

Underwriting the Elderly

The elderly are unique, and there are more of them with us today than ever before. Those 85 and over are the fastest growing age group in America today, with more than 500,000 over the age of 100.

The elderly have more disposable income than any other age group and the estates that they command are larger than they ever dreamed possible. Is it any wonder therefore that they are buying both Long Term Care, and in addition very large amounts of life insurance at extremely advanced ages, causing all kinds of interesting underwriting challenges to the insurers interested in catering to their needs.

Normal aging leads to many changes. Lung capacity decreases by 30% by age 70. Heart muscles and arteries become stiff, fibrous, and inelastic causing blood pressure to rise. The likelihood of heart attack, even in former athletes increases with age. Lean muscle is replaced with fat, which decreases the proportion of water in the body. Kidney and liver functions decline, altering the ability to metabolize both food and medications. The ability to balance and walk diminishes. Mental and cognitive function decline with age. The ability to process verbal and written instructions slows down, contributing to slower reaction times. This contributes to a higher frequency of automobile accidents, particularly at confusing intersections, left turns, four way stops, and wherever rapid decisions are required.

In addition to "normal aging," many diseases are age related. Parkinson's, coronary artery disease, diabetes, cerebrovascular disease, stroke, dementia, atrial fibrillation, congestive heart failure, cancer, and others. When any of these conditions are superimposed upon the changes of normal aging, an elderly person is at increased risk of developing a functional disability such as: cognitive dysfunction, depression, malnutrition, urinary incontinence, frailty, dizziness, and recurrent falling.

Because of concerns about functional ability, it is becoming increasingly common for insurers when presented with an application for a large life policy at an advanced age to insist upon cognitive testing.

The Activities of Daily Living (ADLs) include bathing, eating, dressing, walking, transferring, and toileting. The inability to perform one or more of these basic ADLs without assistance will usually cause the application for insurance to be declined.

The Instrumental Activities of Daily Living (IADLs) are also of great concern to the underwriter. These include: shopping, housekeeping, bill paying, medication usage, and transportation. When the elderly person becomes dependent upon family and friends for the IADLs, the likelihood of institutionalization is significantly increased. Placement in a nursing home is in itself a risk factor for death.

Urinary incontinence increases the risk of infection. Incontinence may also be a sign of dementia. Depression is not uncommon

among the elderly and may be an early symptom of Alzheimer's or Parkinson's. Malnutrition or weight loss is a risk factor for death in the elderly, as a result, obesity is a positive risk factor over the age of 75. Elderly persons who need canes or walkers, or who have modified their homes with doorknob grippers, railings, or handrails, have likely begun to experience functional decline.

On the other hand, there are numerous positive predictors of functional ability. These include: travel which indicates a degree of physical stamina, organization, planning, decision making, and an interest in new activities, hobbies, involvement in organizations, living with another person rather than alone, owning a pet, continued employment, or volunteering.

Financial justification is also of great concern to the underwriter considering a large application on an applicant of advanced age.

If you wish to have your elderly applicants successfully underwritten, you the Field Underwriter must get into the habit of writing a good "Cover Letter" to your underwriter.

- Why is the insurance applied for required?
- How was the amount applied for arrived at?
- Is the applicant working part or full time?
- Is he or she doing volunteer work?
- What type of activities does he or she perform?
- How well does he or she perform them?
- Any limitations on mobility?
- Does he or she exercise regularly?
- Does he or she play tennis, golf, bridge, go to the movies, attend sporting events, and or religious services?
- Does he or she drive a car?

To properly evaluate the prospect's insurability you must ask the following important questions:

Does the client currently smoke?

Smoking is considered to be a high risk factor for coronary artery disease, heart disease, arteriosclerosis and other cardiovascular diseases, even among the elderly.

Smoking negatively affects blood cholesterol levels and blood pressure, and increases the likelihood of thrombosis and arrhythmia. Associated pulmonary diseases due to smoking involve the heart as well.

Is the Client Significantly Underweight or Overweight?

Malnutrition, significant weight loss, or unusually low weight may be an indicator of significant underlying problems. Normal weight, or moderate obesity on the other hand are positive indicators.

Unfortunately, significant obesity frequently leads to hypertension, high cholesterol and triglyceride levels, and a tendency to type 2 diabetes.

Many overweight people are uncomfortable exercising due to their excess weight, thereby becoming still less active. In addition,

the heart has to work much harder to supply the obese body with adequate oxygen rich blood.

What medications is the client currently taking?

Question closely and write down the names and dosages of ALL medications being taken, and why they are being taken. This includes both prescription and over the counter drugs, as well as herbal medications. This information can be extremely helpful to the underwriter who is trying to approve your case.

Does the applicant receive regular health care?

People, especially the elderly who do not have regular checkups are at high risk for "Surprises."

Those who undergo routine health screening have better medical and therefore underwriting outcomes. They receive the gift of early intervention in the disease process.

Get into the habit of writing good Cover Letters!

I can't stress enough how important this is if you want to successfully have your large cases issued, especially at advance ages.

UNDERWRITING PROGNOSIS

We are constantly being amazed at the size and number of cases being presented to our office at ages well over age 70.

Do we successfully see all of them issued? Of course not! Most however are issued, if not Standard, at moderate ratings, and the vast majority of issued cases are placed with applicants grateful that their agent has been able to obtain the insurance for them before it is too late.

Needless to say, the premiums for these geriatric cases are very substantial. The commissions generated are also very substantial.



by Donald Victorson, CLU

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."