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Securing Life Insurance for the Diabetic Applicant

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It is a common misconception that someone diagnosed with diabetes cannot qualify for quality life insurance or afford the premiums. We have all heard stories about insurance companies turning down diabetics.

Diabetes complicates life in many ways and life insurance is no exception. Life insurance companies want their policyholders to be in good health at the time of purchase. Having health problems, such as diabetes, *can* make it more difficult to buy life insurance, particularly since insurance companies can “rate” or charge a premium based upon the applicant’s health status.

Yet, many people with diabetes *can* qualify for affordable life insurance policies. With the rapidly rising number of diabetics and medical advances in the way the medical community treats the disease, insurance companies have reevaluated how diabetics are classified.

Here are factors that will affect the cost and availability of life insurance:

WHEN WAS THE DIABETES DIAGNOSED?

Life insurance underwriters are interested in life expectancy. Therefore, how long the applicant has had diabetes will influence the rating.

The two broad categories of diabetes are classified as Type 1 and Type 2. Type 1, formerly known as juvenile-onset or insulin dependent, has a peak age at onset of 12 years old and is treated with insulin.

Type 2, formerly called adult-onset or non-insulin dependent, can be treated with diet and exercise, oral medications, insulin or a combination of all three and usually develops

over the age of 30. However, its incidence is increasing in children and adolescents, especially those who are obese.

Generally, however, with Type 2 diabetes there are fewer years for complications to develop, thus reducing the mortality risk. Moreover, many Type 2 diabetics are non-insulin dependent adults and this type of diabetes is less aggressive than Type 1. Most diabetics in the United States are Type 2.

WHAT ARE THE COMPLICATIONS FROM THE DIABETES?

Any complications from diabetes will heavily influence the rating of the applicant’s health status. Unfortunately, diabetes can affect almost every system in the body. Common risk factors include neuropathy (nerve damage), nephropathy (kidney disease), atherosclerosis (cardiovascular disease) and retinopathy (eye disease).

When diabetes exists by itself, a policy may be rated based on the fact that people with diabetes are twice as likely to have a heart attack or stroke than non-diabetics, and therefore, could have a premature death.

But if the applicant already has coronary artery disease, smokes, or has high blood pressure the mortality risks greatly increase and it becomes more difficult to underwrite a policy. Medications for and treatment of these complications can improve the rating.

HOW HAS THE DIABETES BEEN CONTROLLED?

In all aspects of life, managing diabetes requires rigorous self-discipline. Not only do diabetics have to regulate their eating habits and medications, they also need to have an exercise regimen, control their weight, manage their stress levels and monitor their blood pressure and cholesterol.

Diabetics who commit to a program generally have better blood glucose control and fewer complications. According to one study, people with Type 1 diabetes can reduce the risk of complications, including those that lead to blindness, kidney failure and amputation by as much as 76 percent by lowering blood sugar to normal or near normal levels. Adversely, poor life style habits such as smoking and

obesity will negatively affect the rating.

HOW FREQUENT ARE VISITS TO THE DOCTOR?

Life insurance companies want to know that diabetes is under control. The best way to show this is documentation from frequent doctor visits. The hemoglobin A1-C blood test enables the insurance company to look back at the average blood glucose levels for the past three months. A1-C readings of 7.0 or less indicate good control, over 7.0 but less than 10 mean that better control is needed and over 10 is a red flag for serious control problems.

Records going back more than one year that show a good track record will enhance the chances of a favorable rating.

Also, frequent doctor visits help identify problems early and provide proper treatment to control or limit the complications that arise from diabetes. The ability to document when complications occur and how they are being treated is important.

TYPES OF MEDICATIONS

Over the past five years, a number of new medications for Type 2 diabetes aimed at preventing or delaying the onset of diabetic complications have become available.

Being current with treatment procedures and documenting medication changes and the affect on controlling diabetes can impact an application. This is another reason frequent doctor visits are important.

CHOICE OF A BROKER

It is the responsibility of the broker to advocate the case in the best possible way. A broker experienced in obtaining policies for people with impaired risks, and specifically diabetes, will know how to present the application and the most appropriate carriers to approach.

The agent's task is to make sure an applicant provides full, accurate and truthful information so the broker can make a proper representation to the underwriter. This means working with the broker so all the right questions are asked.

Some life insurance carriers use clinical underwriting—a process that looks at an applicant's overall health, not just

what health conditions a person may have. Some carriers will take high risk diabetes, while most will take low risk, controlled diabetes. An experienced broker will know the best course of action.

Type 2 diabetics who can document a stable health history and minimal or no complications can qualify for standard rates. In unique situations, with excellent control, a preferred rate is possible. Many Type 2 diabetics are marginally rated with mortality surcharges of +.50. Type 1 diabetics are less likely to get a standard rating; the most common rating is +1.00 extra mortality charges.

Universal Life (UL) should be the life product of choice versus term insurance. In the event the client is rated, UL is more flexible, secures lifetime coverage in the face of health changes and usually costs less than term. Poor control and known complications will increase ratings and premium costs.

Simplified issue whole life where a few medical issue questions are asked may offer immediate coverage with slightly increased costs. Guaranteed issue with a two to three year waiting period may offer full coverage for the uninsurable, but the costs will be significantly higher than standard rates.

Life expectancy guides all life insurance decisions. Diabetes is a progressive disease that can be slowed by meticulous blood sugar control, thereby improving life prognosis. The duration of the disease and the level of commitment to a healthy lifestyle affect the number and speed of development of complications that in turn affect life expectancy.

If it can be verified that an applicant's record demonstrates the disease has been under control over a long period of time and diligent management and appropriate treatment are minimizing the complications, the opportunity exists for a diabetic to obtain quality life insurance coverage at affordable cost.▲