Financial Underwriting Guidelines
Individual Life Insurance

Insurance products issued by:
Minnesota Life Insurance Company
Securian Life Insurance Company

How we look at financials

When it comes to financial underwriting, Securian Financial specializes in large death benefit applications, ranking among the industry leaders in average policy size.

We have widespread expertise with aggressive financial guidelines to manage cases well beyond our retention limits. This translates to competitive, timely decisions made by professional and experienced underwriters.

Financial underwriting

- Financial underwriting verifies a valid, insurable interest exists and justifies the amount of life insurance applied for. It maintains an acceptable level of persistency for all parties.

Insurable interest

- The death benefit must approximate the financial loss of the beneficiary created by the death of the insured.
- The amount of insurance is based on the financial details of the sale, not by the affordability of the premium.
- Insurable interest is usually straightforward. If you have an unusual situation, call your underwriter.

Cover letters

- The writing producer is the key source of financial information in the underwriting process.
- A cover letter explaining the sale's circumstances provides important information to help speed applications.
- The cover letter should include:
  - Background information on how the life insurance sale developed.
  - Purpose and need for life insurance coverage.
  - Income and net worth of the proposed insured or business.
  - Amount of insurance currently in force.
  - Applications submitted to other companies, their intended purposes and if you are the representative of record.
  - Amount of any coverage being replaced. State the reason for the replacement.
  - The total amount of coverage (from all sources).
  - Whether the sale involves premium financing.

Coverage amount guidelines

- The chart below outlines general coverage amounts for various insurance purposes. If you have an unusual case, call your underwriter.

Personal coverage/Income replacement

Age	Factor times income
Age:	Factor times income
< / = 35	35x
36-40	30x
41-50	25x
51-55	20x
56-60	15x
61-65	10x
66-70	5x
>70	Individual consideration

Estate conservation

In general, we consider an amount equal to the taxable estate value multiplied by the estate tax rate.

Estate planning projection

- We offer single-life and second-to-die coverage (using younger insured's age).
- The chart below outlines our projected estate growth rates, at various ages.

Age	Years projected	Annual growth rate
< / = 40	25	6%
41-50	20	6%
51-65	15	6%
66-70	10	6%
71-75	8	6%
Over 75	Individual case basis	

Personal loans

- We allow up to 70 percent of the outstanding balance of the loan to the creditor. Loans must be a minimum of five years.
- We require the details of the loan amount, purpose, repayment schedule, interest rate charged.

Juveniles

- We consider up to Preferred Non-tobacco rates for juveniles
- We consider up to $100,000 of coverage on juveniles without matching parental coverage[1]
- We consider up to $250,000 of coverage on juveniles provided the parents have or are pursuing a similar amount of coverage[1]
  - For juvenile coverage exceeding $250,000, we consider juvenile coverage up to 50% of an income-earning parent's in force coverage (whichever parent has greater coverage). This includes group coverage when determining total in force parental coverage.[1]
- We've expanded our consideration for grandparent gifting scenarios by removing face amount restrictions up through $250,000 of coverage[1]

Charitable contributions

- The average contribution record for the past 3 years multiplied by 10 if age 65 or younger; or by 5 if over age 65 (may require third-party financial verification).

Considerations

- Does the owner have a third-party verified contribution record for the past 3 years?
- Is the charity an irrevocable beneficiary?
- Who is the owner of the policy and the premium payer?
- Does adequate personal and estate planning coverage already exist?
- Have you verified through tax documents that the organization is an incorporated charitable entity?
- **No premium financing allowed.**

Financial suitability of premium

When the client is paying a premium from earnings, the annual premium should not be in excess of 20 percent of the annual income.

When the client is paying a premium from an asset transfer, aggregate premium and liquid net worth consideration should generally be capped as follows:

Under age 59½:

Up to 40 percent of the aggregate premium/liquid net worth. Do not allow qualified plans (401(k), 403(b), 457, IRA or Roth) to be used as a funding source, or factor them into the liquid net worth.

Ages 60-69:

Up to 30 percent of the aggregate premium/ liquid net worth and consider qualified plans to be factored into the net worth and utilized.

Ages 70+:

Up to 20 percent aggregate premium/liquid net worth and consider qualified plans to be factored into the net worth and utilized.

In cases where a client uses qualified plans as a current income stream, consideration of the use of these plans to pay the premium may not be appropriate and needs to be viewed on a case-by-case basis.

Older ages

Below are underwriting guidelines for ages 70 and older, when an amount is applied for reasons other than income replacement or estate planning needs.

- Face amounts over $3 million at age 70 and above require third-party financial documentation. See F58854-4 for more detailed information about third-party financials.
- Death benefit: Up to one times net worth.
- Premium: Affordability is a key factor. We can consider a premium up to 20 percent of income in cases where income is the source of the premium. For repositioning, we limit an aggregate premium going into the policy to no more that 20 percent of the liquid net worth.
- If children are owners and/or premium payers, please provide additional details and further explanation.

Non-income earning spouse

- We allow a $2 million face amount on a non-income-earning spouse.
  - As long as the income-earning spouse qualifies and has $2 million or more in-force coverage.
- For face amounts above $2 million on a non-income earning spouse age 50 or younger, we allow 75 percent of the income-earning spouse's in-force coverage up to a maximum of $5 million.
- If the non-income earning spouse is over age 50, we allow up to 50% of the income earning spouse's in force coverage
- If the amount requested is outside these guidelines, call your underwriter.

Buy-sell, partnership buyout, stock redemption

- We multiply the percentage of ownership by the market value of corporation.

Key person

- Annual income (salary plus bonus) multiplied by the factor below. Factor will vary depending on circumstances.
- The chart below outlines the amount of coverage available in key person sales at various ages.

Age	Factor times income
<50	up to 12x
51-60	up to 9x
>60	up to 5x

Business loan collateral

We consider face amounts up to 70 percent of a business loan amount as collateral.

Deferred compensation

- Premium amounts paid toward deferred compensation coverage can be considered part of the income when determining amounts for multiples of income guidelines.
- We consider face amounts up to 18 times the proposed insured's income.

Learn more

about our financial guidelines; call your underwriter today.

1. Not applicable in New York

Premium Financing cases must meet Securian Financial's published guidelines before applications will be considered.

Securian Financial does not accept non-recourse premium financing cases. Your clients should understand that premium financing is one of many options that can be used to pay for life insurance premiums. Clients should also understand that collateral may be called by the lender according to the terms of their loan agreements. Clients should be advised to consult their tax and legal advisors prior to engaging in a premium financing transaction.

This information should not be considered as tax or legal advice. Clients should consult their tax or legal advisor regarding their own tax or legal situation.

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