

**TRANSACTIONS OF SOCIETY OF ACTUARIES  
1962 VOL. 14 PT 2**

**GUARANTEED INSURABILITY OPTION**

- A. By age groups and sex, what percentage of eligible applicants are buying the Guaranteed Insurability Rider? How does this compare with the period shortly after introduction?
- B. What are the pros and cons of attaching this rider to existing policies? On what basis may the rider be attached to existing policies? What has been the volume of such additions?
- C. What percentage of options available under these riders is being exercised? Do any special commission problems develop at this time?
- D. What recent changes have been made in extending coverage under this rider—for example, more option dates or situations anticipating option dates, provisions for lower or higher option amounts? With what results?

MR. STUART E. TINKER: Currently, in the Bankers Life, slightly fewer than one-fourth of the eligible applicants buy the guaranteed insurability rider compared to about one-third when the option was first introduced. Based on the experience in the twenty-seven months ending March 31, 1962, the percentage of eligible applicants who bought the rider varied by age as follows:

Ages	Percent	Ages	Percent
0- 4 .....	26	20-24 .....	29
5- 9 .....	42	25-29 .....	19
10-14 .....	52	30-34 .....	10
15-19 .....	39	35-37 .....	4

In the first three months of 1962, less than 9% of the eligible females bought the option compared to about one-fourth of the eligible males who did so. Just over 10% of the individuals reaching an option date exercised the option. This percentage has remained stable. The Bankers pays full commission on new insurance purchased under the option.

MR. EUGENE F. PORTER: The Aid Association for Lutherans issued, in 1961, its guaranteed insurability rider to almost 7% of those eligible, as compared to about 2% of those eligible when the rider was introduced in 1959. The increase is attributed to a greater use of the rider at juvenile ages. The percentage of those eligible purchasing the option drops off sharply after age group 16-24, the last group for which six options are included. Since September 1960, the rider might be added to an existing policy with an issue date of 1948 or after, on an original age premium basis with payment by the policyholder of the reserve. In 1961, 16 options for

\$103,000 were exercised out of a potential of 129 for \$865,000. In 1962, the rider was liberalized for both new and old issues to permit the next following option date to be advanced on the occurrence of marriage or the birth of a child.

**MR. PAUL E. MARTIN:** The Ohio National permits the rider to be attached to existing policies on an attained age premium basis, subject to a flat \$10 charge per policy.

**MR. LUTHER O. FORDE:** The Lutheran Brotherhood has just introduced, in lieu of the insurability rider, a rider providing decreasing term insurance to age 40 plus additional term insurance of six months duration at marriage and upon the birth of each child. This additional term insurance may be converted to permanent with a premium credit being provided at conversion.