

SUN LIFE FINANCIAL

UNDERWRITING EVIDENCE GUIDE

A reference for field underwriting and case submission



Look for the most updated version of the Underwriting Evidence Guide at www.salesnet.sunlife-usa.com/indiv/underwritingguide.cfm.

Updated to reflect July, 2010 Underwriting changes.

**NOT FDIC/NCUA INSURED • MAY LOSE VALUE • NO BANK/CREDIT UNION GUARANTEE •
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INTRODUCTION

To help you get timely and favorable underwriting decisions for your clients, Sun Life Financial has created the Sun Life Underwriting Evidence Guide, a comprehensive reference for field underwriting and case submission.

This guide contains the key information that you need to submit and place a case with Sun Life with a minimum of additional work and delay. We urge you to use it as an important tool in your practice.

We appreciate that you work hard to serve your clients everyday. Our experienced staff can help you by delivering highly competitive solutions, even for your most difficult and complex cases. Sun Life offers:

- Flexible, competitive underwriting decisions
- Preferred and Super Preferred Rate Classes
- Dedicated, Responsive Underwriting Teams
- An Innovative Rate Reduction Program—Sun Power Points

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I. GENERAL GUIDELINES

Age and amount chart

Amount	Ages				
	18-39	40-49	50-64	65-69	70 and over*
100,000–249,999	A	B	B	C	D
250,000–1,000,000	B	B	C	C	D
1,000,001–5,000,000	B	C	C	C	D
5,000,001–10,000,000	C	C	C	C	D
10,000,001+	D	D	D	D	D

*70 and over will require an MD exam and cognitive function test.

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

NOTE: Requirements for each proposed insured on a Survivorship Case are based on the full face amount of the policy.

Additional Information/Tests: During the underwriting process, we may require additional tests to help us determine an applicant’s insurability. Your case underwriter will advise if the need for additional tests or information is required.

Capacity and retention

Capacity and Jumbo Limits under First Dollar Quota Share

Sun Life Assurance Company of Canada reinsures under a First Dollar Quota Share reinsurance agreement. This agreement enables us to improve product performance, reduce mortality volatility and offer more capacity through an automatic reinsurance treaty. Sun Life retains a portion of each risk and the balance is shared by a pool of reinsurance companies. Minimum policies covered by this agreement are \$100,000 with a maximum coverage of \$50,000,000. The Jumbo Limit is \$65,000,000 depending on age. All qualifying applications will be processed as part of this reinsurance pool.

Definitions

- **Jumbo Limit**—defined as all coverage in force and applied for with all companies.
- **Capacity**—the maximum face amount that can be put into the automatic First Dollar Quota Share pool.
- **Corporate Retention**—the maximum amount that Sun Life can issue without any reinsurance.

SINGLE LIFE

Issue Age	Mortality Classification	Automatic Issue Limit	Jumbo Limit	Corporate Retention ²
18 to 65	Super Preferred to 200%	\$50,000,000	\$65,000,000	\$15,000,000
18 to 65	201% to 300%	\$30,000,000	\$65,000,000	\$10,000,000
18 to 65	301% to 500%	\$20,000,000	\$65,000,000	\$7,000,000
66 to 70	Super Preferred to 200%	\$50,000,000	\$65,000,000	\$15,000,000
66 to 70	201% to 300%	\$30,000,000	\$65,000,000	\$10,000,000
66 to 70	301% to 500%	\$10,000,000	\$65,000,000	\$5,000,000
71 to 80	Super Preferred to 200%	\$25,000,000	\$65,000,000	\$10,000,000
71 to 80	201% to 300%	\$20,000,000	\$65,000,000	\$7,000,000
71 to 80	301% to 500%	\$0	\$0	\$0
81 to 85	Super Preferred to 200%	\$10,000,000	\$25,000,000	\$5,000,000
81 to 85	201% to 300%	\$0	\$0	\$0
81 to 85	301% to 500%	\$0	\$0	\$0

JOINT & LAST SURVIVOR LIFE

Younger Issue Age	Mortality Classification of Both Insureds	Automatic Issue Limit	Jumbo Limit	Corporate Retention ¹
20 to 70	Super Preferred to 200%	\$50,000,000	\$65,000,000	\$20,000,000
71 to 80	Super Preferred to 200%	\$25,000,000	\$65,000,000	\$15,000,000
81 to 85	Super Preferred to 200%	\$10,000,000	\$25,000,000	\$5,000,000

If one life is uninsurable and second life's mortality exceeds Table 4 (200%), only single life coverage will be considered.

Limits for survivorship cases are the greatest of:

- The above survivorship chart, if applicable.
- Issue and jumbo limits for the first life on single life chart.
- Issue and jumbo limits for the second life on single life chart.

Combination cases involving “Retention Only” and having both Single Life and Survivorship policies

In combination cases, where there is a request for a single life policy and a survivorship policy on a given life, we will not take more than our single life retention on any life. For this purpose, 50% of the amount on the survivorship policy is counted as retention capacity toward each life.

- Example 1: Two single lives aged 60, each have a \$10 million policy. The maximum survivorship policy that can be issued is \$10 million.
- Example 2: A couple (each age 60) has a \$20 million survivorship policy. Each policyholder can be issued up to a \$5 million single life policy.
- Example 3: Two single lives aged 75, each have a \$5 million policy. The maximum survivorship policy that can be issued is \$10 million.
- Example 4: A couple (each aged 75) has a \$15 million survivorship policy. Each policyholder can be issued up to a \$2.5 million single life policy.

1. Corporate Retention is shared with other business units and subject to availability. Retention only policies will only be available after the Automatic Issue Limit and/or Jumbo Limits have been exceeded. Retention only policies may carry a premium surcharge.

Caveats to retention schedule

Aviation and Avocation Risks

- Retention and Capacity are reduced by 50% on all aviation risks and rated avocations.
- Where applicable, preferred is available on non-ratable aviation and non-ratable avocation risks only.
- An aviation exclusion rider is required when the prospective insured is over age 75, has a bad driving record, or has a medical history of significant depression, emotional instability, alcohol abuse, or substance abuse. We ask the underwriter to weigh the risk associated with other impairments and the benefit of exclusions on all risks that exceed Table 4 (200%) mortality.
- Commercial pilots (regularly scheduled, major airlines) may be considered for Super Preferred provided they meet the published criteria.

Sports and Entertainment Figures

- Maximum capacity is \$12,000,000 and coverage should be for personal reasons, and not in favor of a team, studio, or other third party.

Foreign Travel and Residence:

Foreign Nationals and U.S. expatriates residing abroad in either A or B classed countries

- We will consider them as eligible for all rate classes up to 300% mortality and through age 70.
- Auto pool limit to \$25M and Jumbo to \$35M
- Must have verifiable nexus to the U.S. by virtue of an established residence and/or business.
- Residence in “C” or “D” class countries will be for “individual consideration”, specifically, for facultative review or where appropriate the utilization of Sun’s own retention.

Foreign Travel

- Foreign travel will be defined as a maximum period of 12 weeks in a calendar year.
- Foreign travel, by U.S. citizens, to A, B, or C countries will be eligible for consideration of all rate classes.
- Auto pool limit will be \$50M and Jumbo Limit \$65M

Age, Risk Class, Exclusions, Coverage Amounts

- Max. age: 70
- Max. rate class: 300%
- Min. face amount: \$1 million
- Occupational Exclusions: Politicians, public figures, missionaries, government leaders, journalists, judicial personnel, police force, trade union officials, military, and other occupations that, in the judgement of the underwriter, involve increased mortality risk.
- Aviation/Avocation: proposed insureds who participate in aviation or avocations require careful analysis and scrutiny. Auto pool limits for acceptable aviation and substandard avocation are halved.

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Retention and auto pool limits are scaleable by rate class.

When considering coverage on American citizens living abroad, or Foreign Nationals, the following requirements must be met:

- All solicitation, applications, medical exams and tests must be completed in the United States where the product and producer are licensed.
- Must have a U.S. billing address and premiums must be paid for in U.S. dollars.
- All medical records must be fully accessible and where necessary translated into English and submitted accompanied by the original medical records. Translation should be performed by an official translation service and submitted accompanied by the original medical records.. Translations are done at the producer's expense.
- All policies must be delivered and amendments, including the policy delivery receipt, must be signed in the United States.
- Applications on Foreign Nationals and U.S. ex-patriots living abroad should be accompanied by the completed "Verification of U.S. Interest Form".

Financing

- Premium financing programs are not permissible.
- Private banking arrangements for clients with large assets under management will be considered on a case by case basis.

Financial Underwriting

- Application should be accompanied by a fully completed, itemized and signed Sun Life Financial statement.
- All financial information must be verifiable and available on underwriter request (tax returns, brokerage statements, CPA or attorney attestation). For foreign assets, require a confirmation letter from a private banker with whom the proposed insured has an established banking history (define as about 5 yrs.).
- A cover memo should accompany the case addressing the need and purpose for the insurance. So long as the proposed insured has a nexus to the U.S., as earlier defined, a U.S. tax liability is not necessarily a pre-requisite for coverage.
- The aggregate net worth and income of the client (both U.S. and foreign) will be considered in the underwriter's evaluation.

The underwriting of U.S. citizens involved in foreign travel will be governed by and subject to compliance with all state laws and regulations.

Underwriting Preferred Criteria and Guidelines—UL and VUL

Risk Factors	Ages	Super Preferred Criteria	Preferred Non-Tobacco Criteria ²
Tobacco use	18–85	No use of nicotine in any form within the past 5 years (except occasional cigar use). ³ Must have negative cotinine test.	No use of nicotine in any form within the past 2 years (except occasional cigar use). ³ Must have negative cotinine test.
Build		See build chart	See build chart
Family History (No cancer or cardiac death for either parent)	18–70 71–85	Prior to age 65 No FH Criteria	Prior to age 60 No FH Criteria
Blood Pressure ⁴	18–50 51–85	135/85 140/90	140/85 145/90
Cholesterol/HDL Ratio	18–70 71–85	<4.5 <5.0	<5.5 <6.0
Cardiac or Peripheral Vascular History		No History	No History
Cancer History		No history of cancer except BCC	10 years after the end of any flat extra
Diabetes		No History	3 year history of A1c control at <6.5
Aviation or Hazardous Avocation		No private aviation or other hazardous activity	Non-ratable
Driving Record		No more than 1 moving violation in the past 3 years. No DUI in the past 10 years.	No more than 2 moving violations in the past 3 years. No DUI in the past 5 years.
Drug/Alcohol		No treatment or history of alcohol/drug abuse within the past 10 years.	No treatment or history of alcohol/drug abuse within the past 10 years.

A proposed insured may qualify for Super Preferred or Preferred rates using the Sun Power Points program.

2. The insured can qualify for the Preferred Tobacco rates (not Super Preferred) if he/she qualifies for all of the other Preferred criteria.
3. See occasional cigar use criteria for qualification standards.
4. Any individual current reading and the average in each of the last three years readings cannot exceed these limits.

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Height & build requirements chart

Ages 18–70	Super Preferred	Preferred	Standard
Height	Weight Range	Weight Range	Weight Range
4 ft. 10"	up to 129 lbs	up to 152 lbs	up to 172 lbs
4 ft. 11"	up to 133 lbs	up to 158 lbs	up to 178 lbs
5 ft. 0"	up to 145 lbs	up to 164 lbs	up to 184 lbs
5 ft. 1"	up to 149 lbs	up to 170 lbs	up to 190 lbs
5 ft. 2"	up to 153 lbs	up to 176 lbs	up to 197 lbs
5 ft. 3"	up to 157 lbs	up to 182 lbs	up to 203 lbs
5 ft. 4"	up to 162 lbs	up to 186 lbs	up to 210 lbs
5 ft. 5"	up to 166 lbs	up to 192 lbs	up to 216 lbs
5 ft. 6"	up to 170 lbs	up to 197 lbs	up to 223 lbs
5 ft. 7"	up to 176 lbs	up to 203 lbs	up to 229 lbs
5 ft. 8"	up to 182 lbs	up to 208 lbs	up to 236 lbs
5 ft. 9"	up to 187 lbs	up to 214 lbs	up to 243 lbs
5 ft. 10"	up to 193 lbs	up to 219 lbs	up to 250 lbs
5 ft. 11"	up to 199 lbs	up to 225 lbs	up to 257 lbs
6 ft. 0"	up to 205 lbs	up to 231 lbs	up to 264 lbs
6 ft. 1"	up to 210 lbs	up to 237 lbs	up to 271 lbs
6 ft. 2"	up to 216 lbs	up to 243 lbs	up to 278 lbs
6 ft. 3"	up to 220 lbs	up to 249 lbs	up to 285 lbs
6 ft. 4"	up to 223 lbs	up to 255 lbs	up to 292 lbs

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Substandard risk premiums

Available options:

Rated policies will be issued with a flat extra premium 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 B and C may not be available on applications requiring reinsurance.

Table and Class Rating Comparison					
Mortality	Class	Table	Mortality	Class	Table
125	A	1	325	I	9
150	B	2	350	J	10
175	C	3	375	K	11
200	D	4	400	L	12
225	E	5	425	M	13
250	F	6	450	N	14
275	G	7	475	O	15
300	H	8	500	P	16

GI and XGI guidelines for Sun Executive UL and VUL

Guaranteed Issue (Must be actively at work)

- Minimum lives: 10
- Average Age: Less than 60
- Maximum Age: 70
- Formula: \$50,000 x number of lives
- Maximum Initial Face Amount: \$4 Million
- Maximum Ultimate Face Amount: \$6 Million

Expanded Guaranteed Issue (Must be actively at work and answer a dread disease question along with passing an MIB check)

- Minimum lives: 5
- Formula: \$100,000 x number of lives
- Other criteria identical to G.I.

Certain limits may be exceeded for larger cases subject to pre-approval.

Sun Power Points program

The Sun Power Points Program is a credit based, rating reduction program available to all applicants up to insurance age 85, for any Sun Life individual life permanent product. There is no face amount restriction. The program credits 20 factors that may improve mortality results if they are favorable. By assigning a value to each of these factors, your underwriter is then able to apply these credits against your client's objective mortality for a given impairment reducing or improving the final mortality assessment.

The 20 Sun Power Points factors are derived from the following results or statuses:

- Tobacco use
- Build
- Blood Pressure
- Family History
- Lipids
- Exercise Capacity
- ECG
- Stress Test
- EBCT
- Cardiac Catheterization
- Chest X-ray
- Chest and Whole Body CT
- PFT's
- Mammogram
- PSA
- Colonoscopy
- Brain MRI
- Abdominal CT
- Bone Density
- CT Angiogram

Sun Power Points can reduce an objective rating by up to three tables. It is also possible for Sun Power Points to move a Standard or even borderline Standard risk to a Preferred and even Super Preferred risk class. Sun Power Points are now available for many factors for applicants age 20 to 85. The maximum allowable credits for ages 81 to 85 is 30.

The terms and conditions of the program, beyond this disclosure, are proprietary. Your Sun Life underwriter is well versed in the program details and will apply the credits to your case. There is no need to request that the Sun Power Points Program be applied to your specific clients medical history as the program is exercised as part of the normal underwriting course for each case. **Sun Power Point factors can now be used to move a proposed insured to a Super Preferred class.**

Cover memos

A cover letter is *your* introduction of *your* client to *your* underwriter. It's both that simple and that complex! In today's underwriting environment where multi-impaired risks and complicated financial and estate planning scenarios predominate, a concise, well written, detailed cover memo may be the difference between a bumpy course through underwriting and a smooth sail (sale) that leaves both underwriter and salesperson satisfied, gratified and looking forward to their next case together!

What are the components of a good cover memo? Underwriters prefer a detailed, brief document over a flowery multi-paged one. The latter, actually, can raise suspicion. It doesn't have to be a formal, double spaced memo with minimum word requirement either. An e-mail certainly will do. Your cover memo should provide context not apparent from the application and facts critical to understanding the sale.

We often hear it said from brokers that they've been "cultivating" their client for some time. Always keep in mind that a cover memo is your way to professionally present your client, and for that matter your work, to the underwriter. A detail rich cover memo can help your underwriter help you to place more business.

What follows in two parts is, first, a checklist of key elements that should be addressed by any cover memo. These would be your "minimum" requirements for "maximum" value. The second is a list of content recommendations intended to spark ideas for additional comment or further elucidation.

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Key element checklist:

- Who is/are your client(s)?
- What is the purpose of the insurance coverage?
- If not obvious, why has this specific owner/beneficiary arrangement been employed?
- How was the face amount determined?
- Known medical or non-medical underwriting concerns?
- Was a specific sales concept employed and if so define and provide materials?
- What is the source of the life insurance premium?

Content recommendations

- Start off by introducing your client. Who is he/she? What does he/she do for a living? How did you come to work with them? What is the nature/source of your relationship (introduced through other clients, CPA, business associate, family member, etc.)
- What is the purpose of the coverage? What specific “need” is being satisfied by this insurance coverage? How was the face amount determined? What is the economic loss being insured? Be specific here explaining and ultimately supplying the financial metrics used to determine the amount applied for.
- How will the premium be paid and what is the source of the premium?
- If not clear, expand on the reason for the specific owner/beneficiary arrangement and how this completes the financial plan/goal.
- Confirm applications to other companies and face amounts requested. Acknowledge ultimate total line being placed all companies and how this fits with financial plan/goal. Acknowledge and account for any policies sold to a third party or under consideration for life settlement.
- Amplify any aspect of the applicant’s medical or personal history of which you have knowledge and which would be of concern to your underwriter. Areas such as known substance abuse, psychiatric histories or driving record issues usually warrant expansion.
- If your client is involved in a specific avocation and/or occupation where additional risk is known, provide details or any information you feel is relevant and of which the underwriter should know.
- Details of the competitive situation to include any existing offers and assessments.
- Any idiosyncrasy about your client that further expansion would be helpful, ex. uses a walker or cane, has a prosthesis, is athletic, has a prior bankruptcy, has a specific affiliation, accreditation or certification. Is there something about your client that is “unique” which may be pertinent and influential to the underwriting of this case?
- Acknowledge any prior communication or discussion you’ve had with an underwriter prior to the case submission, to include underwriter’s name, understandings and anything previously agreed to.

Remember, the underwriter only knows your client as the paper or more specifically the application and attendant requirements in front of them. You know your client as so much more. The cover memo is your opportunity to present your “entire” client to your underwriter. Underwriters almost never sit down with, see or speak with their applicants. Your cover memo can put us there!

Inspection reports/MVR's

- **18–69** \$10,000,00 and up
- **70+** \$250,000 and up

To order an inspection we require a signed, completed application (Part I), delivery of the Privacy Information Notification and all Authorizations for Release and Disclosure.

Sun Life will order all inspection reports from the home office unless the submitting office advises, at the time of case submission, that they will or have done so.

- For all inspections, a direct interview with the proposed insured is required.
- Do not rely on the inspection services for financial documentation of your cases. Financial documentation is the producer's responsibility and should be included as part of the application presentation. Depending upon the particulars of the case, either a Business Financial Questionnaire form 14-80A or a Personal Financial Questionnaire form 14-257 is a requirement on all cases of \$2,500,000 or more.

Note: All business and third party ownership cases must be inspected.

Inspection Reports must be ordered through a nationally authorized vendor. Our vendors of choice are:

- First Financial Underwriting Services
- EMSI
- Other authorized vendors are:
- Hooper Holmes

Motor vehicle reports are required on all applicants of legal driving age.

Other companies' evidence

- We prefer to use Sun Life Financial exams and lab work done through CRL
- We will consider using another company's evidence as long as it was completed within 180 days, meets our qualifications and requirement standards and the laboratory testing conforms to our protocol
- In all instances where another company's evidence is used and where a paramed or MD exam is less than 180 days old, the medical certification section should be completed as part of the application.

Dated evidence

Updated evidence will normally be required under the following circumstances:

- Applications are good for 180 days after which a new, properly executed Part I will be required.
- M.D. Exams and Paramed exams are good for 90 days and can be extended after the 90th day to 180 days with a properly executed Certificate of Insurability. After 180 days we will require new exams to be completed.
- Resting EKGs and labs which are determined to be within normal limits are good for one year. Otherwise, new EKG's and labs are required after 180 days.

- A request for increase in coverage after initial application, a rating review, any change from tobacco to non-tobacco class or reinstatement of a lapsed policy will, minimally, require the completion of the application for Reinstatement and Contractual Policy Change (Form 14-200). Additional evidence will vary by age, amount and time since the original application was issued.
- Inspection reports are good for 365 days after which a new report will be required.

Medical examiner guidelines

- All medical examiners must be state-licensed and actively in practice;
- On applications exceeding \$10M in coverage, we prefer to have exams performed by a specialist certified in internal medicine or cardiology.

Medical fees

The bills for reasonable medical fees incurred with age/amount requirements should be forwarded to the New Business Department along with the application if they are in your possession. Bills from our authorized vendors are submitted directly to us by the vendor. We reserve the right to limit our reimbursements to those levels we would normally experience from our authorized vendors. Furthermore, we reserve the right to decline reimbursement if the medical evidence provided does not satisfy the quality standards expected for such services. We expect this will be the exception. We will not consider payment to unauthorized vendors for work performed for other insurance carriers which is being submitted as current evidence with our application, until such application becomes an in-force Sun Life policy.

Bills for special testing (mammograms, colonoscopy, etc) which are not part of our regular requirements will not be paid for by Sun Life. For example, if an underwriter finds history of colon cancer and says that he cannot approve the case without a current colonoscopy, Sun Life will not pay for this colonoscopy. It is up to the insured to decide whether he/she wishes to pursue this test at their expense or to abandon their application. Likewise, further tests resulting from findings on the original age/amount requirements will not be covered by Sun Life.

Bills incurred for requirements on trial applications are at the expense of the agency until such time that this application becomes an in-force Sun Life policy. Regular age/amount requirements should not be ordered for trial applications.

APS

If a medical report exceeds \$100, please contact the case's underwriter of record for approval to continue with the ordering of the records to be charged to Sun Life. Agencies who order records without the permission of Sun Life will only be reimbursed for the first \$100 of said record.

Third Party APS

Companies authorized to offer their APS services on behalf of Sun Life Financial include:

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

A "central request" requires the sales representative's office to FAX the physician's name, address and authorization to one office. All reports are returned to Sun Life's home office.

Blood Profiles and Urinalysis

Clinical Reference Laboratory (CRL) is our primary lab (by contract). All blood and urine samples performed for Sun Life Financial's underwriting process should be directed to CRL. The lab's blood and urine consent form and Sun Life's HIV consent form are required in all instances. The insured may obtain a copy of their test results from CRL. 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 infectious disease results will be included); and
- A guide explaining the report.

The report and guide are for the insured's information only and are not intended to replace, contradict or substitute for a diagnostic evaluation by their physician(s). New Business will attach a brochure to each applicable policy.

The "Non-Medical" submission

Any Sun Life application requiring submission on a Non-Medical basis will use the Sun Life Medical form Part 2. To satisfy the non-medical requirement you need to complete only the medical questions portion of the Sun Life Part 2 exam form.

- The non-medical questions must be answered in full and written in ink.
- The non-medical must be signed and dated by the proposed insured, and appropriately witnessed by the licensed broker or sales representative.
- Ditto marks are not acceptable.
- Any alteration must be initialed by the proposed insured.
- Record full details of any medical history, including routine checkups, to include MD names and dates of last visit.
- Also record reason for consultation, date, results, names and addresses of physicians, hospitals or clinic consulted.

- If a paramedical or medical is being done, this information is not needed unless evidence is being updated because another company's exam form was used

Authorized Paramedical Vendors:

- APPS—American Para-Professional
- EMSI—Examination Management Services, Inc.
- Hooper Holmes (Portamedic)
- Exam One

Because favorable mortality has a significant impact on the pricing of our products, when using one of our life products and underwriting services, we insist that you only use the paramedical vendors from our authorized list. No exams, EKGs, lab work or other age/amount requirements should be ordered for Sun Life unless a fully completed and signed Part 1 application is in the General Agent's or Broker's possession. The Part 1 must also be submitted to the US Home Office. The use of physicians associated with a paramedical services vendor should follow the guidelines mentioned Examiners Limits section of the guide.

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 Health Insurance Portability & Accountability Act, the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, and ongoing State and Federal regulatory changes.

Trial Applications

The submission of a trial application in order to qualify an applicant's insurability is a well established business practice in the brokerage insurance marketplace. We will review applicants on a preliminary or trial basis subject to the following guidelines:

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. As required by federal law.

HIPAA compliant Authorizations for Release and Disclosure forms UND 2003-1 and 2 are required by Sun Life of Canada at the time of application. No exceptions will be made. Written consent to share their medical records or financial information is required due to the confidential nature of this information. In addition, should a tentative quote be accepted by the client and a formal application completed, the Privacy Information Notifications form must be delivered to the client and the appropriate Notice and Consent Form for HIV Testing must be completed prior to sample collection. The appropriate authorization is also necessary to search the Medical Information Bureau once the quote has been accepted and a formal application completed.

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Expenses

Any expenses incurred while securing medical records for informal applications 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.

While we wish not to discourage the judicious submission of trial applications it is important to note that industry experience with trial applications shows a placement ratio of less than 5%. The review of trial applications is a labor-intensive and resource consuming process. Trial applications submitted on clients who have been heavily shopped in the market and/or who have been declined, postponed or heavily rated are discouraged. By setting these standards for trial application submission, we anticipate your cooperation in managing your trial applications to Sun Life. In the end we believe this translates to higher placement rates, decreases "wastage" and enables underwriters to focus on your quality cases.

Multiple submissions

Sun Life Financial will accept applications on the same insured from multiple representatives. However, in most instances only one contract will be issued. Multiple submissions will be subject to the following guidelines:

- All representatives will be notified when multiple application(s) are received by Sun Life Financial.
- Each sales representative will be expected to build their own file.
- Sun Life paid evidence (exams, labs, EKG, inspection, MVR's) will be shared without going to the additional expense.
- If other company's current evidence is being used, each sales representative will need to obtain this evidence to build their file and supplement with the required non-medical.
- All evidence of insurability submitted to Sun Life will be used in assessing the risk.
- If one file is complete and the other appears to have outstanding evidence, a tentative decision may be presented to both sales representatives. The sales representative with the less complete file will be advised what is necessary to complete the file prior to any consideration being given to issuing a policy.
- If and when both files are complete, the same underwriting decision will be communicated to both representatives, with the caveat that only one policy will be issued.
- The sales representative with a formal Sun Life of Canada application and with control (ability to obtain the premium) of the sale will be issued the policy. If money is to be collected prior to delivery of the policy, current evidence and any amendments will be required prior to acceptance of the money.
- There may be situations where the case may be referred to US Operations management for dispute resolution.

Attending Physician Statement (APS)

When to order:

Attending physician reports should be ordered routinely for the following ages and face amounts:

- Attending physician reports should be ordered if any physician or specialist has been seen within 90 days. All cases with a history of cancer must include a copy of the surgical results, pathology report, and follow up visits.
- All cases involving established coronary artery disease must include a copy of the heart catheterization report and subsequent testing results.
- All attending physician reports obtained should include the doctor's office notes in addition to all lab and testing results for the past five years.

Routine APS Ordering Guidelines	
Age	Amount
0–50 ⁶	\$3,000,000 and up
51–65 ⁶	\$1,000,000 and up
66 & up	any amount

Military/Reservist Applicants

Sun Life will consider insurance coverage to armed service personnel, both those in armed forces reserve or on active duty. Military personnel may apply only if a legitimate need for life insurance exceeds the amount through Serviceman's Group Life Insurance (SGLI) can be demonstrated.

SGLI is a low-cost group life insurance provider subsidized by the Federal Government and available to active duty personnel, ready reservists, members of the National Guard, members of the Commissioned Corps of the National Oceanic and Atmospheric Administration and the Public Health Service, cadets and midshipmen of the four service academies and members of the Reserve Officer Training Corps.

Sun Life will not consider insurance coverage for members of the military who have orders or who anticipate orders for deployment to active war zones or hazardous areas requiring a military presence. In certain instances and depending on the nature of the proposed insured's military duties, it may be necessary to charge an extra premium or even deny coverage. You are encouraged to speak with your Sun Life underwriter anytime an application on a member of the military is being considered.

The solicitation and sale of life insurance products to active duty service members is now a regulated activity. In compliance with the NAIC Military Sales Practices model, Sun Life has created the Military Personnel Financial Services Act Disclosure Form (14/471) which must be completed and signed by the parties to the application. The fully completed disclosure form must accompany the application to Sun Life. In accordance with regulatory guidelines, no application can be considered without this completed form.

6. The case underwriter reserves the right to request an APS(s), based on case specifics, for any age and face amount combination.

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Aviation

Many 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 or in certain instances require an Aviation Exclusion Rider.

- Preferred rates are available to selected qualified applicants
- Commercial pilots may be considered for Super Preferred provided they meet all criteria.

Aviation exclusion

Aviation exclusion will be required for applications which have been rated higher than table 4 (200%), or are older than 75, or at the underwriter's discretion.

Aviation questionnaire

- For applications that involve aviation, complete an aviation questionnaire, form 14-84.
- On second to die applications, aviation questionnaires will be required on both insureds.

II. UNDERWRITING IMPAIRMENTS

Evaluating the risk

Insurable Interest—Purpose or Need

A principle requirement for the issuance of a life insurance contract is that an insurable interest and a demonstrated economic loss exist between the proposed insured and the contract owner and beneficiary(s). An insurable interest exists where the death of the insured would have a clear financial impact on the beneficiary and/or 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. Demonstrated economic loss is required to establish the legitimacy of the contract.
- A husband or wife with a spouse;
- Parent with child;
- Grandparent and child (with parents written permission);
- 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 percentage of debt).

To avoid speculation, the sales representative at the point of sale must reasonably establish a valid insurable interest and extent of the economic loss to the client. 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 considered speculative. The sales representative should also consider whether the insurance is financially justifiable and be prepared to share verifiable financial documentation illustrating the economic loss.

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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. For Preferred and Super Preferred rates, the periods of tobacco use cessation are longer. Refer to the Preferred and Super Preferred Underwriting Guidelines for details.

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.
- Cotinine (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.
- Where the applicant meets the definition of an occasional cigar user and also meets the criteria for Super Preferred, Super Preferred non-tobacco rates may be granted.

Tobacco use rate changes

The following rules apply to requests to reduce tobacco rates to non-tobacco rates:

- Completion of the application for Reinstatement and Contractual Policy Change (Form 14-200) in addition to a HIPAA compliant Multi State Authorization for Release and Disclosure form UND 2003, 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.** 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. If paid when approved, notice will be provided to the policy owner for the upcoming premium.

III. FINANCIAL UNDERWRITING

The purchase of life insurance is a financial transaction. The amount of insurance applied for and in-force should 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 is 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 guide at left can be used to arrive at the normal allowable limits.

Age	Multiple of Income
18-30	30
31-65	20
66-75	5
76-85	1-2

For example, if the applicant is age 50, the amount of coverage for which he/she is eligible is 20 times his/her annual income. If the annual income is \$100,000, the normal allowable limit is \$2,000,000.

Estate Planning

Estate Tax and Estate Planning needs can be complex. A proposed insured's estate may require a substantial amount of cash to cover a wide range of needs, including (but not limited to): insufficient family income, insufficient liquidity, and disposition of assets and excessive transfer cost problems.

Estate Tax Calculation

For guideline purposes, we will allow a calculation for the maximum estate tax need using the lesser of 75% life expectancy or 20 years at 6% growth factor. Additional consideration will be given for growing an estate at a higher interest rate, subject to confirmation of financial position by a qualified third party such as a CPA, and a record of tax returns and three years of investment/asset management statements demonstrating a pattern of higher interest rate earnings.

Sources of information: Cover letter, application, signed, itemized personal financial questionnaire, inspection. Your underwriter may request third party confirmation by CPA or attorney at any time. A corporate financial statement should accompany a personal financial statement when the estate is comprised primarily of business equity.

Loan Collateralization

- Maximum of 75% of the outstanding loan amount

Sources of information: Cover memo describing the purpose of the coverage, the structure of the loan and current outstanding balance. Copy of loan agreement/document. Inspection report and/or business financial statements to include tax returns.

Business Insurance

Successful business owners expect that their business will generate a profit and a reasonable return on investment. Life insurance purchases for business needs normally fall into these general categories:

- Key Persons
- Buy/Sell
- Split Dollar
- Stock Redemption
- Venture Capital
- Business Continuity
- Deferred Compensation

Key Person(s)

Individuals who make significant contributions to the profitability of a business and cannot be readily replaced are considered key persons. The loss of a key employee represents a business risk. Life insurance is used to indemnify the business against such a loss by providing capital and/or cash flow at a key person's premature death.

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

- Multiple of Salary (normally a 5x multiple of income, 7–10x under special circumstances);
- Cost of Replacement; and
- 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.

Sources of information: Cover letter, application, copy of personal tax returns, application, inspection, two year record of business audited financial statements.

Buy/Sell

Life insurance purchased to preserve assets from forced liquidation on the death of an owner. All owners should be proportionately insured based on their established interest.

Among the formulas used to establish business value are:

- Book value
- Fair market value
- Capitalization of net income
- For well established, low-risk businesses, with large assets capitalization earnings factors in the 10–15 x net income range can be used.

Sources of information: application, detailed cover memo, inspection report to include in a business report, minimum of two years. Audited personal and business financial statements (to include balance sheets, income statements, cash flow and auditors notes). Copy of consummated buy/sell agreement.

Split Dollar

- Driven normally by an agreement between employer and employee.

Sources of information: copy of split dollar arrangement document.

Stock Redemption

- Similar to buy/sell coverage where amount is a function of business valuation and shares of ownership. Business is normally the owner and beneficiary on the stockholder.

Sources of information: Application, detailed cover memo, inspection report to include in a business report, minimum of two years. Audited personal and business financial statements (to include balance sheets, income statements, cash flow and auditors notes). Copy of consummated buy/sell agreement.

Venture Capital

- No coverage on start-ups.
- Proposed insured must have a verifiable financial/capital interest in the company. A product must be developed and the business must have been operational for three years.

Sources of information: Personal and business tax returns will be required in addition to the company balance sheet, income and earnings statement from audited source (CPA) to include auditors notes (minimum two years documentation). Business and personal inspection report required.

Business Continuity

This is primarily used to indemnify surviving owners against 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; and
- Price Earnings Ratio.

Sources of information: Cover letter, application, two or more years of complete audited financial statements, or business valuation. Copy of the consummated buy/sell agreement. Inspection with business/benefit report.

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.

Sources of information: Cover letter, application, copy of deferred compensation agreement, corporate and or personal tax returns may be required.

Charity related businesses

Charity related cases on proposed insureds with a charity as named beneficiary will be considered with the following conditions:

- Contract is owned and paid for by the insured
- A financial connection between the insured and the charity is established by an existing and verifiable pattern of giving.
- There is a balanced insurance portfolio in place where personal insurance needs have already been addressed.
- The face amount of the coverage must bear a reasonable relationship to an established pattern of giving and should not exceed an amount the proposed insured could reasonably be expected to give in their lifetime. A 10X annual gift amount is a good general rule.
- Cases of this nature always benefit from a cover memo detailing the sale and how the face amount was determined.

Additional financial Information

A sales representative should prepare his or her client that the purchase of a life insurance policy is a binding financial contract and as such may and often does require the disclosure of personal financial information. As noted, depending on the insurance need being served, specific concrete forms of financial verification or attestation(s) are warranted. Clients should be prepared and sales representatives should take note of these requirements so as to assure a timely transition of information to underwriting. All financial information is treated with the utmost confidence and where disclosure reticence is encountered clients can be encouraged to send their personal financial information marked "Private and Confidential" directly to their Sun Life Underwriter.

As in all matters underwriting, your Sun Life underwriter reserves the right to request specific financial documentation as a condition of acceptance at any time during the underwriting process.

Financial Justification

Proper financial justification for any case begins with a cover memo from the submitting sales representative. This memo should detail the purpose of the coverage and include the specifics as to how the insurance need was defined. The following is a list of Sun Life's financial underwriting requirements:

Financial Requirements

- All financial information should be verifiable.⁷
- Section H of the Sun Life Assurance Company of Canada Application Part I must be fully completed.
- For face amounts equal to or greater than \$2,500,000 a fully completed and itemized Personal Financial Questionnaire, Form 14-257, must be signed by the insured. The information on this form must be verifiable.
- Where deemed necessary, the underwriter may require the submission of supporting financial documentation. Though not a comprehensive list, tax returns, audited financial statements, attorney or CPA attestations, bank and/or fund statements, balance sheets, income and cash flow statements and trust documentation may be required.

7. Inspections are used to verify (not obtain as a primary source) financial information provided by the broker or proposed insured.

- Life insurance sales involving a business purpose require two years of corporate financial statements and a Business Beneficiary supplement to the Inspection Report.⁸
- At ages 70 and over, on applications involving Life Insurance Trusts, a copy of the final executed insurance trust is required prior to final underwriting approval.
- Substituting itemized financial statements from either an attorney or a CPA on their letterhead and signed is acceptable.
- For applicants ages 70 and up, where the face amount exceeds \$2,500,000, third party confirmation of income and net worth will be obtained with all inspection reports.

Life settlements

Like other leading members of the life insurance industry, Sun Life Financial is aware of the increased volume and variety of sales techniques and transactions resulting in the settlement of life insurance policies. Sun Life finds itself increasingly concerned with and averse to the proliferation of sales where parties sell policies to others who lack any connection to the insured apart from an investment or an option to invest in the transaction. Mindful of our obligations to and aware of the implications for shareholders, policyholders and our producers, as well as Sun Life Financial and the entire life insurance industry, Sun Life will deny any application for life insurance for which the objective at the outset is for the policy owner to sell the underlying policy. Further, Sun Life will not accept any application for which a reasonable likelihood that the issued policy will be sold by the policy owner exists.

To this end, Sun Life will not consider any application for life insurance where the proposed insured and or policy owner have settled a policy that was less than five years old or Sun Life is asked to approve a new policy to replace a settled Sun Life policy. Any indication that an applied for policy is intended for settlement will be declined as well.

While life settlement may be a reasonable solution for an aged policy in some very limited circumstances, Sun Life will only consider applications in which the settled policy was more than five years old. In those instances, the application must be accompanied by a completed and signed Sun Life Premium Eligibility Questionnaire and all life settlement documents, including the original life expectancy calculation used to estimate settlement proceeds, cash value of the settled contract, total proceeds from the settlement, and the face amount of the settled policy.

A cover letter detailing the reasons for the prior settlement and any relevant supporting documentation will also be required.

The Sun Life application incorporates questions specific to source of premium for the policy and life settlement activity. Answers to these questions will form the contractual context from which Sun Life will pursue any fraud or material misrepresentation.

We ask your cooperation and adherence to these guidelines. Please help us by only submitting new business that meets our acceptable criteria.

8. Corporate financial statements include balance sheet, income statement, cash flow statement and auditors notes.

About Sun Life Financial

Sun Life Financial is a leading international financial services organization providing a diverse range of wealth accumulation and protection products and services to individuals and corporate customers. Chartered in 1865, Sun Life Financial and its partners today have operations in key markets worldwide. Sun Life Financial Inc. trades on the New York (NYSE), Toronto (TSX), and Philippine (PSE) stock exchanges under ticker symbol SLF.