



Rating Reductions

Many applications for life insurance are issued at standard rates. However, in some cases, the life insurance company may determine that a rating or increased premium is necessary to cover a given risk. For example, an increased premium is needed in smoking, some avocations, and some medical impairments. When the client sees the rating or increased premium, often their first question is: "Can this rating be reduced?" For many situations, if there is improvement in the condition and no new adverse information has developed, a rating reduction may be possible. (Many requests for rating reduction are evaluated only after the policy's second anniversary).

Some common situations where a rating reduction is likely to occur are:

- ▶ The client has been rated for increased build and subsequently loses weight and is able to maintain that weight loss;
- ▶ The client was rated for hypertension (increased blood pressure), but with treatment, has lowered his/her blood pressure readings on a consistent basis;
- ▶ The client has diabetes which was not well controlled at time of application but subsequently maintains good control with no complications;
- ▶ The client was a smoker and has quit smoking cigarettes for at least 12 months and has not developed any smoking related complications.

Usually, chronic or progressive conditions such as Coronary Artery Disease or Parkinson's Disease are not considered for a rating reduction. On occasion, a cardiac condition may be approved for a rating reduction if there has been a significant improvement in cardiac risk factors and favorable follow-up studies are available (such as a normal stress test).

Likewise, cancer ratings are generally not considered for a rating reduction as the temporary extra premium charge usually reduces with time.

A special situation exists with survivorship (second-to-die) contracts in that the policy is priced on the health of both lives involved. In order for there to be a rating reduction, not only must there be an improvement in the condition of the affected (rated) life, but also no new adverse information developed on either covered life.

If you feel your client is eligible for a rating reduction, information on the necessary requirements and forms can be obtained by contacting 1-800-782-5356 for Brokerage or 1-800-778-3932 for Retail agents.

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