

What All Pilots Should Know When Applying For Life Insurance

Statistics would show that pilots are healthier, more affluent, and live longer than the rest of the general public. That in itself would lead you to believe that pilots would be a preferred risk for life insurance companies over non-pilots and therefore their premium rates would be less. Surprisingly, this could not be further from the truth. As you probably know, life insurance companies put you through their **underwriting process** to determine whether or not to offer you coverage. This underwriting takes into account many factors such as your age, health & medical history, occupation, and hobbies. To your dismay, insurance underwriters consider aviation a risk factor and the hobby of flying can dramatically affect your ability to gain affordable insurance.

Applying for life insurance as a pilot can often lead to a very trying experience. Frankly, it is very frustrating when a pilot in excellent health can be offered a premium rate higher than a non-pilot that is not as healthy. The fact that an active pilot completes a flight physical exam every 6 months to 2 years in its own way separates the healthy from the non-healthy so why isn't a pilot a life insurance company's best friend? Unfortunately, many insurance companies still base their premium rates for pilots on limited and often outdated aviation safety statistics and thus penalize pilots with unreasonable premiums for their coverage. Here are some valuable suggestions to save you time and money and make your insurance underwriting a smoother ride:

1. WORK WITH AN AVIATION EXPERIENCED INSURANCE AGENT

First and foremost, you should gain the assistance of an insurance agent that is experienced with both, helping the aviation community and working with aviation-friendly insurance companies. An agent that understands the type of flying and the aircraft you fly in is more apt to provide you with an accurate quote he can deliver on than your typical agent that is inexperienced with aviation. It is particularly important to work with an aviation experienced life insurance agent to ensure that your application will be completed correctly and precisely for the best aviation underwriting results. This specialized agent will gather a more complete picture of your aviation experience and will work with selected underwriters to get you the best rate. Beware the agent that cannot get beyond the fact that you are a pilot.

Life insurance applications do not ask you if you ride motorcycles or snow ski on double black diamond runs, but they do ask if you are a pilot. Unfortunately, if you mark 'YES' to that question most insurance companies will not offer you a preferred rate. An agent devoted to the aviation community can assist you with your application and make a real difference in the premium you pay.

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2. KNOW THE AVIATION GUIDELINES BEFORE SUBMITTING AN APPLICATION

Before proceeding with an application, make sure your agent has consulted the aviation guidelines of the insurance company he/she is applying you with to verify that you were quoted correctly. Some insurance companies have strict and fairly detailed guidelines as to what premium class you can be approved at based on your aviation experience (certificates, ratings, flight hours, type of flying, etc.). Other companies take the approach that all pilots are dangerous and charge them a hefty risk premium. An aviation experienced agent can qualify your experience to the insurance company's guidelines to provide you with an accurate price quote.

Did you know?

- Most insurance company guidelines will exclude you from their top preferred rates unless you are a pilot or crewmember on a regularly scheduled U.S. based airline
- Private pilots with less than 300 total hours and no instrument rating will likely receive a policy with the addition of a flat extra fee or an Aviation Exclusion Rider
- Many employer-sponsored life insurance plans will exclude coverage on death due to general aviation activity.
- Flying activities such as aerobatics, experimental aircraft or ultralights will likely increase your rates dramatically.

3. COMPLETE THE INSURANCE AVIATION SUPPLEMENT FORM CORRECTLY

Once you mark that you are a pilot, the insurance company will require an aviation questionnaire to be completed with your application. Utilize your pilot friendly agent when completing this form to ensure that your information is listed correctly. You want to make sure that your additional ratings and experience will help and not hurt your premium rate. The way you state your information can sometimes be misinterpreted by the insurance underwriter due to their general lack of aviation knowledge and this can negatively affect your premium rate offer. Once again, a pilot-focused agent can ensure that your answers will be stated in a way that insurance companies will understand. Think of your insurance agent like your attorney and the insurance company as the court. Your agent needs to be knowledgeable on your background and your case to best represent you to the insurer and give you the ultimate chance of securing a preferred rate.

Here is a short list below highlighting some common mistakes our clients have made on the insurance aviation questionnaire:

- Pilots with their CFI rating but do not instruct need to clearly state that they are not active in flight instruction since active flight instructors typically do not qualify for the same rate class as other pilots.
- CFIs instructing only certified pilots (refreshers, bi-annuals, checkrides, etc.) can qualify for a much better rate class than those instructing primary students.
- Pilots who partake in unusual attitude training should not mark 'Yes' to the aerobatic flying question. It should be stated that you perform these maneuvers for safety purposes. The premium difference can be huge.
- Pilots performing air ambulance activities must clarify whether they fly fixed-wing or rotorcraft since fixed-wing rates will be much less due to the conditions each type is likely to fly into.

The bottom line is that by working with an aviation experienced agent you have a much better chance of having your case stated correctly to the insurer.

All-Around Tips When Applying For Life Insurance

1. HOW TO HAVE A BETTER MEDICAL EXAM

Here are some good measures to take before your next insurance medical exam:

Certain health conditions simply cannot be masked, but to obtain the best possible results, here are some recommendations.

- Get a good night's rest the night before your exam.
- Don't drink for at least eight hours before the exam.
- Don't smoke or chew tobacco for at least one hour before the exam.
- Avoid coffee, tea, or other caffeinated drinks like cola for at least one hour prior to the exam.
- Limit salt intake and high-cholesterol food 24 hours before your exam.
- Don't engage in strenuous physical activities 24 hours before the exam.

Source: Exam & Profile Services, Beaver Dam, Wis.

As you may or may not know, insurance companies generally require a medical exam on any policy face amounts of \$100,000 or greater. Most exams consist of a blood draw, urine specimen, and a series of medical history questions. An EKG could also be required on larger policies or if you are applying at an older age.

The exam should be paid for by the insurance company and most will send a nurse out to your home or office to complete the exam.

2. DISCLOSE YOUR COMPLETE MEDICAL HISTORY TO THE INSURANCE COMPANY

In order to save precious time during the underwriting process, make sure that you provide complete records of your medical history. Don't bother with trying to cover up your medical history in order to qualify for a better insurance rate. Insurance companies can easily track down your medical records through the results of your insurance medical exam or through the Medical Information Bureau (MIB), a clearinghouse of medical information that insurers share. Matter of fact, each time you apply for life insurance and take a medical exam your results and records are sent to the MIB.

If you have any medical history it is best to provide your doctor's contact information so that the insurer can request your records from the doctor's office if need be. Many times, the insurance company will require an APS (Attending Physician Statement) from your doctor that is or has treated you in the past if you have had any significant medical history. If you are one of the lucky ones and have been fortunate to have no medical history, simply do not list a doctor on the application- just state None. In other words, do not list a doctor just to list one. Otherwise, you could waste time by triggering the insurance company to hunt down your medical history from the physician you listed when you do not have any such records.

3. THE LOW-DOWN ON SMOKING RATES

The fact of the matter is that insurance companies see 2 types of people, non-smokers and smokers. If you smoke one cigarette a week you will be in the same insurance premium class as someone who smokes a pack per day! If you smoke more than 20 cigarettes a day you will pay even more. The premium rates for smokers can easily be 2 to 3 times the rates for non-smokers. Through research and medical studies, insurance companies believe that smoking increases the risk of premature death.

What about non-cigarette tobacco use?

Most insurance companies will treat non-cigarette tobacco use favorably different than cigarette smoking. In many cases, non-cigarette tobacco users can actually qualify for non-smoker premium classes which offers them enormous savings over the cigarette rates.

Non-cigarette tobacco use that qualify for non-smoker premium classes:

- Cigar
- Pipe
- Chewing Tobacco

What if I used to smoke? How long until I can qualify for a non-smoker category?

For cigarette smokers, you will need to be smoke-free for at least one year before you can qualify for a standard non-smoking rate; 2 years to qualify for a preferred non-smoking rate. Most non-cigarette tobacco users can qualify for a preferred non-smoking rate after just one year of no-tobacco use.

4. THE MORE YOU WEIGH, THE MORE YOU PAY

Being overweight can cost you a pretty penny on your life insurance. Insurance company use height and weight guidelines to determine what premium class an individual will qualify for. These guidelines provide a desired weight for male and females bases on their height.

Each premium class has a certain height and weight maximum you must be below to qualify for that given rate class. If you are above the maximum, you will be dropped to the next appropriate premium class.

Studies from the American Medical Association show that being overweight has a correlation to health problems. Matter of fact, according to a recent study published in the Journal of the American Medical Association, excess weight is linked to 280,000 deaths in the U.S. annually. Insurance companies decided that if individuals are overweight, they will likely have other health issues, such as, high cholesterol or blood pressure readings. Even if you are 10 lbs. over the insurance company's desired height/weight chart, you will be given a higher rate.

Below is a chart showing the desirable weights for males and females published by the American Medical Association:

Height		Desirable weight range					
		<i>Small frame</i>		<i>Medium frame</i>		<i>Large frame</i>	
Men	Women	Men	Women	Men	Women	Men	Women
5'1"	4'9"	123-129	99-108	126-136	106-118	133-145	115-128
5'2"	4'10"	125-131	100-110	128-138	108-120	135-148	117-131
5'3"	4'11"	127-133	101-112	130-140	110-123	137-151	119-134
5'4"	5'0"	129-135	103-115	132-143	112-126	139-155	121-137
5'5"	5'1"	131-137	105-118	134-146	115-129	141-149	125-140
5'6"	5'2"	133-140	108-121	137-149	118-132	144-163	128-144
5'7"	5'3"	135-143	111-124	140-152	121-135	147-167	131-148
5'8"	5'4"	137-146	114-127	143-155	124-138	150-171	134-152
5'9"	5'5"	139-149	117-130	146-158	127-141	153-175	137-156
5'10"	5'6"	141-152	120-133	149-161	130-144	156-179	140-160
5'11	5'7"	144-155	123-136	152-165	133-147	159-183	143-164
6'0"	5'8"	147-159	126-139	155-169	136-150	163-187	146-167
6'1"	5'9"	150-163	129-142	159-173	139-153	167-192	149-170
6'2"	5'10"	153-167	132-145	162-177	142-156	171-197	152-173
6'3"	5'11"	157-171	135-148	166-182	145-159	176-202	155-176

Source: American Medical Association

CONCLUSION

The key to applying for life insurance as a pilot is to have an agent that is experienced with assisting pilots. Remember that your agent is the link between you and the insurer. The more knowledgeable your agent is with the aviation underwriting the more likely you are to receive a preferable premium rate. The way you complete your application and the aviation supplement form can vary the premium rate you will be approved at. In addition, take the necessary precautions in regard to your medical exam. The insurance medical exam is a snapshot of your present health and is the main representation of you to the insurance underwriters. This is how the insurance company judges your current health condition so you want to give them the best results possible. The insurer will also want any and all information on your medical history. By providing them with this information and any medical records you can shorten the underwriting process by weeks. Many variables go into the life insurance application and underwriting process and it is our job to inform clients how to best prepare themselves for a favorable insurance purchasing experience.