



PRU'S UNDERWRITING GUIDE TO PLACING A LARGE CASE

LATEST UPDATE:
UNDERWRITING
INFORMATION

Life insurance is designed to offer your clients key protection for their families, business, and protection needs. When you have clients shopping for policies with large face amounts, capacity has to be added to the traditional underwriting criteria of age, health, and financial situation.

In today's market, capacity is derived from two sources: reinsurance carriers, and direct company retention. Obtaining adequate capacity to fill a jumbo line, while remaining compliant with the rules governing reinsurance and direct company capacity, is difficult. That is why it is important to understand the key underwriting terminology and concepts associated with large cases.

Automatic Binding Limit:	The largest amount of insurance that can be ceded to a reinsurer, or in the case of a reinsurance pool, to all reinsurers in the pool, without sending the case to reinsurance for underwriting.
Capacity:	The amount of life insurance volume available, either from a direct company or a reinsurance company, on a single insured life.
Jumbo Limit:	The maximum ultimate total line of life insurance on a single life that a company can accept without shopping a case facultatively. Ultimate total line is the total amount of all life insurance in force and applied for with all companies, without regard for the intent to place or replace.
Facultative:	Cases that must be underwritten by one or more reinsurance companies are called facultative cases. Whenever a direct company exceeds either its automatic limit or its jumbo limit, it must shop the case facultatively for reinsurance approval.
Lead Underwriter:	When the desired capacity of life insurance is so large that it will require a cooperative effort of several companies to fill that line, one company is often chosen as the coordinator for seeking maximum coverage available in the reinsurance market. That company is often called the lead underwriter, or lead carrier.
Reinsurance:	The process whereby one company (the reinsurer) agrees to indemnify another company (the ceding company) against all or a part of the loss the ceding company may incur under insurance policies it has issued.
Retention:	The maximum amount of coverage a company will keep on any insured life.
'Shopping' Cases:	Shopping is the process of making applications to multiple companies, when the intent is to only place the best offer from one. Indiscriminate and unmanaged 'shopping' of an application may complicate and slow the underwriting process down, and tie up the reinsurance market, which may result in obtaining lower than desired levels of coverage for your clients.
SuperPoolSM:	Pru's participation in the SuperPool SM established by a major reinsurance company means that it can now offer an additional \$35 million of facultative capacity on its entire product portfolio.

Prudential offers some of the highest retention and capacity limits in the industry and has facultative relationships for those cases that exceed our \$65 million capacity. Add in Prudential's Rock Solid ratings and our expertise in getting large cases placed and next time you have a client with a large case – you need to Think PRU first!

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