

# Financial Underwriting Guidelines

## Personal Insurance

Purpose	Requirements	Underwriting Guidelines	
Income replacement	<ul style="list-style-type: none"> <li>• Applicable financial questions on the application.</li> <li>• Inspection Report with third party verification for amounts \$10 million and over.</li> <li>• Sources of income include earned income such as salary, commission and bonuses. It does not include rental income, interest or pension/investment income.</li> </ul>	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"> <li>• Applicable financial questions on the application.</li> <li>• Inspection Report with third party verification for amounts \$10 million and over.</li> </ul>	<ul style="list-style-type: none"> <li>• Up to and including age 65: 2 X net worth</li> <li>• Over age 65: 1 X net worth.</li> </ul>	
Non-income earning spouse	<ul style="list-style-type: none"> <li>• Applicable financial questions on the application.</li> <li>• Spouses earned income, insurance coverage and joint net worth.</li> </ul>	<ul style="list-style-type: none"> <li>• Up to \$500 000 consider 50%-100% of insurance on the income earning spouse.</li> <li>• Over \$500 000 individual consideration but generally 50% of insurance on income- earning spouse (unless uninsurable).</li> <li>• Allow \$150 000 without requiring any information about the possible inforce coverage.</li> </ul>	
Children	<ul style="list-style-type: none"> <li>• Applicable financial questions on the application.</li> <li>• Cover letter required for &gt; \$250,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Face amounts should bear a reasonable relationship to family income and net worth.</li> <li>• All siblings should be insured equally insured unless uninsurable. Equally insured can be the same face amount of coverage or the same annual premium.</li> </ul>	
University and college students	<ul style="list-style-type: none"> <li>• Applicable financial questions on the application.</li> <li>• For amounts over \$500 000 details of the educational institution and the field of study.</li> </ul>	<p>Will consider face amounts up to:</p> <ul style="list-style-type: none"> <li>• \$500,000 for post-secondary students.</li> <li>• \$1,000,000 for professional degrees.</li> </ul> <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"> <li>• Application.</li> </ul>	<ul style="list-style-type: none"> <li>• Insurance to cover things like medical bills, funeral and burial costs, final expenses.</li> <li>• Maximum face amount of \$50,000.</li> </ul>	
Intergenerational wealth transfer	<ul style="list-style-type: none"> <li>• Applicable financial questions on the application.</li> <li>• Cover letter. To include purpose, family net worth, inforce insurance details of proposed insured, parents and siblings and details of the situation.</li> <li>• May require third party confirmation of family assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Individual consideration based on existing insurance, income and net worth.</li> </ul>	

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## Personal Insurance (continued)

Purpose	Requirements	Underwriting Guidelines
Charitable giving	<ul style="list-style-type: none"> <li>Applicable financial questions on the application.</li> <li>Cover letter. To include purpose, family net worth, insurance inforce, details of situation, prior charitable giving details.</li> </ul>	<ul style="list-style-type: none"> <li>Individual consideration.</li> <li>Cover letter should also provide details of relationship to the charity.</li> <li>Maximum face amount is generally 25% of net worth provided traditional insurance needs have been met.</li> </ul>
Foreign assets	<ul style="list-style-type: none"> <li>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.</li> <li>Cover letter should also include the source of premium payment, amount of Canadian and foreign assets.</li> </ul>	<ul style="list-style-type: none"> <li>Individual consideration.</li> </ul> <p>We can consider:</p> <ul style="list-style-type: none"> <li>100% of Canadian Net worth.</li> <li>50% of verifiable Foreign Net worth.</li> <li>25% of non verifiable foreign net worth up to a maximum of half of the Canadian net worth.</li> </ul>
Unemployed	<ul style="list-style-type: none"> <li>Applicable financial questions on the application.</li> </ul>	<ul style="list-style-type: none"> <li>Can be considered for up to \$250 000.</li> </ul>
Bankruptcy or consumer proposal	<ul style="list-style-type: none"> <li>Applicable financial questions on the application.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Business Insurance

Purpose	Requirements	Underwriting Guidelines
Buy Sell	<ul style="list-style-type: none"> <li>Applicable Financial questions on the application.</li> <li>Names of all owners and their respective % of ownership, fair market value, amount of insurance inforce and applied for on each owner.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
Key Person	<ul style="list-style-type: none"> <li>Applicable Financial questions on the application.</li> </ul>	<ul style="list-style-type: none"> <li>We will consider 5X to 10X the income of all persons key to the business.</li> </ul>
Creditor/ Debt Protection	<ul style="list-style-type: none"> <li>Applicable Financial questions on the application.</li> <li>Collateral assignments should be considered.</li> </ul>	<ul style="list-style-type: none"> <li>We will consider an amount equivalent to the shareholders responsibility for the debt.</li> </ul>

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