

FAMILY POLICY

What considerations are involved in underwriting an applicant, his wife and children under a family policy? What special underwriting problems have developed?

MR. HARLOW B. STALEY called attention to the extra time and expense required to obtain sufficient underwriting information and to the questions of how high a rating it is practical to impose, how much extra mortality can be accepted on the wife or children at standard rates, how to exclude children from coverage, how to treat requests for reconsidering children originally excluded, how to handle adopted children whose adoption is not yet final, and how to handle divorces and remarriages.

Farm Bureau Life accepts the wife with ratings through 250%, and writes children at standard rates who would be rated through 150%, excluding other children.

Mr. Staley then listed the problems of how to underwrite pregnant women (they accept them regardless of date), whether the agent should see each person insured (they do not require it), whether M.I.B. files should be checked for the wife's name (they do not in every case), and whether to use a family inspection report (they do).

MR. LEWIS C. WORKMAN pointed out that the premium for Central Life's family rider leaves no margin for extensive underwriting, and only a minimum of evidence is of necessity obtained. Medical examinations on the wife and children are not authorized except in rare cases. Inspection reports are not ordered on applications for only one unit of the rider. (One unit provides \$1,000 on each child and a decreasing amount averaging about \$2,000 on the wife.) However, their underwriting is careful and strict even though the evidence is limited, particularly because of the paid-up benefit given children if either parent dies.

Children are not rated, but are excluded if anything looks very wrong, mostly because the rider guarantees the right to convert at standard rates at age 25 to five times their coverage. Children excluded but who subsequently recover will be put in under the rider, but the policyholder must pay for the necessary evidence. The rider is not issued where environmental conditions are so bad as to make unwise the granting of the age 25 conversion right to any of the children.

Mr. Workman discussed the claim problems likely to arise on policies containing both a family rider and an aviation exclusion rider. If the

policy is canceled as if it never had been in force and all premiums are returned in event of the father's aviation death, should benefits guaranteed under the family rider in event of the father's death (*i.e.*, paid-up coverage on children, conversion privileges on wife and children, etc.) be granted?