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Jumbo Impaired Risk Cases Can Sail Through

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After two years of golf games, education and pleasant social encounters, your effort to sell a multimillion-dollar life insurance policy pays off. The client with the history of moderate coronary artery disease finally is ready to implement a complex estate and business continuation plan built on approximately \$20 million of variable life insurance.

But it's too early to celebrate. The client's decision to buy is only the first step. The underwriting process is fraught with potential complications that could kill the deal if not carefully managed.

The good news is, the producer can help get the coverage approved—with a favorable premium and in a timely manner—by understanding and providing what the underwriter needs to assess the risk accurately. Let's take a look.

Provide mortality expertise. Among the professionals involved in a typical advanced market case—law-

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yer, accountant, banker—the life insurance producer plays the pivotal role in making the plan work.

Insurance ultimately is the funding vehicle that makes all the other parts of the plan possible. Clients who need that level of expertise usually are older and have some medical history. The producer makes it happen by facilitating a favorable underwriting result.

Some producers may feel underwriting is not their bailiwick, that it is a technical aspect of the business they do not need to understand.

That may be so if, say, a 30-year-old wants \$50,000 of term life; the producer's time might be better spent prospecting than talking to underwriters. But with multimillion-dollar policies on older wealthy people, agents should get and stay involved. That's because underwriters need specialized information that lends insight to the level of risk, and agents are well positioned to provide much of it.

Provide information that isn't requested. If the underwriter doesn't receive complete information, the case could blow up or the premium could be too high. Conversely, it helps the underwriter tremendously when the agent provides a comprehensive profile of the applicant. This includes information not even requested.

Like all of us, underwriters are influenced by first impressions, so it's important for the agent to provide a favorable first impression of the applicant. Therefore, put together a complete dossier, a detailed application, and a cover letter. If the app has

no question about your client's exercise routine, for instance, dedicate a paragraph to that topic in the cover letter. If your client walks a mile a day four mornings a week or plays golf regularly without a cart, point it out.



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It also helps to explain how you know the applicant and fill in detail on lifestyle, finances and social standing. Create a bio that illustrates the client's dedication to practicing a balanced life and good health. Even include third-party articles on the applicant, if available, including recent photos.

Compile all of this and send it in one package, not in pieces that trickle in. Take control of the information-gathering by developing relationships with those providing the crucial data and documents (the credit bureaus, physicians, attorneys, and accountants). Ask staffers to go out of their way to help anybody providing such information. (If they make the process easier, your sources will provide better information and do so much sooner, and the underwriting decision is more likely to be favorable.)

Develop a symbiotic relationship. Underwriters and agents should see themselves as members of a team whose goal is to generate positive underwriting outcomes on quality cases. The relationship should be symbiotic—i.e., the underwriters understand they can't put business on the books without agents, and we agents understand we can't make a living

without underwriters.

Remember: Many cases would have resulted in a much higher rating without producer help. One underwriter tells of a general aviation pilot who, upon applying for coverage, presented a potentially significant nonmedical impaired risk because he owned a large classic aircraft collection. But the producer detailed which planes the client flew, how often he flew them, how he maintained them, and where he went with them. The result? The underwriter found no extra risk with that client.

Conversely, inadequate or unclear information can raise red flags. For example, one application we heard of recently did not make clear the purpose for the coverage. It was for a business owner, so the underwriter could have assumed it was business insurance. In fact, the proceeds were to flow through to a personal beneficiary. In jumbo cases, the underwriter (or the reinsurer) will insist on

a clear explanation before making a decision, causing potentially lengthy delays. So the agent should improve chances for a favorable outcome by showing a demonstrated need for the insurance.

Never assume. Your part in the process does not end when you send in the application and appended information. Get on the phone with the underwriter and find out if more data is needed to justify a favorable rating. Always ask for options such as another medical test or a promise to re-evaluate if the client's medical numbers improve during the next year.

There may be other product options as well. If you have a good relationship with the underwriter, the two of you can approach the case as a team and uncover options neither would have thought of alone. For instance, one underwriter recently suggested a joint policy on a couple when one spouse was severely medically

impaired. He knew something the agent didn't—that when one spouse is actuarially uninsurable, a joint life policy almost always costs less than a single policy on the healthy spouse.

That's why it's always worthwhile to brainstorm product options with the underwriter on jumbo policies involving impaired risks.

Be a good quarterback. Simply put, the producer knows what the members of the team need for a successful outcome. Applying this to the underwriting process for jumbo cases, the agent knows underwriters need the agent to take an interest, be helpful, and provide information that fills the gaps left by what's not on the application. And they need the agent to do this without waiting to be asked.

As we said earlier, the agent who successfully manages the underwriter's first impression of an applicant is more likely to see a favorable underwriting outcome. **NU**