

Critical illness insurance financial underwriting guidelines

The maximum amount of critical illness insurance available on any one life is \$2,500,000. This includes all personal and business insurance combinations in force, pending and applied for with all companies.

Personal insurance

PURPOSE	UNDERWRITING GUIDELINE	REQUIREMENTS & NOTES
Income replacement	<p>Maximum amount of personal insurance available, based on the proposed insured's earned income would be the higher of:</p> <ul style="list-style-type: none"> • Age 16 - 55: \$250,000, or 10x earned income plus mortgage balance • Age 56 - 60: \$200,000, or 7x earned income plus mortgage balance • Age 61 and up: \$150,000, or 5x earned income plus mortgage balance 	<p>Notes:</p> <ul style="list-style-type: none"> • Sources of earned income include salary, commissions and bonuses. Earned income generally will not include rental income, interest, pension or investment income.
Estate preservation	<p>Maximum amount we will consider is 50% of the insured's net worth.</p>	
Non-income earning spouse	<p>Maximum amount of personal insurance available for non-income earning spouses would be the higher of:</p> <ul style="list-style-type: none"> • Age 16 - 55: \$250,000, or ½ of the amount available on income earning spouse plus mortgage balance • Age 56 - 60: \$200,000, or ½ of the amount available on income earning spouse plus mortgage balance • Age 61 and up: \$150,000, or ½ of the amount available on income earning spouse plus mortgage balance 	<p>Notes:</p> <ul style="list-style-type: none"> • The income earning spouse should have at least the same amount of coverage (unless uninsurable).

Personal insurance continued

PURPOSE	UNDERWRITING GUIDELINE	REQUIREMENTS & NOTES
Retired proposed insureds	<p>Maximum amount of personal insurance coverage we will consider is:</p> <ul style="list-style-type: none"> • \$250,000, or • 4x the combined income of the 2 spouses 	<p>Requirements:</p> <ul style="list-style-type: none"> • For amounts over the published limits, include a cover letter with the application.
Unemployed	<p>Can be considered for up to \$150,000.</p> <p>Higher amounts may be considered on an individual basis, depending on the reason and duration of unemployment, expected return to work date, job prospects, expected income and net worth.</p>	<p>Requirements:</p> <ul style="list-style-type: none"> • For amounts over \$150,000, include a cover letter with the application.
Children	<p>Can be considered for up to \$150,000, regardless of the amount of coverage on their parents.</p> <p>For amounts over \$150,000 and up to \$500,000, both parents should have some individual or group critical illness, disability income or long term care insurance in force or applied for (unless uninsurable).</p> <p>For amounts over \$500,000, both parents should have more individual or group CI, DI or LTCI coverage in force or applied for (unless uninsurable) than is in force or applied for on their children.</p> <p>Maximum amount of critical illness insurance coverage available:</p> <ul style="list-style-type: none"> • Age 30 days to 5 years: \$500,000 • Age 6 - 10: \$750,000 • Age 11 and up: \$1,000,000 	<p>Requirements:</p> <ul style="list-style-type: none"> • For amounts over \$150,000, include a cover letter with the application. <p>Notes:</p> <ul style="list-style-type: none"> • Unless uninsurable, siblings should be equally insured.
University or college students and recent graduates	<p>Can be considered for up to \$250,000.</p> <p>Certain professional studies for occupations where you can expect the proposed insured to earn a substantial income (such as a doctor or engineer) can be considered for up to \$500,000.</p>	<p>Requirements:</p> <ul style="list-style-type: none"> • For amounts over \$250,000, include a cover letter with the application.
Bankruptcy	<p>Employed proposed insureds whose bankruptcies have not been discharged can be considered for up to \$150,000.</p> <p>Once the bankruptcy is discharged, regular financial underwriting guidelines apply.</p>	

Personal insurance continued

PURPOSE	UNDERWRITING GUIDELINE	REQUIREMENTS & NOTES
Foreign net worth	<p>The maximum amount we will consider is 50% of the proposed insured's net worth.</p> <p>Alternatively, we will consider the face amount derived by allowing 6% of assets to be used for premium paying purposes.</p> <p>The maximum amount we will consider on the basis of foreign net worth alone is \$1 million.</p> <p>Notes:</p> <ul style="list-style-type: none"> • Net worth is defined as: <ul style="list-style-type: none"> • 100% of the Canadian net worth • 50% of the verifiable foreign net worth • 25% of the non-verifiable foreign net worth • Personal insurance only; no business insurance. • The proposed insured must be a resident of Canada. 	<p>Requirements:</p> <ul style="list-style-type: none"> • Fully completed Financial questionnaire (form E96). <p>Financial:</p> <ul style="list-style-type: none"> • We require a cover letter that includes all details of foreign net worth, accompanied by verification of foreign assets: <ul style="list-style-type: none"> • Foreign assets with a bank or investment firm will be considered with English or French copies of bank or account statements covering the last three months, or • Foreign business assets can be considered if English or French financial statements are provided by a well-known international accounting firm on the accounting firm's letterhead, or • A copy of the Canadian income tax form which confirms their foreign assets.

Business insurance

PURPOSE	UNDERWRITING GUIDELINE	REQUIREMENTS & NOTES
Buy-sell	<ul style="list-style-type: none"> • We will consider each business owner for an amount that is equivalent to their share of the current fair market value of the business. • For established businesses, we may also consider additional insurance for growth, at 5% each year for a maximum of 5 years. 	<p>Requirements:</p> <ul style="list-style-type: none"> • The names of all owners, the percentage each owns in the business, the fair market value of the business and the amount of insurance in force and applied for on the life of each business owner. <p>Notes:</p> <ul style="list-style-type: none"> • Unless uninsurable, all owners with more than 10% ownership should be insured for their appropriate share.
Key person	<p>The maximum amount of business insurance coverage available is:</p> <ul style="list-style-type: none"> • Age 60 or less: 7x the proposed insured's annual salary and bonus. • Age 61 and up: we use a factor that corresponds with the number of years remaining until retirement. 	<p>Notes:</p> <ul style="list-style-type: none"> • Unless uninsurable, all key persons of the business should be appropriately insured.
Creditor protection	<p>We will consider an amount equivalent to the shareholder's responsibility for the debt.</p>	<p>Requirements:</p> <ul style="list-style-type: none"> • The amount, terms and purpose of the loan as well as the name of the lender.

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