

Jumbo Case Submission Guidance

If you are fortunate enough to find yourself working on a very large case, it will be crucial to package the case properly prior to submission. Application submissions with face amounts of \$10 Million, \$20 Million, and \$50+ million are scrutinized and underwritten much differently than smaller cases. It is important to never lose sight of that basic principle. Your success in completing a large case all begins with how the case is presented to the underwriting department in the first place. There are 4 primary areas that you should focus on addressing prior to the submission of your case:

1) Cover Letter – Perhaps the most important piece to your submission will be the first thing the underwriter reviewing the case sees: the agent-prepared Cover Letter. Your letter will serve to guide the underwriting team through the application content and at the same time help to bring attention to specific topics they will focus on. The 2 most important things to address are what the purpose of the coverage is and how it will be paid for. You should also provide a brief background of how long you have known or worked with the client and any background info about the client that may not be relevant in looking at the application by itself. Most high net worth individuals own a business and it is good to explain the background of the business and/or how the client amassed their net worth. Lifestyle and exercise habits should also be mentioned. Sometimes these intangible aspects of a client's background can help to secure a better rate class and dramatically affect the cost of the coverage.



2) Financial Data – underwriting of large policies changed dramatically from the boom days of 2007 and 2008 and earlier. Much like the mortgage crisis and their underwriting practices of late, life underwriters are taking nothing for granted and nearly everything is “black” or “white”. For cases \$10,000,000 and above, you should expect to have to produce your client's last 2 years tax returns, a Financial Statement breaking down specific Assets & Liabilities, and possibly 3rd-party verification of assets. Verification of assets can be actual checking account statements, brokerage statements, property tax notices, and/or CPA or Attorney prepared cover memos substantiating the proposed insured's assets. If real estate comprises a large portion of your client's net worth, plan on the underwriters performing public internet searches using sites like Zillow.com to estimate property values. Underwriters are very leery of real estate valuations and will often times ask for actual appraisals or comps of similar real estate parcels. Similarly, underwriters are cautious when a proposed insured lists a private company as the bulk of their net worth. Again, be prepared to justify how the valuation you list inside the application was reached. If a case is submitted with lofty valuations of real estate and private company assets and it is later determined that those were grossly overvalued it can greatly damage how the case is viewed.

3) Existing Coverage – It is very important to explain in your cover letter how much existing coverage is in force on your client's life. Remember that it does not matter who the owner of the coverage is on the existing policies (an employer, ILIT, partnership, Life Settlement company, etc) the concern is the total amount of coverage insuring that person. It also does not matter if the coverage is joint 2nd-to-die coverage or individual coverage they are treated equally. If you omit coverage that is in force on the application it could potentially cause the carrier to be able to escape a death claim due to misrepresentation – it is serious business and every effort should be made to disclose any and all existing coverage.

4) Other Pending Applications – there is a big difference between a trial/informal medical submission to multiple companies and a formal completed application. Once a formal application is submitted to a carrier, the amount of that coverage is treated the same as in force coverage. This is difficult for many agents to understand but is very important to be aware of. If your client has \$40,000,000 of existing coverage and is looking for \$10,000,000 more but has submitted formal applications to 3 carriers with the intention of “taking the best offer” that client has quickly exceeded most carrier's “Jumbo Limit” (typically \$65,000,000 of in force and pending applications) which can create problems in the underwriting of the case.

In closing, a well-prepared “package” that is presented the FIRST TIME its submitted has the best shot at moving smoothly through the underwriting process. A clean submission will contain the following elements: a well-drafted detailed cover letter followed by a fully-completed application package followed by supplemental 3rd party financial documentation (checking account statements, brokerage statements, property tax statements, etc), followed by a listing of any and all other in force policies or pending applications, and finally the complete and CURRENT package of medical records. At Brokerage Professionals, Inc. we will guide you through this process and ensure that your jumbo case is submitted the right way the first time!

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