



How to Defuse DI 'Land Mines'

Don't Let Disability Get in the Way of DI

BY LARRY SCHNEIDER

Tell me the (too) many ways that applications for disability insurance can be declined or modified and I'll tell you the many ways those actions might be remedied. Although health is not always the reason for impairment, it usually is.

As we all know, the human body is an engineering marvel, and it's a wonder we function as well as we do, especially when we expose ourselves to the rigors of daily living. But what happens when one of the "parts" is not functioning as well as a disability underwriter would like to see. We will take arthritis as a case study for this article, although many other health conditions can result in a decline, a modification or a rating.

First, DI producers should be aware of the "land mines," or impairments, in the application process. These are the health conditions or a situation that when submitted to an underwriter can explode in the producer's face. The prospect will be unhappy, especially because the applicant went to a lot of effort to help get the application through the process – the tax returns, examination, interview, etc. The accompanying list shows some of the conditions that will raise a red flag.

This long list of land mines makes many producers wary about walking into the DI field, but an agent has another list of methods to defuse the problem. First, when the issue surfaces, agents should let clients know the underwriter regards it seriously and the best policy is to be upfront with the facts. Then several possible remedies might be acceptable to the underwriter:

1. Shorter benefit period. Typically an impairment might lead to a five-year benefit period
2. Longer elimination period (overall or just for that condition)
3. Smaller benefit amount
4. Exclusion
5. All of the above

An exclusion can be for a specific period of time, say, one year. Incidentally, once the exclusion is removed it cannot be reinstated, even if there is a reoccurrence.

But even with an exclusion, there is a chance the insured will still be paid for the excluded disability – how does this happen if there is an exclusion? First, most exclusions are written in a very broad language, which perhaps excludes more than the specific

Possible Declination Reasons

1. Health
2. New business/occupation
3. Occupation (dangerous/unusual)
4. Working/traveling abroad
5. Not a U.S. citizen or without a green card
6. Government worker
7. Working from within home
8. Age (too old)
9. Income (too much or too little)
10. Build (height/weight)

problem. This allows some leeway at claim time, especially if the excluded condition wasn't a factor in the claim, such as someone with a bad back suffering a broken back as the result of an accident. Basically the claims department will evaluate each claim, and if the condition would have caused someone with a "healthy back" to become disabled, then the claim might be paid.

The case of arthritis

Once a land mine is discovered, producers need to find out all they can about the particular condition, because subtleties can lead to different results. For example, arthritis is a common land mine, and this case will show what a producer should know and how an underwriter might respond.

Background/Possible Outcomes

There are two major types of arthritis: rheumatoid arthritis (RA) and osteoarthritis (OA). Some other types are psoriatic, deformans, gout, Lyme, reactive, ganglion, systemic lupus, Still's disease, ankylosing spondylitis and fibromyalgia.

Background

The two major types affect joints in two different ways. RA is an autoimmune disease, in which the body turns on itself and attacks the tissues that line the ends of bones, causing serious inflammation. It's a bodywide ailment that could also affect other body organs and systems. Between 1 and 2 percent of the population may suffer from RA in some form, and females are three times more likely to be affected. OA,

by contrast, is often confined to one joint and occurs when the cartilage breaks down, causing the bones to rub together, and it is driven by misalignment of the bones, such as when a person is knock-kneed or bowlegged. OA is more common, affecting close to 10 percent of the population.

Treatment

Knowing the treatment will affect the underwriter's decision, so, for optimal results, find out as much as possible when interviewing the prospect and then condense the findings in a cover letter.

For both conditions, medical treatment begins with the simplest and least risky intervention and then progresses to more intense medicine such as cortisone shots. There are nine general categories of treatment. They are topical treatment, supplements, strength and balance training, exercise, anti-inflammatory drugs, disease-modifying drugs, opioid pain relievers, joint lubrication, and surgery and joint replacement.

The underwriter determines what possible actions to take by tiers: 1) Asymptomatic/incidental; 2) Mild to moderate; 3) Moderate to severe; 4) Severe.

Based on the tier, underwriters might react as follows:

For Rheumatoid Arthritis

Normally a decline, although there are carriers that might issue some coverage as a substandard.

For Osteoarthritis

If it is localized, it might be excluded from coverage. But note that occupation is also an underwriting factor.

What can the agent then do to overcome or alleviate the above outcomes? As discussed earlier, the producer can modify by changing some of the policy's parameters, such as changing the benefit period, the elimination period and the like. But what happens if the underwriter feels that such changes are not employable?

First, determine if the condition might change in the future, allowing the prospect to reapply later. Often this is a risky approach because the condition might not change and, of course, the applicant could suffer some other disability in the meantime. Getting less of a policy is usually the better route.

Producers can contact other carriers to see if their underwriting might be more liberal on the particular condition. And at some point, producers might need to reach out to a DI specialist experienced in hard-to-place risk.

So, given these tools at hand, producers should not be scared off of DI just because of a few land mines. [INN](#)

Larry Schneider is a disability specialist with more than 35 years' experience and is the owner of Disability Insurance Resource Center. He can be reached at info@di-resource-center.com or 800-551-6211.



Disability Insurance Underwriting Issues, or Land Mines

Asthma	Diabetes	Multiple sclerosis
Arthritis	Epilepsy	Overweight
Alcoholism/drugs	Heart attack	Respiratory
Carpel tunnel	Hypertension	Sleep apnea
Cancer	Lupus	
Crohn's disease	Mental disorders	