

Financial underwriting guidelines

Personal insurance

Purpose	Requirements	Underwriting guidelines	
Income replacement	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Inspection report with third party verification for amounts \$10 million and over. • Sources of income include earned income such as salary, commission and bonuses. It does not include rental income, interest or pension/ investment income. 	Age	Income factor
		16-19	15x
		20-29	30x
		30-39	25x
		40-49	20x
		50-59	15x
		60-69	6-8x
		Assumes an annual salary increase of 5%.	
Estate conservation	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Inspection report with third party verification for amounts \$10 million and over. 	<ul style="list-style-type: none"> • Up to and including age 65: 2 X net worth Over age 65: 1 X net worth. 	
Non-income earning spouse	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Spouses earned income, insurance coverage and joint net worth. 	<ul style="list-style-type: none"> • Up to \$500,000 consider 50%-100% of insurance on the income earning spouse. • Over \$500,000 individual consideration but generally 50% of insurance on income- earning spouse (unless uninsurable). • Allow \$150,000 without requiring any information about the possible inforce coverage. 	
Children	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Cover letter required for > \$250,000. 	<ul style="list-style-type: none"> • Face amounts should bear a reasonable relationship to family income and net worth. • All siblings should be insured equally insured unless uninsurable. Equally insured can be the same face amount of coverage or the same annual premium. 	

Personal insurance (continued)

Purpose	Requirements	Underwriting guidelines
University and college students	<ul style="list-style-type: none"> • Applicable financial questions on the application. • For amounts over \$500 000 details of the educational institution and the field of study. 	<p>Will consider face amounts up to:</p> <ul style="list-style-type: none"> • \$500,000 for post-secondary students. • \$1,000,000 for professional degrees. <p>Each parent should own twice the amount of insurance as the children. If only one parent is insured then the children can have 50% of the amount on that parent and if both parents are insured for different amounts then the children can have the lesser of 50% of parent with the most coverage or the full amount of the parent with the lesser coverage.</p> <p>Where grandparents are the applicant all grandchildren should be equally insured and the children can have 50% of the amount of insurance on the grandparents.</p>
Final expense coverage	<ul style="list-style-type: none"> • Application. 	<ul style="list-style-type: none"> • Insurance to cover things like medical bills, funeral and burial costs, final expenses. • Maximum face amount of \$50,000.
Intergenerational wealth transfer	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Cover letter. To include purpose, family net worth, inforce insurance details of proposed insured, parents and siblings and details of the situation. • May require third party confirmation of family assets. 	<ul style="list-style-type: none"> • Individual consideration based on existing insurance, income and net worth.
Charitable giving	<ul style="list-style-type: none"> • Applicable financial questions on the application. • Cover letter. To include purpose, family net worth, insurance inforce, details of situation, prior charitable giving details. 	<ul style="list-style-type: none"> • Individual consideration. • Cover letter should also provide details of relationship to the charity. • Maximum face amount is generally 25% of net worth provided traditional insurance needs have been met.
Foreign assets	<ul style="list-style-type: none"> • Applicable financial questions on the application. Verification of assets is an international bank/ investment or accounting firm who provides account statements or accounting records on their letterhead in English or French. • Cover letter should also include the source of premium payment, amount of Canadian and foreign assets. 	<ul style="list-style-type: none"> • Individual consideration. <p>We can consider:</p> <ul style="list-style-type: none"> • 100% of Canadian net worth. • 50% of verifiable foreign net worth. • 25% of non verifiable foreign net worth up to a maximum of half of the Canadian net worth.



Personal insurance (continued)

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Unemployed	<ul style="list-style-type: none"> Applicable financial questions on the application. 	<ul style="list-style-type: none"> Can be considered for up to \$250,000.
Bankruptcy or consumer proposal	<ul style="list-style-type: none"> Applicable financial questions on the application. 	<ul style="list-style-type: none"> Employed persons for whom the bankruptcy/ consumer proposal has not been discharged may be considered for a maximum of \$100,000 of term coverage only. The noted amount is across all companies. Child Protection Riders are available.

Business insurance

Purpose	Requirements	Underwriting guidelines
Buy/sell	<ul style="list-style-type: none"> Applicable Financial questions on the application. Names of all owners and their respective % of ownership, fair market value, amount of insurance inforce and applied for on each owner. For total line across all companies of \$10 million or more we require a copy of the company's most recent financial statements an IR and a business beneficiary report with third party verification. 	<ul style="list-style-type: none"> Each business owner with more than 10% ownership will be considered for a face amount equivalent to their share of the fair market value of the company.
Key person	<ul style="list-style-type: none"> Applicable financial questions on the application. 	<ul style="list-style-type: none"> We will consider 5X to10X the income of all persons key to the business.
Creditor/ debt protection	<ul style="list-style-type: none"> Applicable financial questions on the application. Collateral assignments should be considered. 	<ul style="list-style-type: none"> We will consider an amount equivalent to the shareholders responsibility for the debt.

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