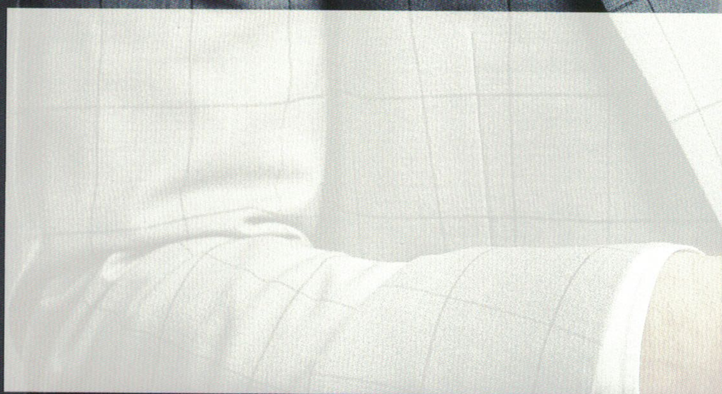
FEBRUARY 2020 • IAMAGAZINE.COM

CANNABIS: A SMOKING GUN?
P. 42

WHAT'S SHAPING M&A IN 2020
P. 19

ELEVATING WORKERS COMP

RAISE YOUR VALUE WITH 9 SUCCESS STRATEGIES
P. 34



Roughly 40% of states allow drivers to stack uninsured/underinsured motorist coverages. In those states, a policyholder can multiply their UM/UIM coverage by the number of autos they insure, which is an important feature of the auto policy in states that allow stacking. However, except in Rhode Island, insurance carriers are allowed to prohibit stacking policies and agents need to make sure they are offering a stackable policy if the state allows.

Another twist is Uninsured Motorist Property Damage (UMPD), which is available in 15 states. An additional eight states require it. Traditional UM/UIM coverage includes medical bills, pain and suffering, and lost income damages to a driver and their family members in their auto or another auto, as well as passengers in the covered auto. UM/UIM coverage does not cover damage to your auto. UMPD coverage will pay for uninsured or underinsured property damage resulting from an accident.

While many see UMPD as a duplication of collision coverage, it is much cheaper than collision coverage and usually carries a lower deductible. UMPD is an excellent alternative for older or lower value autos, especially if the customer wants to drop their collision coverage.

Agents should always offer limits that match the liability limits of the customer. In fact, some states require a customer to sign a rejection form if they choose less coverage than the liability limits they carry. Moreover, don't forget the umbrella coverage. Make sure to offer matching UM/UIM limits on any umbrella policies you place.

UM/UIM limits will never be an errors & omissions issue until you have a customer who is badly injured in an auto accident. That is why it's best to make sure you document that you offered the coverage and note any higher limits that are rejected by the customer to protect your agency from an E&O claim.

James Redeker is vice president and claims manager at Swiss Re Corporate Solutions and works out of the office in Kansas City, Missouri. Insurance products are underwritten by Westport Insurance Corporation, Kansas City, Missouri, a member of Swiss Re Corporate Solutions.

L-H LEADS

Smoke Screen

The potential impact of vaping and electronic cigarettes on life insurance policies

By Brian Greenberg

A recent multistate outbreak of lung injuries associated with vaping has turned national attention to the potential dangers of electronic cigarettes. As medical professionals and policymakers continue to scrutinize the effects of vaping on long-term health, many major life insurance companies are changing the way they treat policyholders who vape.

As of Nov. 20, 2019, over 2,000 cases of electronic cigarette, or vaping, product use-associated lung injury (EVALI) have been reported across 49 states, while 47 EVALI-associated deaths had been confirmed in 25 states and Washington, D.C., according to the Centers for Disease Control.

Patients with a history of vaping were found to have vitamin E acetate—an additive in e-cigarettes that contain marijuana products—in their lungs or bronchoalveolar lavage fluid samples. The heated debate and swift backlash over the long-term health effects of vaping have spurred the Food and Drug Administration to issue warnings, propose policy changes and even ban flavored e-cigarettes.

But law and medical officials aren't the only ones grappling with how to approach the new potential public health threat. Concerns over vaping have also affected the way life insurance companies determine coverage. Today, many insurers are hitting vapers with premiums that are two to three times more than non-smokers.

Traditionally, insurance companies determine life insurance rates based on factors like age, medical history and current health condition. But because smoking is associated with increased mortality, insurance companies have historically charged smokers double or even triple the rates of non-smokers.

As awareness grows around the health risks associated with vaping, major life insurance providers are choosing to categorize applicants who vape as "preferred" or "standard smokers"—with standard smokers considered the riskiest.

When categorizing an applicant as a preferred smoker or standard smoker, insurers may consider factors such as whether the applicant also uses traditional cigarettes, whether the applicant admitted to vaping on their application and whether the applicant tested positive or negative for nicotine in their medical exam.

Even if applicants who use e-cigarettes are classified as a "less-risky" preferred smoker, they can expect to pay more than $100 more per month than preferred nonsmokers.

While applicants may be tempted to hide their vaping use, it is important to disclose this information on insurance applications. For up to two years after policies go into effect, insurers may review applications during a contestability period. If fraud or misrepresentations are discovered, insurers have the right to cancel a policy or refuse to pay or reduce the amount of death benefit owed to beneficiaries.

Outside the contestability period, a permanent material misrepresentation clause may still apply if it is discovered that an applicant intentionally withheld vaping habits from insurers to improve the odds of their application's approval.

When applying for life insurance, applicants should be as upfront as possible to ensure they receive the coverage they need. Those concerned about the impact of their e-cigarette usage on their insurance premium should consult an insurance agent who can help them find the best plan for their unique situation.

Brian Greenberg is CEO and founder of True Blue Life Insurance (truebluelifeinsurance.com).