

Life insurance underwriting in action

See examples of how we were able to leverage our underwriting know-how and attractive underwriting options to help clients get the insurance they desired.

HLCs help cancer survivor get improved risk class.

Healthy Lifestyle Credits (HLCs) allow us to reduce or eliminate a table rating or improve a Standard or better risk class based on applicants' positive risk profile for several cancer and coronary risk factors.

Case overview: A key employee in their late 40s was seeking \$15 million of term coverage to help protect their business. Due to their medical history, there was some concern about being able to get the amount of coverage needed at a reasonable rate.

Medical background: Proposed insured was diagnosed with cancer five years previously and was treated with surgery and chemotherapy. There was no evidence of re-occurrence at their five-year follow-up.

Underwriting result: The underwriting manual recommended a flat extra of \$5/\$1,000 face amount for two years. But the underwriter was able to apply HLCs and approve the case at Standard, with no flat extra amount. The factors that allowed for the favorable HLCs were:

- History of regular doctor visits
- Favorable cardiovascular risk profile

Principal® difference | The insured was able to get the coverage needed, despite a health challenge. And using HLCs allowed us to remove the flat extra, reducing total premium by \$150,000*.

*\$15,000,000 face amount/1,000 = 15,000 → 15,000 x \$5 (flat extra) = \$75,000 → \$75,000 x 2 years = \$150,000

Expanded Capacity helps turn a large informal application into a placed case.

Expanded Underwriting Capacity provides additional capacity for proposed coverages where the jumbo limit is exceeded. Up to \$75 million of reinsurance capacity is available, in excess of our capacity, for a total of \$90 million.

Case overview: A business owner in their late 50s had \$20 million of existing in force business coverage and was seeking \$90 million of Key Person insurance. An informal application was submitted to Principal and the case was turned around and quoted within 5 business days. For the insurance amount requested, the quote was based on:

- \$15 million using our Retention and Enhanced Capacity
- \$75 million available via FAC OB (Facultative Obligatory reinsurer treaty)—preliminary offer

Medical background: Proposed insured was quoted at Standard Non-Tobacco due to a history of Diabetes.

Underwriting result: A formal application was received two weeks later. Capacity was verified, and the full amount was available. The formal underwriting process took only 48 hours, and the case was approved.

Principal difference

Principal was able to issue the entire amount needed, saving the financial professional time and effort by being able to work with a single carrier, rather than multiple ones.

Principal Risk Upgrade Program helps gives clients' rating a boost.

The Principal® Risk Upgrade Program (PRUP) allows us to potentially improve ratings of Table 2 or a Flat Extra of \$2.50/\$1,000 face amount to Standard on select impairments and non-medical risks.

Example 1 – Medical impairments

Case overview: A business owner in their mid-50s applied for a \$5 million term policy to fund a buy-sell plan. Proposed insured had a few medical impairments the underwriter had to consider.

Medical background:

- Height/weight: 5'10"/250 lbs.
- Diabetes Mellitus 2—diagnosed 5 years ago; treating with common medications; no diabetic complications
- High blood pressure—diagnosed 7 years ago, treated with ACE inhibitor
- Elevated cholesterol—diagnosed 7 years ago treated with common medication
- Visits doctor twice a year for blood work and exams

Underwriting result: Based on Diabetes diagnosis and build, rating would be Table 2. But the underwriter was able to apply PRUP and improve the risk to Standard rates.

Example 2 – Non-medical risk

Case overview: We received an application for a business owner in their early 40s applying for a \$2 million term policy to be used for key person insurance. Proposed insured owns a business with several locations throughout their local region. The proposed insured is also a licensed pilot with visual sight rating and 750 hours of flight experience. They fly a private plane for recreation and business travel. The expectation is for an additional 250 hours of flight time in the upcoming 12 months.

Medical background:

- Non-tobacco and build within range
- Excellent blood pressure, cholesterol, and pulse
- Parents both healthy in their 60s
- Regular doctor visits

Underwriting result: Aviation typically requires a \$2/\$1,000 face amount flat extra amount. But by using PRUP, the underwriter was able to eliminate the flat extra and offer Standard rates with an aviation coverage.

Principal difference

PRUP can improve an insured's risk class/extra rating based on both medical AND non-medical risks, which also results in lower total premium amounts.

BSEU provides no-exam insurance for a high face amount need.

Business Solutions Enhanced Underwriting (BSEU) is streamlined underwriting that allows us to leverage digital health data and other information to provide coverage of up to \$50 million without insurance exams.

Case overview: A key employee in their early 50s was the proposed insured on a \$15 million key person insurance policy. The employee is a non-owner with a \$1 million income (salary and bonus). The submitting financial professional provided a well-written cover letter outlining the proposed insured’s 20+ years of industry experience and their responsibility for several key corporate relationships. Based on the details in the letter, we were able to approve the 15 times compensation request.

Medical background:

- Hypertension for the past 5 years and Ulcerative Colitis treated with an immunosuppressant.
- Applied for personal coverage 18 months prior and the exam/lab requirements were expired.
- Insured has regular doctor visits. We obtained records for the past 5 years, including a physical exam with labs in the past year. The records included an EKG from a physical 2 years ago.

Underwriting result: The insured’s medical history requires a Table 2 rating. But BSEU allows for use of HLCs and with that, the underwriter was able to remove the rating. And we were able to use the medical records with physical/labs within the past year. We issued a \$15 million policy at a Standard Non-Tobacco class, without an updated insurance exam.

Principal difference

BSEU provides the ease and convenience of accelerated underwriting—at higher face amounts—when other medical sources can be used.

These examples are for illustrative purposes only. They are not a guarantee of future underwriting decisions.



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