

## BUILD TABLE

		Total Mortality									
Super Preferred	Preferred		125%	150%	175%	200%	225%	250%	300%	350%	400%
130	132	4'8"	189	200	208	215	220	227	238	247	256
133	137	4'9"	193	204	212	218	225	231	242	251	260
137	142	4'10"	197	208	216	223	229	235	247	256	265
141	148	4'11"	201	212	220	226	233	239	257	260	269
145	154	5'0"	205	216	224	232	238	243	255	264	273
149	160	5'1"	210	221	229	237	242	247	259	268	277
153	166	5'2"	214	225	232	240	246	252	258	271	280
158	172	5'3"	219	230	238	246	252	258	271	280	289
162	176	5'4"	225	236	244	252	259	265	278	288	297
166	182	5'5"	231	242	250	258	265	272	285	295	304
170	187	5'6"	237	248	256	264	271	278	292	302	311
176	193	5'7"	243	254	263	271	279	286	300	310	319
182	198	5'8"	250	262	271	279	287	294	308	318	327
188	204	5'9"	257	270	279	288	295	302	317	327	336
193	209	5'10"	264	277	286	295	302	309	324	335	345
199	215	5'11"	271	284	293	303	310	317	332	343	353
205	221	6'0"	279	292	301	311	318	325	340	351	361
211	227	6'1"	287	300	309	319	326	333	348	360	370
216	233	6'2"	295	308	317	327	334	341	356	369	379
222	239	6'3"	303	316	325	335	342	350	365	378	388
227	245	6'4"	311	324	333	343	351	358	374	387	397
233	251	6'5"	319	332	341	351	359	367	383	396	406
238	258	6'6"	326	340	349	359	367	375	392	405	415

## SMOKING DEFINITION

A **SMOKER** is defined as anyone who has smoked one or more cigarettes in the twelve months immediately preceding the date of the application.

Manulife currently offers four classifications (five for Term) based on smoker/non-smoker differentiation. They are:

- Superpreferred non-smoker, for Term only (no tobacco past 5 years)
- Preferred non-smoker (no tobacco past 24 months)
- Standard non-smoker (no cigarettes past 12 months)
- Preferred smoker
- Standard smoker

The available rate classes are:

**Superpreferred Non-Smoker (Term only)** – meets the superpreferred criteria and has not used any form of tobacco or nicotine products in the last 5 years.

**Preferred Non-Smoker** – meets preferred criteria and has not used any form of tobacco or nicotine products in the last 2 years.

**Standard Non-Smoker** – no cigarettes last 12 months, **and either:** **1.** Does not meet all preferred criteria **or:** **2.** Uses other tobacco or nicotine products (e.g. pipes, cigars, chewing tobacco, nicotine gum or patch).

**Preferred Smoker** – cigarette use within the last 12 months, but otherwise meets preferred criteria.

**Standard Smoker** – cigarette use within the last 12 months and does not meet preferred criteria.

### Ceremonial Cigar Use

An occasional cigar smoker may qualify for preferred non-smoker rates if he/she smokes less than 12 cigars or less per year and microunalysis is free of nicotine or its metabolites. For more details, contact your Manulife Financial Underwriter.

## PREFERRED UNDERWRITING

Our preferred classes have been developed using both medical and non-medical criteria. To qualify for preferred rates, the face amount must be \$100,000 or greater (\$250,000 or greater for Term).

### Preferred Underwriting Criteria

Your client must meet the following criteria to qualify for superpreferred or preferred class.

Ages 20-70		Preferred Criteria		Superpreferred Criteria (Term Products only)		Ages 71 and up		Preferred Criteria	
Blood Pressure (Treated and Untreated)	Up to 135/85 Up to 140/90	to age 55 age 56 – 70		Up to 135/85	to age 70	Blood Pressure (Treated and Untreated)	Up to 140/90		
Build	Within Preferred Build Table.			Within Superpreferred Build Table		Build	Within Preferred Build Table		
Cholesterol (Treated and Untreated)	Up to 230 mg/dl Up to 250 mg/dl	to age 55 age 56 – 70		Up to 210 mg/dl Up to 230 mg/dl	to age 55 age 56 – 70	Cholesterol (Treated and Untreated)	Over 159 mg/dl but less than 300 mg/dl		
Chol/HDL ratio	Up to 5.5 Up to 6.5	to age 55 age 56 – 70		Up to 4.5 Up to 5.5	to age 55 age 56 – 70	HDL Cholesterol	Must exceed 35 mg/dl		
Family History	No more than one immediate family member died or diagnosed before age 65 of/with coronary disease, stroke or kidney disease.			No immediate family member died/diagnosed before age 65 of/with coronary disease, stroke or kidney disease.		Serum Albumin	Must exceed 3.6 gm/dl		
Personal History	No history of diabetes, cardiovascular disease, cerebrovascular disease, or cancer. (Tumors that would be taken standard immediately after excision may qualify for preferred.) No rateable history.			No history of diabetes, cardiovascular disease, cerebrovascular disease, or cancer. (Tumors that would be taken standard immediately after excision may qualify for superpreferred.) No rateable history.		Functional	Must have the ability to independently perform all the activities of daily living.		
Alcohol/Drug	No history of alcohol/drug abuse or treatment within the past 10 years.			No history of alcohol/drug abuse or treatment within the past 10 years.		Cognitive	No evidence of cognitive impairment.		
DWI/Reckless	No driving while intoxicated or reckless driving convictions within the last 5 years or no more than one conviction over 5 years ago.			No driving while intoxicated or reckless driving convictions within the last 10 years, or no more than one conviction ever.		Personal History	No history of diabetes, cardiovascular disease, cerebrovascular disease, or cancer. (Tumors that would be taken standard immediately after excision may qualify for preferred.) No rateable history.		
MVR	Less than 3 moving violations within the last 2 years.			Less than 2 moving violations within the last 2 years.		Alcohol/Drug	No history of alcohol/drug abuse or treatment within the past 10 years.		
Aviation	No participation within the last 12 months.			No participation within the last 12 months.		DWI/Reckless	No driving while intoxicated or reckless driving conviction within the last 5 years or no more than one conviction over 5 years ago.		
Hazardous Sports	No participation within the last 12 months.			No participation within the last 12 months.		MVR	Less than 3 moving violations within the last 2 years.		
						Aviation	No participation within the last 12 months.		
						Hazardous Sports	No participation within the last 12 months.		

One retest is permitted for blood pressure, cholesterol, or CHOL/HDL ratio, where a real possibility of averaging to superpreferred or preferred exists.

Minor deviations over the published cutoff for cholesterol, CHOL/HDL ratio, build, blood pressure may qualify an individual for a small measure of underwriting judgement in the best case scenarios. Conversely, some cases meeting superpreferred or preferred criteria may be excluded for other significant medical reasons.

## FINANCIAL UNDERWRITING

Manulife's reputation for progressive financial underwriting is well known, and is supported by the highest telephone and inspection report limits in the industry.

### Importance of Cover Letter from Producers

We depend on you as our best source of financial information. The cover letter provides us with a comprehensive source of "up-front" information and that means less hassle for your clients and faster underwriting and issue of your cases. A cover letter is helpful in all cases, but is a requirement for amounts of \$2,500,000 or more and for all juvenile cases. For amounts less than \$2,500,000, or if the proposed insured is age 71 or older, a cover letter is highly recommended.

Your letter should highlight the following information.

#### For personal insurance:

- Background of sale, purpose of the coverage, and how the amount was determined
- Total insurance applied for as well as in-force, pending, and replacement details
- Applicant's income and net worth, listing assets and liabilities

#### For business insurance:

- Purpose for coverage, how the amount was determined, job function and percentage of ownership in the company
- Any details pertaining to loan agreements
- Projections on new business ventures
- Any other information that you feel may provide greater insight into the case

### Insurable Interest Considerations

It is a legal requirement that a valid insurable interest exists at the time a policy is issued.

An individual has an unlimited legal insurable interest in his/her own life, but for underwriting purposes the amount of insurance is governed by the financial details of the case, and not by the affordability of the premium.

We must establish that the death benefit will approximate the financial loss created by the untimely death of the insured and not be a windfall for the beneficiary.

### Other Financial Considerations

The Financial Questions on the application must be completed for all amounts of business insurance. They must also be completed for personal insurance if the amount applied for is \$250,000 or more, or if the proposed insured is age 71 or older.

To avoid underwriting delays, please attach to the cover letter copies of any pertinent information such as the estate plan or other analysis, or the most recent Financial Statements.

The chart on the following page outlines how various amounts are justified and indicates any additional data that may be required to substantiate specific needs.

## Guidelines for Amount

Purpose	Additional Requirements	Guideline Formulas
<b>Income Replacement</b>	<ul style="list-style-type: none"> <li>• Cover letter for amounts of \$2,500,000 or more, or if proposed insured is age 71 or older</li> <li>• Financial Statements should be included if available</li> </ul>	Age Factor x Earned Income To age 40                    20 age 41-55                    15 age 56-65                    10 age 66-74                    5
<b>Charitable Remainder Trust</b>	Donor's total estate value and confirmation of trust donation amount	Value of donated assets
<b>Personal Loan</b>	Loan details: amount, purpose, repayment schedule, interest rate charged	100% of outstanding loan balance to creditor, remainder to life insured's estate
<b>Juveniles</b>	Cover letter to include: family insurance history, family financial details, gifting details, ownership arrangements	For amounts up to \$100,000 coverage should not exceed 50% of parent's insurance. Larger amounts are subject to individual consideration.
<b>Charitable Contributions</b>	Contribution record to establish pattern of support and involvement	Present value of anticipated future contributions to the charity

## Guidelines for Amount

Purpose	Additional Requirements	Guideline Formulas																								
<b>Estate Conservation</b>	<ul style="list-style-type: none"> <li>• Copy of Estate Analysis</li> <li>• Personal Financial Statements</li> </ul>	<p>Net Worth x Estate Tax Rate.</p> <p><b>Maximum Projections</b> (Based on a growth rate of 6-8% – higher growth rates subject to individual consideration.)</p> <hr/> <p><b>Individual*</b></p> <table border="0"> <tr><td>To age 45</td><td>20 years</td></tr> <tr><td>46 – 55</td><td>15 years</td></tr> <tr><td>56 – 65</td><td>10 years</td></tr> <tr><td>66 – 70</td><td>9 years</td></tr> <tr><td>71 – 75</td><td>7 years</td></tr> <tr><td>76 – 80</td><td>5 years</td></tr> <tr><td>over 80</td><td>Individual consideration</td></tr> </table> <p>* Substandard lives will lower the projection period.</p> <hr/> <p><b>Survivorship**</b> Based on age of the younger life.</p> <table border="0"> <tr><td>To age 55</td><td>20 years</td></tr> <tr><td>56 – 65</td><td>15 years</td></tr> <tr><td>66 – 75</td><td>12 years</td></tr> <tr><td>76 – 80</td><td>7 years</td></tr> <tr><td>over 80</td><td>Individual consideration</td></tr> </table> <p>** Substandard and uninsurable lives will lower the projection period.</p>	To age 45	20 years	46 – 55	15 years	56 – 65	10 years	66 – 70	9 years	71 – 75	7 years	76 – 80	5 years	over 80	Individual consideration	To age 55	20 years	56 – 65	15 years	66 – 75	12 years	76 – 80	7 years	over 80	Individual consideration
To age 45	20 years																									
46 – 55	15 years																									
56 – 65	10 years																									
66 – 70	9 years																									
71 – 75	7 years																									
76 – 80	5 years																									
over 80	Individual consideration																									
To age 55	20 years																									
56 – 65	15 years																									
66 – 75	12 years																									
76 – 80	7 years																									
over 80	Individual consideration																									
<b>Buy/Sell Partnership, Stock Redemption</b>	<ul style="list-style-type: none"> <li>• Corporate financial statement</li> <li>• Corporate letter outlining how corporate value determined</li> </ul>	<p>Percentage ownership times corporation's fair market value</p>																								
<b>Key Person</b>	<ul style="list-style-type: none"> <li>• Financial questionnaire</li> <li>• Income tax return to substantiate income</li> <li>• Company financial statements</li> <li>• Key value to the company</li> <li>• How amount was determined</li> <li>• Financial impact of loss</li> <li>• Specific skills, experience</li> </ul>	<p>5 – 10 x income depending on the circumstances as outlined in the requirements</p>																								
<b>Business Loan Collateral</b>	<ul style="list-style-type: none"> <li>• Loan details: amount, purpose, duration, other collateral, interest rate, repayment period</li> <li>• Must be a key individual</li> </ul>	<p>No more than 70% of loan</p>																								
<b>Deferred Compensation, Executive Fringe Benefits</b>	<ul style="list-style-type: none"> <li>• Corporate Financial Statement</li> <li>• Eligibility rules for participation</li> <li>• Formula used to determine individual amounts of coverage</li> </ul>	<p>Amount required to fund the benefits for each executive</p>																								

