

Foresters



easy
to sell
products

Preferred & Standard Term
Underwriting Guide

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Term product highlights

Foresters Life Insurance Company's competitive term rates and the best term renewals in the industry are just two great reasons to sell our term products.



Another is our unique debit/credit underwriting approach which ensures that your clients always get our best possible rate, even if a higher premium was quoted at time of application.

The end result is more favorable underwriting decisions, more satisfied customers and a much more positive underwriting experience for all involved.

At Foresters Life Insurance Company, we evaluate the whole person, taking the big picture into account.

If your client doesn't meet a certain underwriting criteria, but has other compensating factors, they may be eligible for a better rate.

Fact:

Based on recent review, over 80% of Foresters Life Insurance Company's non-smoker preferred term applicants were approved for one of our Top 3 preferred term classes (A, B or C)*.

The balance of this document is a summary of Foresters Life Insurance Company's current preferred and non-preferred term products and features, risk classification structure and underwriting process.

*Based on preferred non-smoker applications approved between August 1 and August 31, 2010.



Understanding Debit / Credit Underwriting

All Canadian preferred term insurance providers underwrite on the basis of a set of underwriting criteria that the applicant must meet in order to qualify for better than standard (preferred) term rates. This means that even one underwriting requirement not met could jeopardize your clients' chances of getting a preferred rate. For example, if your client exceeds the weight criteria by as little as ten pounds, they can be excluded from a preferred class, even if they have other favorable factors that make them a better than standard risk.

Foresters Life Insurance Company is the only Canadian insurer currently using the Debit/Credit Underwriting Approach. At Foresters Life Insurance Company, we evaluate the whole individual, rather than basing our decision on the underwriting metrics alone. This means that we won't penalize your client if he or she fails to meet our exact requirements, provided they present other favorable, compensating factors, whether health or lifestyle, that offset the unfavorable risk.

How does it work?

When your client is assessed by Foresters Life Insurance Company's underwriter as a standard risk, our Automated Underwriting System (AUS) further classifies him/her against our preferred underwriting criteria, including build, blood pressure, cholesterol, family history, driving record, medical history, and lifestyle to determine if they are eligible for one of our best preferred class rates.

The system "debits" your client for preferred underwriting criteria they do not meet and "credits" them for favorable health and lifestyle factors that improve their mortality risk. The net effect is that even if your client fails to meet a particular preferred requirement, other compensating factors could offset this and still allow them to qualify for a preferred rate. This debit/credit approach works in your client's favour – over 80% of our non-smoker term applicants routinely qualify for our Top 3 preferred risk classifications*.

*Based on preferred non-smoker applications approved between August 1 and August 31, 2010.

If your client is not approved for a standard or better rate, they will be evaluated using the same debit/credit approach to determine if they are eligible for one of our two “borderline standard” rates (Class E or F for non-smokers). A sub-standard extra rating would only be applied in those cases where the applicant did not meet the criteria for a borderline or better rate.

Some underwriting criteria are based strictly on specialized test results; therefore, care should be taken when quoting exact premiums. The final risk classification and rate can only be determined after all underwriting evidence has been collected and assessed by Foresters Life Insurance Company’s underwriters.

Understanding Foresters Life Insurance Company’s Term Classifications

In determining which risk classification (and premium rate) your client qualifies for, our underwriters must first determine if the applicant presents a “standard” or “sub-standard” mortality risk, or somewhere in between. Figure 1 shows Foresters Life Insurance Company’s term risk classifications, by smoker category, from preferred class through to sub-standard.

Term Rates

Preferred Term Applicants (see Figure 2)

- For non-smoker preferred term applicants, the “standard” non-smoker risk class is Class D (or Class H for all nicotine users and Class J for cigar/pipe smokers). Preferred risk classes (A, B and C) reflect a discount on the Class D rate. Occasional cigar smokers¹ are categorized as non-smokers under Class D.

(Figure 1)

NON-SMOKERS	Users of ANY Tobacco/ Nicotine Products (except “occasional” cigar smokers ¹)	Cigar or Pipe Users ONLY (except “occasional” cigar smokers ¹)
Class A – Preferred Class B – Preferred Class C – Preferred	Class G – Preferred	Class I – Preferred
Class D – Standard (occasional cigars allowed ¹)	Class H – Standard	Class J – Standard
Class E – Borderline Standard ² Class F – Borderline Standard ²	RATED – Sub-standard	RATED – Sub-standard
RATED – Sub-standard		

Issue Criteria & Amounts

(Figure 2) Preferred Term

Term Product	Description	Issue Amount Limits (Base Plan)	Notes
Preferred T5	Preferred Renewable & Convertible Term	\$50,000 – \$5,000,000	T5 is only available on a preferred basis.
Preferred T10		\$250,000 – \$5,000,000	T10 Indexing Option is available.
Preferred T15		\$50,000 – \$5,000,000	T15 is only available on a preferred basis.
Preferred T20		250,000 – \$5,000,000	
Preferred T25			
Preferred T30			

- Preferred term applicants who do not meet the preferred risk criteria, could be assessed as standard, borderline standard, or sub-standard (rated) by Foresters Life Insurance Company’s underwriters.
- Extra ratings, if required on preferred term applicants, will be applied to the Class F (borderline) rate.

Note:

For face amounts between \$100K and \$250K, it may be beneficial to consider a Standard, vs. Preferred term product since standard term “extra ratings” are applied to the standard Class D rate.

¹ Occasional cigar smoking for Term 10 and Term 20 products is allowed in Standard (non-smoking) class D, provided the maximum is 1 cigar per month, urine test is negative for nicotine and occasional cigar smoking is disclosed at time of application. Cigarillos are not allowed.

² Borderline and sub-standard rates are not quoted in industry competitive illustrations, but are applied at time of issue.

Standard (Non-preferred) Term Applicants (see Figure 3)

- Standard non-smoker applicants will receive the standard (Class D) rate provided they meet the requirements.

Note:

If a higher mortality risk is assessed by Foresters Life Insurance Company's underwriter, a sub-standard extra rating will be applied to the standard Class D rate.

- Standard smoker applicants (or other nicotine users, except occasional³ cigar smokers) will receive the Class G or I rate, depending on the type of nicotine product used (see Figure 1, page 5).
- Applicants who do not qualify for a preferred rate will be assessed as either standard or sub-standard. Depending on the underwriter's decision and the smoking status, they will be offered either a standard rate (D, G or J), or a borderline rate (E or F) or extra rating.
- Extra ratings on standard 10, 20, 25 and 30 year term will be applied to the Class D standard rate for face amounts under \$250K.

Mortality Extras & Ratings

Insurance companies assess a sub-standard rating or extra premiums to cases that fall outside of the preferred or standard underwriting criteria. At Foresters Life Insurance Company, non-smoker applicants who present a worse than standard mortality risk are first considered for one of our two 'borderline' rate classes, E or F, depending on the circumstances (see Figure 1, page 5). The availability of borderline risk classes is a significant benefit to you and your clients.

(Figure 3) Standard (Non-preferred) Term

Term Product	Description	Issue Amount Limits (Base Plan)	Notes
Standard T10	Renewable & Convertible Term	Standard Term 10 and Term 20: \$100,000 – \$249,999	T10 only: Indexing Option available (see page 9)
Standard T20			
Standard T25		Standard Term 25 and Term 30: \$50,000 to \$249,999	
Standard T30			

These categories are not considered "sub-standard or rated risks" and, therefore, will not affect your client's future insurability with Foresters Life Insurance Company, or with other companies.

Foresters Life Insurance Company applicants that do not meet our standard or borderline risk criteria will typically receive an offer of a percentage-based "mortality extra" (rating). In the case of non-smokers, the percentage extra will be calculated based on the borderline (Class F) rate that the applicant would normally be eligible for based on age and amount. For smoker applicants (excludes occasional³ cigar smokers), the extra rating is added to the Class J or H rate, depending on the type of tobacco or nicotine product used.

Note:

Borderline and mortality extra rates are not available for quoting on industry competitive rate illustrations, but are offered by Foresters Life Insurance Company's underwriters at time of issue, when applicable.

Smoking Status

Whether a smoker or non-smoker, your client will be classified as preferred or standard risk (see Figure 1, page 5), with preferred applicants being offered our lowest rates.

Occasional cigar smoking is allowed in standard (non-smoking) Class D for Term 10 and Term 20 products, provided the following conditions are met:

- The maximum number of cigars smoked does not exceed 1 per month.
- A urine test is negative for nicotine.
- Occasional cigar smoking is disclosed at time of application.
- Cigarillos are not allowed.

³ Occasional cigar smoking for Term 10 and Term 20 products is allowed in Standard (non-smoking) class D, provided the maximum is 1 cigar per month, urine test is negative for nicotine and occasional cigar smoking is disclosed at time of application. Cigarillos are not allowed.

Term product features

Foresters Life Insurance Company's term products are non-participating, guaranteed renewable, and convertible. The premiums are fully guaranteed and remain level for the duration of the initial insurance term.



The policy can be renewed (without evidence of insurability) for subsequent terms. The plans are renewable to age 80 or 85, depending on the plan selected, and are convertible to any available Foresters Life Insurance Company or Foresters™ conversion product prior to age 65.

Issue Ages

Issue age is based on the 'age nearest to the insured's birthday'.

Preferred Term 5	Available for ages 18 – 70
Any Term 10	Available for ages 18 – 70
Preferred Term 15	Available for ages 18 – 65
Any Term 20	Available for ages 18 – 65
Any Term 25	Available for ages 18 – 60
Any Term 30	Available for ages 18 – 55

Conversion

All Foresters Life Insurance Company term products may be converted before age 65, without medical evidence, to any designated permanent insurance product offered by Foresters Life Insurance Company or Foresters.

Modal Factors

Semi-annual Factor = 0.52

PAC Factor = .09

Foresters™ is the trade name and a trademark of The Independent Order of Foresters, and its subsidiary Foresters Life Insurance Company is licensed to use this mark.

Preferred & Standard Term Underwriting Guide

Term product features



Annual Policy Fees

Preferred Term 5, 15, 25, 30	\$100 annually
Standard Term 5, 15, 25, 30	\$85 annually
Preferred Term 10 and Preferred Term 20	\$90 annually
Standard Term 10 and Standard Term 20 (Non-Preferred)	\$65 annually

(A policy fee discount or waiver may apply – see below)

Policy Fee Discounts

Multi-Policy Discount⁴:

For multiple policies applied for at the same time (whether Foresters Life Insurance Company, Foresters, or a combination), the full policy fee is payable on the first policy and a \$25 annual discount is applied to subsequent policies (to a maximum of 6).

To be eligible for the multi-policy discount, the policy billing information and issue dates must be the same.

Term Policy Fee Waiver:

The full annual policy fee will be waived on a term policy when applying for both a term and a permanent product (from Foresters Life Insurance Company or Foresters) on the same life at the same time.

Joint Lives

Joint term coverage is available on a joint first-to-die basis only. A reduction of 5% will be applied to the sum of both premiums (excluding the policy fee) to calculate the joint rate.

⁴Policy fee discounts or waivers are non-contractual and may be revoked or cancelled by Foresters Life Insurance Company or Foresters at any time.

Option term product features

Indexing option (Term 10 plans only)

This optional rider will automatically increase the face amount by 5% annually, beginning in the second policy year and ending when the face amount has grown by 50% of the original face amount.

The additional premium for the increase in coverage is calculated using the premium rates based on the original issue age and amount of insurance.

What you should know about this option:

- Indexing is available on T10 policies up to \$3,500,000 of original face amount.
- Indexing stops when the face amount has grown by 50%.
- A written request from the policyholder is required for early termination of this option.
- Once stopped, the Indexing Option cannot be restarted.
- Indexing is not available on sub-standard or rated cases.

Accidental Death Benefit

This option is available for issue ages 18 – 60. Premiums are guaranteed and level and the coverage expires at age 70.

Waiver of Premium

This optional rider is available for issue ages 18 – 55. The coverage expires at age 65. Rates for males and females are 10% and 15% of the base rates, respectively.

Children's Term Rider

This optional rider is available for issue ages 0 – 16. The coverage expires at the child's age 25 or at age 65 of the Life Insured, or at the end of the premium payment period of the base plan, whichever is earlier.

Contact us

For more information about Foresters Life Insurance Company's term products, we invite you to contact your Foresters Life Insurance Company Regional Sales Director or our Marketing Team.

Marketing inquiries by email:
infocdn@foresters.com

Marketing Hotline:
1 (800) 267-8777 (Toll-free in Canada)