

CARRIER SELECTION

The Importance of Choosing the Proper Life Insurance Carrier

The life insurance carrier you choose to cover the risk could be as important as the risk amount and product type. Please consider the following factors, among others, in your carrier selection process:

Risk Assessment: Most life insurance underwriters use a system of credits and debits to assess a risk. These positive and negative “mortality points” contribute to a quantitative assessment. Each individual life insurance carrier offers their underwriters distinct guidelines from which to underwrite a risk both **medically** and **financially**.

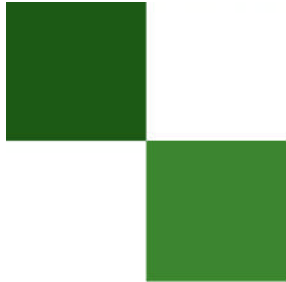
Company A underwrites a particular medical risk better than Company B. Since each carrier offers slightly different guidelines when it comes to underwriting certain risks, it is important to “customize” the carrier that best fits your personal risk factors.

Financial risk assessment offers up an entirely different set of underwriting skills. The life insurance carrier chosen to underwrite the amount at risk depends on the size of the risk, the nature of the risk, and the required financial justification supporting that risk. Underwriting large face amounts or complex advanced sales concepts requires certain sophistication by both the life insurance carrier and the underwriter.

Medical and financial underwriting could be the most important factors in the carrier selection process.

Your Life Insurance Professional is your guide in the carrier selection process and your advocate in the underwriting process. Those who familiarize themselves with risk selection and the tools underwriters use to assess risk offer you a unique benefit that most practices just don't understand.





Carrier Financials: Third-party carrier financials offer an unbiased financial measure as to the stability and claims-paying ability of a financial institution. These third-party financials are offered by such organizations as *A.M. Best Company*, *Standard & Poor's Corporation*, and *Moody's Investors Service*, among others.

Rank	A. M. Best	Standard & Poor's	Moody's
1	A++	AAA	Aaa
2	A+	AA+	Aa1
3	A	AA	Aa2
4	A-	AA-	Aa3
5	B++	A+	A1
6	B+	A	A2
7	B	A-	A3
8	B-	BBB+	Baa1
9	C++	BBB	Baa2
10	C+	BBB-	Baa3
11	C	BB+	Ba1
12	C-	BB	Ba2
13	D	BB-	Ba3
14	E	B+	B1
15	F	B	B2
16		B-	B3
17		CCC+	Caa1
18		CCC	Caa2
19		CCC-	Caa3
20		CC	Ca
21			C

The size of a carrier should be a factor as well. Would you want to risk a \$10 million claim on a carrier with admitted assets of \$100 million? That's 10% of the carrier's total assets. Generally, carriers with greater assets have the ability to accept larger risks more favorably.

Pricing: This is the most obvious in the selection process. A carrier may rank highest in all other factors listed, but it must have a competitive product to bring to the marketplace.

Product Design: Often times one gets what they pay for, which is why pricing and product design should be considered in tandem. Please consult your Life Insurance Professional on the important product features and riders available on any recommended life insurance contract.