**Lessons in Life**

*Ryan Chegwidden, actuarial head at Altrisk, takes a look at the challenges that come with getting cover for impaired lives.*

Your client wants the right insurance, at the right premium, and it must provide them with cover for just about anything that could jeopardise their future financial security. But what happens when the process is not quite as straightforward? What if your client has extraordinary risks? Someone could have multiple health conditions such as diabetes and heart problems, or a heart and kidney condition.

The reality is that impaired lives are becoming more commonplace. It’s a worthwhile exercise to asses what percentage of your client base is now classified as high risk, compared to ten or 15 years ago. As much as insurers have had to reassess their product design and underwriting practices to cater for impaired lives, financial advisors also need to align their understanding of the “new normal” that is impaired lives.

It’s not easy securing *quality* risk cover for people who have health impairments that could place them at a greater likelihood of a shorter life expectancy or an illness. While the track record and claims experience of the insurer you choose to work with are important, your role in finding the right solutions for your hard-to-place cases is immeasurable.

**Develop relationships with underwriters**

Possibly the quickest decision an average underwriter has to make is when they are faced with an application where the risk is too high. Heart attack last month, survived cancer, HIV+, diabetic and clinically depressed — does this sound like any of your clients?

When it comes to getting cover for your hard-to-cover cases, a good relationship with the insurer and accessibility to the underwriting team is important. This allows you to have a grasp of what is possible with the insurer and question the terms, conditions and benefit options on any offers for your client.

**Underwriting considerations**

Assessing an impaired life application requires careful attention to individual details and unique circumstances. Underwriters need comprehensive health data, medical records and absolute client disclosure. They also look at your client’s treatment regimen, both completed and ongoing, if applicable.

You might wonder why this level of detail is important. Details of treatment can provide important clues about diagnosis, severity and prognosis of your client’s condition. For example, cancer treatments are often highly specific to the type and stage of cancer. You can tell a lot about the cancer just by knowing whether they received chemotherapy, radiotherapy or surgery. Similarly, information about previous and current treatment for heart conditions can provide important insights.

The point is to gather as much evidence to ensure that your client’s application is approved, and that they can get quality cover at an affordable premium. Take time to prepare your client’s paperwork and medical history to give the underwriters all the information they need to be able to offer the best possible offer for your client.

**Why it pays to go with a specialist for your difficult cases**

Insurers who specialise in impaired lives don’t operate with a generalised cookie cutter approach with standard check lists. Everything about impaired life underwriting is about the individual.

No diabetic is the same, no cancer or heart attack survivor either. Clients with the same condition can each receive very different underwriting decisions and offers.

Consider the following example of two diabetics of similar age. One may manage the diabetes well, be disciplined in medical care and check-ups, respond well to treatment and - as a result - have minimal organ damage and hence attract a loading of, for example, X.

The second applicant may not manage their diabetes as effectively, have significant organ damage, and attract a possible loading of Y. Other contributing risk factors such as obesity, smoking, cardiovascular disease and mental attitude towards their condition also plays a role.

It is important to remember that an underwriter makes an assessment based on the applicant’s individual profile and test results. So while two clients may seemingly have the same condition, the medical evidence tells a different story.

**Your role matters**

If you’re in the business of providing financial advice, be sure to improve your understanding of the most common health and medical conditions, and how to get the best cover for your client. Knowing how high risk conditions are viewed by an insurer’s underwriters can give you a competitive advantage in an environment where impaired is becoming the new normal.