



**ROBERT
GOLDSTONE**

MD, FACE, FLMI, board certified internist and endocrinologist, is vice president and chief medical officer for Pacific Life and Pacific Life and Annuity. He has extensive brokerage and life insurance experience, having been medical director at both MetLife Brokerage and Transamerica Occidental Life.

Goldstone is board certified in insurance medicine and the inaugural recipient of the W. John Elder Award for Insurance Medicine Journalism Excellence. He was also honored as a fellow of the prestigious American College of Endocrinology and has written monthly for Broker World since 1990.

Goldstone can be reached by telephone at 949-672-8391. Email: bgoldstone@pacificlif.com.

Impaired Risk Review...

Meeting The Competition

Underwriters often work on cases that are being submitted to multiple carriers. Sometimes a case is being shared among different companies, but at other times brokers and agents are looking for the best offer for their clients. In these situations, letting your preferred insurer know what the competition has offered may allow you to get the same offer from that company.

Underwriting of course is more of a science than an art, and offers are based on mortality experience as well as an assimilation of all facts. There is no single set of consistent data that applies for every company in each situation, which accounts for different offers made on the same case. Sometimes underwriting opinions differ on the mortality outcome. That difference may be small and sometimes subjective, which is when an appeal to meet the competition may go a long way.

Generally, submissions go only to a company where an agent wants to place the case. The usual variables of product, performance, guarantees, assumptions and company security get both client and broker to submit an application for underwriting and accept the offer with the company they desire. However, even a single table difference may be enough to jeopardize placement of a case at a preferred carrier. *At that point, allowing an insurer the chance to match or beat an offer may result in the best outcome for all concerned.*

For example, a case in which diabetes control is in question can certainly generate a difference of opinion on how longevity may be affected. Age of onset, degree of control, severity or absence of complications, and the presence of other co-morbid diseases all factor into how an underwriter sees a case. While there may not be room to maneuver between a standard rating and a decline, there is often some maneuverability when the offers are close. This is when allowing a favored company to be aware of a competing offer may just make the difference in matching or beating the price.

Likewise, the presence of more than one disease can be looked at uniquely. Every case with multiple mortality factors—such as cancer and an accompanying but unrelated illness—are not always rated as the sum of the parts. Some insurers add debits for each disease and come out with a total assessment. Others realize that one cause of death will be most likely and rate without taking much of the other risk into account. A second review by the underwriter with this in mind may lead to a more favorable assessment.

Accessible medical directors and underwriters are key to a company's competitive advantage. When approachable and open, a company with a good reputation and excellent ratings has the advantage of being able to have the final say on whether they can place a case. Such a company gives brokers

and agents a chance to plead their case, as well as learn more about the impairment so they can present a much more informed choice and opinion to their client. Frankness and honesty can often be the difference in where a case is placed and where agents will go the next time, when they know a company is on their side.

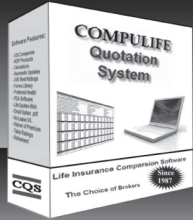
Another key to understanding a competing offer is to know that all companies do not price the same rating classes identically. In other words, standard is more expensive in some places than in

others. Likewise, depending on the size of the company, a table 2 offer may be very differently priced from one insurer to another. For companies with fewer rating classes, table 2 includes additional mortality and may represent a premium difference of 150 percent in some places and 200 percent in others. Illustrating each rating is paramount in evaluating who has the better offer before any requests for a change are made.

Underwriting has become an important front line for making a case affordable and

workable. Pricing, guarantees and spreadsheets only go so far in helping a case, and there certainly aren't going to be any new products or corporate repricing done every time a case is in question. However, underwriting can be more flexible, depending on the situation.

Mortality is still a relative constant, but companies will sometimes stretch just a little more for a good agent or broker who brings them other good business and/or a situation where getting the business just makes good sense. ☺

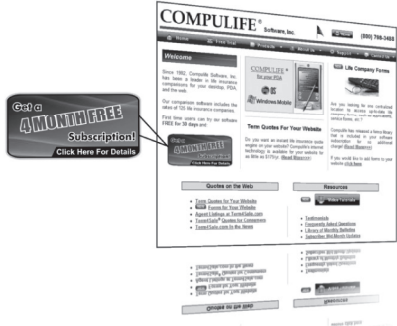


COMPULIFE
Quotation System

Life Insurance Comparison Software
The Choice of Brokers

Have you taken the Dare to Compare Challenge?

COMPULIFE is offering you 4 months of FREE Life Insurance Comparison Software (with no further obligation)!



4 MONTH FREE Subscription! Click Here For Details

Software features:

- Access to rates for 125 companies
- **New** - Life Company Forms Library
- ROP and No Lapse U/L products
- Ability to e-mail quotes in .pdf
- **New** - PDA Software
- Preferred Health Analyzer
- Automatic Updates

For complete details visit:
www.compulife.com

Or call us toll free:
1-800-798-3488