



What's Going On In The Life Insurance Business

By Amy A. Helean, CLU

I'm Super, Thanks for Asking!

I'M IN perfect health. Or at least that is what I am going to tell any person — or professional — who asks. Let's face it: Health concerns are extraordinarily personal conversation topics. I don't even like to talk about my head cold with my physician.

As a financial services professional, you've probably run into difficult prospects just like me; prospects who don't want to cough up (pardon the pun!) their medical history details. How can you procure the important underwriting information you need to give your prospect an accurate insurance quote pending full medical underwriting?

The key is to be sensitive to your prospect's hesitation yet armed with information that can help your prospect understand the standards against which home office underwriters will hold him or her. I don't believe any of us wants to be told that she is anything less than "super preferred." So when you sit down with your prospect and she says, "Of course I'll qualify for super-preferred rates," be ready.

Superlative Underwriting Classifications

Underwriting classifications — and there are many home offices that offer superlative levels — that are better than "preferred" have come about because of the term wars. When a home office wants to lower a life insurance product's cost, the underwriters must find ways to reduce the risk that insureds will collect on a policy.

So to qualify for this kind of underwriting, not only does the prospect's health history have to be spotless, so do several other criteria. Although the criteria vary from company to company, the following are general concepts to which many adhere:

- For superlative underwriting, the prospect's *parents and siblings* cannot have had any cardiovascular disease before age 60.

- For superlative underwriting, the prospect cannot have had two or more moving violations in the past two years (I keep a local traffic attorney on my speed dial!) or any DUI offenses in the past five years.

- For superlative underwriting, the prospect cannot have used nicotine in the past 60 months — that's five years!

There are lots of criteria for your prospect to consider. Let's not even get into the height/weight charts. But you can help her prepare for a realistic quote when you provide various, general underwriting criteria for the prospect to review.

Hard Core Medical Information

I've spoken to many producers who have submitted cases to either their brokerage general agents or home offices requesting preferred underwriting only to have the cases returned as either rated or declined. Invariably, the producer is shocked to find out that his prospect has adult onset diabetes or had heart bypass surgery two years ago.

It's not that the prospect engaged in willful deception, but her physician may have said the diabetes is under control or has given her a clean bill of health. The average prospect often

interprets such communication as, "You're good as new. Live it up!"

But you and I both know that life insurance underwriters interpret this kind of information as, "Make the most of your remaining days." They understand mortality and morbidity, and they aren't going to accept undue risk without demanding substantial premiums.

To keep your prospect from being caught unaware when she receives a lower-than-expected underwriting class — and therefore a higher premium — you can engage in a bit of up-front field underwriting. It may be worth your time and effort to put together (or find one at any of various high-quality Web sites) a standardized medical information form.

Such a form should include general questions that can help uncover potential underwriting issues and room to give additional information in the event of "yes" answers. The following are several examples of the kinds of questions such a form should ask:

- Have you ever been treated for eye, ear, nose or throat disorders?

- Have you ever been treated for dizziness, fainting, convulsions, headache, speech defect, paralysis or stroke, mental or nervous disorder?

- Have you ever been treated for allergies, anemia or other blood disorders?

- Have you ever received counseling, advice or treatment regarding alcohol or drug use?

Encourage your prospect to answer completely and honestly. Have her take the time to review the sheet with her physician to assure that the information is as accurate and favorable as possible. Your sensitivity to the prospect's medical history can make the difference between securing the sale and losing it completely. And your professionalism can help you secure referrals to your prospect's friends and family.

Get the Best Possible Underwriting For Your Prospect

Underwriting, even for the healthiest prospects, is anything but an exact science. And possibly one of the most variable factors in the underwriting process can be the paramedical examination that your prospect will undergo when the application is submitted. Again, as the trusted adviser you have

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become, you can help the prospect prepare.

The following are some tips to share:

- The prospect must inform the examiner if she is taking medication (including birth control drugs) or if there is something unusual about her current health status.

- The prospect should plan to fast 12 hours before the examination, unless she is diabetic, pregnant or has another condition that would preclude a prudent person from fasting.

- If the prospect must eat before the examination, she should tell the examiner that she did. Additionally, the prospect should avoid foods and beverages that have caffeine, sugar and salt because they can have a negative effect on the examination results.

- Even if the prospect is a smoker and is planning to pay smoker rates, she should avoid smoking for at least two hours before the examination.

You are in a unique position to help the prospect help herself get the best possible rates available.

But when the process does not go as planned, don't lose hope for the sale and don't underestimate your position as a trusted adviser.

When you can help your impaired-risk prospect find coverage, you have done her a favor. Your efforts to do solid field underwriting, tell the full story and work with underwriters, whether on staff at your brokerage general agent's office or home office, can assure that your prospect's family and business can continue in the event of her death.

Additionally, if underwriters note medical "red flags" during the underwriting process, you can help your prospect get the attention she needs during what could be the condition's fledgling stage. And if you can do that, you may have provided a service that goes far beyond simply providing a product.

In Closing...

This is just a sampling of the underwriting issues you are bound to face in your day-to-day sales activities. I have used lots of information that is available on the World Wide Web, and I am happy to share that with you personally. Please feel free to call me directly at (314) 421-5445, ext. 230 for more information that may help you close more sales!

