

# UNDERWRITING

## Guide to Writing Insurance on Juveniles (Ages 0 to 17)

Writing insurance on children, juveniles, is quite different from writing insurance on adults. The parent or legal guardian has certain responsibilities, and there are rules around the child's age and the amount of insurance that you must keep in mind.

### GENERAL GUIDELINES

#### Writing the Application

- ▶ Do not write an application on a child until seven days after his or her birth and then only if the child is home from the hospital and in good health.
- ▶ The parent (or legal guardian) must be aware of and in agreement with the insurance purchase.
- ▶ The parent (or legal guardian) is responsible for providing the medical declarations.
- ▶ The parent (or legal guardian) must sign the application, authorization, and the Limited Insurance Agreement, if prepaid.
- ▶ The child does not need to be seen by the producer.
- ▶ In all states except Washington and New York, the child does not need to sign the application.
  - In Washington, a child age 15 to 17 is required to sign the application and authorization.
  - In New York, a child age 14½ and older is required to sign the application and authorization.

#### Determining the Face Amount

The amount of insurance that can be written on a child depends on two things:

- ▶ The amount of insurance in force or applied for on the parent(s) (or person supporting the child).
- ▶ The amount of insurance in force or applied for on the siblings.

The amount of insurance should be in proportion to the family insurance program. For example, all siblings should have similar amounts of insurance, unless special circumstances warrant a larger amount on one child. If that is the case, provide details in the Remarks section of the Agent's Report.

### TIMES RULE (APPLIES TO ALL STATES EXCEPT NEW YORK)

The maximum amount of insurance permitted on a child is a multiple of the amount on the parent or person supporting the child. A Times Rule is used by Prudential (and is required by law in New York state) to set the maximum amount of insurance we will consider on the life of a child.

The Times Rule shows how much life insurance must be in force and/or applied for on the life of a parent or person supporting the child (if insurable), in relation to the insurance to be carried on the child.

**NOTE FOR ALL STATES:** If the owner is a person who has an insurable interest in the life of the child and the child is not dependent on the owner (for example, a grandparent), no absolute Times Rule must be met; however, the amount applied for should be consistent with the family insurance program.

**For amounts greater than \$500,000:** Prudential's general guideline is that the provider should have four times the amount in force and applied for in all companies.

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TIMES RULE (FOR ALL STATES EXCEPT NEW YORK.) See also “Washington State—Additional Requirements,” below.	
A Total insurance in force and applied for in <i>all</i> companies on child.	B Total insurance required in <i>all</i> companies on parent or person providing support. (Multiply the amount in Column A by the number shown below.)
\$25,000	1
\$25,001 to \$500,000	2
> \$500,000	4

#### Washington State—Additional Requirements

The amount applied for on a juvenile (age 0 to 17) should be consistent with Prudential’s standard Times Rule (as shown in the chart above). Washington additionally requires that:

- ▶ The policyowner must have an insurable interest in the child’s life when the application is written.
- ▶ The amount of insurance applied for must be considered a “reasonable” cost associated with last expenses. As a general rule, if the Times Rule is met, a face amount of \$100,000 is considered reasonable. If the face amount applied for is greater than \$100,000, the Risk Underwriter may ask for additional details. Each case will be independently reviewed and outreaches will be conducted when necessary.
- ▶ If the policyowner is not the parent, the application and the authorization must also be signed by the parent or legal guardian with whom the child resides.
- ▶ All children ages 15 to 17 must sign the application and the authorization.

#### Times Rule—New York State Only For a child younger than age 14½

The maximum amount of insurance on the life of the child is restricted by state law:

- ▶ If the life of such a child is covered by other life insurance contracts at the time the policy is issued, the amount of insurance payable will be the maximum amount permitted according to the table below, less all amounts payable under all life insurance contracts on the child issued before the date of such contract.
- ▶ If the amount otherwise payable is reduced because of this restriction, Prudential will refund premiums paid, less any dividend allowed and any existing indebtedness on the pro rata amount of the reduction, plus interest at a rate to be set by Prudential.
- ▶ The total amount of insurance under this provision does not include return of premium benefits, dividend additions, or any accidental death benefits included in any contract of insurance on the life of the insured.
- ▶ Totals include all extended and reduced paid-up insurance and insurance in force on a premium-paying or fully paid-up basis.

NEW YORK STATE JUVENILE TIMES RULE		
Age of Child	<b>A</b> Total insurance in force and applied for in <b>all</b> companies on child.	<b>B</b> Total insurance required in <b>all</b> companies on parent or person providing support. (Multiply the amount in Column A by the number shown below.)
0 – 4	\$25,000	0
	\$25,001 to \$500,000	4*
5 – 14*	\$25,000	0
	\$25,001 and up*	2*

\* For children ages 15 to 17 and for amounts over \$500,000, Prudential's Times Rule should be applied.

**When the child is applying for amounts of \$25,000 and less:** New York does not require any coverage on the parent or provider; however, an explanation should be provided when the parent/provider has no insurance in force and is not applying for insurance.

**If additional insurance is being applied for on the owner's own life and such insurance is needed to meet a Times Rule:** Do not write an application on the child until the owner's contract has been issued and placed. An application on a child who is a resident of New York may not be completed outside the state to avoid a Times Rule requirement.

## ADDITIONAL INFORMATION

If you have any questions about a particular application, please contact your underwriter.

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