

Underwriting 101

Planet Altig website
<http://planetaltig.com>





Underwriting 101

Introduction to Underwriting

As a new representative with American Income Life you will soon surely get a sense of how important a good working knowledge of underwriting is to your business. This is not only to make sure that your applications can get submitted. A good knowledge of underwriting will eliminate a great deal of frustration for you and your manager for several reasons. Getting your paycheck is one reason. The most important reason is ultimately your ability to bonus. A percentage point difference in the rate that the applications you submit are approved or declined can mean the difference of being thousands of dollars more a year even in a month than you would be otherwise. Your withdrawn and cancellation rate will be reduced as well because spouses will not cancel their own benefit when their spouse is declined. You will be able to tell them in the home that it is very important that at least one of them should be covered on the benefits even one of them can't be. You can pretty much prepare the member in the home for almost anything, rating, physical, whatever as long as you are honest, knowledgeable and upfront. It is AFTER you leave the home that you run into problems if you have not prepared the client properly. So increase your knowledge, your expertise, your experience and most of all HAVE FUN!

As a note, this guide will not cover every situation you will run into but should give you a basic understanding of what your managers and others commonly run into on an almost daily basis. The purpose is also not to list every underwriting guideline but to help you gain an understanding of what does it MEAN for a person to have one of the following conditions and most importantly what will it do to the person's body.

Alcohol and Drug Addiction

This is a condition you will run into almost every day. In the latest scientific surveys they have found that alcohol addiction alone affects almost five percent of the total population of the United States. But how does it happen and why is it such a big effect on underwriting and life expectancy? One reason is that this is a condition where the client will frequently be in denial that they even have it. They often cannot assess themselves and need to be looked at by an objective outside observer. Tragically enough, alcohol in moderation is actually beneficial to the body. It helps clean the arteries and reduces the risk of heart disease. In excess, it has the exact opposite effect. But we'll get to effects on the body a bit later.

Why does a person become addicted in the first place? The famous addiction medicine specialist Dr. Drew Pinsky has said that the definition of addiction is to continue a behavior regardless of negative results. The key lies in the pleasure receptors of the brain. Whenever we do anything fun, go to a concert, see a good friend, write lots of ALP, our body releases dopamine into our brain which goes to the dopamine receptors and tells our brain that it's have a happy time. When a person starts using drugs or alcohol what this does is OVERWHELM the receptors. The person feels the most intense pleasure they have ever felt, far greater than almost any other experience. The problem with this however, is that the receptors soon stop being very effective at receiving the dopamine. They essentially start to choke. This process is often irreversible. It takes more and more of the substance for the person to feel the same pleasure until the drug will give them no pleasure at all. They keep using because their body at this point has become dependant, not because it still makes them high. This is why with heroin addicts their best high is always the first and they'll never have a better one. They'll often die trying. The effects on the body from alcohol and drugs are far too long to list here and attack nearly every body part in one way or another.

What makes these people challenging to assess for underwriting purposes is that it is very difficult to determine when or if these people will start using again. If the person has been sober from drugs for at least five years then they may be in the clear and a lot less likely to relapse. One of the hallmarks of addiction is often stopping and relapsing again and again. We can't cover those people so read the guidelines in that section very carefully. A person is never TOTALLY out of the woods after going through something like that.

Driving while intoxicated is an interesting area all together. If it has happened only once these people are often okay because underwriting might see this as having been a one time mistake (depending of course on how much they drink). If they have had two DWIs and still drink this only has about a thirty percent chance of approval and is almost always a trial application.

With all of this you might be wondering why it is that a person will usually qualify if they use only marijuana and don't have any other drug or alcohol issues. This is partly because occasional use of marijuana has not really been found to be that much of a genuine health problem. They may get fat and lose some brain cells over time but not too much more than that. They will almost always be asked to have a physical. The ratings for this are usually nothing extreme.

Arthritis

Rheumatoid and Osteo Arthritis are two completely different conditions that nonetheless can at times have very similar symptoms. Osteo arthritis is often due to wear and tear on the various joints of the body often from a person's occupation or overexertion. This is usually not a problem for underwriting purposes and while uncomfortable for the person will usually not have that big of an effect on their life expectancy. Rheumatoid is a very different condition from Osteo in that the cause is very different as well as the typical severity. It is not really that clear what even causes it but what is very clear is that the body's own white blood cells attack the lining of the joints. This causes them to be painful and inflamed and can also affect the vital organs. Gradually the joints deteriorate the bones start to be eaten away and can eventually lead to severe disability and death. This condition can strike at any age and for many cases there is no cure. Medication can often help control this but it will often end up as a trial application. If it is well under control the person might not even get rated that much.

Asthma

You may be shocked to learn that widespread asthma is an amazingly recent phenomenon! Less than one hundred years ago the condition was considered so obscure that many doctors never ran into it. Our bodies were previously always used to fighting off parasites and myriad bacteria all around us. At the same time that bacteria decreased the number of chemicals around us increased to a degree never experienced by the human body. With no serious work to do continually the body essentially overreacts when it encounters what would otherwise be minor irritants. The lungs inflame and contract as if reacting to an aggressive foe. This is often exacerbated if the person smokes or is overweight. The main question to ask when you meet these unfortunate individuals is whether they have ever been hospitalized for it and if so how long ago did this happen. If they smoke and have been hospitalized this will very often be a trial at best or a decline. Childhood asthma is extremely hard to underwrite. Some outgrow it some don't. A child rider is usually a bad idea in these cases and the child should probably be put on a headstart program since a headstart can be rated but a child rider cannot.



Cancer

It has been said that cancer is a way for your body to be eaten by itself but this doesn't really explain how it works in the body. Imagine if you will a terrorist who has hijacked a bus. This would be like a cancer cell traveling from one part of the body to another. This is damaging enough but imagine then that the terrorist takes the bus to a bus terminal where he replicates himself and each one of himself than commanders another bus. Hijacked buses then spew out of the terminal going in every direction. The bus terminal is usually your lymph nodes. In that sense one terror cell is difficult but not impossible to fight; once the terror cells start moving themselves around its all the more difficult. The body's resources go towards feeding the cancer cells which at the same time are disrupting the function of the organs. The causes for this are usually environment and life style related and are less to do with heredity than one might think.

Cancer is really an umbrella name for hundreds of different conditions. What they all have in common is that cells somewhere in the body start dividing out of control and traveling around. The underwriting guidelines for these diseases (notice the plural) vary greatly from cancer to cancer so don't make any assumptions without first checking the guidelines. The only real simple one is that we cannot cover someone who has any type of cancer now. The biggest key is whether the cancer ever spread or reoccurred?

Skin cancer can be especially confusing for many agents. There is a big difference between regular skin cancers (if there is such a thing) and Melanoma. A regular, usually basal skin cancer has a mark on the skin as well as a type of root going through the different layers of the skin. This can still be very dangerous if it is not detected before reaching the blood stream. Melanoma may look similar on the surface of the skin but is very different underneath. Unlike a single root it is more like a twisted blackberry bush like mess. There are multiple clusters of cells so it is much harder to remove them all in surgery. It's like comparing a bullet wound from a small caliber pistol with a blast from a shotgun. This cancer can spread and kill within a few short weeks of diagnosis. Early detection is key with this and most other types of cancer.

Diabetes

You may notice that there are no ancient roman statues or ancient Egyptian artworks showing people sticking themselves with syringes full of insulin to control diabetes. Why might then wonder how people stayed alive with high blood sugar. Easy, there is no evidence that the condition even existed! The more we progress in some ways we also go backwards. You will run into this condition so often you might be lulled into thinking that it is inevitable or not really that dangerous when nothing could be further from the truth.

First you must be able to differentiate between the different types of diabetes and not be confused by misleading terms. Juvenile diabetes is a relatively confusing and misleading term for example. Type one and Type two diabetes are completely unrelated conditions that nonetheless can have similar symptoms and effects. Type one occurs when the pancreas simply stops functioning for unknown reasons. This often occurs early in life and the person will often need to take insulin for the rest of their lives. This greatly decreases a person's life expectancy and can cause pronounced premature aging. These people will always be rated if they can be approved at all.

Type two diabetes usually occurs later in life though some children have been diagnosed with it in recent years. This is usually caused by lifestyle, namely from drinking a lot of alcohol, eating refined carbohydrates and lack of exercise. Why does this occur? Well we did not evolve eating refined carbohydrates and not exercising. The sugars in our blood never got to extremely high levels and regardless got broken down fairly quickly. When our bodies are confronted with high levels of sucrose which is processed sugar quite different from glucose and fructose our pancreas eventually gets overloaded and cannot process that level of sugar. After a while it shuts down.

So what then does this do to the body? Diabetes primarily works by damaging the blood vessels starting with the smallest and most sensitive. These would include the eyes, hands, feet and very importantly the kidneys. The kidneys simply cannot process the sugar in the blood at that level and also the blood vessels get damaged. After a while the heart muscle and arms and legs get badly damaged. This is why two thirds of diabetics will die of strokes and heart attacks. This is not inevitable once a person is diagnosed. Exercise literally burns up the sugar and a healthy diet prevents too much sugar from getting in the first place. A lot of these people can be approved with small ratings or even no ratings if this is well under control. Someone who does not even keep track of their blood sugar readings certainly cannot say they have it under control. How do they know? A diabetic not under a doctor's care is probably either oblivious or has some kind of a death wish. It's called DIABETES not LIVABETES.

Digestive Tract Disorders

The new digestive questionnaire will go a long way towards eliminating some of the confusion on this subject. The conditions range from merely annoying to deadly and it helps a great deal to know the difference. We will briefly explain them from least to most serious. The garden variety problem you will most probably see in the field is simple acid reflux where stomach acid escapes into the esophagus. This certainly can be a problem over time since the lining of the esophagus can wear away. This is often affected by a poor diet or overeating and can also lead to cancer (another cruel and fascinating subject). Irritable bowel syndrome is believed to be caused by a hypersensitivity of the nerve endings in the bowel and is not that much of a problem for underwriting as long as it is not too severe. Ulcers are not too much of a problem if the person has gotten over it and is usually caused by a bacterial infection. This usually goes away pretty quickly with antibiotics. Ulcerative Colitis is far more severe. Ulcers appear across the colon in a typical uniform pattern that is profoundly painful and can cause the person's intestines to die. This will often be a trial application so proceed carefully. Crohns disease is a very severe condition that can affect the entire digestive tract and not just the intestine. It usually causes inflammation at certain points rather than in uniform pattern. The effects are often debilitating and frequently require removal of severely affected sections. The symptoms include severe cramps and lots of other symptoms that we won't get into. Unless it is very well under control this will usually be a trial if not an outright decline.

Heart and Circulatory Disorders

Do not be overly cautious and start thinking that everyone who has had a heart attack or bypass surgery or something similar is always going to be a decline it is just not the case. A lot of these people can be covered often with ratings that may be less than you think. A person can live for decades after bypass surgery as long as they lead a reasonable lifestyle and don't have other complications.

There is no evidence that people had a lot of heart attacks in ancient times. There was no processed food which can be drastically damaging to the heart and there was also no smoking. Then again, it's not always accurate to compare yourself to people who lived only to about forty or so.

Many people don't really know what a heart attack means. This is another way of saying that part of your heart muscle has died! This is often due to a blockage in an artery which forms from fatty deposits called plaque. When they say plaque they really mean it. The stuff can be so hard that it will actually break surgical scissors! Timing is of the essence and this can be very tricky because many people will NOT know that they are having a heart attack when they're having one. It can often appear as indigestion or a muscle pull. Often the pain will not even be in the chest. Many Doctors have actually been found dead next to empty bottles of antacid. After an attack the person will often need to have bypass surgery or an angioplasty. In an angioplasty they put in a balloon that widens the artery and tries to eliminate or reduce the blockage. In a bypass surgery they have to harvest veins from elsewhere in the body to create a bypass around the blockage in the heart artery. Ironically when a person says they 'feel' like they're going to have a heart attack this is probably an anxiety attack and not a heart attack.



The main things to consider when figuring out whether to write these people up or not is their age, weight, complications and whether or not they smoke. Smoking accomplishes its damage by constricting the blood vessels through out the body thus restricting the blood supply. It also helps form the plaque. A person who has had a heart attack before age forty is always going to be a decline. A very important thing to look at is whether or not they had any kind of circulatory problems such as angina after the attack or bypass. This usually means that their different body parts are simply not getting enough blood. Do not confuse all these different things with a heart murmur. A person with a murmur can usually qualify without any problems.

Hepatitis

You may become confused by the underwriting guidelines being so different for Hepatitis A, B, and C. This is because they are very different conditions with very different degrees of severity. Hepatitis A is usually transmitted by food and unhygienic conditions. Many people don't even know that they got it at one point or another and even if a person becomes ill it typically clears up fairly quickly. Hepatitis B is a bit more severe but also clears up fairly fast. It is often transmitted by blood or physical contact. Until extremely recently in human history almost everyone was exposed to this and it went a long way towards strengthening our immune systems.

Hepatitis C is another matter entirely. You don't just get better. A person could have it for many years and not know it and then suddenly it destroys the liver. It is often spread by blood and it affects a big percentage of IV drug users. If someone used IV drugs no matter how long ago you might as well ask right away if they have Hepatitis C and save yourself some time. You can submit a trial application with about a twenty percent chance of approval in this case. Treatment for this condition is getting better year by year.

Mental Disease

It is hard to tell if mental illness is something that has always been with us or if it is something that has become more prevalent with the various stresses of modern life. It is also possible that it is more commonly diagnosed because more people are talking about it. That being said the hundreds of different mental disorders out there are still often very poorly understood. Scientists in fact, understand today far less about the brain than one might think. This should not worry you excessively in terms of underwriting. Most mental disorders typically fall under the headings of anxiety, depression or post traumatic stress disorder. As painful as they may seem for the person, these are very much of the "garden" variety and nothing very remarkable. The person can usually be approved as standard if it has been under control for at least six months and often times for less time than that. One thing to remember is that this is not a character flaw or something that the person can "snap out" of. It is a very real medical condition that can affect even the heart and other vital organs if left untreated. Treatment on the other hand can be subjective at best as to whether or not it will correct the chemical imbalance.

There are several classes of medication for depression. The first type is usually for moderate depression and includes Prozac, Paxil, Celexa, Wellbutrin, and Zoloft. These often have few side effects but often subtle results. There are other medications that are far stronger with higher side effects and are often not just used to treat depression but other more serious conditions and you need to keep an eye out for them. If you do not recognize a medication that the person is taking for depression than you need to ask if they have something such as Bi-Polar disorder (Manic Depression) which is far more serious and should only be submitted as a trial. Schizophrenia is almost always going to be a decline but you are probably not going to see it the field very much because these people are often not in any position where you are likely to contact them on a lead.

Attention Deficit Disorder and Attention Deficit Hyperactivity Disorder are also usually standard. These are NOT chemical imbalances like depression and anxiety but are how that person's brain is actually CONSTRUCTED. It's hardware versus software. You probably won't see Discovery Channel reconstructions of pre-historic man sitting in cubicles or at desks memorizing the multiplication table. That's not really how we evolved. It was actually useful to have people with those conditions in the tribe because they were better at finding food because they would look all over the place and also were better at seeing the predators we had to deal with so the tribe

was than less likely to BECOME food. Something for parents to keep in mind if they get mad when their kid won't sit still in class.

Children with Depression are very hard to underwrite. Only Prozac has been shown in recent studies to have a benefit in adolescents and even this is controversial. All other drugs have been so far shown to have no effect or a negative effect. Children's brains are truly very different from those of adults. These children should be submitted as a trialed head start and should not be put on a child rider.

Pregnancy

For underwriting purposes most pregnant women can written. The three conditions that you have to watch for are gestational diabetes, high blood pressure and toxemia. For those three you need to wait until after they have the baby. If a woman has had a C-Section in the last five years they need to know why. Gestational diabetes does not always go away after delivery and the mother should still be under a doctor's care and she should know what her blood sugar readings are.

Strokes

A stroke can happen for several reasons and the effects can be very unpredictable. A stroke usually happens when a blood clot travels to the brain or there is some kind of a blockage in one of the vessels in the brain. The vein can then basically pop and flood blood over that area of the brain. Not all stroke effects are the same however. A person may make a full recovery or they may die almost instantly. This depends on the extent of the damage and the size of the vein and so forth. This can be caused by everything from injuries to diabetes to smoking. Do not assume that a person always cannot qualify after a stroke. This depends on the timing and how much damage there was. Remember many stroke patients make a full recovery.

Weight and Height

The underwriting guidelines for height and weight are so generous that you're not likely to run into too many people who can't qualify solely for this reason. You will however have lots of people be rated and you need to approach this with sensitivity. I like to say 'they may have to charge you a bit more because of your body size.' Be upfront about this in the home and you should not have any problems. You will likely run into problems if you don't set this up properly. You do not want them having to go over their weight with some anonymous person at home office. Remind the client also that if they lose weight and keep it off for a year that the rating will likely be removed. Keep in mind though that weight can be serious health problem because the fat does not just sit there passively being all squishy and oily. It is an ORGAN, sometimes the largest organ in the person's body and it pumps out massive doses of hormones and chemicals that can cause great damage. Fat around the middle of the body is much worse than fat around the lower body and hips because it is closer to the heart and liver.