



UNDERWRITING 201: THE KEY TO THE IMPORTANT CASE

In my almost 50 years of wholesaling life insurance, the one hard and fast rule that you always need to remember is to NEVER make an underwriter guess during the underwriting process. When an underwriter guesses what you mean or didn't say, there is always a chance that he will guess the wrong way. *You can eliminate that risk by completely answering any and all questions on the application.* When necessary – write more details in the explanation section to explain why your situation is different from all of the rest.

This rule applies on the small term case, the case for the average family and especially on any case where there are extenuating circumstances that need to be explained.

There is ONE SOLUTION that always works on these cases and it is the most overlooked solution. Many agents don't know the ground rules on writing a underwriting cover letter so they just don't write one. A well written underwriting cover letter can make your case for you! Today, I would like to give you an outline to follow so that you can improve the chances that your next important case will get every opportunity to get a favorable rating.

UNDERWRITING COVER LETTER

Who Are You? In the first paragraph, introduce yourself; "I am an agent and I have known the applicant and his family for over 20 years. This letter is intended to give you circumstances that could benefit Mr. Prospect during the underwriting process."

Identify the Client: "Mr. Jones is the President of the Jones Lumber Company in (my city) and his company is the result of years of hard work and sacrifice by him and his family. He is a good family man with 3 kids and 5 great-kids. His business is prospering but and he is key to the success that they enjoy. It is because of his importance to the business that we are applying for \$2,000,000 of coverage on his life today."

Justify the Insurance Amount: "While Mr. Jones currently owns \$500,000 of key person insurance; the coverage is 8 years old. Because the company has grown, and 20 employees have been added during those 8 years, he now needs \$2,500,000 of coverage. \$1,500,000 of this coverage will go to his family as estate protection, and the balance will be used to provide a benefit to the company to help them adjust without him."

Insurance in Force / Replacement: "The \$500,000 of coverage that he now owns is universal life and will be retained. He currently owns \$500,000 of term coverage as protection for his family with XYZ Life. That coverage will be replaced with the new coverage. His current policies were both issued on a preferred non tobacco basis."

Medical Assessment/Family History: "Mr. Jones enjoys excellent health and his family is also healthy. His father lived to be 94 and his mother died 6 months later at age 93. Neither of his parents had cancer or heart disease. He has two brothers, and both are in excellent health. Mr. Jones is very active. He plays one-on-one basketball every Saturday

with his buddies from college. He runs 3 miles every other day and enjoys swimming in the summer and playing a little hockey in the winter. He maintains a strict diet (his wife is a nutritionist).”

Any Special Circumstances: “Mr. Jones broke his arm two years ago playing basketball. While he was in the hospital, he contracted a staph infection that caused him to miss six weeks of work and kept him in the hospital for over a month. During that time, the staph was treated and cured – but his liver functions were off the charts during the treatment. He is fully recovered, and the only medication that he currently takes is a statin for his cholesterol levels.”

Owners and Beneficiaries: “The Corporation will own the key man policy and will be the beneficiary. The personal policy will be owned by The Jones Family Trust dated (date). The trust will also be the beneficiary.”

Offer to Help: “Thank you for taking the time to review the special circumstances of this case. If there is anything that you need to help you make your decision, just let me know and I will try to get it for you.”

Thank you for your business!



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