 3rd party verification of all financial statements and documents;
- Any additional supporting documentation for the coverage requested should be signed by the client.

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Capacity and Retention Guide

Sun Life Assurance Company of Canada and Sun Life Assurance Company of Canada (U.S.) (“The Company”) entered into a First Dollar Quota Share reinsurance agreement effective January 1, 1999. The First Dollar Quota Share agreement offers us the opportunity to improve product performance, offer more capacity through an automatic reinsurance treaty, and lessen mortality volatility. Under this agreement, we retain a portion of each risk and the balance is shared with a pool of reinsurance companies. Minimum policies covered by this agreement are \$100,000 with a maximum coverage of \$30,000,000. The highest Jumbo Limit is \$35,000,000 depending on age. All qualifying applications will be processed as part of this reinsurance pool.

During our negotiations, we also entered into an Excess or Surplus Reinsurance Agreement. This reinsurance agreement is utilized whenever our First Dollar Quota Share Jumbo Limit is exceeded. Within this latter agreement, our retention is utilized first and reinsurance is used on any coverage requested in excess of the retention limit. The excess or surplus coverage is split among several reinsurance partners. The reinsurance treaty is also an automatic treaty that allows for a maximum approval of \$35,000,000 on a single life basis and up to \$50,000,000 of coverage on a joint and last survivor application. This Excess Treaty has a Jumbo limit as high as \$50,000,000 depending on age. You may recognize some inconsistencies, such as smaller capacity in the younger and older ages when you compare the Excess and First Dollar Quota Share numbers. This recognizes the possibility of in-force coverage already held by our reinsurance partners.

The Jumbo Limit is all coverage in-force and applied for; this limit is determined by age and is the last column of the following schedules.

Single Life Capacity

Age	STD - 200%	201% - 300%	301% - 500%	Jumbo Limit
0 – 5	\$18,000,000	\$6,000,000	\$3,000,000	\$20,000,000
6 – 29	\$30,000,000	\$18,000,000	\$6,000,000	\$35,000,000
30 – 65	\$30,000,000	\$24,000,000	\$12,000,000	\$35,000,000
66 – 70	\$30,000,000	\$18,000,000	\$6,000,000	\$35,000,000
71 – 80	\$18,000,000	\$6,000,000	Facultative	\$35,000,000
81 – 85	\$6,000,000	Facultative	Facultative	\$25,000,000

Joint & Last Survivor Capacity*

Age	STD – 200%	Jumbo Limit
20 – 65	\$30,000,000	\$35,000,000
66 – 70	\$30,000,000	\$35,000,000
71 – 80	\$25,000,000	\$35,000,000
81 – 85	\$6,000,000	\$25,000,000

Single Life Retention Limit

Age	STD - 200%	201% - 300%	301% - 500%	Jumbo Limit
0 – 5	\$3,000,000	\$1,000,000	\$500,000	N/A
6 – 29	\$5,000,000	\$3,000,000	\$1,000,000	N/A
30 – 65	\$7,000,000	\$4,000,000	\$2,000,000	N/A
66 – 70	\$5,000,000	\$3,000,000	\$1,000,000	N/A
71 – 80	\$3,000,000	\$1,000,000	NIL	N/A
81 – 85	\$1,000,000	NIL	NIL	N/A

Joint & Last Survivor Retention*

Age	STD – 200%	Jumbo Limit
20 – 65	\$10,000,000	N/A
66 – 70	\$7,000,000	N/A
71 – 80	\$5,000,000	N/A
81 – 85	\$2,000,000	N/A

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X-rays

- We may require X-rays for cause or reinsurance requests;
- They are no longer a regular age and amount requirement;
- We will accept an interpretation of a current X-ray.

Medical Fees

Every sales office has a list of maximum fees allowed by us. The company will not assume charges in excess of “reasonable and customary” levels.

Non-Medical Questions

- The non-medical questions must be answered in full and written in ink;
- Ditto marks are not acceptable;
- Any alteration must be initialed by the proposed insured;
- Record full details of any medical history, including routine checkups;
- Also record reason for consultation, date, results, names and addresses of physicians, hospitals or clinic consulted;
- Exact height and weight should be obtained if an individual appears or reports underweight or overweight;
- Refer to the Medical Impairment Guide, to see whether a paramedical examination is needed because of an impairment history;
- If a paramedical or medical is being done this information is not needed. However, it will help your underwriter to approve the application.

Paramedical Facilities

Paramedical facilities authorized to offer their services on behalf of Sun Life Financial to our sales representative’s offices:

- APPS – American Para-Professional;
- EMSI – Examination Management Services, Inc.;
- HOOPER HOLMES (PORTAMEDIC);
- EXAM ONE (WORLD WIDE).

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Inspection Facilities

Inspection companies authorized to offer their services on behalf of Sun Life Financial to our sales representative's offices are:

- First Fiancial Underwriting Services Inc.
- Equifax
- Examination Management Services, Inc. (EMSI).

Third Party APS

Companies authorized to offer their APS services on behalf of Sun Life Financial to our sales representative's offices:

- P.M.S., Inc. (central request);
- UMH-Equifax (central request);
- Info Link (central request).

“Central Request” requires the sales representative's office to FAX the doctor's name, address and authorization to one office. All reports are returned to USHO.

CRL

CRL, Inc. is the laboratory that will test blood and urine samples as part of the insurance underwriting process. Under this program, upon completing and mailing a Notice and Consent, an insured will authorize a report mailed to them at no cost. This report will contain:

- certain laboratory results of the testing performed on the samples (no HIV antibody, drugs of abuse or infections disease results will be included); and
- a guide that explains the report.

The Report and Guide are for the insurer's information only and are **NOT** intended to replace, contradict, or substitute for a diagnostic evaluation by their physicians. New Business will attach a brochure to each applicable policy.

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Life Inspection Reports

Inspection Reports are required as follows. Reports will be ordered only where indicated.

- All inspections on applications up to and including \$5,000,000 will be ordered directly from the Home Office;

<u>Age</u>	<u>Face Amount</u>
15* - 70	\$2,500,000 and up
71 +	Over 500,000

- *Under age 15, report should be ordered on the appropriate parent;
- Do not order separate reports on each life in Survivorship cases. Order only a report on the first life (normally the husband) and identify the second life on the order ticket provided by the inspection service;
- We will charge back the excess cost of unnecessary reports;
- Telephone History interviews by inspection reports will be used. The primary source of the information will be the insured;
- MVR's (motor vehicle reports) will be an automatic requirement and will be obtained as part of our original order;
- We do not rely on the inspection services for financial documentation of your cases. Financial documentation (Business Financial Questionnaire form UND 14/80) is a requirement on all cases or \$1,000,000 or more. We require a cover letter with such cases as well;
- We need your help in accurate inspection ordering and in providing your underwriter background and financial information on the sale in advance to speed up the approval process.

Motor Vehicle Reports (MVR)

- Motor Vehicle reports are increasingly important in contemporary underwriting;
- Driver's license numbers should be provided to the inspection company in every case;
- Motor Vehicle Reports (MVR's) will be an automatic requirement and will be obtained as part of the original order;
- Motor Vehicle reports are necessary for all cases requesting Preferred risk classification;
- All applications that have the aviation question answered "yes" will require a MVR.

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Aviation

Many of the potential insureds have private pilot's licenses and own their own planes. Depending on the type of pilot's license and the amount of hours flown per year, most cases can be issued on a standard basis. Others may be charged an extra premium.

Aviation Exclusion

This extra premium can be eliminated by the use of an "aviation exclusion". This exclusion will exclude any death involving an airplane. In other words, if a death is the result of an aviation accident or descent from a parachute, the death benefit will not be paid. If aviation exclusion is approved in the state, it may be used in place of the extra premium. There are also instances where we feel the risk is too high to offer an extra premium. In those cases, we will only offer with the aviation exclusion.

Aviation Questionnaire

- For applications that involve aviation, complete an aviation questionnaire;
- On second to die applications, we will request aviation questionnaires on both insureds.

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Substandard Risk Premiums

Available Options:

Rated policies will be issued with a flat extra premium, an age rating, or table multiple as indicated below.

Table Multiple of Cost of Insurance: (VUL, UL)

- For Variable Universal Life and Universal Life products, substandard ratings may consist of any combination of a table multiple of cost of insurance approach (percentage extra of COI) and temporary flat extra charges;
- Under the table multiple, the COI rates will reflect the additional percent increase required for the rating;
- Supplemental benefits will not be available on applications requiring reinsurance;
- Death Benefit Options 2 and 3 may not be available on applications requiring reinsurance.

Age Rating Table and Class Comparison

SPLP				
Mortality	Rate up in Age	Ages Available	Class	Table
150	5 years	30 – 70	B	2
175	7 years	30 – 70	C	3
200	8 years	30 – 70	D	4
225	10 years	30 – 70	E	5
250	11 years	30 – 69	F	6
300	13 years	30 – 67	H	8
350	15 years	30 – 65	J	10
400	16 years	30 – 64	L	12
500	N/A	N/A	P	16

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Confidentiality

Sun Life Financial considers all personal, medical, and financial information we receive or develop to be confidential. This includes information regarding our employees, agents, brokers, applicants, or insureds. Information will be treated with the utmost confidence in accordance with our company policies, the Fair Credit Reporting Act, Gramm-Leach-Bliley Act, and ongoing State and Federal regulatory changes. HIPPA

Trial Applications

When considering a high-risk case you should use a trial application prior to ordering the underwriting requirements. Applicants that have been declined, postponed, or offered special class coverage by another company are encouraged to begin the underwriting process via an Informal Application. Current evidence of insurability (i.e. Exams, Labs, and EKGs) shall be postponed until a satisfactory quote has been extended by Sun Life Financial.

Part I

To consider an applicant for coverage, we require a signed Part One or Informal Application in conjunction with the signed authorization.

Signed Authorization

Sun Life Financial's Underwriting Department will accept informal/trial applications only if accompanied by a signed authorization from the prospective insured. The authorization does not have to be specific to Sun Life Financial if your generic authorization has been previously approved by our Legal Department and includes Sun Life Financial in its listing of carriers. Written consent to share their medical records or financial information is required due to the confidential nature of this information. The appropriate authorization is also necessary to search the Medical Information Bureau and provide you with a quote that has a chance of being upheld upon receipt of formal requirements.

Expenses

Any expenses incurred while securing medical records shall be at the sales representative's expense. These expenses will be reimbursed if Sun Life Financial subsequently receives a formal application, formal medical requirements, and the policy is placed. If the contract is not placed, the expense of securing all requirements will be borne by the sales representative. These charges will be applied to the representative's commission account.

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Multiple Shopping

We suggest that you do not submit trials where multiple shopping has occurred or is occurring. Our experience is that the percent of cases seen by more than four companies that result in paid business is exceedingly small. Industry experience with trial applications continues to show a placement ratio of less than 5%. This raises the question of profitability on programs of this nature. We hope that by exercising control you can substantially increase the placement ratio significantly beyond 5%. We will also be able to concentrate on your formal business by eliminating the distraction of business that does not have a high probability of being placed.

Multiple Submissions

Sun Life Financial will accept applications on the same insured from multiple representatives. However, only one contract will be issued and that will be forwarded to the representative who is noted in the most recent Agent of Record letter signed by the proposed owner of the insurance contract. Multiple submissions will be subject to the following guidelines:

- All representatives will be notified when multiple application(s) are received by Sun Life Financial.
- The same underwriting decision will be communicated to all representatives that submitted either an application or informal on the same insured(s).
- All medical and financial information forwarded to the Home Office will be used in assessing the risk.
- There may be situations where the case may be referred to US Operations management for dispute resolution.

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Attending Physician Statement (APS)

The purpose of obtaining Attending Physicians Statements is to provide the underwriter with complete medical information needed to reach a decision. When ordering APS's, care must be taken in deciding which reports to request, as unnecessary reports are expensive and a major source of delay in case approval. The following lists should be used as general guidelines when deciding whether or not to order an APS. If in doubt, please call your underwriter.

Order an APS from the applicant's regular physician or medical attendant in accordance with the following pages. When requesting an APS, please indicate that we will need any special tests or studies done in the past 5 years. Reports should **also** be requested if a regular physical or specialist has been seen within 90 days.

The sales office staff **should not** order an APS if consultation is for any of the following reasons:

- Allergies or Hay Fever;
- Common Cold;
- Uncomplicated Pregnancy;
- Flu;
- Slipped Disc;
- Sinusitis;
- Hernia Repairs;
- Opthamology;
- Orthopedic/Sports Injuries;
- Employment/Marriage/Aviation Exams;
- Simple Fractures (unless associated with osteoporosis).

The underwriter will from time to time use discretion and ask for additional reports.

****If the report exceeds \$75.00, please contact one of your underwriters. ****

Please refer to the following Underwriting Impairment Guide for a specified illness.

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Medical Information Bureau (MIB)

The Medical information Bureau is a non-profit membership organization of life insurance companies, which operates an information exchange on behalf of its members. Upon request by another member insurance company, MIB will supply whatever information it may have in its files, which may include information provided by The Company.

Disclosure

Upon receipt of a request from the insured, the MIB will arrange disclosure of any information it may have in the insured's file. If there is a question of the accuracy of any information in the file, your client may contact the MIB (MIB, Inc., P.O. Box 105 Essex Station, MA 02112) and seek a correction in accordance with the procedures set forth in the Federal Fair Credit Reporting Act.

Authorization

Your client's (applicant/owner) signature on the application authorizes us access to these files. In some states there is a separate form required.

Non-standard Underwriting Decision

If an MIB record prompts information, which is used in arriving at a nonstandard underwriting decision, we are required to identify MIB. The Company will provide a letter that includes a paragraph identifying MIB, as required. This will include their address, phone number and the offer to contact MIB directly for any additional information on their own record (at no cost).

Privacy States

When an application for insurance is given an "adverse decision" such as postpone, decline or rated and it was signed in one of the "privacy states", The Company must send a notification to the insured(s) as to why this adverse decision was made. This is a statutory requirement. This notification will also contain an authorization which the insured(s) may sign and have Sun Life Financial's Medical Department send the information to a physician of their choice.

Privacy States are:

Arizona	Georgia	Maine	Nevada	Ohio
California	Hawaii	Massachusetts	New Jersey	Oregon
Connecticut	Illinois	Minnesota	New Mexico	Virginia
		Montana	North Carolina	Wyoming

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**Preferred Criteria -
Through Age 80
Available only at issue.
Reconsideration from
Standard will only be
considered with additional
Coverage.**

The proposed insured must meet the following to qualify for preferred rates:

- Be a standard risk in all respects;
- Recent blood pressure readings cannot exceed 140/90;
- Treated hypertension may be acceptable if controlled for at least 3 years, control is maintained with a maximum of two medications, and average of readings over the past three years does not exceed 140/90;
- Have no history of diabetes;
- Have no history of a ratable malignancy;
- Aviation and/or avocation activities must be acceptable at standard rates;
- Driving record must be favorable with no ratable offenses. There must be no history of DUI or DWI within the past three years, or more than one minor moving violation within the past twelve months;
- Laboratory values must be within normal test limits, with total cholesterol not exceeding 240 mgs;
- Must be a permanent U.S. resident;
- Does not exceed the height and weight guidelines below.

Preferred Height & Weight Chart

		All Ages	
5'1"	158 lbs.	5'11"	217 lbs.
5'2"	163 lbs.	6'	222 lbs.
5'3"	169 lbs.	6'1"	228 lbs.
5'4"	174 lbs.	6'2"	234 lbs.
5'5"	180 lbs.	6'3"	240 lbs.
5'6"	190 lbs.	6'4"	246 lbs.
5'7"	195 lbs.	6'5"	252 lbs.
5'8"	199 lbs.	6'6"	259 lbs.
5'9"	205 lbs.	6'7"	265 lbs.
5'10"	210 lbs.	6'8"	272 lbs.

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Guidelines for Foreign Nationals

Underwriting has long had guidelines for considering a prospective insured from another country. Our guidelines are intended to establish and document the client's need for a U.S. dollar contract. When working with Foreign Nationals, it is important for producers to familiarize themselves with the legislation governing insurance and solicitation rules of life insurance products in the client's domicile. In addition to the following guidelines, please recognize that all domestic underwriting guidelines also apply.

The Application and Policy

- All solicitation must take place in a jurisdiction where the producer is licensed to conduct life insurance business;
- All Company product marketing, execution of applications and current evidence must be completed in the United States, in a state where The Company and the agent are licensed to do business;
- All local and U.S. medical records must be accessible, and all information provided must be verifiable through our usual and customary procedures (e.g., routine inspection reports);
- All policies must be delivered and amendments, including the policy delivery receipt, must be signed in the United States.

Prospective Insured

- Age limitations 25 – 70;
- Must reflect a high standard of living in their country of domicile;
- Insured and contract owner must speak and understand English;
- Government officials will NOT be considered;
- Private pilots will ONLY be considered with aviation exclusions;
- The client must have a substantial and verifiable permanent interest (real estate holdings, ownership in a business, investments held in the United States by a bank or brokerage firm) in the United States reflecting a need for the coverage being requested;
- The prospective insured must devote significant and verifiable time in this country tending to these assets;

Add Statement of Discussion

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- They must have a long standing banking relationship in effect in this country for purposes other than for insurance premium payments;
- The prospective insured must maintain a U.S. mailing address and all premiums must be paid in U.S. dollars.

Plans and Amount

- Only permanent plans with non-increasing paid up additions riders may be considered; no term insurance may be sold to foreign nationals;
- Standard risk class is the best risk class that should be illustrated;
- Minimum policy and Sun Life's retention on this coverage is \$1,000,000;
- The underwriter will attempt to secure reinsurance for applications in excess of \$1,000,000;
- Coverage will depend on country of domicile and our ability to secure reinsurance at acceptable rates;
- Country extras and limitation of coverage (if acceptable at all) may be imposed.

Our guidelines are meant to recognize the exceptional application from a broker or general agency. We do encourage you to have a conversation with one of our underwriters when you first hear of the potential for an application on a Foreign National.

**The Verification of U.S. Interest Form [UND 14/300 (5/99)]
MUST be completed.**

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Abbreviations

Following is a list of abbreviations used in the Underwriting Impairment section of these guidelines.

APS	Attending Physician Statement
CABG	Coronary Artery Bypass Grafting
COPD	Chronic Obstructive Pulmonary Disease
CXR	Chest X-ray
D & C	Dilation and curettage
DUI/DWI/DD	Driving Under the Influence/Driving While Intoxicated/Driving Drunk
ECHO	Cardiac Ultrasound, Echocardiogram., cardiac echo
EKG	Electrocardiogram
High Substandard	300 – 500% or 12 – 20 tables
IR	Inspection Report
MI	Myocardial Infarction
Mild Substandard	150 – 175% or 2 – 3 tables
Mod	Moderate
Mod Substandard	200 – 300% or 4 – 8 tables
MVR	Motor Vehicle Report
PTCA	Percutaneous Transluminal Coronary Angioplasty
PSA	Prostate Specific Antigen
PVD	Peripheral Vascular disease
SLE	Systemic Lupus Erythematosus
Substandard	Not standard; table rating; flat extra; temporary rating
TIA	Transient Ischemic Attack

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Underwriting Impairment Guide

Albumin	<p>A component of blood that may be lost into the urine when the kidneys are impaired. It is very worrisome in diabetics and hypertensives. It may indicate underlying myeloma or other cancer. It also may be seen in normal people after exercise. Additional urine samples may be ordered to verify.</p> <p>Best = Standard if exercise related. Worst = Decline in diabetics</p>
Alcoholism	<p>Excessive use of alcohol leading to significant medical, social, and legal problems. History of DUI/DWI/DD or hospitalization or relapses is less favorable. Alcohol questionnaire is required. APS required. MVR and IR required.</p> <p>Best = Mod high substandard if > 2 years, possible standard if > 5 years. Worst = Decline.</p>
Alzheimer's Disease	<p>A progressive neurological disorder characterized by increasing forgetfulness, impaired thinking, memory loss, personality changes, and mood impairment. Decision making ability is affected and may be severe.</p>
Anemia	<p>Refer all cases to your underwriter.</p> <p>Below normal red cell volume, red cell mass, or hemoglobin. Blood loss, decreased production, or increased destruction of red blood cells may cause it. APS required.</p> <p>Best = Standard if cause identified and treated. Worst = Substandard to decline if cause unknown or untreated.</p>

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Aneurysm

Dilation or thinning of an arterial blood vessel, usually the aorta. Severity is determined by degree of dilation, which is reported in diameter of the blood vessel. Some are amenable to surgery; some can be life threatening, due to risk of rupture. For underwriting, reports of testing and surgeries (if performed) are required. Aneurysm is often associated with atherosclerosis, so rating will depend on overall cardiovascular status. APS required.

Best = Standard if operated and cured.

Worst = High substandard to decline if large, inoperable, or in unfavorable position.

Arthritis

Inflammation and deformity of joints. It may be aging, infection, or immune destruction (rheumatoid). Infectious causes must be treated with antibiotics. Rheumatoid often requires treatment with toxic medications like methotrexate, hydroxychloroquine, or steroids. APS required

Best = Standard for osteoarthritis or treated.

Worst = Low to high substandard for rheumatoid.

Asthma

Chronic inflammatory condition of the airways characterized by intermittent wheezing, shortness of breath, and coughing. Use of inhalers only suggests mild disease. Emergency room visits or intermittent steroid use suggests moderate disease. Asthma is made worse by smoking. APS required.

Best = Standard if mild.

Worst = Mod to high substandard.

Blood Pressure (High)

Also called hypertension. It often coexists with other diseases like diabetes, coronary artery disease, obesity, kidney disease and is associated with higher mortality in those settings. Current readings and treatments required. Rating will depend on number of medications and success of treatment. APS required.

Best = Standard if good control.

Worst = Decline if severe and not controlled.

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Bronchitis	<p>Inflammation of the respiratory tract usually caused by infections and made worse by smoking. Acute bronchitis is usually due to infections. Chronic is usually due to smoking with infection secondary. Use of prednisone and need for hospitalization indicate more severe disease. Pulmonary function tests are often performed to assess severity. APS required.</p> <p>Best = Standard if acute, resolved. Worst = Substandard to decline depending on lung function.</p>
CABG (Coronary Artery Bypass Grafting)	<p>Cardiac surgery which improves blood flow to the heart when the original vessels are blocked. If no myocardial infarction has occurred before or just after the surgery, consideration with rating may be given without a 6-month waiting period. APS required.</p> <p>See Coronary Artery Disease for rating.</p>
Cancer (Tumor, Malignancy)	<p>Cancer may involve any part of the body. A history of cancer requires a complete APS with the type, location, stage, grade, and treatment. Cancer ratings will vary greatly depending on the type of tumor, stage, and grade. Some cancers can be underwritten upon completion of treatment, but others must be postponed for 2 – 5 years. Most cancer ratings are temporary, but some cancers require permanent table ratings if there is a risk for a second cancer. Regular follow-up with a physician is helpful. APS required.</p> <p>Best = Standard possible depending on type, treatment, years out. Worst = Decline if recurrent, metastatic, or too soon from time of diagnosis.</p>
Cardiomegaly	<p>Enlargement of the heart. It may be thickening of the walls or enlargement of the chambers. Cardiac ECHO is used to evaluate. Hypertension, valvular disease, or other heart disease may cause it. For underwriting, all reports of cardiac studies are helpful and expected. APS required.</p> <p>Best = Low substandard. Worst = Decline.</p>

Underwriting – UL and VUL

Carotid Bruit	<p>A musical sound that is made when blood flow has diminished. It is usually caused by atherosclerotic plaque in the carotid artery. It is often associated with increased risk of stroke. Rating may be high substandard to decline if symptoms of transient ischemic attacks are present. APS required.</p> <p>Best = Standard possible if flow impairment is minimal. Worst = Mod to high substandard for significant blockage.</p>
Cerebral Hemorrhage	<p>Bleeding within the brain. It is usually the result of aneurysm or a stroke. Blood may need to be drained surgically. Some hemorrhages cause other types of impairments such as cognitive or motor defects or seizures. Some heal completely leaving no impairments. Results of CT scans, in addition to regular follow-up are helpful in the evaluation of risk. APS required.</p> <p>Best = Standard if fully evaluated and no residual impairments. Worst = Mod substandard to decline.</p>
Cirrhosis	<p>Is significant scarring and damage to the liver. It may be the result of alcohol, toxins, or infections (like hepatitis B, C, or D). When severe, it may lead to total liver failure. Liver function tests are usually abnormal. APS required. MVR and IR required.</p> <p>Best = High substandard to decline.</p>
Colitis	<p>May refer to ulcerative colitis, inflammatory colitis, regional colitis, or Crohn's disease. All involve chronic inflammation of the small and/or large bowel (colon). With ulcerative colitis, there is a risk of subsequent colon cancer if the colon is not totally removed. More severe colitis requires treatment with highly toxic medications. Colitis may also lead to malnutrition. Ulcerative colitis and Crohn's disease are systemic diseases and may affect the joints, skin, kidneys, liver, and eyes. They may also cause anemia if there is continued bleeding with the inflammation. APS required.</p> <p>Best = Low substandard if mild. Worst = mod substandard to high substandard, depends on severity.</p>

Underwriting – UL and VUL

Convulsions (seizures) Abnormal electrical discharges in the brain. Some are characterized by involuntary movements of arms and legs and often urinary incontinence. Some cause brief episodes of blank staring and inattention. Seizures may be secondary to tumors, strokes, head trauma, bleeding, lack of oxygen to the brain, low blood sugar, overdoses of medications, alcohol withdrawal, and many other illnesses. Medications may control recurrences. APS required. MVR and IR required.

Best = Standard possible if stable after 3 – 5 years depending on cause.

Worst = mod substandard to postpone if recent, uncontrolled, or not evaluated.

COPD (Chronic Obstructive Pulmonary Disease) See Emphysema.

Coronary Artery Disease (CAD, atherosclerosis) The leading cause of death in men and women. Blocked arteries may cause symptoms like chest discomfort, angina, shortness of breath, abnormal EKG's, abnormal stress tests or heart attacks (myocardial infarctions). Blockages of at least 50% are considered more significant than lesser degrees of blockage. The rating for CAD will depend on the extent of the disease, amount of heart damage, stress test performance, and risk factor profile. Adverse risk factors include smoking, hypertension, high cholesterol, diabetes mellitus and obesity. For best assessment, reports of cardiac catheterization, bypass surgery, angioplasty, stent placement, old EKG's, stress tests, thallium studies, and cardiac ECHO are needed. A 6-month waiting period is not always necessary if there has not been a myocardial infarction either prior to or after the PCTA or CABG. APS required.

Best = Low substandard for one vessel disease with preserved heart function.

Worst = Mod substandard to decline if numerous vessels are diseased or if hear function is abnormal.

Underwriting – UL and VUL

Diabetes Mellitus

A disorder of glucose metabolism either because of lack of insulin (Type I) or resistance to insulin's effect (Type II) type I usually starts in childhood; Type II usually occurs in adults. Keeping glucose in the normal range with weight control, diet, and medications is essential to prevent the complications such as blindness, kidney failure, heart disease, nerve damage, and amputation. A diabetic with significant protein in the urine is considered to be a very high risk, possible uninsurable. Gestational diabetes occurs during pregnancy and is usually not ratable if blood sugar returns to normal after delivery. APS required.

Best = Standard if controlled with diet alone and no complications.

Worst = mod substandard for fair control to decline for severe disease.

Diverticulitis

Caused by distorted anatomy of the colon with small sacks in the colonic wall (diverticuli). These may become inflamed and cause abdominal pain and diarrhea. Diverticulitis may require antibiotics to treat. APS required.

Best = Standard if recovered.

Worst = Low substandard for multiple attacks.

Drug Abuse

Use of illegal substances like marijuana, cocaine, PCP, heroin, etc., or misuse of prescription drugs. Addiction usually requires treatment by hospitalization for rehabilitation. Drug and possibly alcohol questionnaire required. APS required. MVR and IR required.

Refer all cases to your underwriter.

Electrocardiogram (ECG or EKG)

Is a tracing of the electrical activity of the heart. An EKG may reveal an arrhythmia or suggest CAD, left ventricular hypertrophy, old myocardial infarction, or other cardiac disease.

Best = Standard for normal EKG.

Worst = Substandard depends on abnormality.

Underwriting – UL and VUL

Emphysema (Chronic
Obstructive Lung Disease)

Long-standing chronic destruction of normal lung tissue. May be caused by smoking, inhalation of toxic substances, or hereditary disease. CXR and pulmonary function tests are useful to assess severity. Use of oxygen or steroids more severe disease. Continued smoking will result in a higher rating. APS required.

Best = Low substandard for mild disease.

Worst = Mod to high substandard to decline if severe.

Endocarditis

Infection of a heart valve. Sometimes the valve is destroyed from the infection and replacement of the valve is necessary. Extended treatment with antibiotics is essential. After infection, some valvular impairment may persist and cause a murmur. Cardiac ECHO assesses degree of severity. Details of the treatment and post-treatment reports are essential. Valve replacement often performed. Operative reports are essential. APS required.

Best = Low substandard for minimal impairment.

Worst = High substandard to decline if residual severe.

Epilepsy

See Convulsions

Fibrocystic Breasts

Characterized by prominent cystic tissue in the breasts. The cystic tissue may be detected on physical examination or mammography. The cysts may become infected. Some are biopsied to rule out cancer. APS required.

Best = standard possible if evaluated and no evidence of cancer.

Gallbladder Disease
(cholecystitis,
cholecystectomy)

Inflammation of the gallbladder or bile duct. Gallstones block the normal flow of bile, which leads to the inflammation. Treatment with antibiotics and possible surgery is necessary. APS required.

Best = Most cases are standard.

Glycosuria

(sugar in the urine) See Diabetes Mellitus.

Underwriting – UL and VUL

Gout (Chemical Gout, Gouty Arthritis)	<p>Characterized by deposition of uric acid crystals in the joints. Gout can cause severe arthritis or may affect kidney function. Acute attacks may require hospitalization. APS required.</p> <p>Best = Standard for occasional episodes of mild joint disease. Worst = Mod substandard if severe or kidneys involved.</p>
Heart Murmur	<p>The sound created when blood flowing through the heart is turbulent. It may be caused by disease of the heart valves or congenital malformations. Occasionally a murmur may be due to increased flow only rather than any structural abnormality. Murmurs can be heard on physical examinations and may have cardiac ECHO for best evaluation. APS required.</p> <p>Best = Standard if no structural heart disease. Worst = Mod substandard to decline if severe.</p>
Hepatitis	<p>Inflammation of the liver. May be caused by toxins like alcohol, infections, (hepatitis A, B, C, or D viruses), some autoimmune diseases, or medications. It may lead to cirrhosis. Live function studies usually evaluated.</p> <p>Best = Standard for normal LFT's and no infection with hepatitis C or D. Worst = Mod substandard to decline for hepatitis C or D.</p>
High Blood Sugar	<p>Measurement of blood sugar that is above normal level either fasting or after a meal.</p> <p>See Diabetes Mellitus.</p>
Hodgkin's disease	<p>Cancer of the lymph nodes which occurs more commonly in younger adults. Severity is determined by how extensively through the body the cancer has spread. Pathology report, surgical report, radiation therapy, and chemotherapy reports are essential for underwriting. APS required.</p> <p>Best = Low substandard for low stage, and 10 years post treatment. Worst = Mod substandard to decline for advanced stages, less than 5 years.</p>

Underwriting – UL and VUL

Hysterectomy	<p>Surgery to remove the uterus. May be done because of benign or malignant tumors or uncontrolled bleeding. Pathology report is usually required for underwriting. APS required.</p> <p>Best = Standard for no cancer. Worst = mod substandard to decline for malignant.</p>
Jaundice	<p>Caused by elevation of bilirubin in the bloodstream resulting in yellowing of the skin and eyes. Severe cases may be from liver failure. APS required.</p> <p>Best = Standard for Gilbert’s Disease. Worst = Decline for liver failure.</p>
Kidney Disorder	<p>Includes a wide variety of diseases, such as nephritis or damage done by other problems like hypertension, diabetes, lupus, etc. Some kidney disorders are transient, while others result in eventual kidney failure and need for dialysis. Serum creatinine and urine analyses are helpful tools to evaluate severity. Sometime, a physician will perform a kidney biopsy to diagnose the exact type of kidney damage. APS required.</p> <p>Best = Standard possible if full evaluation is favorable. Worst = Mod substandard to decline.</p>
Kidney Stone	<p>A composite of calcium, urate, oxalate and other crystals that blocks the normal flow of urine. Passing a stone is painful, and there is relief of the pain upon passing of the stone into the urine. Multiple stones and frequent recurrences suggest more severe disease. If kidney damage has occurred or there is anatomic pathology, higher ratings apply. APS required.</p> <p>Best = Standard for single uncomplicated event. Worst = mod to high substandard.</p>
Leukemia and Lymphoma	<p>Cancer of the blood and/or lymphatic system. Stage, extent, grade, and treatments are necessary. APS required.</p> <p>Refer all cases to your underwriter.</p>

Underwriting – UL and VUL

Liver Disorders	Many diseases can effect the functioning of the liver. Some examples include hepatitis, excess alcohol consumption, cancer, toxic medication, inflammatory bowel disease, and other autoimmune diseases. Severe damage can lead to liver failure. APS required. MVR and IR required.
	See specific diseases.
Liver Enlargement	Increased size of the liver. For underwriting, all reports of testing and evaluation are necessary. APS required.
	See specific diseases.
Mental Illness	Most common disorders are depression, anxiety, and panic attacks. More rare diseases include schizophrenia and personality disorders. Severity is determined by need for hospitalization, use of medications, extent of psychological intervention, level if independence, suicidal thoughts or attempts, alcoholism, and family history. APS required. MVR and IR required.
	Best = Standard for mild, stable cases. Worst = Moderate substandard to decline.
Migraine Headache	A type of headache that is caused by altered blood flow within the brain. Often so intense as to interfere with normal functioning. Certain foods may stimulate an attack. They occur more often in women and may require multiple medications to treat. APS required.
	Best = Usually standard. Worst = Low substandard if frequent and disabling and moderate substandard if associated with a stroke.
Mini Stroke	See Transient Ischemic Attack (TIA)

Underwriting – UL and VUL

Multiple Sclerosis

A neurological disorder of impaired motor neurons. It may impair sight, ability to walk, or bladder/bowel control. The severity may wax and wane or progress rapidly. There is no cure, and medications may not change the course of the disease. APS required.

Best = Low substandard for long-standing disease with minimal impairment.

Worst = High substandard to decline for multiple impairments.

Nephritis

See Kidney Disorder.

Pancreatitis

Inflammation of the pancreas. Causes include alcohol abuse, viral infections, and gallstones. If it is severe, it can lead to internal hemorrhaging, or may result in permanent cysts in the pancreas and dysfunction of the gland. APS required.

Best = Standard for total resolution.

Worst = Mod substandard to decline.

Paralysis

Inability to move the limbs. Usually results from brain or spinal cord injuries. It may effect ability to walk or effect function of bladder and bowels. Paralysis may be the result of a stroke. For underwriting, the client's functional status (ability to walk, control bladder etc.) needs to be assessed. APS required. MVR and IR required.

Best = Standard for paralysis of single extremity.

Worst = Mod substandard to decline for more severe impairment.

Parkinson's Disease

A neurological disease usually of the elderly. Characterized by a resting tremor, slow movements, rigidity, and changed personality. May also effect the ability to think clearly. Medications are used to help control the symptoms. APS required.

Best = Low substandard for mild disease.

Worst = High substandard to decline for severe disease.

Underwriting – UL and VUL

Peripheral Vascular Disease (PVD) Blockage of the arteries other than the coronary arteries and is usually due to atherosclerosis. Examples include carotid arteries, femoral arteries, and renal arteries. Severity is assessed by arteriograms. Surgery may be required. High cholesterol and hypertension may make the disease worse. Continued smoking in combination with PVD is an additional risk and may result in a higher rating. APS required.

Best = Low substandard for mild disease.

Worst = High substandard to decline for severe disease.

Prostate Specific Antigen (PSA) A blood test that measures a protein released by prostate tissue. Release of PSA is increased from enlarged glands, inflamed tissue, and prostate cancer. Higher levels suggest more severe disease. PSA is also helpful to assess outcome in patients who have had surgery for prostate cancer or who have had radiation for prostate cancer. APS required.

Best = Standard for benign causes.

Worst = Mod substandard to postpone for cancer or undetermined cause.

Regional Enteritis See Colitis.

PTCA (Percutaneous Transluminal Coronary Angioplasty) A procedure used to dilate blocked arteries. If no myocardial infarction has occurred either before the procedure or immediately after, we can consider on a substandard basis without a 6-month waiting period. APS required.

See Coronary Artery Disease.

Scoliosis An abnormal curvature of the spine. Most cases cause no significant impairment. Kyphoscoliosis may affect lung function by interfering with expansion of the lungs during breathing. APS required.

Best = usually standard.

Worst = Low to mod substandard if causes other serious limitations.

Underwriting – UL and VUL

Sleep Apnea

Impaired breathing during sleep. May be suspected by nighttime snoring, frequent wakening, daytime sleepiness, and fatigue. A sleep study is necessary to make diagnosis. Only proven effective treatments include nasal continuous positive airway pressure (CPAP) or tracheostomy. Mortality often related to motor vehicle accidents from excessive daytime sleepiness. APS required. MVR and IR required.

Best = Standard for normal sleep study.

Worst = mod substandard to decline for severe and/or untreated.

Stroke

Injuries of the brain tissue due to sudden decrease in blood supply. Causes include atherosclerosis, hemorrhage, and emboli. May result in full recovery of normal brain function or may result in residual difficulty with movement, swallowing, speaking, memory, bladder/bowel control. May be called a cerebrovascular accident (CVA). If it has occurred within 6-months, there may be a waiting period. Rating will depend on cause, residual impairment, and time since event. APS required.

Best = Low substandard for minimal impairment.

Worst = Mod substandard to decline.

Sugar in Urine

(Glycosuria) See Diabetes Mellitus.

Suicide Attempt

Usually occurs in conjunction with mental illness, alcohol or other drug use, or incurable physical illness. Number of attempts, need for previous hospitalization, time since occurrence, and ongoing treatment are important for underwriting. APS required. MVR and IR required.

Best = Standard IF one attempt > 5 years ago w/continued good prognosis.

Worst = Mod substandard to decline.

Syncope

A brief loss of consciousness. A thorough evaluation to rule out brain disorders, cardiac disorders, and seizure disorders are necessary. Rating is based on underlying disease. APS required.

See specific cause.

Underwriting – UL and VUL

Systemic Lupus Erythematosus (SLE, Lupus)	<p>An autoimmune disease with inflammation and destruction of tissues. It may affect kidneys, liver, lung, heart, joints, blood, brain, and blood vessels. Flares are common. Medications usually have side effects. Lupus limited to the skin, referred to as discoid lupus and is usually standard. APS required.</p> <p>Best = Low to mod standard. Worst = High substandard to decline.</p>
Thyroid (goiter)	<p>Enlargement of the thyroid gland, usually the result of benign growth. It requires full evaluation of function, size, onset, and treatment. APS required.</p> <p>Best = Standard. Worst = mod substandard to decline for certain cancers.</p>
Transient Ischemic Attack (TIA, Mini Stroke)	<p>Inadequate blood flow causing temporary (less than 24 hours) neurological deficit. The deficits are transient and not permanent. May be caused by carotid or cerebral artery disease or by emboli from another source. It may be a warning for subsequent stroke. A waiting period of 6-months is often necessary. APS required.</p> <p>Best = Low substandard for 5 years with possible standard thereafter. Worst = Mod substandard to decline if significant untreated carotid artery disease.</p>
Tumor	<p>See Cancer.</p>
Ulcer Peptic	<p>An erosion of the lining of the stomach or early portion of the small intestine (duodenum). Severe bleeding may be life threatening. Ulcers in the stomach need a biopsy to rule out cancer. Some ulcers are caused by infections with a bacterium called <i>Helicobacter pylori</i>. APS required.</p> <p>Best = standard for healed and not recurrent. Worst = Postpone for recent bleeding.</p>

Underwriting – UL and VUL

Evaluating the Risk

Insurable Interest – Purpose or Need

Insurable interest is an element of a viable life insurance contract. An insurable interest exists where the death of the insured would have a clear financial impact on the policy owner. Though laws differ slightly from state to state, in general, the following types of relationships carry insurable interest:

- An individual has an insurable interest in his/her own life;
- A husband or wife with a spouse;
- Parent with child;
- Child and parent or grandparent;
- A business in the lives of its officers, directors and key employees;
- Business partners in each other; and
- Creditor in the life of a debtor (only to the extent of debt).

To avoid speculation, the sales representative at the point of sale must reasonably establish a valid insurable interest and the extent of that need. If the amount of insurance applied for, together with any existing insurance, is inconsistent with the proposed insured's earned income and the financial net worth, the application may be speculative. The sales representative should also consider whether the insurance is financially justifiable.

An application on the life of an elderly individual when the premiums are to be paid by a family member or others, will not be considered if the underwriting investigation determines the financial burden ceases on the death of the insured.

Habits (Drugs)

Use of drugs may range from occasional to the point of abuse. If the proposed insured reports use of drugs or treatment/counseling for drug abuse, the sales representative should submit all the details. The Alcohol and Drug Questionnaire (UND 14/248) should be completed. No money is to be accepted with the application.

Family History

Family medical history is important in the overall profile of the applicant. Both excellent and poor medical history of immediate family members is taken into account. The family history required in Part I of the application, therefore, is pertinent to the underwriting process. Particularly important are family histories of diabetes, cardiovascular, and renal disease.

Underwriting – UL and VUL

Physical Condition/Medical History Physical condition, at the time of application, and medical history are important considerations in determining insurability. It is the responsibility of the sales representative to fully question and accurately record the answers on the application. Your underwriter will begin an assessment on the answers recorded on the application and on any additional pertinent facts submitted in a cover letter.

Tobacco/ Non-Tobacco

To qualify for non-tobacco rates, the proposed insured must not have used any tobacco, or any product containing nicotine, for at least 12 months prior to the date of application. The use of any tobacco product must be indicated on the application.

Occasional Cigar Use The occasional cigar smoker may qualify for “non-tobacco” rates. In order for a true “occasional” cigar smoker to qualify for “non-tobacco” rates, the following must happen:

- Occasional cigar smoking must be admitted on the application and quantified. Our tolerance is no more than three cigars a month;
- There must be NO criticism of tobacco use for the past three years in either the attending physician’s statement or the MIB;
- Continue (nicotine) value reported from urinalysis done as part of the current insurance exam must be reported as NEGATIVE;
- Program applies to “occasional” cigar smokers only. Any other tobacco use or tobacco products containing nicotine are not included as part of the exception.

Underwriting – UL and VUL

Tobacco Use Rate Changes Any policy issued prior to 1984 can not be changed, because Sun Life did not have Tobacco/Non-Tobacco rates at that time. The following rules apply to requests to reduce tobacco rates to non-tobacco rates:

- A change should be requested ONLY if the insured has used NO tobacco products or products containing nicotine for at least the previous twelve months. If approved by an underwriter, the change will be made on the policy anniversary following the one-year period of non-tobacco use;
- A Non-tobacco questionnaire, a certificate of insurability, a copy of signed consent form, and a urine specimen from a company approved laboratory are required for underwriting;
- Reduction to non-tobacco use premium status is subject to approval of the underwriting information required. This evidence must demonstrate that the insured is in the same classification as when the policy was issued. Significant intervening medical histories will be considered, and may cause denial of change in tobacco use status. Among others, these include myocardial infarction, emphysema, and many forms of cancer. For this reason, evidence of insurability will be required from both lives under a survivorship policy, even if only one life was originally a tobacco user. If the other life has become a tobacco user and/or is no longer in the same underwriting class, a change to non-tobacco pricing may not be allowed;
- Changes will be made on policy anniversaries. Requests should be made 6 – 8 weeks in advance of the anniversary. When approved, notice will be provided to the policy owner for the upcoming premium.

Tobacco Use Misrepresentation

Tobacco use is a major risk factor in coronary disease, cancer, chronic lung disease, and contributes to total mortality in other ways. For example, where a risk is borderline due to obesity or heart disease, tobacco use adds to the risk of these medical impairments.

Provide Accurate Information

Sales Representatives must provide accurate information on the tobacco habits of clients so that our actual experience reflects true tobacco use/non-tobacco user mortality experience. Tobacco use mortality can be expected to be two to two-and-a-half times that of a non-tobacco user. It follows from this that the non-tobacco user rates will not support the much higher mortality experience from tobacco users who are improperly classified as non-tobacco users.

Underwriting – UL and VUL

The questions on the application dealing with tobacco habits must be initialed by the client(s), and also require information on any other forms of tobacco used. This would include use of pipe, cigars, chewing tobacco, smokeless tobacco, snuff, and Nicorette Gum.

Potential Denial of Claim

If the insured dies within the first two contract years, and an investigation reveals misrepresentation of the insured's tobacco use habits, the claim may be denied. The Company's obligation will be to return to the beneficiary all monies paid into the contract.

Questionnaires

There are Questionnaires available that should be completed to assist you in developing the medical history during your field underwriting. These Questionnaires are available on salesnet or Sun life Financial's Forms web site at <http://forms.sunlife-usa.com/ga/>. Access the forms using 'SUN' as your password.

1-8	Certificate of No Illustration	14-258	Authorization for Release & Disclosure UW Information
14-138	1035 Exchange Form	14-262	SELL Program – Executive Life Line
14-176	Certification of Oral Trust	14-263	Non Citizens Questionnaire
14-241	Verification of Trust	14-265	Group Conversion Form
14-243	Digestive Questionnaire	14-266	New Business Application Transmittal Sheet
14-244	Fainting Questionnaire	14-300	Foreign National Questionnaire
14-245	Blood Pressure Questionnaire	14-80	Business Financial Questionnaire
14-246	Diabetes Questionnaire	14-84	Aviation Questionnaire
14-247	Chest pain Questionnaire	20-101	Confirmation of Ownership for Joint Life
14-248	Alcohol and Drug Questionnaire	40-4	Non Licensed Territory Declaration
14-249	Diving Questionnaire	44-58	SUP Pension Disclosure Statement
14-252	Informal Request for Quick Quote	44-66	SPL Plus Disclosure Statement
14-255	Racing Questionnaire		
14-257	Personal Financial Questionnaire		

Underwriting – UL and VUL

Financial Underwriting

The purchase of life insurance is a financial transaction. The amount of insurance applied for and in-force should also be compatible with the established needs. The basis of sound financial underwriting, both by sales representatives and the underwriter, is to establish that the total amount of insurance issued will assist in compensating for an untimely loss, not to provide a profit.

Fortunately, most applications are straightforward, present no financial problems, and are clearly acceptable. However, those applications that do raise questions of a financial nature must be carefully reviewed; it is the sales representative's responsibility to secure detailed, accurate, and complete information to demonstrate that the coverage applied for is reasonable.

The financial aspects of an application can be as varied as the circumstances of the individuals applying for coverage; therefore, it becomes somewhat impractical to impose rigid rules. The following should be used only as a guide in establishing the financial aspects of an application. Usually the amount of coverage for personal insurance is determined as a multiple of present earnings. In determining income, the sales representatives should include all sources of earned income including salary and bonuses. If the income fluctuates widely from year to year, a reasonable estimate should be used. The following guide can be used to arrive at the normal allowable limits:

<u>Age</u>	<u>Multiple of Income</u>
0 – 35	15
36 – 40	13
41 – 45	12
46 – 50	10
51 – 55	8
56 – 90	6
61 – 65	4
66 +	Individual Consideration

For example, if the applicant is age 50, the amount of coverage for which he/she is eligible is 10 times his/her annual income. If the annual income is \$100,000, the normal allowable limit is \$1,000,000.

Underwriting – UL and VUL

Estate Planning

In Sun Life Financial's business and estate planning target markets, the insurance needs go beyond the replacement of family income. Financial underwriting, therefore, carries additional factors of consideration. Policies in these categories may be for specific purposes but can also overlap into fulfilling a personal insurance need as well. All aspects of the insurance purpose and the insured will be examined.

Estate Planning Market

Estates may require a substantial amount of cash covering a wide range of needs as a central focus; the insured may want to provide for any or all four conditions:

- Insufficient family income;
- Insufficient liquidity;
- Disposition of assets;
- Excessive transfer costs.

An underwriter's primary task and focus is estimating the estate tax costs then adding other death costs and subtracting available cash. The remainder will represent the maximum amount of insurance. A copy of the estate analysis and planning objectives submitted with the application is most helpful to the underwriter. It will help in establishing the motives, desires, and plan for transferring the estate.

Business Insurance

Business owners have an expectation that their business, when managed successfully, will lead to profit and a reasonable return on investment. The purchase will fall into the general categories of:

- Key Persons;
- Business Continuity;
- Deferred Compensation.

Key Person(s)

Individuals who make significant contributions to the profitability of a business, and cannot be readily replaced, represent a risk to the ongoing success of the business are considered KEY PERSONS. Life insurance is used to indemnify the business against the loss by providing capital and/or cash flow at a key person's premature death.

Underwriting – UL and VUL

To determine a suitable value, the three most universally accepted methods in valuing a key person are:

- Multiple of Salary;
- Cost of Replacement;
- Debt Recall.

Each of these methods may be used to estimate the value of a key person and the amount of insurance coverage needed to protect the business from financial loss due to a premature death.

Business Continuity

This is primarily used to indemnify surviving owners against the financial loss due to the shifting control at the death of an owner. It can also serve to protect the personal wealth of an owner, provide liquidity for payment of death costs and provide financial security for deceased owner's survivor. The insurance amount is based on a reasonable established value of the business. Valuation of the business looks at the following factors:

- Book Value;
- Capitalization of Earnings;
- Goodwill;
- Adjusted Net Worth;
- Price Earnings Ratio.

Deferred Compensation

The approach used by Sun Life Financial is to buy the minimum amount of insurance needed to accumulate the maximum amount of cash values to fund benefits at retirement. Underwriters will require salaries, benefit being funded, and the amount of insurance being applied for. As in all business situations, the long-term outlook of the business is a financial consideration in our efforts to underwrite quality persistent business.

Underwriting – UL and VUL

Additional financial Information

If the amount of coverage appears high, the sales representative should supply additional financial information including financial statements, and a full explanation of the projected insurance need, to justify the applied for amount of insurance.

It is the sales representative's responsibility to supply sufficient information for the underwriter to understand the rationale behind the application. This is necessary to reduce the possibility that an issued policy might be a factor in future anti-selection against the Company.

It is not uncommon for the Inspection Company and sales representative to encounter reluctance by clients and others to reveal specific financial details, especially where there is a substantial amount of unearned income. In such cases, the sales representative must impress upon his/her client the importance of the need for the information and the fact that it will be held in strict confidence.

Draft Cover Letters

Draft Cover Letter For Business Insurance

Dear Underwriter,

- How well do you know the client? His/Her business? Have you done business with them before?
- How did the sale develop? What is the purpose of the insurance (income replacement, key person, estate preservation, etc.)?
- How was the plan and face amount determined? (This is perhaps the key item for underwriters on most cases.)
- Are there any characteristics of the client that are unusual or could be problems, for example:
 - New Business without a track record
 - Previous business difficulties (bankruptcy, reorg, etc.)
 - Previous difficulty getting insurance
 - Insurability questions
 - Competition
- Are there other insurers involved, currently or recently? Who are they? How much of the total line will be placed with The Company?
- If the case is known to be substandard and is being shopped to other carriers, what is the price objective?
- If consultations with other advisors (CPAs, attorneys, trust officers) are involved, what is their role? Do you expect policy changes after issue depending on input from such advisors?

For most cases, very little of this information will be relevant; for some cases all of this information will be relevant.

Underwriting – UL and VUL

Draft Cover Letter For Personal Insurance

Dear Underwriter,

- How well do you know the client? Have you done business with them before? If not, were they referred to you by another client?
- How did the sale develop? What is the purpose of the insurance (income replacement, estate preservation, etc.)?
- How was the plan and face amount determined? (This is perhaps the key item for underwriters on most cases.)
- Are there any characteristics of the client that are unusual or could be problems?
- If the case is known to be substandard and is being shopped to other carriers, who are they, what are their offers, what is the price objective? What is the total line of coverage and how much will be placed with The Company?
- If consulting with other advisors (CPAs, attorneys, trust officers, etc.) what is their role? Do you expect policy changes after issue depending on input from such advisors?

For the larger amount cases, the more information you can give the underwriter up front, the faster you can get a decision.

Underwriting – UL and VUL

Reinsurance (Also see “Capacity and Retention Guide” on page 5)

What is Reinsurance

Reinsurance is a method of issuing risks beyond our normal retention or mortality limits. In some cases, it allows The Company to make an offer on an application that we would not normally accept. There are two types of reinsurance:

- Automatic – Agreements or treaties with a reinsurer to accept risks over our retention based on The Company’s underwriting, and provided we have accepted our full retention;
- Facultative – The reinsurer reviews all evidence and then makes an offer to accept or not offer on the case. Cases are sent for facultative reinsurance to try to get a more competitive offer.

Facultative Reinsurance Request

We will seek facultative reinsurance for competitive reinsurance offers on all declined or rated permanent insurance cases of:

- \$250,000 or more face amount; or
- \$5,000 in annual premium.

There are four categories that we will **NOT** shop:

- Term plans;
- “Hopeless” cases (i.e., HIV, major surgery contemplated, severely impaired risks);
- Replacement cases;
- Cases that have already been seen by more than three other companies.

Shopping is an expensive and time-consuming process. Costs per case actually placed can exceed \$1,000. Under best conditions a week is needed to get quotes from the reinsurers. On larger and/or very highly rated cases, it can take longer.

Sun Life Financial’s underwriting continues to be competitive. About 75% of Sun’s substandard offers are placed – a far higher ratio than most companies. Our underwriting appraisal is still better than any single reinsurer is.

We want to continue to provide Underwriting Plus as a service wherever we can. We will review results and limits periodically and share them with you.