



# GOOD NEWS FOR YOUR JUMBO CASES!

LATEST UPDATE:  
UNDERWRITING  
INFORMATION

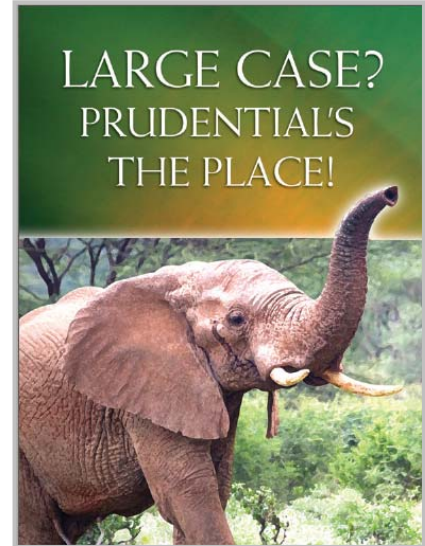
Now your clients can gain access to higher jumbo limits through our new process.

## Here's our current process....

- ✓ Prudential's retention limit is \$30 million for fully underwritten single life applications and up to \$35 million for second to die applications.
- ✓ Our jumbo limit for both individual and second to die policies is \$65 million
- ✓ Cases beyond the above jumbo limit are generally facultatively reinsured, which can result in delays and possibly requests for additional information from you and your clients.

## How does the new process work?

- ✓ If the client has in force policies with another company that are going to be replaced by a Prudential policy and is not part of a 1035 Exchange, an Absolute Assignment Form (ORD 114651 – ED 4/09) may be completed for each policy that is to be replaced.
- ✓ For 1035 exchanges it is important you use the 1035 Exchange Absolute Assignment Form ORD 88649 Ed 10-2007 which can be obtained from [www.pruxpress.com](http://www.pruxpress.com).
- ✓ The client will assign the policy to Prudential. This will ensure that the in force policy is cancelled when the new Prudential policy has been issued and accepted.
- ✓ By assigning these policies to Prudential, **we can exclude the policies that are being replaced when calculating the jumbo limit amount.**
- ✓ All Prudential policies, including the current guidelines and procedures for replacements must be followed.



## Here's an example:

- ✓ John Smith has a \$40 million term policy in place with another carrier. Mr. Smith wants to replace that policy with a new \$40 million term policy with Prudential.
- ✓ In the past, Prudential would need to account for both policies (\$80 million), and the total amount would exceed our jumbo limit. The case would need to be packaged and sent to multiple reinsurers for review prior to being able to make an offer to your client.
- ✓ With the new process, Mr. Smith would complete the Absolute Assignment Form for the policy that is being replaced and assign that policy to Prudential. Prudential then is able to exclude that policy from their jumbo limit calculation. This means that Prudential can autobind the new Pru \$40 million policy and no facultative reinsurance is needed!

This example was chosen for demonstration purposes only and assumes no other impairments or medical conditions exist that would affect the candidate's underwriting category. It is not indicative of all possible results. Underwriting rules are subject to change at the company's discretion.

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## Expanded Jumbo Limits - Frequently Asked Questions

- ✓ **How is the jumbo limit calculated when I use this process?**
  - The face amount(s) of the policies that are being assigned to Prudential are not included in the jumbo limit calculation. Any existing policies that are remaining in force WILL be included.
- ✓ **Where can I find the Absolute Assignment Form?**
  - Contact your Prudential Underwriter to obtain a copy of the form.
- ✓ **The client is replacing two policies; do I need a separate form for each one?**
  - Yes, a separate form must be used for each policy being assigned. Remember, this form is in addition to any required, replacement forms.
- ✓ **Can I fax a copy of the Absolute Assignment form to Prudential?**
  - No, unfortunately most carriers require an original copy of the assignment form in order to process the assignment transaction.
- ✓ **Can I submit a prepayment with the Prudential application?**
  - No, the case(s) must be submitted without prepayment.
- ✓ **When does the Absolute Assignment take effect?**
  - It is effective as of the date that Prudential accepts the assignment.
- ✓ **Who is responsible for paying the premiums on the existing policy after it has been assigned?**
  - The client is responsible for paying premiums until the new policy has been issued and accepted and the existing policy has been canceled.
- ✓ **Does the owner of the existing policy have to be the same as the owner on the new policy?**
  - No
- ✓ **If the client decides they don't want the Prudential policy issued, what happens to the existing policy?**
  - Prudential will cancel the Absolute Assignment of that policy and return the Absolute Assignment Form(s) to the policy owner.
- ✓ **What happens if the client dies after the Absolute Assignment Form is signed, but before the Prudential policy is issued?**
  - Proceeds from the existing policy would be paid to the beneficiary and the assignment of the existing policy will be void. The client is not entitled to coverage under both the existing policy and the new policy.

**Contact Your Prudential Wholesaler for More Information.**

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