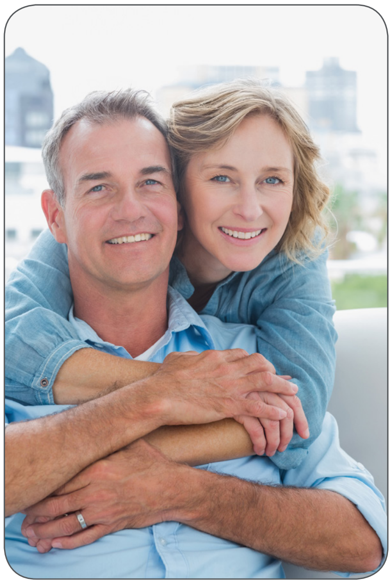
# What You Need to Know About... Field Underwriting with a Focus on Insurable Interest


## Insurable Interest Should Be In Your Interest

A reason to buy insurance is not necessarily a reason to insure. Offering your client a good reason to buy life insurance is only half the battle. You must also be prepared to offer the life insurer (the carrier) a reason to insure.

Life insurance underwriting departments publish underwriting guidelines that delineate various purposes of life insurance that pass the test of insurable interest. These guidelines also provide formulas that can be used to calculate acceptable face amounts. You should familiarize yourself with them. If you follow these guidelines and formulas, then you should be fine. If your plan falls outside of these guidelines, then the onus of explaining insurable interest is on you.



Marketing plans developed in the field that result in new value-solutions for consumers using life insurance that are not delineated in these guidelines must also satisfy insurable interest. Good field underwriting in relation to some simple, but important, tenets of insurable interest can help you present the carrier with a reason to insure.

Most insurance carriers insist that the sale make sense based on their own perspective of propriety, and they will expect the following to be true, measurable, and clear in every case:

1. The proposed-insured will be worth more alive than dead to the beneficiary for the entire life of the contract – *avoids hazard.*
2. There is a definite and measurable financial loss to the beneficiary at the death of the insured – *there is something to insure.*
3. The financial loss to the beneficiary at the death of the insured will equal, or be greater than, the face amount of the life insurance – *loss replacement, not wealth creation.*
4. The face amount is consistent with the financial status of the insured – or insured's family if the insured is a child – *insurance, not speculation.*

Piece together these tenets while thinking about your case and be prepared to show the value a beneficiary receives during the life of the insured that would end upon death. The face amount should not be unusual in the context of the client's financial status, or within the family's insurance plan, for children to be insured. No beneficiary should receive a windfall at the death of the insured. Be prepared to include a cover letter with the application or have a discussion with your Underwriter.

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