



## UNDERWRITING

### Substandard Underwriting Highlighter

#### Substandard Marketing Opportunities

The substandard market comprises millions of people with health, occupation, or avocation characteristics that result in higher-than-average mortality risk. Prudential encourages this special risk business. Our competitive underwriting allows us to offer eight special risk classes and competitive premiums. Approximately 12% of the business we issue is rated.

It is important for you to understand when a client has a medical condition and how Prudential evaluates some of the most common conditions from an underwriting standpoint. By understanding which medical conditions Prudential commonly insures, you may be able to provide much-needed protection to many of your existing clients and prospects who you may have thought were uninsurable. In fact, only 10% of the business we underwrite is rejected.

Awareness of your clients' medical conditions also helps you better prepare them for the underwriting process and provide a more realistic estimate of the cost of life insurance. Since not all conditions are insurable, it is equally as important for you to know which medical conditions we generally will not insure so you can reduce the number of applications that are rejected. When faced with a client you believe may not be insurable, it is always a good idea to contact Underwriting to determine if any consideration on an inquiry basis may be possible.

#### TIPS FOR SELLING LIFE INSURANCE IN THE SUBSTANDARD MARKET

- ▶ Uncover all important facts about the client's medical history.
- ▶ Recognize that many diseases are insurable if certain conditions are met.
- ▶ Be aware of the medical impairments that Prudential normally does not insure.
- ▶ Use ballpark figures or illustrations for the table ratings and premiums.
- ▶ Explain to the client that these figures are subject to underwriting.
- ▶ Alert your client to the possibility that additional medical information may be required during underwriting.

#### RECOGNIZING A SUBSTANDARD MARKETING SITUATION

A person with a health condition affecting his/her insurability may not be easily recognized without some probing. Ask some preliminary questions about whether an applicant has had a recent heart attack, stroke, or cancer. This may be a good time to ask a few additional questions to help determine the applicant's overall medical condition:

- ▶ How is your overall health?
- ▶ Do you have any special health or medical conditions?

Continued on the next page.

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**Prudential**

- ▶ Are you currently taking any medications? If so, what type and for what reason?
- ▶ Are you currently under a doctor's care? If so, for what reason?

The answers to these questions may provide you with enough information to determine if there is a medical condition that may cause the case to be rated or rejected. If you suspect the case may be rated, you should prepare the client for that possibility. A copy of the *What Every Consumer Should Know About Life Insurance* (1008238) brochure should be provided to clients. This mandatory consumer brochure provides an overview of each of the types of life insurance available in the marketplace, as well as information on underwriting.

### **MEDICAL CONDITIONS THAT ARE GENERALLY NOT INSURABLE**

While Prudential will consider each and every application for life insurance, there are certain medical conditions that are generally uninsurable. In these instances, it is recommended that you contact Underwriting to determine insurability:

1. AIDS.
2. Treatment of alcoholism within two years.
3. Aneurysm present.
4. Coronary disease where applicant has not returned to work since the occurrence or where there has been recent congestive heart failure.
5. Drug addiction.
6. Certain types of cancer, especially if the proposed insured is applying within one year of diagnosis or cessation of treatment, or if cancer is metastatic or recurrent.
7. Current kidney dialysis treatment.
8. Organ transplant other than kidney.
9. Certain psychotic disorders (some disorders will be accepted if they are in remission).
10. Recent or multiple suicide attempts.

### **MEDICAL CONDITIONS THAT ARE OFTEN INSURABLE**

- ▶ Heart attack
- ▶ Coronary bypass surgery
- ▶ Heart valve replacement
- ▶ Pacemakers
- ▶ Diabetes
- ▶ Hypertension (high blood pressure)
- ▶ Cancer\* (over one year in remission)
- ▶ Asthma
- ▶ Stroke

A good rule of thumb for determining if a condition is insurable: If the applicant is no longer undergoing treatment and is actively back at work with no restrictions, the case will often be accepted for some extra premium. Any applicant with a significant medical condition who is not actively back at work or who has retired due to his/her condition may not be accepted for life insurance.

\*The postponement period for cancer histories varies by the type of cancer. Call Underwriting for additional guidance.

## COMMON MEDICAL CONDITIONS

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The following section provides a reference for some of the most common medical impairments and will help you “ballpark” ratings. The impairments covered in this highlighter are: heart attack, coronary bypass surgery, diabetes, hypertension (high blood pressure), cancer, asthma, and stroke.

Each of the medical reference charts provides you with:

- ▶ Questions about the applicant’s condition and symptoms that you can ask at point-of-sale to help you “ballpark” the rating that may be required. (Refer to the **Documentation** section of this highlighter for information about capturing and recording this information.)
- ▶ A chart to help estimate the Table Rating based on the client’s symptoms. In many cases, you can then run an illustration or estimate the premium based on this “ballpark” rating.

Additionally you may refer to our *Individual Inquiry Offer Best Case Scenario Underwriting Guide* (1010601), which lists the relevant reports needed by Underwriting. The critical information needed for proper assessment, a best case scenario, and the circumstances where Prudential would be unable to offer coverage are listed for common medical impairments and vocational and avocational risks.

Make sure you tell the client that his/her final rating will come after a complete underwriting evaluation. The final rating may change the premiums and guaranteed and non-guaranteed values shown on the illustration.

The NAIC (National Association of Insurance Commissioners) Life Insurance Illustration Model Regulation requires that, for certain policies, you provide the client with an illustration that matches the policy issued. If a case is rated differently than what you originally illustrated, you must provide the client with a “revised” illustration and obtain the appropriate signatures on that illustration. Our illustrations include a feature that will “stamp” the illustration as revised.

**CORONARY ARTERY DISEASE**

The answers to the following questions will be important in evaluating the case:

- ▶ On what date did the initial episode occur?
- ▶ What type of treatment was administered?
- ▶ How long were you in the hospital?
- ▶ Have your activities been restricted?
- ▶ What medications are you taking?
- ▶ Have you had any chest discomfort since the original episode?
- ▶ Do you have any other health problems?
- ▶ Have you resumed normal activities?
- ▶ Have you used tobacco products in the last 12 months?

**The Ballpark Table Rating**

Table D is a basic starting point for a medical history of a cardiac event. The column on the left provides credits that may be available to lower the rating or have no rating. The column in the middle contains the favorable features that may allow the client to qualify for a moderate table rating. The column on the right indicates less favorable features that are very likely to result in a higher rating or possible decline.

| Lower Table Rating/No Rating   | Moderate Table Rating  | Higher Table Rating/Decline  |
|--|--|--|
| <ul style="list-style-type: none"> <li>▶ Favorable medications including antiplatelet</li> <li>▶ Negative stress test with favorable METS</li> <li>▶ Angiogram reveals minimal plaque burden and vessels involved</li> <li>▶ Favorable lipid values and use of a statin</li> <li>▶ Stable lifestyle habits, regular exercise program, normal weight, excellent control of hypertension, and quality medical surveillance</li> <li>▶ No other health impairments</li> </ul> | <ul style="list-style-type: none"> <li>▶ Age at diagnosis was over 50</li> <li>▶ Single event</li> <li>▶ No symptoms since initial diagnosis</li> <li>▶ No other health problems</li> <li>▶ Resumed normal activities within 3 months of initial diagnosis</li> <li>▶ Limited information regarding extent of disease</li> </ul> | <ul style="list-style-type: none"> <li>▶ Age at diagnosis was under 40</li> <li>▶ Multiple episodes</li> <li>▶ Symptoms since initial diagnosis</li> <li>▶ ECG changes</li> <li>▶ Complications including excessive plaque burden, multiple vessels involved, ratable diabetes, blood pressure, and build</li> <li>▶ History of diabetes, cardiovascular disease, and recent history of smoking</li> </ul> |

**SURGICAL CORONARY ARTERY DISEASE INTERVENTION**

The answers to the following questions will be important in evaluating the case:

- ▶ On what date did the initial episode occur?
- ▶ What type of testing and treatment was administered?
- ▶ How many vessels were involved?
- ▶ What medications are you taking?
- ▶ Have you had any chest discomfort since the original episode?
- ▶ Do you have any other health problems?
- ▶ Have you resumed normal activities?
- ▶ Have you used tobacco products in the last 12 months?

**The Ballpark Table Rating**

The basic starting point for a medical history of coronary artery disease with surgical intervention depends on the age at diagnosis. The column on the left provides credits that may be available to lower the rating. The column in the middle contains the favorable features that may allow the client to qualify for a moderate table rating. The column on the right indicates less favorable features that are very likely to result in a higher rating or possible decline.

| Lower Table Rating/Standard  | Moderate Table Rating  | Higher Table Rating/Decline  |
|--|--|--|
| <ul style="list-style-type: none"> <li>▶ Age at diagnosis was over 50</li> <li>▶ No additional occurrences after initial diagnosis</li> <li>▶ Angiogram/catheterization revealing plaque burden less than 50% and minimal vessels involved</li> <li>▶ Favorable medications including antiplatelet and statin; negative stress test with favorable METS</li> <li>▶ Stable lifestyle habits, regular exercise program, normal weight, excellent control of hypertension, lipid values, and quality medical surveillance</li> <li>▶ No other health impairments</li> </ul> | <ul style="list-style-type: none"> <li>▶ Age at diagnosis was over 50</li> <li>▶ No symptoms since initial episode; no restrictions; prompt recovery</li> <li>▶ Few (1 to 3) vessels involved; 1 or more vessels may have 50% stenosis</li> <li>▶ Limited information regarding extent of disease; may not have angiogram/catheterization report</li> <li>▶ Resumed normal activities within 3 months of attack</li> <li>▶ No other vascular problems</li> </ul> | <ul style="list-style-type: none"> <li>▶ Age at diagnosis was under age 40</li> <li>▶ Cardiac symptoms since medical intervention (bypass or stent placement)</li> <li>▶ Degree of stenosis greater than 50% for multiple vessels (4 or more vessels involved); extensive coronary disease before surgery</li> <li>▶ ECG changes or treadmill ECG with unfavorable METS</li> <li>▶ Complications including excessive plaque burden; more than 3 vessels involved; blood pressure, lipids, and build not controlled</li> <li>▶ Combination medical history of diabetes, cardiovascular disease, and recent smoking</li> </ul> |

**DIABETES**

The answers to the following questions will be important in evaluating the case:

- ▶ What was your age at diagnosis?
- ▶ Are you taking insulin, medications, or diet-control pills?
- ▶ How often do you consult a physician?
- ▶ Do you test for blood sugar? If so, what are the results?
- ▶ Have you had any of the following disorders?
  - a. Eye problems
  - b. Heart disease
  - c. Kidney disease
  - d. Poor circulation

**The Ballpark Table Rating**

The basic starting point for a medical history of diabetes depends on the age at diagnosis and duration. The column on the left provides credits that may be available to lower the rating. The column in the middle contains the favorable features that may allow the client to qualify for a moderate table rating. The column on the right indicates less favorable features that are very likely to result in a higher rating or possible decline.

| Lower Table Rating/Standard*  | Moderate Table Rating   | Higher Table Rating/Decline   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▶ Late onset (over age 40)</li> <li>▶ Controlled by diet or oral medication</li> <li>▶ Excellent A1c less than or equal to 7.0%</li> <li>▶ Complies with diet restriction or medication, no proteinuria and no complications</li> <li>▶ Frequent follow-ups, is a non-smoker, and no other ratable health impairments</li> <li>▶ Excellent control of blood pressure less than 135/85, HDL greater than 45, and no debits for build</li> </ul> | <ul style="list-style-type: none"> <li>▶ Late onset (over age 40)</li> <li>▶ Controlled by diet or oral medication</li> <li>▶ Good A1c between 7.1 and 8.0%</li> <li>▶ Complies with diet restrictions or medication, mild levels of proteinuria, and mild complications</li> <li>▶ Frequent follow-ups</li> <li>▶ May have minor elevation with blood pressure, build, and lipids</li> </ul> | <ul style="list-style-type: none"> <li>▶ Developed at an early age</li> <li>▶ Insulin dependent; poor control with medication/insulin</li> <li>▶ A1c greater than 8.1% and up to 10.9%</li> <li>▶ A1c greater than or equal to 11% is a decline</li> <li>▶ Complications: Coronary artery disease, diabetic retinopathy or neuropathy, and kidney disease</li> <li>▶ Does not comply with diet restrictions, poor medical surveillance, and not compliant with medications</li> <li>▶ Moderate levels of protein or micro albumin in the urine (moderate-to-high levels of protein is a decline)</li> </ul> |

**\*Non-Smoker Plus may be available with adult onset, excellent control, and no other health factors. Preferred classifications are not available.**

Note: Late-onset Type 2 diabetics who do not smoke and are maintained by diet and/or oral medication with “excellent” control, have a blood pressure reading of less than or equal to 135/85, an HDL of greater than 45, and no debits for build, may qualify for the Non-Smoker Plus category. Refer to the *Rx for Success* series, which can be found on [www.pruxpress.com](http://www.pruxpress.com), for additional details.

**HYPERTENSION (HIGH BLOOD PRESSURE)**

The answers to the following questions will be important in evaluating the case:

- ▶ How long have you had blood pressure problems?
- ▶ What are your blood pressure readings?
- ▶ Do you keep your blood pressure under control?
- ▶ What medications are you taking?
- ▶ Do you have any other health problems—specifically diabetes, kidney disease, or heart disease?

**The Ballpark Table Rating**

The rating for hypertension can range widely between Preferred and Table H based on the applicant’s condition. The column on the left provides credits that may be available to permit no rating at all. A good rule of thumb for estimating the rating is that the column in the middle contains the favorable features that may allow the client to qualify for a low/moderate table rating. The column on the right indicates less favorable features that are very likely to result in a higher rating or possible decline.

| <b>No Rating</b>  | <b>Low/Moderate Table Rating</b>  | <b>Higher Table Rating/Decline*</b>   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▶ Excellent control within last year</li> <li>▶ Single medication</li> <li>▶ Complies with doctor’s advice</li> <li>▶ No other cardiovascular/kidney problems</li> <li>▶ Negative stress test or cardiac testing; various credits including family history may eliminate a rating or place case into Preferred criteria</li> <li>▶ Ages 18 – 49, reading no higher than:**                             <ul style="list-style-type: none"> <li>• 130/80 for Best</li> <li>• 135/85 for Pref NT</li> <li>• 145/90 for NSP</li> </ul> </li> <li>▶ Ages 50 and up, reading no higher than:**                             <ul style="list-style-type: none"> <li>• 135/85 for Best</li> <li>• 140/90 for Pref NT</li> <li>• 150/95 for NSP</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ Good control within last year</li> <li>▶ Single or multiple medications</li> <li>▶ At times complies with doctor’s advice</li> <li>▶ Some minor complications but still within control</li> <li>▶ Negative stress test can reduce a table rating by one class</li> <li>▶ Ages 18 – 34, reading no higher than:                             <ul style="list-style-type: none"> <li>• 150/100 for a low rating</li> <li>• 160/105 for a moderate rating</li> </ul> </li> <li>▶ Ages 35 – 49, reading no higher than:                             <ul style="list-style-type: none"> <li>• 160/100 for a low rating</li> <li>• 170/100 for a moderate rating</li> </ul> </li> <li>▶ Ages 50 – 69, reading no higher than:                             <ul style="list-style-type: none"> <li>• 160/105 for a low rating</li> <li>• 170/108 for a moderate rating</li> </ul> </li> <li>▶ Ages 70 and up, reading no higher than:                             <ul style="list-style-type: none"> <li>• 170/105 for a low rating</li> <li>• 180/108 for a moderate rating</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▶ Poor control even with medications</li> <li>▶ Multiple medications; frequent changes in medications</li> <li>▶ Non-compliant with doctor’s advice</li> <li>▶ Other complications including cardiovascular/kidney disease</li> <li>▶ Positive stress test or other unfavorable cardiac testing</li> <li>▶ Ages 18 – 49, reading no higher than 160/108 for a high rating and a decline for any higher readings</li> <li>▶ Ages 35 – 49, reading no higher than 180/108 for a high rating and a decline for any higher readings</li> <li>▶ Ages 50 – 69, reading no higher than 180/112 for a high rating and a decline for any higher readings</li> <li>▶ Ages 70 and up, reading no higher than 180/112 for a high rating and a decline for any higher readings</li> </ul> |

\*Various complications and high readings may contribute to a decline.  
 \*\*Preferred classification will vary depending on age, build, and blood pressure readings.

**CANCER**

The answers to the following questions will be important in evaluating the case:

- ▶ When was the cancer first diagnosed?
- ▶ Where was the cancer found?
- ▶ Was there any spread, or has it metastasized?
- ▶ On what date was all treatment completed?
- ▶ Have there been any recurrences?
- ▶ Do you know the stage or grade of the cancer?

**The Ballpark Table Rating**

Most types of cancer will generally result in a Temporary Extra premium. A Table Rating may also be needed depending on the case features and type of cancer. The amount of extra premium will depend on the features of each applicant’s condition. Generally, features included in the column in the middle may permit a lower cost per thousand or a shorter time period during which the extra premium is required. The column on the left provides criteria that may be available to permit no rating at all. Features listed in the column on the right may mean the client is uninsurable.

| No Rating*  | Probable Rating   | Probable Decline  |
|---|---|---|
| <ul style="list-style-type: none"> <li>▶ Distant history</li> <li>▶ No metastasis</li> <li>▶ No recurrence</li> <li>▶ No medication (except Tamoxifen)</li> <li>▶ Good follow-up surveillance</li> <li>▶ Most <i>in situ</i> cancers will not produce a rating</li> </ul> | <ul style="list-style-type: none"> <li>▶ History greater than 1 year (depending on the type of cancer and location)</li> <li>▶ No metastasis</li> <li>▶ No recurrence</li> <li>▶ No current medication (except for Tamoxifen)</li> <li>▶ Melanoma often ratable within certain period of time (other skin cancers likely non-ratable)</li> <li>▶ Good follow-up surveillance</li> </ul> | <ul style="list-style-type: none"> <li>▶ Metastasis</li> <li>▶ Recurrent</li> <li>▶ Currently (or within 1 year) under treatment</li> <li>▶ Poor follow-up surveillance</li> <li>▶ A second primary cancer</li> </ul> |

\*Thyroid cancer may qualify for Non-Smoker Plus immediately after treatment and completion of therapy depending on age when diagnosed and stage.



**ASTHMA**

The answers to the following questions will be important in evaluating the case:

- ▶ How often do attacks occur?
- ▶ What type of treatment/medication is required?
- ▶ Do you require medication daily? Or just during an attack?
- ▶ How many episodes in the last year have required a visit to the emergency room or your physician?
- ▶ Have you ever been hospitalized for an attack? If so, when?
- ▶ How long do the attacks typically last?

**The Ballpark Table Rating**

Very mild asthma is typically not rated. A more significant history of asthma will generally result in a Table B – D rating. Generally, features contained in the column in the middle will result in a Table B rating. The column on the left provides criteria that may be available to permit no rating at all. The column on the right indicates less favorable features that will likely result in a higher rating or mean the client is uninsurable.

| No Rating*  | Low Table Rating  | High Table Rating/Probable Decline  |
|---|---|---|
| <ul style="list-style-type: none"> <li>▶ One continuous oral medication, but no steroids; may use daily inhalers intermittently for relief</li> <li>▶ No hospitalizations or emergency room visits</li> <li>▶ No steroid use</li> <li>▶ Intermittent symptoms or infrequent exacerbations</li> <li>▶ No other serious health impairments</li> </ul> | <ul style="list-style-type: none"> <li>▶ Requires continuous multiple oral medications and any number of inhalers of any kind, including steroids</li> <li>▶ No hospitalizations or emergency room visits in the last year</li> <li>▶ Rare use of steroid treatment</li> <li>▶ Infrequent attacks</li> <li>▶ May have other mild respiratory disease</li> </ul> | <ul style="list-style-type: none"> <li>▶ Age at diagnosis over age 55; any number of inhalers, including steroids; may include low dose of oral steroid</li> <li>▶ Continuous medications including oral steroids</li> <li>▶ Restricted activities</li> <li>▶ Asthma associated with cardiovascular and renal disease is uninsurable</li> <li>▶ History of multiple hospitalizations or emergency room visits (if last hospital visit was within 6 months, decline)</li> <li>▶ Home oxygen (decline)</li> </ul> |

\*Results of pulmonary function test will be considered, if available.

**DEPRESSION/ANXIETY DISORDER**

**The answers to the following questions will be important in evaluating the case:**

- ▶ When were you first diagnosed?
- ▶ What type of treatment/medication is required?
- ▶ Have you had a change in your medication in the last year?
- ▶ Are you fully functional at home and work without symptoms?
- ▶ Have you ever been hospitalized for a depression/anxiety-related issue? If so, when?
- ▶ Have you ever had a disability related to depression or anxiety? If so, how long ago, and were you able to return to normal activities?

**The Ballpark Table Rating**

Very mild depression/anxiety is typically not rated. A low rating may be assessed if there is a diagnosis of bipolar or evidence of ongoing problems with sleep, weight fluctuation, decreased concentration or difficulty making decisions, loss of interest or pleasure (but still functional at home and work). A rating to declined may be necessary if there is evidence of episodes involving psychotic features, suicidal ideations or attempts, recent hospitalizations, disability or ECT treatments.

The column on the left provides criteria that may be available to permit no rating at all. Generally, features contained in the column in the middle will result in a low/moderate table rating. The column on the right indicates less favorable features that will likely result in a higher rating or determine that the client is uninsurable.

| No Rating   | Low/Moderate Table Rating   | Higher Table Rating/Decline   |
|---|---|---|
| <ul style="list-style-type: none"> <li>▶ May currently have some symptoms</li> <li>▶ Stable with or without medication. No anti-psychotic medications or MAO inhibitors.</li> <li>▶ No hospitalizations or emergency room visits in past 3 years</li> <li>▶ No disability, most recent greater than 3 years ago</li> <li>▶ No suicide ideation within the past 3 years</li> </ul> | <ul style="list-style-type: none"> <li>▶ May currently have some symptoms</li> <li>▶ Diagnosis of bipolar disease</li> <li>▶ May be taking medications including anti-psychotics but no MAO inhibitors</li> <li>▶ May include hospitalization or emergency room visit, but none in last 2 years</li> <li>▶ Disability: 1 episode but not within the last 2 years; currently fully recovered with normal activities</li> <li>▶ No suicide ideation within the last 6 months</li> </ul> | <ul style="list-style-type: none"> <li>▶ High: Currently experiencing multiple symptoms</li> <li>▶ High: May be taking anti-psychotic medication or MAO inhibitor</li> <li>▶ High: Recent hospitalizations within the last 2 years but not within the last 12 months</li> <li>▶ Disability: Recent disability within last 2 years but not within the last 12 months, now fully recovered</li> <li>▶ 1 suicide attempt; postpone 3 years from attempt. 2 attempts; postpone 5 years from last attempt</li> <li>▶ Decline: Any suspicion of medication abuse or taking 4 or more psychiatric medications</li> <li>▶ Decline: Disability within the last year</li> <li>▶ Decline: Hospitalized in last year</li> </ul> |

**Note: One suicide attempt within the last 3 to 9 years will add a low to moderate table rating to the above categories. More than one suicide attempt will lead to a higher rating to decline to the above categories.**

**Note: No waiver of premium available with any rating for depression/anxiety disorder. In reviewing depression/anxiety disorders, classifications may vary depending on all other criteria.**

### OCCUPATIONAL RISK

Most occupations do not require an additional premium. Those that are substandard are rated due to an increased risk of accidents, exposure to carcinogens, overseas locations, or potential for criminal involvement, and would generally be rated with flat extras. The following are examples of the types of occupations that may be rated:

- ▶ Bartenders
- ▶ Structural iron construction workers
- ▶ Gambling industry
- ▶ Automobile racers
- ▶ Explosives industry
- ▶ Loggers
- ▶ Divers

Refer to the *Occupations Rating Schedule* (1013789) for additional information.

### AVOCATIONAL RISK

When underwriting an avocational risk, the following are taken into consideration: the nature of the activity, training/equipment used, observance of safety rules, frequency, future participation, professional/amateur status, and medical and lifestyle history. The primary hazard is accidental death. Those who belong to formal organizations and who only participate in limited or supervised activities present the best risk. The following are examples of the types of avocations that may be rated:

- ▶ Automobile or motorcycle racing
- ▶ Bobsled racing
- ▶ Motorboat or powerboat racing
- ▶ Cave exploration/spelunking
- ▶ Mountain climbing
- ▶ Sky diving

Refer to the *Avocations Guidelines* (1012888) for more information.

### PREMIUM COMPARISONS

The following are some sample annual premiums as of May 2020 to give you an idea of how a rated case may compare with someone with a Preferred or Standard rating.

| TERM ESSENTIAL 10 \$250,000 DEATH BENEFIT |            |            |                       |                       |                       |                       |                       |                       |                       |                       |
|---|------------|------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | Non-Smoker | Smoker     | Table A<br>Non-Smoker | Table B<br>Non-Smoker | Table C<br>Non-Smoker | Table D<br>Non-Smoker | Table E<br>Non-Smoker | Table F<br>Non-Smoker | Table G<br>Non-Smoker | Table H<br>Non-Smoker |
| Male,<br>Age 45                           | \$617.50   | \$1,162.50 | \$792.50              | \$915.00              | \$1,042.50            | \$1,220.00            | \$1,475.00            | \$1,725.00            | \$1,980.00            | \$2,360.00            |
| Male,<br>Age 55                           | \$1,122.50 | \$2,600.00 | \$1,465.00            | \$1,702.50            | \$1,952.50            | \$2,295.00            | \$2,792.50            | \$3,280.00            | \$3,777.50            | \$4,515.00            |
| Female,<br>Age 45                         | \$532.50   | \$1,075.00 | \$680.00              | \$782.50              | \$890.00              | \$1,037.50            | \$1,252.50            | \$1,462.50            | \$1,677.50            | \$1,995.00            |
| Female,<br>Age 55                         | \$742.50   | \$2,225.00 | \$960.00              | \$1,110.00            | \$1,267.50            | \$1,485.00            | \$1,800.00            | \$2,110.00            | \$2,425.00            | \$2,892.50            |

In some cases, a “temporary extra” is added to the premium for certain conditions. A temporary extra is a set dollar amount per thousand dollars of insurance that is added to the premium for a limited period of time. The exact amount and time are dependent on the actual condition and date of diagnosis and are determined by Underwriting.

## DELIVERING A RATED CASE

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Most applicants know in advance if there is a chance they will be rated, especially if you did a proper job of uncovering medical conditions and preparing your client for this possibility at the point of sale. Use this highlighter to “ballpark” a rating when quoting a premium. As noted on the chart on the previous page, it is easy to see how a rating can greatly impact the premium for the same amount of coverage. You will need to prepare a client for this possibility at the point of sale to avoid a surprise at policy delivery.

Remain confident when delivering a rated case. You may find that many people with health considerations feel fortunate to get the protection they need at a reasonable price, so you are delivering good news rather than bad.

Resell the need. Your client made the decision to purchase life insurance to meet a need. Even if the premium is higher than he/she expected, that need still exists, and, in fact, it may be greater because of the increased health risk. Acceptance of the policy will transfer that risk from your client’s family to the insurance company.

**Important Note for VUL, SUL, and UL:** If the case is issued at a rating higher than anticipated, the billed premium should be adjusted. The rating will not change the premium being billed automatically.

## CAN A SUBSTANDARD RATING CHANGE?

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Insureds whose medical conditions improve after a specified time period may be able to improve their rating class. Ratings can generally be reviewed two years after a policy has been in force. The case will be completely reevaluated by Underwriting, with new examinations and medical tests. This benefit is not guaranteed in the contract, but it is a privilege that Prudential offers to many of its policyowners who have been charged an extra premium.

### Examples of conditions that could improve over time include:

- ▶ An overweight individual who has had substantial weight loss.
- ▶ An individual with high blood pressure who has had consistently good readings and is not taking any medication to control hypertension.

### Examples of conditions that generally are not eligible for rating change consideration include:

- ▶ Individuals who have had a heart attack.
- ▶ Individuals with heart valve replacement.

A good way to determine if a rating can be reevaluated is to review the rating letter that Underwriting sent out with the rated policy. If reconsideration of the rate is possible, the letter will generally indicate it. It is important for you to know that we continuously update our underwriting guidelines to keep up with new advances in medicine and medical treatments.

## APPEALS

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Your Underwriting department is committed to assigning the fairest rate for each insured based on the information gathered during the underwriting process. This highlighter is designed to explain the basis of ratings and provide you with the confidence to place the policy as quoted.

In some cases, additional information may be uncovered about the rated condition while preparing to place the policy. If you believe this information will have a material effect on the rating, please contact the Underwriting department to discuss the new information. Keep in mind that the majority of “appeals” do not result in a change in rating, and medical ratings should not be appealed unless new information is available that you and your client believe will impact the final decision.

If there is agreement with the underwriter that the new information may change the rating class, the policy must not be placed. Return the policy, along with your written documentation and any additional information provided by the client or the client’s physician. It is important to note that additional information can also change the rating to a more unfavorable classification.

## DOCUMENTATION

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Complete and comprehensive documentation of the medical history is especially important when submitting an application for what you believe may be a substandard case. A cover letter is recommended. The more information you and your client provide, the easier it is for Underwriting to make a final decision and avoid unnecessary delays in processing the case.

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This material is not intended to provide medical advice. Availability of insurance and rates will vary based on the satisfaction of underwriting criteria. Underwriting rules are subject to change at our discretion.

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