

Are Your Clients Paying Too Much For Their Life Insurance Coverage?

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Every life insurance company has a different underwriting philosophy and set of guidelines. Some companies view a health condition or set of circumstances more favorably than other companies, resulting in the opportunity for a client to pay a lower premium for the same amount of coverage. This is a list of **5 underwriting niches** commonly used to help Advisors save money for their clients.

1. Nicotine Use Other Than Cigarettes

General Rule: Most companies charge nicotine rates for any nicotine use within the past year, other than the occasional cigar.

Underwriting Niche: If a client has not used regular cigarettes for over a year, but has used other forms of nicotine delivery such as e-cigarettes, cigars, chew, hookah, nicotine gum, and/or nicotine patch, some companies may offer non-nicotine rates, **even if the urinalysis is positive for nicotine.**

Nicotine Use Other Than Cigarettes	
General Rule	Underwriting Niche
Available rate class: Preferred Nicotine	Available rate class: Standard Plus Non-Nicotine
Annual premium: \$7,045	Annual premium: \$3,005
Client saves \$4,040 (57%) in premium per year. <i>50-year-old male applying for \$1,000,000 of 20 year term life insurance</i>	

2. Family History

General Rule: Most companies will not offer Preferred rates if a client's parent passed away due to cancer or cardiovascular disease prior to age 60.

Underwriting Niche: Some companies disregard family history of cancer altogether, and others offer Preferred rates if **only one parent** passed away from cardiovascular disease or cancer prior to age 60.

Family History	
General Rule	Underwriting Niche
Available rate class: Standard Plus Non-Nicotine	Available rate class: Preferred Non-Nicotine
Annual premium: \$2,790	Annual premium: \$2,025
Client saves \$765 (27%) in premium per year. <i>50-year-old male applying for \$1,000,000 of 20 year term life insurance</i>	

3. Marijuana

General Rule: Most companies charge at least Standard Nicotine rates, and often add an additional table rating surcharge, for moderate marijuana use.

Underwriting Niche: Some companies disregard marijuana use altogether if there is **no indication of substance abuse history**, and the marijuana has **no effect on their health**.

Marijuana	
General Rule	Underwriting Niche
Available rate class: Standard <u>Nicotine</u>	Available rate class: Preferred Non-Nicotine
Annual premium: \$9,264	Annual premium: \$2,129
Client saves \$7,135 (77%) in premium per year. <i>50-year-old male applying for \$1,000,000 of 20 year term life insurance</i>	

4. Sleep Apnea

General Rule: Most companies do not offer Preferred rates for moderate sleep apnea, and often add a table rating surcharge for severe sleep apnea, even when it is documented to be well controlled.

Underwriting Niche: Some companies disregard sleep apnea altogether if it is **documented to be well controlled (i.e. compliance with CPAP)**.

Sleep Apnea	
General Rule	Underwriting Niche
Available rate class: Standard Plus Non-Nicotine	Available rate class: Preferred Non-Nicotine
Annual premium: \$2,790	Annual premium: \$2,325
Client saves \$465 (17%) in premium per year. <i>50-year-old male applying for \$1,000,000 of 20 year term life insurance</i>	

5. Cholesterol

General Rule: Most companies will not offer Preferred rates if the total cholesterol is elevated.

Underwriting Niche: Some companies disregard total cholesterol altogether if the elevated total cholesterol is **under 300** and the good cholesterol (**HDL**) is **favorable**.

Cholesterol	
General Rule	Underwriting Niche
Available rate class: Standard Plus Non-Nicotine	Available rate class: Preferred Non-Nicotine
Annual premium: \$2,790	Annual premium: \$2,025
Client saves \$765 (27%) in premium per year. <i>50-year-old male applying for \$1,000,000 of 20 year term life insurance</i>	

A Helpful Tip

BUI's Informal Evaluator allows you to gather the necessary underwriting information to set appropriate premium expectations and identify a carrier who is likely to look most favorably upon the profile. BUI will recommend an appropriate life insurance company and provide a realistic rate class quote based on the information provided. Utilization of these underwriting niches can save your clients a significant amount of money.

Although more dramatic savings could accurately be demonstrated, we excluded best class rates and were generous in carrier and rate class selection before applying the niche to provide you with a conservative look at the savings readily available. Underwriting results are based on an individual's specific circumstances and cannot be guaranteed.