

Overview:

Dementia is a general term used to describe signs of memory loss and a decreased ability in cognitive functioning, most often observed in the elderly population. Onset of the condition is typically after age 60; there is a direct correlation between increased age and prevalence of the disease in the general population. It is estimated that somewhere between one third and one half of the population over age 85 shows some form of dementia. It is difficult to come up with precise numbers as there is no exact measurement that uniformly tests all individuals for their cognitive abilities.

Most cases of dementia are reported initially by either the patients themselves or concerned relatives. They may be complaining about difficulty in remembering names, misplacing household items, or getting lost driving in a previously familiar area in their home town. This occasional lapse of memory progresses at varying rates, leading to ever more powerful memory loss, personality changes, and difficulties with Activities of Daily Living (ADLs). The rate of disease progression varies by age and the combination of other medical impairments. Unless patients die of unrelated causes, total incapacity eventually leads to death.

Alzheimer's Disease is the most common form of dementia. About two thirds of individuals with dementia will eventually be diagnosed with this chronic debilitating disease. It is estimated that about four million individuals are living with Alzheimer's disease in the United States. Other forms of dementia include vascular dementia or multi-infarct dementia, central nervous system disorders including Creutzfeldt-Jakob Disease, as well as the long term effects of alcohol and drug abuse, including Korsakoff's Syndrome.

It is currently estimated that the average life expectancy of dementia patients lies somewhere between 8 and 12 years from the onset of the disease, or about 5 years from the time the disease is clinically diagnosed by a health care provider.

Impact on Life Underwriting:

Key to successful life underwriting of any kind of dementia are the age of the proposed insured, the date of diagnosis, and any evidence as to the rate of progression of the disease. In some patients, the disease progresses quickly and leads to death in two or three years. In others, as we are all witnessing with former President Ronald Reagan, the disease progresses slowly over the years, with mortality occurring ten or more years after professional diagnosis. It is thus difficult to underwrite individuals who have only very recently been diagnosed with dementia, as there is no history for the patient indicating a likely rate of disease progression. However, for individuals for whom a slowly progressing form of the disease can be established, such as a slight increase in forgetfulness over two to three years as noted in an APS, may lead to offers of insurance at low tables, especially for those age 70 and up.

In preparing your case for review by impaired risk medical directors, please prepare a detailed cover letter that outlines your the proposed insured's ability to deal with every day life. Does the proposed insured still manage his or her own household completely independently? Does the person still drive independently? Is the person still capable to manage their own financial affairs? It is also helpful to indicate if the proposed insured is still capable to perform all Activities of Daily Living. These include the proposed insured's ability to (a) bathe/shower; (b) toileting; (c) dressing; (d) continence (i.e. control urine flow and bowel functions; (e) transferring in and out of bed; (g) feeding.

Life insurance may still be available for individuals with minimal levels of forgetfulness, especially if it can be established that there is no rapid increase in the loss of memory and cognitive functioning. Proposed insureds who have lost their independence, who can no longer perform one or more of the Activities of Daily Living, or those who have lost their legal standing by transferring guardianship to someone else are no longer insurable on a single life basis. If planning strategies allow for second to die life insurance product, then it may be possible to apply for this kind of policy at a company that will consider one uninsurable. Note, however, that there are legal complications with taking an application on someone with dementia - the question may arise whether the proposed insured is still able to complete an application. Certainly if one of the proposed insureds has transferred guardianship to someone else, it will be necessary to discuss any application for life insurance with a desirable insurer first in order to obtain proper instructions in regard to the representations made on the application as well as the validity/necessity of any signatures. SB 04/17/2001