

Marijuana Use Underwriting Guidelines

Third Quarter 2016

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With the legalization of recreational marijuana in four states, and many other states set to vote on recreational legalization this year, we are receiving a lot of inquiries about the use of marijuana and how it impacts the underwriting of income protection products. The following serves as a guide for carrier requirements.

Standard:

- 1-2 times per week
 - Smoking - tobacco rates
 - Edibles - tobacco rates or 25% rating
- 3-6 times per week
 - Smoking - tobacco rates and 25-75% rating; BP limited to 2yrs-5yrs
 - Edibles - 25-75% rating; BP limited to 2yrs-5yrs
- 7 or more times per week - Decline
- Medical - Decline
- Owners and employees of state licensed stores - Coverage not available

Principal:

- 1-3 times per month
 - Smoking or edibles - tobacco rates
- 4 or more times per month
 - Subject to additional rating and/or limitation of benefit period, or decline.
- Medical - Decline
- Owners and employees of state licensed stores - Coverage not available

Assurity:

- 1-3 times per month
 - Smoking or edibles - tobacco rates; 90 day wait, 5 year benefit period, table 1-2 rating
- 4 or more times per month - Decline
- Medical - Decline
- Owners and employees of state licensed stores - Coverage not available

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If there are specific topics you'd like to see covered in future newsletters, please contact:

Jaymie Mayers
at jaymie@pacificadvisors.net

Marijuana Use Underwriting Guidelines, Continued

Ameritas:

- 1-2 times per week
 - Smoking - tobacco rates
 - Edibles - Could be issued standard
- 3-5 times per week
 - Smoking - tobacco rates and 25-75% rating; possible limited benefit period
 - Edibles - 25-75% rating; possible limited benefit period
- 6 or more times per week - Most likely a decline
- Medical - Decline
- Owners and employees of state licensed stores - Coverage not available

MetLife:

- 1-2 times per month
 - Smoking or edibles - tobacco rates
- 3-6 times per week
 - Tobacco rates, 30% rating, 5 year benefit period maximum
- 7 or more times per week - Decline
- Medical - Decline
- Owners and employees of state licensed stores - Coverage not available

Genworth Launched New LTC Product, ElementSM

Genworth launched ElementSM, a long-term care (LTC) insurance solution based on their flagship Privileged Choice[®] Flex 3 product to help make LTC insurance more accessible with underwriting enhancements and offer affordable solutions. ElementSM features four preset packages:

Select coverage maximum amount of \$25,000; \$50,000; \$75,000; or \$100,000 per person. There are pre-set maximum monthly benefit amounts that correspond with each coverage maximum.

Clients just need to determine which level of protection they want and for couples, the optional Shared Coverage benefit can be selected. The Shared Coverage benefit will allow one spouse to exhaust their respective benefit pool and that of their spouse/partner and guarantee the non-claiming spouse will have 50% of their original benefit pool (i.e., If an insured used \$100,000 of their \$100,000 pool and \$75,000 of their spouse's pool, that spouse not on claim still gets \$50,000 of benefits.

ElementSM packages offer more affordable coverage options by focusing on smaller, yet meaningful coverage amounts with benefits that are optimized for home care. Each of the four package options include¹:

- | | |
|------------------------------------|---|
| • 2% Compound Inflation Protection | • Refund of Premium Upon Death Up to Age 65 |
| • Informal Care | • 1st Day Home Care |
| • Waiver of Premium | • 90 Service Day Elimination Period for Facility Care |
| • Increase Coverage Option | |

Genworth believes selling smaller, preset packages shouldn't require the same amount of time and effort as fully customizing larger plans. ElementSM features one underwriting category that helps expedite the new business process for you and your clients.

Now you can reach the market with affordable coverage that is easy to understand, has minimal decisions to make, and expedites the process with streamlined underwriting. Give us a call to see how this solution might work for your clients!

¹ For state variations, see the State Difference Matrix

Planning Tips for Q3

Summer is a great time to evaluate your approach with your clients and introduce new ideas or products to them. Here are some tips to help you bring additional value and expertise to your clients.

1. Part-time employees:

Part-time employees are becoming more prevalent as workplace trends continue to shift. Working part-time allows these individuals to keep their professional skills current, while providing needed flexibility. Consider the architect who works 20 hours a week so he can spend more time with his young family, or the paralegal who works 25 hours a week so she can pursue her law degree.

Part-time employment, however, does not come without challenges. Many of these employees do not qualify for employer-sponsored group benefit programs so they need individual income protection solutions, which historically, have not been available. They can now qualify for up to \$5,000 a month in benefits!

Not only does this create opportunity to discuss this with your current clients who rely on their part-time income, but it also opens the door to have conversations with human resources and benefit departments about employees who are left without vital income protection.

2. Clients with key-person coverage:

Business owner clients who have life insurance to protect against a key employee's death most likely need income protection if that key person is unable to work due to an injury or illness. Address this need by discussing disability key-person replacement coverage.

This is ideal for small to medium-sized businesses, specifically those with employees who have specialities or experience that is not easily replaced.

Include these discussion points to illustrate how extended illnesses and injuries can lead to:

- Increased expenses from hiring/training a replacement
- Disruptions to business
- Lost relationships that could impact key accounts
- Loss of management skills and expertise

3. Do you have any clients borrowing money to buy or grow a business? Does the bank want them to be covered in case of a disability?

Business Loan Redemption policies are specifically designed to make loan payments if the business owner is too sick or injured to work. Loan coverage includes facility renovations or improvements, the purchase of a building or land for business, mortgage loans, the purchase of a practice or exiting business, expansion of a business, the purchase of a large piece of equipment and lease financing. Additionally, these policies do not impact individual disability benefits or limits.

4. High Deductible Medical Insurance

With medical insurance deductibles growing, where will clients get the funds for the 'deductible' in the event of a significant illness? Critical illness plans can help cover the risk by providing your client with a lump sum benefit (\$10K up to \$500K) at the time a qualifying condition is diagnosed.

Call us for details.

News You Can Use

- **There are exciting changes coming to Pacific Advisors soon - stay tuned!** Make sure you are receiving our marketing emails to hear about our big announcement, as well as industry news, sales ideas and tools you can use. Contact Jaymie Mayers at jaymie@pacificadvisors.net or 877.455.9580 to be added to our marketing list.
- **Pacific Advisors would like to welcome Shalanée Joyner and Kasey Seibert to our team!** Shalanée is our newest Internal Sales Consultant who can assist you with case design, sales ideas, contractual questions and illustrations. Kasey joined our new business team and can assist you with illustrations, case management, inforce policy services and Benefit Update and Future Increase Option underwriting.
- **MetLife will suspend Individual Disability Insurance (IDI) sales effective September 1, 2016.** You **must submit any applications to Pacific Advisors by August 30, 2016.** The final date to place IDI business is on October 31, 2016.
- **The Standard upgraded ten surgical occupations from a 3P to a 4P occupation classification** for individually underwritten Protector PlatinumSM and Protector+SM (in Vermont) policies.