The substandard market is comprised of millions of people with health, occupation or avocation characteristics that result in a higher than average mortality risk. Prudential encourages this special risk business. Our competitive underwriting, allows us to offer eight special risk classes and competitive premiums. Historically, more than 10% of the business we issue is rated.

It is important for you to understand when a client has a medical condition and how Prudential evaluates some of the most common conditions from an Underwriting standpoint. By understanding which medical conditions Prudential commonly insures, you may be able to provide much needed protection to many of your existing clients and prospects that you may have thought were uninsurable. In fact, only four percent of the business we underwrite is rejected.

Awareness of your clients' medical conditions also helps you to better prepare your clients for the Underwriting process and provide a more realistic estimate of the cost of life insurance. Since not all conditions are insurable, it is equally as important for you to know which medical conditions we generally will not insure so you can reduce the number of applications that are rejected. When faced with a client you believe may not be insurable, it is always a good idea to contact Underwriting to determine if any consideration on an inquiry basis may be possible.

### Tips for Selling Life Insurance in the Substandard Market

- Uncover all important facts about the client's medical history
- Recognize that many diseases are insurable if certain conditions are met
- Be aware of the medical impairments which Prudential normally does not insure
- Use ballpark figures or illustrations for the special class ratings and premiums
- Explain to the client that these figures are subject to underwriting
- Alert your client to the possibility that additional medical information may be required during underwriting.

### Recognizing a Substandard Marketing Situation

A person with a health condition affecting his/her insurability may not be easily recognized without some probing. Ask some preliminary information about whether an applicant has had a recent heart attack, stroke or cancer. This may be a good time to ask a few additional questions to help determine the applicant's overall medical condition:

- How is your overall health? Do you have any special health or medical conditions?
- Are you currently taking any medications? If so, what type and for what reason?
- Are you currently under a doctor's care? If so, for what reason?
The answers to these questions may provide you with enough information to determine if there is a medical condition that may cause the case to be rated or rejected. If you suspect the case may be rated, you should prepare the client for this possibility. A copy of the underwriting brochure should be provided to clients.

While Prudential will consider each and every application for life insurance, there are certain medical conditions that are generally uninsurable. In these instances, it is recommended that an inquiry be submitted to determine insurability.

1. AIDS or HIV positive status
2. Alcoholism treatment within two years
3. Aneurysm present
4. Coronary disease where applicant has not returned to work since the occurrence or where there has been recent congestive heart failure
5. Drug addiction
6. Certain types of cancer, especially if the proposed insured is applying within one year of diagnosis or cessation of treatment, or if cancer is metastatic or recurrent
7. Current kidney dialysis treatment
8. Organ transplant other than kidney
9. Certain psychotic disorders (some disorders will be accepted if they are in remission)
10. Recent or multiple suicide attempts

A good rule of thumb for determining if a condition is insurable: If the applicant is no longer undergoing treatment and is actively back at work with no restrictions, the case will often be accepted for some extra premium. Any applicant with a significant medical condition who is not actively back at work or who has retired due to his/her condition may not be accepted for life insurance.

Note: The postponement period for cancer histories varies by the type of cancer. Call underwriting for additional guidance.

The following section provides a reference for some of the most common medical impairments and will help you “ballpark” ratings. The impairments covered in this highlighter are: heart attack, coronary bypass surgery, diabetes, hypertension (high blood pressure), cancer, asthma and stroke. (For more information on a particular impairment, refer to the Rx for Success newsletters.)
Each of the medical reference charts provides you with:

- questions about the applicant’s condition and symptoms which you can ask at point-of-sale to help you “ballpark” the rating which may be required. [Refer to the Documentation section of this highlighter for information about capturing and recording this information].

- a chart to help estimate the Special Class rating based on the client’s symptoms. In many cases, you can then run an illustration or estimate the premium based on this “ballpark” rating.

Make sure you tell the client that their final rating will come after a complete underwriting evaluation. Their final rating may change the premiums, and guaranteed and nonguaranteed values shown on the illustration.

The NAIC Life Insurance Illustration Model Regulation requires for certain policies that you provide the client with an illustration that matches the policy issued. If a case is rated differently than what you originally illustrated, you must provide the client with a “revised” illustration and obtain the appropriate signatures on that illustration. Our Illustrations include a feature that will “stamp” the illustration as revised.

The answers to the following questions will be important in evaluating the case:

1. On what date did the attack occur?
2. What type of treatment was administered?
3. How long were you in the hospital?
4. Have your activities been restricted?
5. Have you had any chest pains since the attack?
6. Do you have any other health problems?
7. Have you resumed normal activities?

**The Ballpark Special Class Rating**

Table D rating is a basic starting point for a medical history of heart attack. The column on the left contains favorable features that may allow the client to qualify for a Table D rating. The column on the right indicates less favorable features that are very likely to result in a higher rating.

<table>
<thead>
<tr>
<th>Table D</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at diagnosis was over 50</td>
<td>Age at diagnosis was under 40</td>
</tr>
<tr>
<td>Single attack</td>
<td>Multiple attacks</td>
</tr>
<tr>
<td>No symptoms since</td>
<td>Symptoms since attack</td>
</tr>
<tr>
<td>Resumed normal activities within 3 months of attack</td>
<td>EKG changes</td>
</tr>
<tr>
<td>No other Cardiovascular or Cerebrovascular (i.e. stroke) problems</td>
<td>Complications</td>
</tr>
<tr>
<td></td>
<td>History of Diabetes</td>
</tr>
</tbody>
</table>
Coronary Bypass Surgery

The answers to the following questions will be important in evaluating the case:

1. Did you have a heart attack before the bypass?
2. On what date did the surgery take place?
3. How many blood vessels were bypassed?
4. Have you had any heart attacks or chest pain since surgery?
5. Have there been any restrictions of activities?
6. Have you resumed normal activities?
7. Do you have any other health problems?

The Ballpark Special Class Rating

Table D rating is a basic starting point for a medical history of coronary bypass surgery. The column on the left contains favorable features that may allow the client to qualify for a Table D rating. The column on the right indicates less favorable features that are very likely to result in a higher rating.

<table>
<thead>
<tr>
<th>Table D</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at diagnosis was over 50</td>
<td>Age at diagnosis was under 40</td>
</tr>
<tr>
<td>No symptoms since bypass</td>
<td>Cardiac symptoms since bypass</td>
</tr>
<tr>
<td>Minimal Coronary disease before surgery</td>
<td>Extensive Coronary disease before surgery</td>
</tr>
<tr>
<td>Few (1-3) vessels involved</td>
<td>Four or more vessels involved</td>
</tr>
<tr>
<td>No restrictions, prompt recovery</td>
<td>Extended period of recovery</td>
</tr>
<tr>
<td>No other Vascular problems</td>
<td>Complications</td>
</tr>
<tr>
<td>No history of a heart attack</td>
<td>History of a heart attack</td>
</tr>
</tbody>
</table>

Diabetes

The answers to the following questions will be important in evaluating the case:

1. What was your age at diagnosis?
2. Are you taking insulin?
3. How often do you consult a physician?
4. Do you test for blood sugar? If so, what are the results?
5. Have you had any of the following disorders:
   a. Eye problems?  
   b. Heart disease?
   c. Kidney disease?  
   d. Poor circulation?

The Ballpark Special Class Rating

Table C rating is a basic starting point for a medical history of diabetes. At older ages, for mild conditions, a more favorable rating may be possible. The column on the left contains favorable features that may allow the client to qualify for a Table C rating. The column on the right indicates less favorable features that are very likely to result in a higher rating.

<table>
<thead>
<tr>
<th>Table C</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlled by diet or oral medication</td>
<td>Insulin dependent</td>
</tr>
<tr>
<td>Uncomplicated</td>
<td>Complications: Coronary disease, eyes,</td>
</tr>
<tr>
<td>Good blood sugar levels</td>
<td>genitourinary disease</td>
</tr>
<tr>
<td>Complies with diet restrictions</td>
<td>Blood and urine sugar levels</td>
</tr>
<tr>
<td>Frequent follow-up</td>
<td>Developed at an early age</td>
</tr>
<tr>
<td>Late onset (over age 40)</td>
<td>Doesn’t comply with restrictions</td>
</tr>
</tbody>
</table>

Note: Late onset Type 2 diabetics who do not smoke and are maintained by diet and/or oral medication with “excellent” control, have a blood pressure reading of $\leq 135/85$ an HDL of $> 45$ and no debits for build may qualify for the Non-Smoker Plus category. Refer to the Rx for Success newsletter, Diabetes Mellitus Controlled, for additional details.
### Hypertension (High Blood Pressure)

#### The Ballpark Special Class Rating

The rating for hypertension can range widely between Preferred and Table H based on the applicant’s condition. A good rule of thumb for estimating the rating is that the column on the left contains favorable features that may permit no rating or a lower rating class. The column on the right indicates less favorable features that are very likely to result in a higher rating.

<table>
<thead>
<tr>
<th>Preferred</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Good control for 1 year</td>
<td>- Poor control even with medications</td>
</tr>
<tr>
<td>- Single medication</td>
<td>- Multiple medications, frequent changes in medications</td>
</tr>
<tr>
<td>- Complies with Doctor’s advice</td>
<td>- Non-compliant with Doctor’s advice</td>
</tr>
<tr>
<td>- No other Cardiovascular/Kidney problems</td>
<td>- Other complications</td>
</tr>
</tbody>
</table>

### Cancer

#### The Ballpark Special Class Rating

Most types of cancer will generally result in a Temporary Extra premium. A Special Rating Class may also be needed depending on the case features. The amount of extra premium will depend on the features of each applicant’s condition. Generally, features contained in the column on the left may permit a lower cost per thousand or a shorter time period during which the extra premium is required. Features listed on the right may mean the client is uninsurable.

<table>
<thead>
<tr>
<th>Probable Rating</th>
<th>Probable Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Distant history</td>
<td>- Metastasis</td>
</tr>
<tr>
<td>- No metastasis</td>
<td>- Recurrent</td>
</tr>
<tr>
<td>- No recurrence</td>
<td>- Currently (or within 1 year) under treatment</td>
</tr>
<tr>
<td>- No current medication</td>
<td>- Poor follow-up surveillance</td>
</tr>
<tr>
<td>- Skin cancer (not Melanoma)</td>
<td>- Good follow-up surveillance</td>
</tr>
</tbody>
</table>
**Asthma**

The answers to the following questions will be important in evaluating the case:

1. How often do attacks occur?
2. What type of treatment/medication is required?
3. Do you require medication daily? Or just during an attack?
4. How many episodes of asthma have you had in the past year that required a visit to the emergency room or your physician?
5. Have you ever been hospitalized for an attack? If so, when?
6. How long do the attacks typically last?

**The Ballpark Special Class Rating**

Very mild asthma is typically not rated. A more significant history of asthma will generally result in a Table B or C rating. Generally, features on the left will result in a Table B rating. The column on the right indicates less favorable features that will likely result in a higher rating.

<table>
<thead>
<tr>
<th>Table B</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requires continued multiple oral medications</td>
<td>Hospitalizations or emergency room visits</td>
</tr>
<tr>
<td>No hospitalizations in past year</td>
<td>Continuous medications including oral steroids.</td>
</tr>
<tr>
<td>Rare use of steroid treatment</td>
<td>Frequent attacks</td>
</tr>
<tr>
<td>Infrequent attacks</td>
<td>Onset over age 50</td>
</tr>
<tr>
<td>No emergency room visits</td>
<td></td>
</tr>
</tbody>
</table>

**Stroke**

The answers to the following questions will be important in evaluating the case:

1. On what date did the episode occur?
2. What type of treatment was given?
3. How long was the period of recovery?
4. Have you resumed normal activities?
5. Did you have any residual effects of the stroke?
6. Do you have any other health problems?

**The Ballpark Special Class Rating**

A medical history of a stroke will generally result in Table C plus Temporary Extra premium. The amount of extra premium will depend on the features of each applicant’s condition. Generally, features contained in the column on the left may allow the client to qualify for a Table C plus a lower cost per thousand or a shorter time period during which the extra premium is required. Features listed on the right will result in a higher cost per thousand and a longer time period during which the extra premium must be paid. In some cases, the client’s condition may be uninsurable.

<table>
<thead>
<tr>
<th>Table C + Temporary Extra</th>
<th>Higher Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at diagnosis was 55 or over</td>
<td>Age at diagnosis was under 55</td>
</tr>
<tr>
<td>Single episode in distant past</td>
<td>Recent history/multiple episodes</td>
</tr>
<tr>
<td>No residuals</td>
<td>Residuals</td>
</tr>
<tr>
<td>Resumed normal activities</td>
<td>Restricted activities</td>
</tr>
<tr>
<td>No other health problems</td>
<td></td>
</tr>
</tbody>
</table>
Most occupations do not require an additional premium. Those that are substandard are rated due to an increased risk of accidents, exposure to carcinogens, overseas locations or potential for criminal involvement and would generally be rated with flat extras. The following are examples of the types of occupations that may be rated.

- atomic energy workers
- bartenders
- structural iron construction workers
- gambling industry
- automobile racers
- explosive industry
- loggers
- divers

When underwriting an avocational risk, the following are taken into consideration: the nature of the activity, training/equipment, observance of safety rules, frequency, future participation, professional/amateur status, and medical and lifestyle history. The primary hazard is accidental death. Those who belong to formal organizations and who only participate in limited or supervised activities present the best risk. The following are examples of the types of avocations that may be rated:

- automobile or motorcycle racing
- bobsled racing
- motorboat or powerboat racing
- cave exploration/spelunking

The following are some sample premiums to give you an idea of how a rated case may compare to someone with a preferred or standard rating.

In some cases, a Temporary Extra is added to the premium for certain conditions. A temporary extra is a set dollar amount per thousand dollars of insurance that is added to the premium for a limited amount of time. The exact amount and time is dependent on the actual condition and date of diagnosis and is determined by Underwriting.

Most applicants know in advance if there is a chance they will be rated, especially if you did a proper job of uncovering medical conditions and preparing your client for this possibility at the point of sale. Use this highlighter to "ballpark" a rating when quoting a premium. As noted on the chart above, it is easy to see how a rating can greatly impact the premium for the same amount of coverage. You will need to prepare a client for this possibility at point of sale to avoid a surprise at policy delivery. Remain confident when delivering a rated case. You may find that many people with health considerations feel fortunate to get the protection they need at a reasonable price, so you are delivering good news rather than bad.
| Delivering a Rated Case (continued) | Resell the need. Your client made the decision to purchase life insurance to meet a need. Even if the premium is higher than he or she expected, that need still exists and in fact, it may be greater because of the increased health risk. Acceptance of the policy will transfer that risk from your client's family to the insurance company.  
**Important Note for VUL, SVUL and Universal:** If the case is issued at a rating higher than anticipated, the billed premium should be adjusted. The rating will not change the premium being billed automatically. |
| Can a Substandard Rating Change? | Insureds whose medical conditions improve after a specified time period may be able to improve their rating class. Ratings can generally be reviewed two years after a policy has been in force. The case will be completely reevaluated by Underwriting, with new examinations and medical tests. This benefit is not guaranteed in the contract, but it is a privilege that Prudential offers to many of its policyowners who have been charged an extra premium.  
**Examples of conditions which could improve over time include:**  
- an overweight individual who has had a substantial weight loss.  
- an individual with high blood pressure who has had consistently good readings and is not taking any medication to control hypertension.  
**Examples of conditions which generally are not eligible for rating change consideration:**  
- individuals who have had a heart attack.  
- individuals with diabetes.  
A good way to determine if a rating can be re-evaluated is to review the rating letter that Underwriting sent out with the rated policy. If reconsideration of the rate is possible, the letter will generally indicate it. It is important for you to know that we continuously update our underwriting guidelines to keep up with new advances in medicine and medical treatments. |
| Appeals | Your Underwriting Department is committed to assigning the fairest rate for each insured based on the information gathered during the underwriting process. This highlighter is designed to explain the basis of ratings and provide you with the confidence to place the policy as quoted.  
In some cases, additional information may be uncovered about the rated condition while preparing to place the policy. If you believe this information will have a material effect on the rating, please contact the Underwriting Department to discuss the new information. Keep in mind that the majority of “appeals“ do not result in a change in rating and medical ratings should not be appealed unless new information is available that you and your client believe will impact the final decision.  
If there is agreement with the Underwriter that the new information may change the rating class, the policy must not be placed. Return the policy along with your written documentation and any additional information provided by the client or the client's physician. It is important to note that additional information can also change the rating to a more unfavorable classification. |
<table>
<thead>
<tr>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complete, comprehensive documentation of the medical history is especially important when submitting an application for what you believe may be a substandard case. A cover letter is recommended. (Refer to the Underwriting Cover Letter Highlighter, IFS-A037662, for additional information.) The more information you and your client provide, the easier it is for Underwriting to make a final decision and you will avoid unnecessary delays in processing the case.</td>
</tr>
</tbody>
</table>

Clients should consider the policy and the underlying funds' investment objectives, risks, charges, and expenses carefully before investing. Both the policy prospectus and the underlying funds' prospectuses contain this and other important information. Clients should read them carefully before purchasing a policy.

Life insurance issued by Pruco Life Insurance Company or Pruco Life Insurance Company of New Jersey (in New York and New Jersey), both located at 213 Washington Street, NJ 07102-2992, or The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102-3777. Variable life offered through Pruco Securities, LLC (member SIPC), 751 Broad Street, Newark, NJ 07102-3777. All are Prudential Financial companies.

©2008 The Prudential Insurance Company of America
751 Broad Street, Newark, NJ 07102-3777
www.prudential.com
ALL RIGHTS RESERVED
IFS-A043976 Ed 07/2008 Exp 01/2010
FOR THE EDUCATION OF PRODUCERS/BROKERS. NOT FOR USE WITH THE PUBLIC.