



RISKS INSURANCE

Brian Klee serves as the “too hard” basket for colleagues and competitors alike – his Special Risks Insurance operation takes on impaired or unusual risks that other advisers can’t readily arrange cover for (or not without unreasonable exclusions)...

BY ANTHONY DAVIES

Special risk underwriting is a specialist’s function, says Wellington insurance broker Brian Klee. His expertise is arranging insurance cover for people with health peculiarities, unusual occupations or pastimes, or where the sum insured is very large and requires extensive financial information, besides the medical underwriting requirements.

Klee set up Special Risks Insurance in early 1990, realising there was a niche for someone prepared to do the extensive research required. He has made it his business to know the insurers, the risks they are likely to cover, and on what terms. He can therefore save other brokers considerable frustration and legwork when they want cover for a client with out-of-the-ordinary circumstances.

“We have developed an extensive knowledge base of experience from working with the insurance and reinsurance companies.”

“All companies, through their underwriters, have defined criteria to work within, i.e. medical limits and a restricted budget for obtaining medical evidence. Additionally, they will be limited to the number of reinsurers they are able to approach,” he says.

Klee uses a registered nurse to carefully organise the medical reports before they go to the underwriters, including interviewing the applicant by phone so full and correct information is provided.

Not too many advisers can produce testimonials from other advisers, but Klee can. His website, www.srisks.hostnz.net, has two – from Chris MacKay and David Pine.

“I have used Brian’s service for a number of years. He has saved many hours of ‘running around’ trying to find a reasonable solution for my clients who require special risk underwriting. He and his staff are excellent in delivering a superb service and I would recommend them to any professional adviser,” says MacKay.

“We also receive referrals from banks unable to obtain insurance for their customers, other financial institutions and some from medical professionals, e.g. GPs and specialists,” says Klee.

His expertise has also been recognised by AMP. It has contracted Klee to provide services for its advisers and to assist with applications it either could not or is unwilling to offer terms for.

Some Special Risks Insurance success stories

1. A 35-year old security officer had trouble obtaining income protection insurance because of his occupation. “There is often differing views amongst insurers regarding the perceived risk of some occupations and it pays to thoroughly present the risks clearly,” Klee comments. Two companies offered reasonable terms and coverage was placed.

2. A 32-year-old female solicitor with a heart valve defect wanted trauma and life cover for at least \$500,000. Her condition had been discovered three years earlier by accident. She had previously accepted terms for a smaller amount of life cover at one and a half times the premium, but was declined income protection. She had a congenital mild mitral regurgitation, but her family history, previous health and everything else was 100 per cent. She agreed to undertake an extensive cardiological and medical assessment at her own expense. All but two companies declined trauma cover outright and the life cover extra varied between one and a half to three times the standard premium! She finally accepted \$1million for one and three-quarter times the standard premium, no extra on trauma, with an exclusion for heart valve surgery.

3. A 37-year-old male professional sedentary worker with psoriatic arthritis sought income protection. Two insurers declined him due to his medical condition. This chronic form of arthritis was affecting his spine and multiple joints. His medical records were collated and details of his active lifestyle were presented to various underwriters. Responses varied from being declined cover to being offered limited benefit from two to five years with premium loadings from two, to two and a half times the standard premium, with an exclusion for arthritis. He accepted the best offer of a 13-week wait for a maximum benefit term of five years at twice the standard premium with exclusion for arthritis.

4. A 30-year-old male farmer with diabetes had difficulty getting acceptable terms for \$200,000 of life cover. He was insulin dependent and had a thyroid condition which has been successfully treated and controlled on medication. Offers of terms were sought, and a range of premium loadings from +150 per cent to +450 per cent were offered. He accepted cover with a loading of +150 per cent – that is, two and a half times the standard premium.

5. A 37-year-old design engineer with multiple health problems required life cover, accelerated trauma cover and income protection. He had anxiety with borderline depression and six other medical problems. Due to extensive medical notes, various questionnaires and the client’s good understanding of his own medical problems, Special Risks Insurance was able to obtain life and trauma covers at standard rates, and income protection at standard rates with three exclusions. He had previously been offered life with a medical extra but had been declined income protection.