

## Minnesota Life – Individual Life GI Guidelines

Field underwriting performed by the producer and his/her disclosure of all material facts and circumstances which could influence case results will be of prime importance in GI underwriting. The following guidelines should be reviewed to determine if the offer can be extended:

### Due Diligence

- Underwriter and/or producer must review the proposed corporation to verify the financial status and stability of the management staff.
- Tools
  - Financial statement
  - Inspection report or a Dunn and Bradstreet business report/Hoover's reports ([www.hoovers.com](http://www.hoovers.com)).
- Producer should also do field underwriting and advise the underwriter of any known health impairments in order to assess the underlying mortality risk.

### Insured Requirements At time of issue:

- There must be an employer –employee relationship.
- The class of eligible employees must be clearly defined; No individual choice of eligibility.
- An individual must be currently engaged in active, full time work and have been so engaged during the past 90 days with no more than 5 consecutive days of absence from work due to illness or accident. The employee must be working at least 30 hours per week. Variations on the “actively at work” definition exist.
- All participants must be white-collar, executive/management level, non-clerical employees earning a minimum annual salary of \$50,000. Blue-collar positions will generally not be covered.

### Issue Ages

- Maximum issue age for guaranteed issue is 65.
- Occasionally issue up to age 70 is acceptable.

### Participation

- Most COLI/BOLI cases involve 100% participation.
- Certain plan designs such as employer sponsored, the following minimum participation rules may apply to qualify for guaranteed issue:

Number of eligible lives	Minimum % Participation
10-25	85%
26-49	75%
50 or more	50%

**Issue Limits**

- Max automatic guaranteed issue limit per life:

Number of lives participating	X	Coverage Factor
10-19		\$25,000
20-50		\$40,000
51+		\$50,000

Max of \$4M initial face per life

- Employer sponsored (voluntary participation) cases should use 50% of the above guideline.
- Higher amounts may be available on a facultative basis.
- The guaranteed issue amount on any one life cannot exceed 5 times the average guaranteed issue amount on all participants.
- In addition to using these formulas the case must make sense. Prior guaranteed issue amounts on a given life reduce the amount of guaranteed issue available
- No more than 10% of the total face amount should be on individuals over age 60. The weighted average issue age of the group (based on net amount at risk) must not exceed 55.
- Members of the Board of Directors cannot comprise more than 1/3rd of the group on both a count and net amount at risk basis. Directors must be full-time employees and meet the actively at work requirement at their employer.

**Industry considerations**

Most COLI cases benefit executive groups and white color workers but, on occasion, companies may have a need to insure a larger population of employees. For these cases, the type of industry should be considered when making a guaranteed issue quote.

**Favorable Industries**

- Banks
- White collar
- Computer companies
- Large financial corporation's

**Unfavorable Industries**

- Construction companies
- Hospitals
- Manufacturing
- Blue collar
- Law firms

The corporate owner must be a legitimate business, not formed for the sole purpose of acquiring insurance. Associations, affinity groups, labor unions, municipalities, charitable organizations, and other forms of general group insurance will not be covered.

**Smoker/Nonsmoker rates:**

A smoker is defined as someone who has used any form of tobacco in the past 12 months. This includes cigarettes, cigars, pipe, chewing tobacco and any nicotine substitutes. For unismoke requests, consider corporation demographics in pricing.