

IMPAIRED RISK REFERENCES

Issue 13

Underwriting Lung Disease

THE CASE

STUDY FOR

THIS MONTH

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Meet Dave King, assistant vice president of impaired risk sales. Dave has over 15 years of brokerage agency experience in the life insurance industry most recently as part of the Capital Synergies team in Baltimore, MD.

A 60-year-old man is looking for \$650,000 of OPTerm life insurance. He smoked for 30 years and stopped 10 years ago when he developed a persistent cough. He now has shortness of breath with exertion and his breathing tests show he has 60 percent of normal breathing capacity.

The most common lung disease is called COPD, Chronic Obstructive Pulmonary Disease. This condition involves inflammation of the bronchial tubes (the source of the obstruction) and a breakdown of lung tissue, emphysema. It is caused most commonly by smoking; nevertheless only 15 percent of smokers actually get this disease.

COPD is the fifth leading cause of death and its incidence continues to rise. So it is a commonly encountered problem in underwriting. Often the clue that COPD is present is a cough or shortness of breath (dyspnea). It takes 20 years of smoking to develop this condition. The damage is not reversed by cessation of smoking; it is an irreversible disease. The consequences of smoking can actually appear after smoking stops because lung function continues to decline with age.

A "pulmonary function test" is the best way to measure the damage done by smoking and to prognosticate on the longevity of the afflicted person. This is a breathing test that compares the person's ability to inhale and exhale to that of a typically normal person. In this case the subject had breathing capacity of only 60 percent of normal. The lower that percentage, the greater the risk of early death. (See the table for illustration of that risk).

After the lung function drops to a certain level, the oxygen supplied through the lungs to the tissue begins to drop. The waste product, carbon dioxide, cannot be easily eliminated. When oxygen is deprived and carbon dioxide builds in

the blood, then organs in the body malfunction. There is no organ more affected than the heart. Greater burden is placed on the heart at the same time because pumping blood to the diseased lungs also requires more work. Congestive heart failure sometimes ensues and congested organs deprived of oxygen throughout the body can malfunction and death can be a future consequence. Additionally, mortality from lung infections is also higher when there is COPD.

COPD at age 60: non-smoker

Breathing capacity as a percentage of normal

>70%	0 risk
60-70%	Table 2
55-59%	Table 4
50-54%	Table 6
45-49%	Table 10

The case study reveals one such example of a reformed smoker who developed COPD while smoking; it actually was diagnosed later. The risk is Table 2, which calculates to a life expectancy of 23 years (instead of 26). If smoking continues, if the person is younger, or if there are cardiac effects,

then the risk is higher. For example, if the person still smoked and had this lung capacity, he would be a Table 6 risk.



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