



THE GUIDE
TO BUYING
LIFE
INSURANCE

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Introduction: A Peek Behind The Underwriting Curtain

Life insurance underwriting is very comprehensive because life insurance companies depend on accurate underwriting to stay in business. Underwriters assess a multitude of factors, including:

- Your current health
- Your medical history
- Your family's medical history
- Your vocation
- Your avocation
- Your hobbies
- Your travel habits
- Your financial, criminal, and motor vehicle records

Insurance companies know very well that your mortality is, on some level, affected by everything you do. Their interest is in the extent to which you are effectively managing the risks in your life. Only then can the fairest pricing be determined.

Moreover, life insurance is underwritten only at the time of application. The carrier has one chance to make a risk assessment and agree to a price. Any risks that increase after a policy is in force cannot prevent a claim from being paid. You can become a chain-smoking, bungee jumping mercenary and that will not affect the terms of the policy. (Assuming, of course, that you have answered all the questions on your application with complete honesty.)

TIP: Get A Real Professional

Underwriting questions can sometimes seem burdensome, even intrusive. Your broker should be sensitive to these feelings and must uphold the highest standards of professionalism and confidentiality.

Chapter 1: The Prequalification Process

To find the best possible rates, consumers should understand the prequalification process as it relates to the life insurance industry. Prequalification should always be made available to you free of charge without obligation. If your current broker charges a fee for prequalification, then look elsewhere. As Darran from New York shared, “prequalification gave me the comfort of knowing where I stood in terms of securing life insurance before I made a formal application.”

Your broker should offer prequalification as a matter of course – as a matter of serving the consumer in the most responsible and ethical manner. In this sense, prequalification is a “way of doing business,” rather than a separate service to be added onto the consumer’s bill.

TIP: Get Prequalified

A prequalified quote is not a guess or an estimate. It is an accurate quote based upon your risk profile – without the need for submitting a formal application.

ACTION: Get Prequalified for Free

1. Let your broker know that you'd like to get a prequalified quote for life insurance.
2. Double-check with your broker to make sure that this service is provided completely free of charge, and that they are not charging you for prequalification.
3. If it turns out that your broker is charging you for prequalification, then it's time to find another broker. Ask a friend who had a good experience purchasing life insurance for a referral.

Why Get Prequalified?

Prequalification protects your life insurance application history because you don't submit a formal application. Robert from New Jersey shared, "[The] prequalification process is extremely valuable, in that you can get clients with health issues "pre-screened" so as not to open the 'Pandora's Box' of underwriting misunderstandings and misstatements that could otherwise complicate the whole process."

A little background information is in order here.

As you may know, financial companies share your application history. For example, if you apply for a credit card and get turned down, then the next credit card company will be even more critical of your application.

When judging the risk of new customers, the credit card companies take their cues from each other.

The same holds true for life insurance companies. For example, if you submit a formal application to one insurance company – and that company declines you – then, that negative information is placed into your application history. A tarnished life insurance application history can make it increasingly difficult to obtain affordable coverage.

Prequalification does not require a formal application. When you [get prequalified](#), your application history is protected from negative information.

TIP: It Should Be Easy

Is prequalification difficult? For the consumer, not at all. When properly done, prequalification requires significantly more work on the part of the broker. But the consumer should not experience the additional difficulty.

ACTION: Get A Quote Before Submitting A Formal App

1. Let your broker know you'd like to get a prequalified life insurance quote based your personal risk profile.
2. Answer whatever field underwriting questions your broker requires in order to get a reliable quote.
3. Double-check with your broker that they are not going to submit a formal application with a life insurance carrier just to get a quote.
4. Give the go-ahead to your broker to approach the right underwriters and get a offers from interested carriers.

The Basic Steps

The prequalification process is straightforward:

1. The broker prepares a thorough risk profile of the consumer, which he then presents to carefully selected underwriters.
2. Each underwriter responds with his most competitive rate. In turn, the broker presents the best prequalified quote to the consumer.
3. The consumer decides whether or not to accept the quote. Either way, the consumer's application history is not affected.

This is very similar to mortgage prequalification. For example, when you shop for a new home, mortgage prequalification tells you exactly how large a mortgage you can afford before you make a formal bid on a house.

TIP: Know What You'll Get Before You Apply

Being prequalified for life insurance eliminates the guesswork. The stage is set for the approval of a formal application. Everyone saves time and effort. You can now make your financial plans with confidence.

ACTION: Now's The Time To "Get The Ball Rolling"

1. Let your broker know that you'd like to [get prequalified](#) based on your personal risk profile.
2. Set up a time to go over your medical and personal history so that you can be sure the quote you get is reliable.
3. Start collecting the documents your broker will need to present to underwriters, such as medical files and doctors' notes, court records, and financial information.

What Rates are Possible?

When properly done, prequalification dramatically increases the chances of finding both competitive and reliable rates. To get an idea of the power of prequalification, please see my brokerage's [online quote database](#). Each anonymous quote came from a real case file. The database covers a wide range of risk factors.

As Katharine from Pennsylvania shared, "This has been my first experience with the prequalification process, in the past the procedure was always 'apply and wait to be accepted or turned down.' In the future I will only work with companies or brokers that will prequalify."

To get prequalified, simply [request prequalification](#) from your broker. However, be very clear with your broker. Say precisely what you expect – prequalified quotes without the submission of a formal application.

TIP: Be Clear With Your Broker

Be sure your broker understands that you are not willing to authorize a formal application, until you are satisfied with the prequalified quotes received from the underwriters.

ACTION: Get An Idea Of What's Out There

1. Log into the [online quote database](#).
2. First, select “View By: Age” to see what kind of policies other people in your age group have been able to get.
3. Then, select “View By: Health Issues” to see what’s available for people with even the most complicated medical histories.

Chapter 2: Choosing Your Life Insurance Broker

Your life insurance broker is an important resource in financial planning. Let's review the basic things to look for when choosing a life insurance broker.

A good life insurance broker is:

- A Specialist
- A Field Underwriter
- A "People-Person"
- Your Advocate
- Independent
- A Good Businessperson

Specialist

The life insurance broker must be a life insurance specialist.

People who sell auto insurance, medical insurance, financial planning, or investments just can't have the time and resources needed to excel in each marketplace. I was once [interviewed by WealthManagement.com](#) on the topic of financial planners and other non-specialists selling life insurance products.

As I told them, some of the hardest aspects of insurance sales – prescreening clients on delicate medical matters, for instance – are unlikely to be mastered by someone for whom insurance is simply a complementary product. In fact, it's "almost better that somebody becomes a priest or psychologist or social worker and then enters this business."

The life-insurance specialist should also be a super-specialist in high risk cases; these kind of cases require the care and experience of someone who knows all their ins and outs.

TIP: High Risk? You Need a More Sophisticated Approach

A significant portion of applicants pose a higher risk with regards to their medical history or lifestyle. These cases require an understanding of underwriting that is more sophisticated than what is needed for standard and preferred candidates.

ACTION: Get A Life Insurance (Super-) Specialist

1. If a family member or friend (with a similar risk profile) had a good experience purchasing life insurance, ask him or her for a referral.
2. When looking for a life insurance broker, don't settle for a "jack of all trades." A dedicated life insurance professional has the requisite experience to guide you through the underwriting process.

3. When evaluating potential life insurance brokers, look for someone who's an expert in high risk cases. These elite brokers know how to handle a case like yours with the strategy and sensitivity it deserves.

Field Underwriter

The life insurance broker must be a good field underwriter.

This means he must have a strong familiarity with all the risk factors involved in underwriting, such as current health, medical history, avocations, etc.

Field underwriting also includes obtaining medical records. They must be reviewed, assessed for consistency and clarity, and summarized. Problems must be addressed with the potential applicant and physician so that formal underwriting would proceed smoothly.

Additional records that could strengthen the candidate's eligibility for coverage would include financial, legal, motor vehicle, or criminal reports.

Advisors, including attorneys, accountants, and even bankers, might be interviewed for supportive information.

TIP: A Proactive Broker Is Your Best Friend

Field underwriting isn't for slackers – your broker needs to be dedicated to your case and willing to work with your other advisors in order to get all the required information. Having a proactive broker at your side is a must.

ACTION: Get Your Files Together

1. Review your medical records to make sure that they are clear, that no test results are missing, and that your doctors have presented a balanced picture of your health and treatment.
2. Make copies of your financial statements and legal documents (including motor vehicle and criminal reports, if any).
3. Notify your attorney, accountant, doctor, and any of your other legal, financial, or medical advisors, that you are in the process of purchasing life insurance and that they may be contacted by an underwriter for more information.

“People Person”

The life insurance broker must be a good people person.

A high degree of caring and sensitivity must be expressed when asking people about personal and sensitive topics such as their medical treatment.

The fact of the matter is that many times, a potential applicant must disclose to his broker information that has not been shared with his spouse or business partner. Ethical and legal constraints to protect privacy certainly do apply.

At the same time, the broker must be able to engender trust and confidence so that the candidate feels comfortable going through full disclosure.

ACTION: Go For Full Disclosure

1. Make sure that your broker is someone you feel comfortable talking to and sharing information about your health, finances, and activities that you'd normally keep private.
2. When you discuss your personal history with your broker, lay it all on the table. Don't hold something back out of embarrassment. Your broker is your advocate and should not be judging you (if they are, find a new broker).
3. If you shared something with your broker that you have not yet shared with your partner or spouse, now is the right time to sit down with them and discuss the issue. You definitely don't want them to find out from an underwriter or claims investigator, instead of directly from you.

Advocate

The life insurance broker must become an advocate for his client.

Sometimes during underwriting the credibility of the applicant is challenged:

- Notations in physician records may contradict verbal disclosures that were made.
- The contents of the Medical Information Bureau may conflict with information on the application.
- Internal disputes within the carrier may jeopardize the pricing quoted. The underwriter who prequalified the case may assess one rate, but the underwriter who actually gets the application may want to assess a higher rate.

In all of these instances the broker must step in and reinforce the case on behalf of the client.

TIP: Get A Broker Who Works Well With Underwriters

Your interests must be promoted and protected – not only through the prequalification process, but throughout underwriting as well. Make sure your broker has a good rapport with underwriters.

Independent

Your life insurance broker should be an independent representative of many companies – as opposed to a captive agent with one company.

Companies specialize in underwriting different types of risks and your broker must have access to a wide variety, so the most competitive company can be selected for each client.

Life insurance is distributed through general agencies.

Within these firms, the directors have very strong relationships with just a few carriers. The broker has access to the underwriters of these carriers through these directors.

Since each general agency can have what we call a “golfing relationship” with only a limited number of underwriters, your broker must affiliate with multiple general agencies in order to have access to very strong relationships with many underwriters.

Your broker will thus have the leverage needed to get superior underwriting and superior service from many companies on many different cases.

Simply put, your life insurance broker must be well-connected with many insurance distributors or general agencies.

TIP: Get A Broker With Strong Relationships

Life insurance general agencies may distribute products for many companies, but they have strong relationships with only a few. Therefore, your broker must have relationships with many agencies so he can – through them – have strong relationships with their best companies.

ACTION: Find A Well-Connected Broker

1. When getting a referral for a life insurance broker, find out if the referred broker is independent or “captive.”
2. When interviewing potential brokers, ask how many carriers they represent and what their ratings are.

Good Businessperson

Your life insurance broker must be a good businessperson.

He must follow the basic business principles of dealing honestly with his clients, keeping his word to them, and delivering a timely and efficient service.

A significant investment of time and capital is invested in every person that enters prequalification to get to that point where it makes sense to apply.

As soon as possible, your eligibility for coverage must be confirmed, and a commitment to a rate obtained from a life insurance carrier.

TIP: Get A Broker Who Doesn't Charge For Prequalification

Your broker should not charge a fee for prequalification. Compensation is derived from the carrier through a commission when an applicant finally goes through formal underwriting and is approved.

Chapter 3: When Life Insurance Goes Horribly Wrong

Your life insurance rates depend upon the skills of your broker.

To illustrate, let's walk through the process of prequalification and underwriting, with John, a typical high risk consumer...What life insurance rates will he receive?

Well, that depends on how things go...

Underwriters Get the Wrong Information

John will answer "yes" on the initial prequalification questionnaire in response to some of the questions about medical condition or dangerous hobbies. The agent that doesn't specialize in life insurance is typically untrained to handle these "yes" answers. Therefore, the non-specialist may simply drop interest in John. He may tell John he's uninsurable, or he may leave John hanging for weeks without a return call.

If John's broker has some general idea of what follow-up questions to ask, he typically will just send John another questionnaire – without engaging in a thorough personal interview.

The problem here is that John, like most consumers, will not complete these follow-up questionnaires thoroughly, or 100% truthfully. Therefore, an important part of good field underwriting is the ability to coach consumers like John – and even sometimes hold their hands, if they need it – because of the sensitive and personal nature of the questions. It's only natural.

One individual, J from California, shared, "None of the other life insurance agents I sought help from explained to me about prequalification and how it enabled me to be honest about my medical history without unnecessarily disclosing personal identifying information."

These people-person skills are essential for John's broker to gain his trust.

Without trust, John won't feel comfortable opening up to his broker and key mitigating information – that might have persuaded the underwriter to give lower life insurance rates – will never be discovered.

Worse yet, even experienced underwriters often get information that they know must be incomplete or not completely correct because "things just don't add up."

In John's case, the underwriter's reaction will be to decline him or to assess a higher premium – called a rating – in anticipation of a higher risk.

TIP: Only A Field Underwriter Can Tell The Whole Story

If your broker lacks field underwriting skills, then he typically doesn't know all the most relevant follow-up questions to ask. Your broker cannot then provide the underwriter with the "full story," which should always include mitigating circumstances that can help your case.

The Broker Approaches the Wrong Company

Let's say John's broker does have the necessary people person skills, and he wins John's trust and full disclosure. At this point, John's broker must have the authority and the relationships to approach the correct company.

The fact is that life insurance companies specialize in the risks they are willing to underwrite. Some carriers are competitive for diabetes, others for hepatitis, and so on.

If John's broker is not independent – meaning, he is “captive” to a particular company's products – then he lacks the flexibility to match the John's needs with the most appropriate product. Clearly, the John's best interests may not prevail in this situation.

Or, if John's broker is independent but lacks the field underwriting experience to know which company wants which risk, odds are that John will be declined or rated.

TIP: Don't Submit A Formal Application Too Soon

At this point, if many brokers make the common mistake of prematurely submitting a formal application. If the underwriter declines or rates you, then you now have negative information permanently placed in your application history. This unfortunate mistake can not be undone.

No One Speaks Up in the Client's Defense

Let's suppose John's broker knows enough not to submit a formal application at this stage of prequalification. Even so, the underwriter could still indicate that getting declined or rated is likely for John, when he does formally apply. Under these conditions, John's broker must become a vigorous advocate on his behalf.

John's interest must be promoted and protected throughout all stages of prequalification and underwriting. Unfortunately, many brokers lack the knowledge, the motivation, or the negotiation skills to successfully advocate for lower life insurance rates.

If John's broker has all the proper advocacy skills – but lacks strong relationships with the general agencies, or his general agencies lack strong relationships with the carriers they represent – he will still not succeed in the fight on John's behalf.

The application may not be approved as quoted. The net result can be higher life insurance rates or a declination.

TIP: Don't Underestimate The Expertise Required

At this point, it should be clear how the prequalification process can break down, at any stage. It's a complex process that requires a diverse set of skills and abilities.

Chapter 4: When Life Insurance Goes Very Right

Now let's look at what happens with the prequalification process when everything goes right and a consumer like John is served properly...

Underwriters Get Thorough and Accurate Information

If John's broker conducts field underwriting effectively, he'll get thorough and accurate information about John to present to the underwriters.

As S from Colorado shared, "The prequalification process was very helpful without being too complicated or too much paperwork. It saves time by avoiding completing unnecessary paperwork with other companies in which you may not qualify."

This means that:

- Personal interviews with John have been completed.
- John's medical records, including exam results, lab results, and physician notes, have been obtained.
- Supplemental records, including perhaps John's motor vehicle report, credit report or Medical Information Bureau record, have been retrieved.
- When necessary, professional advisors such as John's attorney, accountant, and banker have been consulted.
- Perhaps even testimonials from both John and his broker have been written.

This package of information should be sufficient to give underwriters confidence that all pertinent underwriting risks and challenges have been satisfactorily addressed.

The underwriters are therefore comfortable in committing to their lowest rate in anticipation of receiving John's application.

The Right Company is Selected

Different underwriters have expertise in different risk areas. Some are knowledgeable about liver cases, while others may be strong in cardiac conditions. Some are private pilots and therefore have a high degree of comfort with candidates with that same hobby. The underwriter who has been selected through the prequalification process is one who is comfortable underwriting John as leniently as possible.

Other factors also influence the selection of life insurance carrier. For example, suppose John was in a hurry to purchase life insurance because he needs a policy to get approved for a business loan. It would be very important for John's broker to know whether a given company is experiencing an unusually high business volume, that may delay processing the application.

Additionally, a company that is undergoing a major change, such as a merger or acquisition, may be more or less desirable with regards to service and reliability.

The Underwriting Process is Professionally Managed

Prequalification sets the stage for an approval as quickly as possible. Underwriting risks and challenges have been properly addressed on a preliminary basis.

Formal underwriting is now a matter of filing the proper paperwork and accumulating the documentation needed for an approval. John's broker is well positioned to answer questions along the way, and to advocate strongly if issues arise.

"The prequalification process set the tone and framework, and helped make sure the application process would run smoothly. It prepared me well." – Scott, Pennsylvania

The final result is an approval for life insurance as quoted. As our hypothetical consumer, John has been able to shop for life insurance and rely on the quotes he got from his broker.

John can now formally apply for life insurance and be confident about the outcome.

Chapter 5: Life Insurance Product Options

A number of life insurance products are available. Many of them offer underwriting opportunities that can make it easier to obtain coverage, especially for people who represent a higher risk.

Prequalification can determine which is the most appropriate product for each candidate.

Guaranteed Universal Life Insurance

This is a permanent product intended to last your entire life. Both the premium and the survivor benefit can be guaranteed for your lifetime. It is a flexible product and therefore accommodates a number of funding strategies.

These can include:

- Continuous pay: a guaranteed premium is paid year after year, for the duration of the contract;
- 20-pay: the premium is payable for only 20 years, but the survivor benefit is guaranteed for your lifetime;
- 10-pay: the premium is payable for only 10 years, but the survivor benefit is guaranteed for your lifetime;
- Single-pay: the premium is paid in one lump sum in year 1, but the survivor benefit is guaranteed for your lifetime.

Underwriting opportunities that may be available:

Table rating: additional premium may be assessed on top of the base premium, according to a table of ratings. This table makes it cost-effective for an insurance company to insure someone with higher risk factors. An example would be someone with a chronic serious medical condition.

Table shaving: under certain circumstances, a person who represents a higher risk may be assessed at a much lower table than usual. This concession is particularly applicable to people who would normally qualify for a moderate table rating. Instead, they would be charged no or very little additional premium.

Flat extra: additional premium may be assessed per \$1000 of life insurance. This extra charge makes it cost-effective for an insurance company to insure someone who is perceived as a higher risk for a short amount of time. An example would be someone who is post-cancer surgery, or who recently completed drug or alcohol rehab.

Exclusions: under very specific circumstances a certain activity may be excluded from coverage. An example would be piloting a helicopter.

Term Life Insurance

This is a temporary product intended to last a specified number of years. Both the premium and the survivor benefit are guaranteed for a specified number of years; after that the premium may renew at a higher cost.

A number of guarantee periods are available.

They are:

- 30-year term
- 25-year term
- 20-year term
- 15-year term
- 10-year term

Underwriting opportunities that may be available:

Table rating: additional premium may be assessed on top of the base premium, according to a table of ratings. This table makes it cost-effective for an insurance company to insure someone with higher risk factors. An example would be someone with a chronic serious medical condition.

Flat extra: additional premium may be assessed per \$1000 of life insurance. This extra charge makes it cost-effective for an insurance company to insure someone who is perceived as a higher risk for a short amount of time. An example would be someone who is post cancer surgery, or who recently completed drug or alcohol rehab.

Exclusions: under very specific circumstances a certain activity may be excluded from coverage. An example would be piloting a helicopter.

Excess-Market Products

Underwriting syndicates will extend coverage to individuals with unique underwriting challenges. These can include severe medical conditions, hazardous vocations or avocations, or travel to dangerous places. Offers are made on a case-by-case basis. Underwriting is often simplified and quick. Coverage is typically of short duration.

Underwriting opportunities that may be available:

No medical exam: people whose lab results might make them ineligible for coverage can now qualify.

No review of medical records: people whose records contain notes or test results that might make them ineligible for coverage can now qualify.

Exclusions: specific medical conditions or lifestyle activities may be excluded from coverage. These could include a heart attack, or death related to alcohol use.

No-Exam Life Insurance

These products can be guaranteed issue, which means that no medical questions, medical records or medical exam are required. They can also be simplified issue, which means that a brief medical questionnaire will have to be completed, but neither medical records nor a medical exam are required.

The availability of these products is highly limited by the age of the applicant, as well as the state of residence. The survivor benefit is typically based on a graduated schedule during the first few years of the

contract. After that, the full benefit is offered. Both term and permanent insurance policies can be obtained without an exam. The face amount of these policies is relatively small.

Underwriting opportunities that may be available:

No medical exam: people whose lab results might make them ineligible for coverage can now qualify.

No review of medical records: people whose records contain notes or test results that might make them ineligible for coverage can now qualify.

Short form application: people with a higher-risk lifestyle or hobby, or with negative marks on their legal, motor vehicle, or financial record, can now qualify for coverage.

TIP:

Clearly, people who cannot successfully complete full underwriting will often choose these no-exam products. The pricing can therefore be higher compared to products that are fully underwritten. Nonetheless, they do represent a very viable last resort. If the candidate needs substantial coverage, products from many different no-exam companies could be combined.

Whole Life Insurance

Whole life insurance is a permanent product with strong guarantees. Both the survivor benefit and the cash value can be guaranteed for the life of the insured. Non-guaranteed values can also be added to the policy.

Over time, both the guaranteed and the non-guaranteed values of the contract can grow significantly.

Underwriting opportunities that may be available:

Lenient underwriting: Major underwriting concessions are typically not made available with whole life insurance. This is because the purpose of the product is to maintain strong guarantees and increase the cash and survivor benefit. Therefore, the cost of insurance needs to be comparatively low. Nonetheless, carriers may still underwrite some higher risks leniently. Prequalification will determine this on a case-by-case basis.

Chapter 6: Life Insurance for Rock Climbers

Once a rock climber decides life insurance is a necessary part of his or her financial planning, the next step is prequalification. The goal here is to determine the best available price without submitting a formal application. This way, the rock climbing applicant will know the company, the product, and the price – all without risking a declination or a rating (higher premium) due to his or her rock climbing activities.

The prequalification process involves developing a risk profile based on specific rock climbing risk factors about which the carriers are concerned. Of course, non-rock climbing questions are considered as well, such as current health, medical history, family health history, travel habits, and criminal and motor vehicle records. But let's take a closer look at rock climbing questions, in particular.

Common Questions for Rock Climbers

Here are some of the underwriting questions that rock climbers are asked:

- For how many years have you been climbing?
- How often do you climb?
- In which areas do you climb?
- On what type of terrain do you climb?
- What is the maximum height to which you climb?
- In what types of climbs have you engaged?
- What has been your average gain an application?
- What has been the danger rating of your average client?
- Do you ever climb alone?
- What equipment equipment do you use?

From these questions, the underwriter seeks to understand the individual's unique rock climbing risk factors, in order to most accurately assess that individual's risk and to offer the lowest premium available.

After all, the underwriter wants your business and wants to offer his company's most competitive price that matches your circumstances.

What If My Broker Doesn't Ask These Questions?

If your broker has not asked you these rock climbing questions, then your unique circumstances aren't being considered by the underwriter.

This could work against you, as the underwriter will blindly lump you together with a higher risk group of rock climbers. This translates into a higher premium for you, called a rating.

However, this is not the underwriter's fault.

Remember, the underwriter is acting responsibly on behalf of his company, as he's safeguarding his company from the unknown financial risk. If your broker isn't asking you these rock climbing questions, then you should seek a second opinion from another broker.

How Should I Answer These Questions?

In one word: honestly.

Based on my professional experience, I advise all my clients to be open and honest about their activities. If you try to hide an activity from the insurer, then you are jeopardizing your beneficiary's future security.

For example, let's say we unfortunately lost you within the first two years of your policy. And let's say it wasn't even a rock climbing accident, but something completely unrelated such as a drunk driving accident that wasn't even your fault.

The cause of death will not prevent the insurance company from conducting an investigation before paying the claim. The insurance investigators commonly speak to surviving family members, friends, and coworkers. You can count on them asking about hobbies and other activities. And you can count on some coworker or friend innocently and truthfully answering.

If you didn't fully reveal your rock climbing activities on your application, then the insurer is within its rights to refuse the claim. You've just thrown away your beneficiary's financial security.

Please, don't do it.

Chapter 7: Cancer and Life Insurance

A history of cancer can unfortunately make it more difficult to find life insurance.

However, recent reports from prominent cancer organizations indicate a significant measure of progress in the fight against this disease – and therefore a measure of realistic optimism for life insurance consumers as well.

In this section, let's look at the findings of this positive trend and how it can prove favorable for cancer patients in their search for affordable life insurance.

Cancer Prevention

A [2005 report](#) from the American Cancer Society tells us that at least half of all cancer deaths in the United States could be prevented through a change in lifestyle practices by the American population. Cited cancer prevention measures include – for example – quitting smoking. The fact is that fewer adults and teens are smoking compared to years ago.

Also, people are more careful in the sun and consuming less alcohol. More attention is also being paid to diet and exercise, as obesity is now recognized as a partial contributor to a person's probability of developing certain types of cancer.

Life insurance companies are quite willing to consider all modifications to your daily life that can help reduce the risk of death caused by cancer. By informing the underwriter of your cancer prevention efforts, you can potentially lower your premiums significantly.

Cancer Cures

The rate of new cancer diagnoses is declining and the length of survival after diagnosis is increasing, according to the National Cancer Institute's [biannual update](#) on the fight against cancer.

Early detection and treatment are credited for the statistical increase in cured cancer patients. Medical advancement seems truly miraculous, and improved educational outreach has resulted in more people voluntarily taking screening tests.

The net result is that cancer is caught in earlier stages, when successful cures are more likely.

How does this affect the cost of your life insurance coverage? As the American population's overall risk of dying decreases, so does your life insurance rate. The positive trend in cancer cures represents more affordable premiums for everyone.

Cancer Types

When evaluating a cancer patient, the life insurance underwriter recognizes different cancer types, each with its own characteristics.

For example, two types of tumors exist:

- Non-cancerous (benign) tumors are considered harmless and don't affect other tissues. Following surgical removal, benign tumors are not an additional concern to underwriting.
- On the other hand, cancerous (malignant) tumors can infiltrate surrounding tissues as well as the circulation system.

Careful attention is paid to the applicant's pathology report, which summarizes the cancer cell behavior.

Cancers are graded from I through IV:

- Grade I describes well-differentiated cancers that are the least aggressive and have the lowest tendency to spread early.
- Grade IV cancer types are poorly differentiated, have a high rate of aggression, and are most likely to spread early.

Another means of categorizing cancer types is by determining the stage.

Staging refers to the tumor's size, the regional lymph node spread, and the degree of metastasis. For many cancers, a stage A or I diagnosis has the most favorable prognosis, while high stage cancers such as C2 or D have a much poorer prognosis.

Also, the life underwriter may assess the appropriateness of treatment, which depends on the cancer's tissue of origin and spread; its stage and grade; the age of the applicant; the patient's general health and lifestyle choices.

Common types of cancer treatment include surgery, radiation, chemotherapy, hormone therapy and immunotherapy.

Life Insurance After Surviving Cancer

If you're a cancer survivor, then genetic and environmental variables may be considered by the life insurance underwriter. For example, cancer survivors have an increased risk of developing cancer again – even though the cancer may be in remission and the patient is currently cancer-free.

A family history of cancer may additionally predispose an individual to cancer. Unfortunately, your genetic history is completely beyond your control. However, insurance companies are usually willing to consider all the mitigating factors that are within your personal control. For example, lifestyle choices such as quitting smoking will be seen favorably.

As another example, the serious survivor can choose a healthier work environment, in terms of exposure to contaminants and carcinogens.

Common Questions for Cancer Survivors

Here are some of the underwriting questions that survivors of cancer are asked:

- Do you currently smoke cigarettes?
- If not, did you ever smoke?
- Do you currently use any other tobacco products?

- What is the exact name of your cancer?
- When were you diagnosed?
- When was your last treatment?
- How has the cancer been treated?
- What was the grade of the cancer?
- What was the stage of the cancer?
- Do you take any medications at this time?
- Have you used any lifestyle treatments including diet, nutrition, and herbal supplements?
- Has there been any evidence of recurrence?
- Does any parent or sibling have a history of cancer?
- Are you being treated for any other medical conditions?

Cancer is Not a Deal-Breaker

As a cancer survivor, you may qualify for surprisingly inexpensive life insurance coverage – if you can demonstrate a commitment to building a long and healthy future for yourself.

As discussed throughout this section, life insurance candidates benefit from many factors – even with a history of cancer. These include early detection, modern treatment approaches, and regular follow-up testing. Moreover, underwriting choices include close-to-standard rates for people with low-grade/low-stage of cancer after treatment completion.

Still, other choices include the assessment of additional premiums for a limited time period after completion of the last treatment or a permanent assessment of extra premium. In summary, every cancer patient must be evaluated on a case-by-case basis, and medical underwriting can result in significant savings.

TIP: Universal Life Insurance May Be A Better Option

Remember to request a Universal Life Insurance quote for comparison purposes.

Chapter 8: Hepatitis and Life Insurance

Every week, people with hepatitis ask for help in buying life insurance. Many, many Americans have this disease, and yet a large number are not quite sure how they became infected.

Possible Causes of Hepatitis

School Inoculations: During the “cold war” era, grade school children were typically inoculated in “herd” programs. They were simply lined up and given inoculations for Smallpox, Polio and other serious diseases – all without parental consent. Unclean needles may have spread the disease.

Military Inoculations: Many other Americans caught hepatitis in the military. Entire groups of soldiers were inoculated with the same instruments. Even though the needle was supposed to be an air blast, skin was broken and blood was exchanged.

Poorly Sterilized Medical Equipment: Until recently health departments, doctor’s offices, hospitals, clinics and dentist offices did not sterilize their equipment, nor did they dispose of their hazardous waste safely. Syringes and needles were soaked in alcohol to “sterilize” them – a procedure that we now know simply does not work. Both patients as well as medical practitioners could have become contaminated this way.

Blood Transfusions: A great tragedy has been found in the blood industry. Many adults and children were given tainted blood through transfusions. Some victims have collected compensation through lawsuits, and although this pays them for the crime it doesn’t cure the disease.

IV Drug Use: Many people have experimented with drugs at one point in their lives. Unfortunately, sharing contaminated needles may have spread the disease from one person to another. Other people may have visited unclean tattoo parlors or acupuncture shops.

Sexual Contact: Some people feel they may have come in contact with HCV through sexual relations. It must be noted that proof of this is in question.

So now what can they do?

The good news here is that it is very possible to find affordable coverage even when hepatitis positive.

Key Factors in Underwriting People with Hepatitis

The truth is that many people with hepatitis can be underwritten. This means they can go through a medical exam, provide samples of blood and urine, have their medical records reviewed, and still end up with a reasonable offer.

It all depends on a number of key factors. Here are a few:

Liver biopsy: This tool is the only way to assess damage to the liver. A positive report here can be very influential even if viral loads have been a little high. Viral load is one of the main indicators for determining if the patient is responding to treatment.

High liver enzymes: They may not result in a higher rate if they are above normal as long as they are not out of the ballpark. Other factors besides Hepatitis such as alcohol intake and diet can effect LFTs; these are taken into consideration when the lab reports of Hep positive candidates are evaluated.

Former drug and alcohol abuse: These behaviors have to be behind you. A person that is Hepatitis positive and still uses drugs and alcohol will be seen as somebody who is not just standing at the edge of the cliff, but running to it to jump off.

Depression: Being diagnosed with hepatitis is itself depressing. Treatment for the disease can make matters worse. If the depression is controlled and has not led to more serious disorders, than it may not affect the underwriting decision.

Common Questions for People with Hepatitis

Here are some of the underwriting questions that people with hepatitis are asked:

- When were you diagnosed?
- What type of hepatitis do you have?
- What were the results of your most recent liver enzyme tests?
- When were you most recently tested?
- Do you drink alcohol?
- Have you ever used intravenous drugs?
- Have you ever had a blood transfusion?
- Do you have any tattoos?
- Have you had any diagnostic tests completed?
- Have you been diagnosed with chronic hepatitis or cirrhosis?
- Have you received any treatment?
- Are you taking any medications?
- Have you used any lifestyle treatments including diet, nutrition, and herbal supplements?
- Are you being treated for any other medical conditions?

Hepatitis is Not a Deal-Breaker

Being hepatitis positive, in and of itself, does not preclude coverage. Positive diagnostic readings, a history of stability and improvement, and a healthy routine can all have a positive influence.

If a candidate feels comfortable enough to speak freely about prior and current lifestyle, as well as to provide copies of medical records, then their potential risk for insurability can be presented in the most positive light. Therefore, it's essential that your broker have the "people skills" and professionalism necessary for creating this level of confidence. Also, be sure to demand prequalification. This means that your broker should be able to provide you with an accurate offer based on your medical records and a thorough personal interview – all before submitting a formal application. This is a very similar service to mortgage prequalification.

Insurance carriers tend to specialize in the types of risks they underwrite, and not all carriers accept applicants with hepatitis. Others can be very competitive. The most common mistake made by inexperienced brokers is to submit formal applications with the wrong companies.

But a potential life insurance buyer doesn't want to risk getting declined or rated when shopping for coverage, as this can have an adverse effect on future applications.

That is why it is important to get a prequalified offer before you formally apply with any company.

Chapter 9: Depression and Life Insurance

Getting life insurance with depression can be tough, but it's not impossible. For example, applicants with depression can qualify for rates as high as Better than Standard. Even applicants with a history of suicide ideation can qualify for rates as high as Standard with a small extra premium, or better.

To get a feel for the possibilities, please see our [online quote database](#) for life insurance quotes received by people with anxiety and depression. This database, containing real quotes received by real people, is very useful as an educational guide. You can increase your chances of finding affordable life insurance by following some simple consumer advice.

The Basic Underwriting Issues

To start, consumers suffering from depression should understand what basic information is required by the life underwriter. The underwriter needs to know when the condition was first diagnosed; the dates of the first and most recent episodes; and the various modes of treatment employed.

If the medication regimen has been adjusted over time – as is often the case – then we need to know that. We need to know whether treatment has been provided on an inpatient or on an outpatient basis. Of particular concern is a history of any suicide attempts.

Many people who are depressed have suicidal thoughts and express them to their doctors. Most individuals however, do not act on these thoughts. Doctors' notes are very critical here to help us differentiate between musings of despair and actual intent to harm oneself.

Bipolar Disorder, formerly referred to as Manic Depression, is often treated successfully with modern medication. The drug regimen is of particular importance because certain medications used to treat Bipolar Disorder, such as Lithium, can lead to serious side effects if used in high doses over long periods of time. Lifestyle choices also hold much weight in underwriting decisions. Self-medicating with illicit drugs or alcohol can be self-destructive and can increase one's risk of mortality. Conversely, when people lead functional lives – especially maintaining close bonds with family and friends – they decrease their risk of mortality. Participation in support groups can also be key.

Common Questions for People Suffering From Depression

Here are some of the underwriting questions asked of people suffering from depression:

- What is the specific diagnosis?
- What is the date of diagnosis?
- What are the symptoms?
- How frequently do symptoms occur?

- What professional treatment have you received?
- Have you ever been hospitalized or received outpatient treatment?
- What medications have you taken?
- Have you ever received electroconvulsive therapy?
- Are you currently employed?
- Have you ever missed work because of this condition?
- Have you ever collected government or private disability benefits because of this condition?
- Do you drink alcohol?
- Have you ever used recreational drugs?
- Have you ever considered or attempted suicide
- Are you being treated for any other medical conditions?

Get Your Doctor's Notes

Doctors' notes, regarding information on suicide attempts or thoughts, are very critical here.

Your doctor's notes may reveal many positive lifestyle qualities that will put your information on suicide into proper perspective.

These notes will also help the underwriter differentiate between thoughts of despair and actual intent to harm oneself.

TIP: Make Sure Your Medical Records Include The Positives

I always recommend that my clients obtain a copy of their medical records, to ensure their doctors are including positive health and lifestyle information, not just the negative information on suicide.

Depression is Not a Deal-Breaker

Suicide is a tough thing to talk about and nobody likes to admit thinking about it.

It is so critical, though, to just put your cards on the table and tell your broker what you went through.

Therefore, be sure to disclose any suicide attempts or ideation, so your broker can factor that into your quote during the research phase. If it's not disclosed by you, but uncovered during underwriting – as it will be – then you will greatly reduce your chances of getting coverage.

If your broker submits a formal application, then any negative underwriting decisions will be placed into your application history. A negative history can make it even more difficult to find affordable coverage, next time you apply.

On the other hand, if your broker prequalifies you without a formal application, then any negative decisions will not be placed into your history and will simply fall by the wayside. Thus, prequalification protects your application history from the risk of negative underwriting decisions.

Yet, when done properly, prequalification still provides the same accuracy as a formal application. (Please see how a poorly chosen broker fails to properly perform prequalification, adversely affecting the consumer's life insurance rates.)

So, yes, you can have your cake and eat it too. Prequalification results in completely reliable quotes with zero risk of negative information being placed into your application history. I consider this the ideal method of obtaining life insurance quotes. Therefore, make sure your broker prequalifies you without a formal application. I'll say it again. Demand prequalification without a formal application.

As a consumer, how can you know if your broker prequalified you? Ask him the following question:

"Assuming I've been honest with you about my medical history – and assuming there won't be any surprises in my doctor's notes and my medical exam – are you confident that this quote is what I'll get from the life insurance company?"

If your broker can't be confident, then he hasn't prequalified you. He's just guessing what your rate might be. It might be an educated guess, but it's still just a guess.

Ask him again to prequalify you, or find another broker who will.

About Steve

Steven Kobrin is a life insurance expert with 25 years experience. He serves high-net-worth individuals and business owners as well as high risk and uninsurable "impaired cases." Steven offers concierge life insurance process to ensure the policy is approved as it's quoted. To learn more, visit his website, read his blog, connect with him on LinkedIn, or request a policy audit today by calling his office at (866) 633-1818 or by email at skobrin@stevenkobrin.com.