

# FIELD UNDERWRITING GUIDE



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# MUTUAL TRUST LIFE SOLUTIONS<sup>SM</sup>

Policies are underwritten by Pan-American Life Insurance Company or Pan-American Assurance Company



## Overview

Welcome to Mutual Trust Life Solutions's Field Underwriting Guide. We encourage you to familiarize yourself with this guide and use it to help market to new clients and service existing ones.

There are many moving parts when assessing a risk, but we pride ourselves in our attention to favorable underwriting factors to offset those less so. This complete and holistic approach allows us to offer your clients the best possible rate class - every time.

At Mutual Trust, you, and the relationships you build with your clients, are very important to us. We are committed to providing fair and consistent underwriting, outstanding customer service and quality products. It's the Mutual Trust Advantage and our promise to you!

### Mutual Trust Advantage

*Direct access to our underwriters*

*Decisions are always on the table for discussion, our goal being to help you sell the decision*

*High standards for a timely completion of work:*

- New Business will be reviewed in 1 business day
- Mail will be reviewed within 2 business days

Underwriting rules are subject to change. This guide will be revised when necessary.

## Important Contact Information



### UNDERWRITING DEPARTMENT

**Case Managers:** (800) 323-7320, Option 5 | [CaseManager@mutualtrust.com](mailto:CaseManager@mutualtrust.com)

Visit the agent website for 24/7 real time case status: [agent.mutualtrust.com](http://agent.mutualtrust.com)

### Submission of Applications, Requirements and Correspondence



Mutual Trust's electronic submission platform allows agents to complete a life insurance application, obtain signatures, and submit the application electronically.

Advantages of easy@pp include:

- Information entered is automatically populated on all required forms
- Correct forms are automatically populated based on the solicitation state and the sales scenario
- Application is submitted in good order
- Work can be saved and completed later
- Underwriting can start sooner
- Policies can be issued quicker
- Commissions can be paid sooner!

Electronic Upload: Go to [agent.mutualtrust.com/bookofbusiness](http://agent.mutualtrust.com/bookofbusiness) and select the "Create New Message & Send Document(s)" button.

Fax: (800) 522-0449

## Life Application Completion Tips



### LIFE APPLICATION COMPLETION TIPS

- A valid driver's license or government-issued photo ID is required for the applicant
- All questions should be asked and all answers recorded completely and legibly
- Any alteration, correction or addition made to an application must be initialed by the applicant
- The children's insurance rider requires all children actual age 19 and under to be listed on page 1 of the application, as well as a separate page 6 and 7 for each child
- The additional insured rider requires the proposed additional insured to be listed on page 1 of the application, as well as a separate page 6 and 7 for each additional insured
- If medical testing or major surgery has been advised but not yet completed, please wait to submit the application until completed

## Medical Underwriting



### PARAMEDICAL EXAMINATIONS

Preparing your client for the paramedical exam:

- Names and dosages of current medications
- Names, addresses and phone numbers of any doctors or clinics visited in the last five years
- List of medical conditions or diagnoses including date diagnosed, treatment and result of treatment
- Limit salt and high cholesterol foods 24 hours prior to exam
- Refrain from drinking alcoholic beverages for at least 12 hours prior to appointment
- Avoid strenuous exercise 12 hours prior to examination
- Limit caffeine and nicotine one hour prior to appointment
- Drink a glass of water one hour prior to appointment
- Get a good night of sleep prior to examination

**Exams completed by a personal physician are usually not acceptable for insurance underwriting purposes.**

**Exams by relatives or associates are not acceptable under any circumstances.**

### Preferred Paramedical Providers:

Orders should be placed for MTL/Pan-American Life (Oak Brook).

- ExamOne—examone.com | (877) 933-9261
- American Para Professional Systems, Inc. (APPS)—appslive.com | (800) 727-2999
- Insurance Medical Services, Inc. (IMS)—imspamed.com | (877) 808-5533

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## AGE AND FACE AMOUNT REQUIREMENTS

Face amounts are based on the Underwriting Risk Amount, as identified on the underwriting report following the policy illustration. Risk amount is based on total of policies placed in force and applied for within 12 months with Mutual Trust.

For whole life and term policies, use age nearest. For indexed universal life policies, use age at issue.

Age	0–17	18–40	41–50	51–55	56–60	61–70	71+
\$0–\$49,999	Non-Med	Non-Med	Non-Med	Non-Med	Non-Med	PMED BCP HOS	PMED BCP HOS
\$50,000– \$99,999	Non-Med	Non-Med	Non-Med	Non-Med	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS SA
\$100,000– \$249,999	Non-Med	Non-Med <sup>1</sup> Term Excluded <sup>2</sup>	Non-Med <sup>1</sup> Term Excluded <sup>2</sup>	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS EKG	PMED BCP HOS EKG SA
\$250,000– \$500,000	Non-Med	Non-Med <sup>1</sup> Term Excluded <sup>2</sup>	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS EKG	PMED BCP HOS EKG SA
\$500,001– \$1,000,000	Consult UW	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS	PMED BCP HOS EKG	PMED BCP HOS EKG	PMED BCP HOS EKG SA
\$1,000,001– \$5,000,000		PMED BCP HOS PFQ*	PMED BCP HOS PFQ*	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG SA PFQ
\$5,000,001 and up		PMED BCP HOS PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG PFQ	PMED BCP HOS EKG SA PFQ

PXM: Physical Measurements | PMED: Paramed Exam | BCP: Blood Profile | HOS: Urinalysis | EKG: Electrocardiogram | SA: Senior Assessment  
PFQ: Personal Financial Questionnaire | \*\$2,000,000 and greater

Non Medical<sup>1</sup>: Non-medical underwriting is available on cases submitted via [easy@pp](mailto:easy@pp) using Automated Underwriting and Risk Analysis ("AURA") reflexive questioning. Non-medical cases will be considered Standard risk.

Term Excluded<sup>2</sup>: Order PXM, BCP and HOS

## AGE OF ACCEPTABLE REQUIREMENTS

In the absence of significant medical history, the paramed exam (PMED), physical measurements (PXM), EKG, blood profile (BCP) and urinalysis (HOS) are acceptable for the periods of time indicated here. Paramed exams that are over 6 months old will require a Statement of Health. Please consult our underwriting department with any questions.

Test	Proposed Insured Age	Requirement Age
EKG	All ages	12 months
PMED, PXM	<70	12 months
PMED	≥70	6 months
BCP, HOS	<70	12 months
BCP, HOS	≥70	6 months

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## **TELEMED UNDERWRITING (Whole Life and Indexed Universal Life)**

For an application to be considered for TeleMed underwriting, it must include all of the following criteria:

- Applicants ages 18–50
- Underwriting Risk Amounts of \$100,000 to \$1,000,000
- Standard and Preferred risk classes (not available for Substandard risk classes)
- U.S. citizen or permanent resident
- Application is filled out completely, including all medical questions, and submitted with all required forms (i.e. HIPAA, etc.)

### ***Do not order medical exams for cases submitted for TeleMed underwriting consideration!***

If you submit a case that meets all these criteria, do not order exams. Let the proposed insured know to expect a call. Please advise your client that the scheduling call will come from (866) 405-2095. If the client misses the call, they should call (844) 594-2415 (the phone number specifically assigned for scheduling Mutual Trust cases). We'll arrange a tele-underwriting interview with the proposed insured through ExamOne. Refer to the Century II sales illustration for the Underwriting Risk Amount. The underwriting report generated with the illustration indicates "TeleMed will be ordered by Mutual Trust" on qualifying cases.\*

\* We will randomly select a small sample of TeleMed eligible applications for full underwriting. If one of your cases is selected, we will notify you and ask you to order normal requirements on the case.

## **ACCELERATED UNDERWRITING (Exclusively for Term Applications)**

For an application to be considered for accelerated underwriting, it must include all of the following criteria:

- It is for term insurance: SelecTerm 10, 15, 20, or 30
- Proposed insured meets criteria for a Preferred Plus non-tobacco or Preferred non-tobacco risk class (accelerated underwriting is not available for Standard, Substandard or tobacco risk classes)
- Age of proposed insured is 19–50
- Death benefit is \$100,000–\$500,000
- Application is filled out completely, including all medical questions (section 14), and submitted with all required forms (i.e. HIPAA, etc.)

### ***Do not order medical exams for cases submitted for accelerated underwriting consideration!***

If you submit a case that meets all these criteria, do not order exams. Upon receiving the application, an underwriter will review it, along with information from the databases, to determine if the case can be approved without a medical exam or if it requires full underwriting. If full underwriting is required, you will be notified by email and any necessary medical requirements will be identified as pending. Upon completion of these requirements, the application can go through our traditional underwriting process.



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## NON-TOBACCO RISK CLASSIFICATION CRITERIA

The following chart provides an overview of our non-tobacco risk classification criteria. The minimum face amount to be considered for a Preferred class is \$100,000.

Criteria	Preferred Plus	Preferred	Standard
Substandard Risks (medical & nonmedical)	None	None	None
Medical History	No history of diabetes, internal cancer, melanoma history or any other significant medical history	No current treatment, observation or diagnosis for or significant history of diabetes, internal cancer, melanoma, cardiovascular history, kidney disease, respiratory history or any other significant medical history	In certain circumstances, an applicant with a history of well controlled diabetes, certain cancers, well controlled cardiovascular disease and other medical history may be eligible for standard
Alcohol/Drug Abuse or Misuse	No history for 10 years	No history for 10 years	No history for 5 years
Driving Record	No DWI/DUI or reckless driving for 5 years and no more than 2 moving violations in 2 years	No DWI/DUI or reckless driving for 3 years	No ratable driving history
Family History	No incidence before age 60 in parents or siblings of cardiovascular disease, stroke or cancer. Applicants age 60 and over may qualify with only one incident prior to age 60	No death before age 60 in parents or siblings of cardiovascular disease, stroke or cancer. Applicants age 60 and over may qualify with only one death prior to age 60	No ratable family history
Aviation, Avocation & Occupation	No private aviation (including co-pilot or student pilot) and no ratable avocation or occupation within the past 3 years	No private aviation (including co-pilot or student pilot) and no currently ratable avocation or occupation	Some private aviation may qualify for standard. Contact our underwriting department for details
Blood Pressure	130/80, no current treatment	140/90, blood pressure stable and controlled with a single medication	Non-ratable blood pressure control based on age of applicant
Lipids	Cholesterol 220, Chol/HDL ratio 5.0, no treatment within past 12 months	Cholesterol 240, Chol/HDL 5.0, treatment ok, lipid levels maintained for 12 months or more	Cholesterol 300, Chol/HDL 7.0
Residence	Permanent U.S. residence for 3 years	No rating related to residence	No rating related to residence
Foreign Travel	No ratable travel	No ratable travel	No ratable travel
Tobacco Use	No use of tobacco or nicotine in any form within the past 48 months	No use of tobacco or nicotine in any form within the past 24 months	No use of tobacco or nicotine in any form within the past 12 months

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## HEIGHT AND WEIGHT CHART

Height	Maximum Weight			
	Preferred Plus (Male)	Preferred Plus (Female)	Preferred (Male & Female)	Standard (Male & Female)
5'0"	141	125	156	171
5'1"	145	127	160	177
5'2"	155	129	165	183
5'3"	160	132	169	189
5'4"	165	135	173	195
5'5"	170	139	178	201
5'6"	175	141	183	207
5'7"	180	145	185	213
5'8"	185	149	194	220
5'9"	190	153	200	226
5'10"	195	157	206	233
5'11"	201	161	213	240
6'0"	205	165	218	246
6'1"	210	170	224	253
6'2"	215	175	230	260
6'3"	221	180	237	267
6'4"	226	185	243	275
6'5"	231	190	250	282
6'6"	236	195	257	289



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## TOBACCO/MARIJUANA USE

### Tobacco

We consider a tobacco/nicotine user as anyone who uses tobacco or nicotine in any form (cigars, cigarettes, e-cigarettes, vaping, hookah, pipe, chewing tobacco, nicotine gum or patches, etc.) and with any frequency.

Qualifications for non-tobacco risk classifications are based on the number of months the person has not used tobacco prior to the application.

<u>STANDARD</u>	<u>PREFERRED</u>	<u>PREFERRED PLUS</u>
12 months	24 months	48 months

Mutual Trust tests for the presence of cotinine, the metabolite of nicotine, as part of the urinalysis. We DO NOT re-test for any positive test, but a proposed insured may re-qualify for non-tobacco consideration after 12 months.

### Occasional Cigar Use

Occasional cigar users may qualify for non-tobacco rates if all of the following requirements are met:

- Use is limited to no more than twice a month
- Current urinalysis must be negative for nicotine (cotinine)
- Use must be admitted on the application and/or paramed exam with full details provided
- Must not have tested positive for nicotine (cotinine) with another carrier within the past 12 months

### Marijuana Use

- Recreational use can be considered at a non-tobacco rate class (Preferred not available)
- We will rate CBD use for underlying condition (Preferred is available)
- Current use for age 18 and under will not be considered

### Medical Marijuana Use

- APS will be required and decision will be based on medical history requiring the prescription
- Smoking or vaping will be considered at a tobacco rate class

\*Personal or business coverage is not available to applicants involved in administrative duties, growing, distribution, or sales associated with the marijuana industry.

## ATTENDING PHYSICIAN STATEMENTS (APS)

An APS will be requested routinely for the following age and face amounts:

Age	Face Amounts
0–17	Underwriting discretion
18–49	\$3,500,000 and up
50–59	\$2,000,000 and up
60–64	\$1,000,000 and up
65–69	\$500,000 and up
70–74	\$100,000 and up
75 up	All cases

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Any condition may require an APS but the following list includes the most common “for cause” impairments. An APS will be requested for the impairments shown below.

- Alcohol or Drug Treatment, within 5 years
- Aneurysm
- Angina Pectoris (Chest Pain)
- Bariatric Surgery (Gastric bypass/Lap Band) within the last 2 years
- Barrett’s Esophagus
- Bronchiectasis
- Cancer or Tumor history (not Basal Cell or Squamous Cell)
- Carotid Artery Disease
- Chronic Fatigue Syndrome, diagnosed within last year
- Coagulation Disorders (hemophilia, clotting deficiencies, thrombosis)
- COPD (Including Emphysema and Chronic Bronchitis)
- Connective Tissue Disorders
- Crohn’s Disease
- Diabetes, Type 1
- Eating Disorders, treated and recovered within last 5 years
- Embolism
- Endocarditis, if recovered greater than 1 year
- Epilepsy or Seizure Disorder
- Heart Disease and other Heart Disorders including Arrhythmias
- Hematuria (blood in urine)
- Hospital Admission within last 12 months
- Hypertension, age 35 and under or requiring 3 or more medications
- Kidney Disease or Disorder, chronic
- Liver Disease or Disorder
- Melanoma
- Multiple Sclerosis
- Muscular Dystrophy
- Nervous System Disorders
- Obesity, rated Table 5 or higher
- Pancreatic Disorders
- Paralysis excluding quadriplegia
- Parkinson’s Disease
- Peptic Ulcer (duodenal and gastric)
- Pericarditis
- Psychiatric Disorders (bipolar disorder, major depressive disorder, schizophrenia)
- Rheumatoid Arthritis
- Stroke or TIA (transient ischemic attack)
- Suicide Attempt
- Syncope, cause unknown or within last year
- Systemic Lupus Erythematosus (SLE)
- Ulcerative Colitis
- Vertigo, cause unknown or within last year

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## QUICK IMPAIRMENT RATING GUIDE

### Common Conditions Excluded from Preferred Rate Class:

- Asthma on steroid or multiple medications
- Atrial Fibrillation or Flutter
- Chronic Kidney Disease
- Chronic Lung Disease
- Chronic Pain
- Coronary Artery Disease
- Crohn's Disease
- Diabetes (Impaired Glucose Tolerance, Gestational, Pre-Diabetes)
- Epilepsy or Seizure Disorder
- History of Blood Disorders
- History of Internal Cancer
- Heart Valve Disease or Congenital Heart Disease
- Hypertension requiring 3 or more medications
- Major Depressive Disorder
- Marijuana Usage (Recreational or medicinal)
- Polycystic Ovarian Syndrome

### Excluded from Standard Rate Class:

- Bipolar Disorder
- Cardiomyopathy
- Cerebral Vascular Disease
- Chronic Glomerulonephritis
- Chronic Liver Disease
- Chronic Pancreatitis
- Chronic Respiratory Disorder and Smoker
- Diabetes, poor control and/or multiple co-morbidities
- Heart Disease, bypass or stent, under age 60
- Heart Valve Replacement
- Marijuana, frequent use
- Monoclonal Gammopathy of Unknown Significance (MGUS)
- Multiple Sclerosis
- Pacemaker, under age 60
- Parkinson's Disease, under age 60
- Peripheral Vascular Disease
- Polycystic Kidney Disease
- Psoriatic Arthritis, requiring chronic treatment
- Rheumatoid Arthritis, requiring chronic treatment
- Systemic Lupus Erythematosus (SLE)

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## Uninsurable:

- AIDS
- Alzheimer's Disease
- Amyotrophic Lateral Sclerosis (ALS)
- Automatic defibrillator (AICD) implanted
- Autonomic Neuropathy
- Ascites
- Brain or Central Nervous System Cancers
- Cancer Treatment, current
- Cirrhosis without abstinence from alcohol
- Congestive Heart Failure
- Cor Pulmonale
- CREST syndrome
- Alcohol or Drug Dependency, within 2 years of treatment
- Cystic Fibrosis
- Dementia
- Down's Syndrome
- Esophageal Varices
- Huntington's Disease
- Hydrocephalus, untreated
- Mesothelioma
- Myelofibrosis
- Myeloma
- Organ Transplant (Heart, Pancreas, Liver, Lung)
- Oxygen Therapy
- Pregnancy with history of prior complications, can consider after childbirth
- Pulmonary Hypertension, primary idiopathic
- Quadriplegia
- Renal Failure/Dialysis
- Renal Transplant in the last year
- Rett's Disorder
- Sarcoidosis, Stage 3 (ATS Stage IV)
- Sclerosing Cholangitis
- Suicide Attempt in the last year
- Systemic Lupus Erythematosus (SLE) with Renal or Cerebral Involvement
- Whipple's Disease, untreated
- Xeroderma Pigmentosum

## NON-MEDICAL RISKS

The following are some of the most common non-medical activities we receive inquiries about.

### Driving Risk (Uninsurable):

- DUI, age 21 and under
- DUI in the last year, ages 21-25
- Multiple DUI's, 3 years since last event
- License currently suspended, if related to moving violations
- License revoked

### Criminal Activity (Uninsurable):

- Currently on probation or parole, can consider 1 year after release
- Criminal charge is pending
- History of 2 separate felony convictions

## Financial Underwriting



### BENEFICIARY, OWNER AND PAYOR ARRANGEMENTS

#### Beneficiaries

One of the key principals of financial underwriting is that the beneficiaries and owners should have a valid interest in the continued life of the proposed insured. This is often referred to as an "insurable interest." Insurable interest represents a probable financial loss to be suffered by the beneficiary/owner should the insured die prematurely, and the financial loss would be as great as the total line of life insurance being considered. Generally a person has an insurable interest in the life of another where there is a reasonable expectation of financial gain from the continued life and a financial loss resulting from the untimely death of the other person. Whether an insurable interest is acceptable may be subject to specific state statutes.

The following beneficiaries may generally be assumed to have an insurable interest in the life of the proposed insured:

- Spouse, fiancé(e), domestic partner, child, parent, grandparent, siblings
- Business partners, employers if the insured person is a director, officer or high level employee
- Charitable organizations as described in this guide

If a beneficiary is other than those listed above, the underwriter may request additional details, such as:

- Why was the beneficiary named? What is the purpose of the coverage?
- Will the beneficiary suffer a financial loss in proportion to the amount of coverage applied for in the event of death of the proposed insured?

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## Owners and Payors

The following traditional owner/payor situations may be assumed to be acceptable:

- A parent or legal guardian owning a child's policy purchased during the child's school years, with all children being insured for like amounts
- A grandparent owning a policy on a grandchild where the application is signed by the parent or legal guardian and all grandchildren should be insured for like amounts
- A spouse, fiancé(e) or domestic partner owning his or her partner's policy
- Business partners owning policies on each other for buy-sell purposes. All partners should have policies unless they are uninsurable.
- A business owning a policy for the purpose of stock redemption, split dollar, or deferred compensation for an employee
- A business entity owning a policy on a key employee
- Coverage owned by a former spouse to comply with a divorce decree
- A trust as the owner/payor, provided the trust is established for the benefit of parties with insurable interest  
*Please note: If the trust is the owner, the trust must also be the payor.*

## INCOME REPLACEMENT LIMITS

These income factors encompass all life insurance in force and applied for when earned "income replacement" is the objective. In the absence of specific objectives described in a cover letter or discussed with our underwriting department, the following income factors may apply:

Age	Income Factor
≤ 40	30
41–50	25
51–60	20
61–65	15
66–70	10
>70	Consult underwriting

## NON-WORKING SPOUSE

We will allow for an amount equal to the total in force as the working spouse, up to \$1 million. Face amounts above \$1 million will be considered on an individual consideration basis.

Information required:

- Annual household income
- Household net worth
- Total in-force on spouse
- Cover letter required for amounts above \$1 million or for a face amount greater than working spouse explaining any special circumstances and if any dependents

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## PREMIUM AFFORDABILITY

Premium affordability should be demonstrated for the total premium of all policies pending and in force. The higher the disposable income, the higher the premium-to-income ratio allowed, generally not to exceed 25% of gross income, earned and unearned. On cases where the source of the premium is other than income, details regarding the specific source of funding will be needed along with an explanation regarding why this source is being used. If using net worth as a source of premium, generally the premium should not exceed 25% of the client's liquid assets. Cases that exceed the guidelines will require a detailed cover letter and additional information may be required for suitability review.

The determination of an acceptable premium-to-income ratio depends on a number of factors, including but not limited to:

- The needs and objectives of the applicant
- The composition of current income and net worth
- The source of the funds used to pay premiums
- Purpose of coverage being applied for

## JUVENILE COVERAGE

Juveniles are defined as 15 days through age 17.

Risk amounts up to \$500,000:

- At least one parent/guardian will need to have twice the amount being applied for on juvenile (unless specific state statutes apply)
- If other parent does not have twice the amount being applied for on juvenile, provide a cover letter with details to include circumstances regarding the lack of in-force coverage and/or why additional coverage is not being applied for on the parent
- All siblings must have equal amounts of coverage, either in face amount or premium being paid
- Owner and beneficiary must be either the parent(s)/guardian or grandparent(s) (if grandparents are purchasing the coverage)
- If grandparents are purchasing coverage, then the parent(s)/guardian must sign the application, and all grandchildren must be covered with either the same face amounts or same premium

Risk amounts over \$500,000: Individual consideration (consult the underwriting department)

## BANKRUPTCY

### Chapter 7

We can consider coverage upon discharge of the bankruptcy if one of the following conditions applies:

- If the discharge was less than 12 months ago, and the proposed insured is employed full-time, we may request a copy of either a current pay stub and/or tax return that documents an income in proportion to the amount applied for and in force.
- If the discharge was greater than 12 months ago, income verification may not always be requested. However, there must be a financial justification for the amount of coverage applied for and the coverage in force.



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## Chapters 11, 13

We will consider an application if the applicant is currently in Chapter 11 or 13 bankruptcy and has started making regular debt payments and the financial data supports the total line of coverage to be in force.

- The amount of income considered will be reduced by the amount of the debt payment made, as per court direction, and
- Copies of court papers directing repayment may be required

## Multiple Bankruptcies

We will not consider coverage until the last bankruptcy has been discharged for a minimum of 24 months and the current financial data supports the total line of coverage in force and applied for.

## BUSINESS INSURANCE

Four primary uses of business insurance are to fund buy/sell agreements, protect against the loss of a key person, set up executive bonus plans, and cover business loans.

### Buy/Sell

Buy/Sell, or business succession or business continuation coverage, is limited to the market value of the proposed insured's portion of the business as detailed in the buyout or buy/sell agreement, or third party financials. We will request details regarding the business valuation method used and who completed the valuation.

### Key Person

Key Person coverage financially protects the company from adverse financial impact if a key employee dies suddenly. The policy will provide funds to assist in recruiting and training a replacement, in addition to helping replace any lost profits and helping strengthen the balance sheet to assure creditors that the business will continue. We generally will consider a maximum amount of 10 times total compensation. In some situations, for example age, time to retirement, industry, location, etc., 3 to 5 times compensation is an appropriate maximum.

### Executive Bonus

Executive Bonus plans provide employers a tax-favored way to attract and retain key employees with the benefits of life insurance protection. The plans are easy to establish and administer (IRS approval is not required), the employer can select and change participants, and they are tax deductible for the employer under Section 162 of the Internal Revenue Code as long as the compensation is reasonable.

### Business Loan Coverage

There must be a minimum of 5 years remaining on the loan. Coverage is limited to 75% of the loan, prorated per each owner's share of the business. The business will be the owner and beneficiary, with collateral assignment to the debtor.

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## Business Planning Checklist

To ensure we have all the documents we need to efficiently process life applications for your business owner clients, we've developed the following checklist. We suggest you review it as soon as you begin working with a prospective client and refer to it often during the sales process.

Required for All Business Planning Concepts:

- Cover letter (includes brief overview of company and plans being purchased)
- Instructions on owner(s) and beneficiary(ies)
- Business Financial Questionnaire; recommended for all corporations (Form No. 4513)\*
- Personal Financial Questionnaire; recommended for all closely held proprietorships or partnerships (Form No. 4510)\*
- Certification of Beneficial Owner(s) (Form No. N-011)\*
- All forms signed by the necessary individual in his or her capacity as "owner" or "president" and on behalf of the business
- TIN for the business on a W-9 form\*
- When business is the payor and using electronic funds transfer, account and signature information must pertain to the business

Additional Requirements for Buy/Sell Agreements:

- The agent should have a copy of the Agreement (either equal or proportional ownership interest among all parties to agreement) in his or her files. A copy of the Agreement should not be sent to Mutual Trust.
- Triggers for payout
- Valuation of business and/or method for determining it (book, stock, capitalization, etc.)
- Whether all participants in agreement will be insured. If they aren't, how will this be addressed and does this provide opportunity for another sale?

Additional Requirements for Key Person Plan:

- Purpose of plan (value to the business, usually expressed as 5 to 10 times income)
- Position key person holds in company
- Years key person has been employed by the company or been in the industry in a similar key role
- Will key person be more valuable to the business in the future? If so, why?
- Employer Owned Life Insurance Notice and Consent (Form No. 1856)\*

Additional Requirements for Executive Bonus Plan:

- Expected bonus or death benefit

Additional Requirements for Business Loan Coverage:

- Purpose of loan
- Amount of loan
- Terms of loan (interest rate, flexibility)
- Date due
- Lender
- Assignment of Life Insurance Policy as Collateral (Form No. 4164)\*

\* Forms are available on the Agent Website

# MUTUAL TRUST LIFE SOLUTIONS<sup>SM</sup>

*Policies are underwritten by Pan-American Life Insurance Company or Pan-American Assurance Company*

## CHARITABLE GIVING

Charitable giving life insurance is purchased in favor of a charity or an institution to replace the potential value of future contributions by the donor or purely as a gift. Most situations are reasonable and financially acceptable, but the insurable risk of loss to the institution should be closely related to the potential loss suffered by the charity, and the donor's personal insurance needs should already be met.

In order to establish insurable interest the underwriter will request evidence of a past and present affiliation with the institution showing an established pattern of giving or a pledge of future donations, which may be outlined in a letter of agreement between the donor and the charity. The insured should be the owner of the contract, unless it is part of a tax advantaged planning situation, and face amounts should usually be limited to approximately 10 times the annual contribution.

If the policy is to be owned by the foundation or charity, a letter of agreement between the institution and the applicant must be provided outlining the terms of the arrangement and the tax status of the charity or foundation. We will not participate in any arrangement where the source of the premium is a third party with no real ties to the insured or owner.

## ACTIVE MILITARY

Mutual Trust underwrites most active U.S. military personnel the same as any other risk. We do not postpone or decline a risk based on the individual being deployed, as long as it is not to a "hot spot". We are unable to consider Special Forces, SEALs, Rangers, Marine Force Recon, Air Force Special Ops or other similar units.

- Military pilots may be rated and an Aviation Exclusion Rider (AER) will not be considered
- Military Questionnaire and a Military Disclosure and Affirmation Form must be submitted with the application

## FOREIGN NATIONALS LIVING IN THE U.S.

Mutual Trust will consider applications for select foreign nationals living in the U.S., including permanent residents/green card holders, visa holders, and non-U.S. citizens without a green card or visa. Please note that an Employment Authorization Document (work permit) alone does not confirm an applicant's legal residency status in the United States.

Mutual Trust will not be able to consider foreign nationals residing in their native countries, including citizens of Canada and Mexico, or foreign nationals residing in a country other than the United States. Citizens of a country that are subject to OFAC sanctions will not be considered without a green card.

### Permanent Residents/Green Card Holders

- Full-time residency in the United States for at least 1 full year; 3 years for consideration at Preferred Plus
- Ages 18 and over (juveniles considered if parents are citizens/permanent residents and also applying)
- Copy of green card may be requested
- Social security number required
- Term or permanent coverage available
- Routine age and amount requirements

# MUTUAL TRUST LIFE SOLUTIONS<sup>SM</sup>

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## Visa Holders

Mutual Trust will consider applicants who hold one of the following visa types:

- **E-1, 2:** Treaty Investor or Investor
- **F-1, 2:** Academic Students and their spouse or children
- **H1-B:** Professional Temporary Workers employed in a specialty occupation that require highly specialized knowledge and college-level education, or its equivalent
- **K-1:** Fiancé(e) of a U.S. citizen
- **L-1, 2:** Intra-Company Transferees and their spouse or children
- **M-1, 2:** Vocational students and their spouse or children
- **N-8, 9:** Parent or child of Special Immigrant
- **TN:** Qualifying professional under NAFTA agreement
- **V-1, 2:** Spouse or child of a permanent resident

Canadian immigrants living in the United States are not generally required to acquire a visa. Mexican citizens residing in the United States may hold either the above visa type, or one of the following:

- **G:** Representative to an international organization
- **I:** Foreign information media representative
- **J:** Exchange visitors (various types including au pairs, exchange students, etc.)
- **O:** Aliens of extraordinary ability
- **R:** Religious worker

## Other Requirements:

- Verifiable full-time residency in the United States for at least 1 full year (12 consecutive months) and have stable employment
- Ages 18 to 70 (juveniles considered if parents are citizens/permanent residents or visa holders and also applying)
- Copy of visa showing type and date of entry into the U.S. required
- Social security number required
- Foreign Travel Questionnaire, where applicable
- Permanent coverage only and maximum rating available is Table 4
- Premiums to be paid from a U.S. bank account
- The application must be written and completed in a U.S. state where the producer is licensed to do business
- Paramed exam, blood profile and urinalysis will be required for all amounts
- Final offer may also be based on the proposed insured's country of origin/citizenship

# MUTUAL TRUST LIFE SOLUTIONS<sup>SM</sup>

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## **Non-U.S. citizens without a Green Card or Visa**

Follow these underwriting guidelines for non-U.S. citizens without Green Card or Visa.

### Required Identification and Documentation:

- Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- Copy of valid Driver's License or Passport
- Completed copy of Form W-8BEN.PDF fillable form available from [irs.gov](https://www.irs.gov)
- For 5th Year Risk Amount above \$500,000: Copy of tax returns for past 2 years

### Additional Requirements:

- Verifiable full-time residency in the U.S. for a minimum of 3 years. If we are unable to verify using internal databases, a utility bill, signed and dated rental agreement between applicant and landlord, or other form of verification may be required.
- Paramedical Exam, Blood Profile and Urinalysis are required for all amounts
- Applicants must be between ages 18 – 70
- Permanent coverage only
- Premiums must be paid from a U.S. bank account
- Application must be written and completed in the U.S., where producer is licensed to do business



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