

# UNDERWRITING INFORMATION

## MEDICAL REQUIREMENTS FOR TRADITIONAL AND TERM PRODUCTS ONLY (11/99)

AMOUNTS	AGES>	0-30	31-40	41-45	46-50	51-60	61-Up
0 -	50,000	N	N	N	N	P	P
50,0001 -	99,999	N	N	N	P	P	P
100,000 -	200,000	PB	PB	PB	PB	PBE	PBE
200,001 -	300,000	PB	PB	PB	PBE	PBE	PBE
300,001 -	500,000	PB	PB	PBE	PBE	PBE	PBE
500,001 -	1,000,000	PB	PBE	PBE	PBE	PBE	PBE
1,000,001 -	2,000,000	MBE	MBE	MBE	MBE	MBS	MBS
2,000,001 -	5,000,000	MBE	MBE	MBE	MBS	MBS	MBS
Over 5,000,000		CONTACT HOME OFFICE					

### SYMBOLS

- N - Non Medical Application
- M - M. D. Examination and Urine Specimen
- E - Resting EKG
- P - Basic Paramedical Examination and Urine Specimen
- B - Blood Profile
- S - Stress/Treadmill EKG

The Company reserves the right to request any requirement determined necessary to properly appraise the risk.



The American Home Life Insurance Company  
Topeka, Kansas

UI-2005

For Agent Use Only

## UNDERWRITING GUIDELINES

Applications for insurance and annuities will be accepted from agents properly licensed and contracted with The American Home Life Insurance Company. Applications are a primary part of the insurance contract, so they must be the forms in use by the Company on the date coverage is requested. Outdated or superceded forms are not valid.

### A. Completing the Application:

1. Applications should be complete. Information on the application is vital to the issue of a policy, and the underwriting process may be unnecessarily prolonged without it.

2. Always specify the Plan of Insurance and Amount of Coverage. Versatile Term Plans and Riders need to be identified as ART (level benefit), DART 95 (level premium), DART (years and/or amortization). 10 Year Level Term, 20 Year Level Term, NovaTerm (10, 15, 20, 30) and Whole Life should be specified accordingly. See specific plan brochure for details.

3. The Non-Medical Information (all parts of question 1, 2 and 3 regarding tobacco use must always be completed. Whereas it is acceptable to ignore the Medical Information section of the application if an examination is required, it is advisable to complete this section for efficient processing. If an examination is delayed and a medical history is then revealed during the examination, the case may be seriously delayed.

4. Applications must be signed by all parties to the contract. We must have the owner's social security number to issue a policy.

a. The "Date" of the application must be the date the application was completed. Applications over 30 days old when received will be canceled.

b. Children under 14 should not sign; their parents or legal guardian should sign the application.

c. Third party owners must sign applications. Corporate owners must specify their corporation and have an officer sign the application. If a corporation owns the policy, we will need the tax I.D. number.

5. *Pre-Notification:* The Fair Credit Reporting Act requires applicants be notified of an Inspection Report and an MIB Report **before** either is performed. The detachable NOTICES must be given to applicants upon completion of the application.

6. *Conditional Receipt Liability:* The Conditional Receipt attached to the application will provide conditional coverage for a maximum of \$250,000 when the first modal premium is submitted with the application.

Applications submitted on a C.O.D. basis must have the receipt attached.

**AMERICAN HOME LIFE WILL NOT ACCEPT PREMIUMS UNDER THE FOLLOWING CIRCUMSTANCES.**

(Premiums will be returned directly to applicant);

- a. The application volume exceeds \$250,000.
- b. The new application plus any other new application or insurance currently in force with AHL exceeds \$250,000.
- c. Trial applications. (See D5 in this brochure.)

### B. Calculating the Premium:

1. The Annual Premium is calculated by multiplying the premium rate per thousand by the number of thousands of face amount and adding the policy fee.

2. Insurance Age is the applicant's age at his **nearest birthday** (within six months).

3. Modal Premiums:

a. *Semi-Annual:* Multiply the annual premium by .52.

b. *Quarterly:* Multiply the annual premium by .265.

c. *Monthly Automatic:* Divide the annual premium by 12 and add 50 cents.

Under the monthly automatic mode, premiums will be withdrawn from the payor's checking account monthly. The Authorization Agreement for Preauthorized Payments attached to the application must be completed, signed and accompanied by a void check or deposit ticket. Bank drafts are processed five times a month: 3rd-7th-14th-21st-28th. The Applicant should circle the date desired on the authorization. The minimum premium for a bank draft is \$5.00.

4. American Home Life does not offer direct monthly billing due to poor persistency. Quarterly premiums are available, but also show poor persistency. Your client should be aware that the Company limits the number of times a policy can be reinstated and may agree to reinstate only on the **most** persistent mode.

### C. Medical Underwriting Requirements:

The routine medical data necessary for underwriting an application can be found in the Medical Requirements table included in this brochure. These requirements cannot be waived. Any or all of these medical tests may be required by the Underwriting Department for classification of risk, despite the routine age and amount limits. It is good underwriting practice to identify features of an applicant's health that may necessitate an examination and consult with the Underwriting Department about making arrangements.

1. *Medical Examination:* The insurance examination is a confidential record and is made a part of the underwriting file only. Examiners must have no relationship to either the Proposed Insured, the Agent or have any financial interest in the insurance requested. **It is the Agent's responsibility to arrange the examination.** Examiners should send the examination to LabOne with the specimen kit.

2. *Examiners:* Insurance examinations will be accepted from Medical Doctors, Doctors of Osteopathic Medicine, and Approved Paramedical Examiners (see the list of Approved Paramedical Examiners in your sales kit). We recommend the use of Paramedical Examiners where available.

3. *SMAC Blood Profile:* All approved paramedical examiners provide this service. This test is required for all applications of \$100,000 or more.

4. *Resting EKG:* Most paramedical examiners provide this service or can arrange for this to be done.

### D. Risk Selection Principles:

Field underwriting is fundamental to the risk selection process. Your knowledge of any risk factors, not admitted by the applicant, must be provided to the Company in the Agent's Report or a separate note to avoid long underwriting delays or serious losses. Questions concerning special problems are welcomed by the Underwriting Department.

1. *Aviation Coverage:* The evaluation of applicants involved in aviation is possible only with an Aviation Questionnaire (page 4 of application). Coverage may be available on a Standard or Substandard Premium basis, or with an Aviation Exclusion Rider. However, unless otherwise notified, we will issue a policy with aviation coverage at the appropriate premium rate.

2. *Avocations:* If an applicant is involved in a hazardous sport such as motor vehicle racing, scuba/skin diving, parachuting, rodeo, etc., a Hazardous Activities Questionnaire must be completed and is on page 4 of the application. Prepare your client for the possibility of extra premium.

3. *Military Questionnaire:* To be completed by military personnel on active duty, or in the Reserve or National Guard. In time of war, it may be necessary for us to issue coverage with a War Exclusion rider.

4. *Smoking:* Our application questions deal with the use of tobacco in any form. If your client uses tobacco, specify in what form it is used.

5. *Health Impairments:* Applicants with acknowledged medical problems require special attention. A complete statement of medical history, including the names and addresses of those who have provided medical treatment and the dates of treatment is vital. Applicants with serious medical problems should submit **TRIAL** applications with the Conditional Receipt attached. No money should accompany a Trial Application.

6. *Inspections:* Information concerning other features of the applicant's medical, personal and financial history is vital to the risk selection process. Your applicants may be contacted by either a representative of an established consumer reporting service or by our Underwriting Department. We conduct telephone interviews in the underwriting of GuideStar plans for amounts \$5,000 and over and for applicants 70 years and older.

Your applicant must be informed of the possibility of an inspection through the Fair Credit Reporting Act. Be sure to leave the bottom 1/2 of page 5 with the applicant or the bottom half of the second page of GuideStar application.

### E. Policy-Issue Procedures:

The life insurance policy is a legal contract composed of the policy provisions and the application, a copy of which is placed in the contract.

1. *Plan and Amount:* The contract will be issued for the plan and amount shown on the application. The Underwriting Department cannot accept applications without plan and amount displayed. Nor can any changes be made without written instructions signed by the applicant. We discourage applications specifying premiums against which face amounts are to be adjusted.

2. *Effective Date:* Policies will take effect on the date of approval by the Underwriting Department unless a specific date is shown under Special Requests. When a specific bank draft date is requested, we will date the policy for that date. An application should not be submitted more than 30 days ahead of the requested effective date. No contract will show an effective date after the 28th of the month.

3. *Delivery Requirements:* Any delivery requirements such as money due or forms to be signed will be specified on the Policy Invoice. Always check the bottom portion of the Policy Invoice for such requirements before delivering the policy. Issued policies must be delivered and settled within 30 days of issue. If delivery requirements are not met and the Delivery Receipt is not returned in 30 days, the policy will be canceled. **Return signed Delivery Receipts to the Home Office, promptly.**

4. *Pending Period:* The pending period for applications is 45 days from the date of application. If requirements for issue have not been completed within this period, the application will be canceled as incomplete and the premium refunded directly to the applicant with a letter of explanation.

### F. Replacement:

American Home Life abides by the requirements of the regulatory authorities of each state. Several states have definite requirements for the replacement of existing life insurance. Consideration of new applications (replacing other coverage) cannot be given until the requirements of your state are met.

Please note that signed replacement forms are required to indicate no replacing is being done in Arizona, Colorado, Iowa, and New Mexico. Form U-1 REP is required by AHL if you indicate replacement on the application in North Dakota and Texas.

### G. Large Case Guidelines:

The single greatest obstacle to approving large cases is lack of financial justification for the amount of insurance requested. Ability to pay premium is not adequate justification. Applicants are frequently reluctant to provide financial information. When writing a case of \$500,000 or more, please provide a financial statement from your client or his business (depending on the beneficiary) and prepare him for such questions by the inspection company. Remember, large amounts involve reinsurance and close attention to financial details.

### H. Conversion Privilege:

In order to convert a term contract to a Non-Smoker Policy, our applicant must sign one of our Smoking Statement forms. We are obligated by the Conversion Privilege to convert on the same premium basis, but not to the Non-Smoker rates. To convert to a Non-Smoker policy, we must have the completed Smoking Statement and a urine specimen.

### I. Special Policies and Procedures:

1. *Re-Written Policies:* American Home Life will permit policies to be rewritten so long as the insured does not have

a long record of lapsed or canceled policies. However, first year commission will be paid only if the previous coverage has been lapsed or canceled for more than 12 months.

2. *Status Reporting:* Underwriting will report on the status of applications at 7 day intervals or until issued. We urge you to refer to the Policy Status Inquiry option in the Agent Zone for more frequent updates.

3. *Special Class Policies:* Every effort is made to issue coverage at standard premium rates, but some policies may be issued on a substandard basis. In such cases, a confidential letter to the insured, explaining the reason for our decision, will be sent with the policy. We are willing to review such cases for rate reduction, after **twelve** months in force. At the insured's written request, we will specify requirements for review. Those requirements must be supplied at the insured's expense. If the policy can be reissued, we will notify the Agent.

### J. Laboratory Testing and Other Requirements:

We require laboratory testing of body fluids to protect the Company and its policyowners against adverse selection and to improve our classification of risks. This testing is costly. Testing limits are set to balance the expense of testing with its protective value. An alternative to venipuncture is available to your clients under certain circumstances. Contact the Underwriting Department for details. The test results may be of interest to your clients. We will give them copies of the laboratory report upon receipt of the written request of the proposed insured.