



PAUL AND ASSOCIATES
800-475-4751 303-438-1200

RATED AGES: ANSWERS TO COMMONLY ASKED QUESTIONS

What is medical underwriting, and why is it helpful to obtain a “rated age”?

Medical underwriting is the process annuity companies use to evaluate the remaining life expectancy of a medically impaired injury victim who is considering a lifetime payout structured settlement. The life insurance company will evaluate an injured party’s medical records in an effort to determine the extent to which the injured party’s overall medical condition affects his/her remaining life expectancy.

This process is important in determining the premium charged for a lifetime annuity. The medical impairment rating, or "rated age", can significantly improve the payout per premium dollar on a lifetime annuity, since the rated age, rather than the biological age of the annuitant is used to price the annuity.

Any health impairments (obesity, smoking, high blood pressure, diabetes, etc), whether related to the injury or not, can and should be sent to the annuity companies for consideration as well.

Rated Ages “True or False”

True or False: The annuity company underwriters will only evaluate the medical records for injuries that were a direct result of the injury claim.

False: Any health impairments (obesity, smoking, high blood pressure, diabetes, etc), whether related to the injury or not, can and should be sent to the annuity companies for consideration.

True or False: A “rated age,” rather than a plaintiff’s/claimant’s biological age, can be used to decrease the price of a lifetime annuity for an injured party.

True: The annuity company uses the rated age, not the biological age, to price the annuity, which decreases the cost of the lifetime annuity payments. This is important if the settlement is based on the amount of the benefit being paid out of the structure (e.g. a Medicare Set-aside in a Worker’s Compensation case).

True or False: A “rated age,” rather than a plaintiff’s/claimant’s biological age, can be used to increase the payout of a lifetime annuity for an injured party.

True: Rated ages can significantly improve the payout on a lifetime annuity. This is important if the settlement is based on a defined dollar amount to fund the structure.

True or False: Submitting medical records to obtain a rated age is labor intensive, and can significantly delay the settlement process.

False: Most life insurance companies offering medical underwriting to structured settlement annuitants need only 10-20 pages of relevant medical records, and often respond with a rated age within 1-2 business days.

***This article was produced by Paul and Associates for use exclusively by our clients. Any form of reproduction, unless authorized in writing by either Rob or Amy Paul, is forbidden.**