SPG | Life & Annuity

Summer Sippin'

An Update on Alcohol Use and Your Life Insurance Underwriting

Summer is in full swing and for many, the season translates to outdoor activities and cold drinks. **Summer is statistically the heaviest drinking season of the year** but as the saying goes, "Everything in moderation" — especially if alcohol is involved.

So, pour yourself something refreshing, (leaded or unleaded—your call) and let's talk about Alcohol and Underwriting!

The Glass is Half-Full

Home office underwriters are a conservative bunch and when physician chart notes mention alcohol use, heavy or otherwise, the flags go up. The impact of problematic consumption on your long-term health is well documented.

However, there is a flip side here worth remembering: research increasingly links moderate consumption of alcohol to more positive emotional wellbeing, social bonding, and stronger community ties. Your mental health can certainly impact your life expectancy, and social interaction is a key component.

A Shifting Landscape

Life Insurance company underwriting manuals have their charts and graphs that involve a set number of drinks per day or week along with other "vital" information. But this antiquated approach to underwriting is changing both in the assessment of these risks and what information is truly needed within the process. These changing attitudes and underwriting guidelines vary wildly in the current marketplace, but our SPG Life & Annuity Underwriting Team is on top of this incredibly positive trend.

While underwriters have often used insurance company labs (blood and urine testing), many carriers have shifted to and are already using the "new kid on the block" alcohol test: **the PEth assay**.

New Lab: PEth and What You Need to Know

Phosphatidylethanol—PEth—is a biomarker for ethanol (alcohol) that has been around since the 90's used for identifying harmful alcohol consumption. The cost has traditionally been excessive and restricted to special use cases. However, adoption has accelerated quickly throughout the 2020's with costs dropping substantially and insurance lab vendors making it a permanent offering.

As far as alcohol markers go, this test is unmatched in accuracy and specificity. There simply is no better test available to measure the degree of alcohol use in insurance applicants, and carriers are now in the process of scrambling to formulate their own respective internal guidelines.

Overall, it is an extraordinary test for **accurate assessment of alcohol consumption information over the past 2 to 4 weeks from time of testing**!

While still rather expensive and NOT a routine test, the more carriers that begin using this test, the more likely the costs will fall. Your underwriting team at SPG Life & Annuity is aware of this testing option and find it **very** useful in larger cases, especially executive marketplaces where alcohol is a routine part of dinner meetings or evening events.

The Need for a More Personalized Approach

In this era of 'Big Data' and algorithmic underwriting, clients who admit to alcohol use need our tailored approach to the underwriting processes more than ever. The hard numbers matter—the lab reports on HDL, AST, GGTP, MCV and now PEth. These numbers are coded into your client's database and will follow him/her into the future, so proper preparations for insurance exam labs are **vitally** important to your **<u>current</u>** case — **and your <u>future</u> case, as well**. We can help you.

While the lab data is certainly important, it does not tell the whole story. **Your cover letter is vital in painting the underwriting picture and, in conjunction with the SPG Life & Annuity Underwriting team's expertise, drives a sharper (and often more appropriately aggressive) pricing outcome for your client.**

At SPG Life & Annuity, we take the time to learn your client's individual story and can explain, enhance, negotiate, and leverage the favorable (but typically overlooked) details that are unique to your client. What are your clients' professional accomplishments, family successes, acquired affluence, social engagements, healthy lifestyle habits, elite clinical care, favorable prognostic trajectories? They deserve a tailored approach and unique individual considerations — not cookie-cutter underwriting. Partnering with SPG Life & Annuity allows you to deliver just that!

Case Study

A successful executive in his 60's was declined through a mutual carrier's direct channel for alcohol markers exceeding their lab thresholds. The advisor was familiar with our reputation and brought the case over to us. We deployed our Risk Differentiation Underwriting (RDU) platform where we:

- Determined the strategic path forward in concert with the producer and client goals;
- Held a one-hour Zoom call with the client, of which 45 minutes were focused on his elite professional successes and family with just the final quarter hour on clinical and social history;

- Prepared the client and retested the insurance exams including the new PEth reflex assay test. A key carrier of SPG Life & Annuity agreed to order the test on their dime and on an informal submission basis;

- Delivered a comprehensive presentation, which included the advisors cover memo along with our SPG Life & Annuity "Letter of Amplification" cover letter detailing how this ultra-affluent client runs in elite social circles and keeps a collection of wines noted at over 12,000 bottles of European vintage wines in his personal cellar.

The result: The life insurance protection was put in force at **Preferred NT** and was placed with just over $250,000 of premium. This was our first engagement with this advisor and this high-end planning firm, but they've already engaged us in additional business.

Remember: we are here to help you. Involve the SPG Life & Annuity Underwriting Team advocates for the strongest possible outcome for your client.