

Underwriting Hazardous Activities

Many of your clients engage in activities that whether legal or not are considered to be "Hazardous to their Health."

How you handle these situations can be either helpful or hazardous to your practice and hence to your income.

Several that you will see with some frequency include:

ALCOHOL ABUSE: Complete an Alcohol Questionnaire

Alcohol taken in moderation is acknowledged to be beneficial. Alcohol taken in excessive amounts can contribute to both excessive mortality and morbidity from among other things, liver damage, accidents, residential fires, and automotive accidents.

During the process of "Field Underwriting," when you become aware that your prospective client may be, or has been abusing alcohol you should have him complete an ALCOHOL QUESTIONNAIRE, preferably before the underwriter requests one.

When dealing with difficult cases, learn to be pro-active. Anticipate what the underwriter will request and supply it to him before he asks for it. Underwriters will love you, and you will obtain better decisions.

A recovering alcoholic who actively involves himself with a support group such as AA is insurable in as little as two years (occasionally one year) on a rated basis. Without a support group he will find abstinence more difficult, and thus ratings will tend to be higher.

After five years of sobriety Standard offers are possible.

DRUG ABUSE: Complete a Drug Questionnaire

Drug Abusers are difficult to underwrite due to the prevalence of "amnesia" or downright lying. As a consequence most underwriters, if not certain will tend to assume the worst. This is clearly a situation where a good cover letter can do your client a world of good.

Marijuana: Occasional recreational use, stable family, business and

financial environment.

- Admitted on the application. Standard Smoker Rates
- Denies using Marijuana Declined
Abuse of other Illegal or Legally Prescribed Drugs: Occasional recreational use, stable family, business and financial environment. A good cover letter with backup documentation is critical. Involvement with a support group is also extremely helpful.
- Two years total abstinence - possible Table 6
- Six years total abstinence - possible Standard
- Ten years total abstinence - possible Preferred

AVIATION: Complete an Aviation Questionnaire

- Commercial Airlines - Standard
- Student Pilots, under 100 hours - \$2.50 flat extra
- Private Pilots, over 100 hours solo, flying less than 250 hours per year - Standard

SCUBA DIVING: Complete a Diving Questionnaire

- With Basic Open Water Certification:*
- Less than 100 ft depth - Standard
 - Experienced, up to 130 ft depth - possibly Standard
 - Over 130 ft depth - \$7.50 flat extra and up

SKY DIVING: Complete a Sky Diving Questionnaire

- Beginner, less than 25 free falls - usually only Exclusion Rider available.
- More than 25 free falls - flat extra applies

RACING: Automobile and Motorcycle

- Complete a Racing Questionnaire - usually flat extra applies

DANGEROUS DRIVING: Here again, a good cover letter is invaluable. Has your client recognized the error of his ways? Has he "fixed his problem?"

- Speeding and motor vehicle accidents are indicative of hazardous behavior. Postponement or a rate-up likely.



- Driving while license is revoked or suspended. Not good!
- Driving While

Under the **by Donald Victorson, CLU Influence**

- (single incident) less than two years - Declined; after two years - \$3 to \$5 Flat Extra; after three years - possible Standard; after five years - possible Preferred; multiple incidents, moving violations, and speeding tickets are all likely to persuade the underwriter not to issue, to postpone, or that a higher rating is justified.

UNDERWRITING CONCLUSIONS

These are a few of the human conditions that we see almost daily. You are bound to uncover others. Keep your eyes and ears open, assume nothing, ask questions.

When you come upon clients whose "Hazardous Hobbies" are bound to give the underwriter hiccups, don't wait until you receive a memo that reads, "We have reason to believe that..."

- Become proactive.
- Gather the required documentation before the underwriter asks
- Write a good cover letter.

Yes, you can become a better "Field Underwriter."

UNDERWRITER:

Defined as someone sitting in an ivory tower 900 miles from here, trained to say, "NO."

YOUR JOB:

To convince that underwriter, with truthful information, presented in as favorable a light as possible that it is desirable, even possible to say "YES."