oswald

CASE STUDY

Insuring Serious Medical Conditions

A Strategic Approach to Underwriting Risk

Client

Female; Age 79

Medical Experts

Survey the Market

Improved

Insurability over time

Reduced

Premiums in three consecutive years

$100,072

Lifetime savings by changing from Carrier B to Carrier C

Background

A 79-year-old widow had done some estate planning prior to her husband passing away. However, there was an inequity between the inheritance her three children were to recieve. One child took over the family business prior to her husband's death. The other two children were to receive the balance of her estate. Due to the low interest rate environment she has started to invade principal, leaving two of the children with an amount significantly less than the child who took over the family business.

Challenge

The client was diagnosed with breast cancer at age 74. Through treatment she was deemed cancer free at age 76. Regular follow-ups with her oncologist have been positive and there have been no trace of cancer in the last three years. Though follow-ups had been positive, she had been declined for life insurance.

Solution

Oswald Companies' retains several former carrier underwriters and MDs that serve as underwriting consultants. An underwriting team was formed to approach several carriers on an informal basis to discuss this client's medical history. Initially this process was done confidentially without the client's name in order to protect the client's privacy. The underwriting team determined that if the client remained cancer free, her insurability would improve over time.

Results

In the **fourth year** removed from cancer our client received one offer for insurance from Carrier A. The annual premium for $1,216,000 of death benefit was $138,924. The client decided that the annual premium was too high and did not purchase coverage.

In the **fifth year,** Carrier A improved their offer, three other carriers also offered coverage. Carrier B provided the best overall pricing. The annual premium for $1,216,000 was $85,000. The client acquired two of these policies, one for each child inheriting her estate.

In the **sixth year,** two more carriers offered coverage. Carrier C offered an annual premium for $1,216,000 of death benefit for $77,852 per year. The underwriting team negotiated with Carrier B to improve the coverage purchased in the prior year, however, Carrier B would not improve. Therefore, Carrier B was replaced with Carrier C for a savings of $7,148 per year per policy. The client, now 82, with a life expectancy of 7 years would save a total of $100,072 over her lifetime by making these changes.

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