



Rated Ages: Increasing the Benefit of a Structure

Structured settlements have been available as a settlement negotiations tool for over 35 years. The concept is simple and allows for claimants involved in personal injury, workers compensation or wrongful death negotiations to grow the proceeds of their recovery in a tax-free vehicle through the purchase of a structured annuity. Periodic payments are made to the injured party over time, via an identified payment schedule, they design at settlement. All payments are guaranteed tax exempt status according to (IRC) 104(a)(1) or (2).

As the structured settlement is a life insurance product, there is often an opportunity to secure a substandard age rating, or more commonly referred to as a rated age. A rated age implies that there is a diminished capacity to the normal life expectancy of the person being underwritten. **More importantly, the negative health condition does not need to be related to the claim.** The benefit of a rated age is profound, as it allows for a higher yield, on a lifetime benefit stream.

In order to secure a rated age from the life insurance markets, the JCR structured settlement broker must submit qualified medical records to the underwriting departments of the various life insurance companies. It is crucial that the medical records identify the life shortening condition and are no more than 2 years old, when possible. The most effective documents tend to be discharge summaries from hospitals, as they illustrate any current issues, as well as prescription records, past medical records, and the social and family history of the patient; all key components to securing an age rating.

For Defendants, a rated age allows an opportunity to bridge the gap between the demand of a claimant and the reserved authority available for the case. **For Plaintiffs**, a rated age allows for an opportunity to increase their settlement amount without having to go to trial.

Age ratings can normally be secured within 24-48 hours from the various life companies. Depending on the condition of the claimant there can be an age bump of just a few years, to several decades in the worst circumstances. The more significant the rating, the lower the cost/higher the benefit. For example if a 20 year old male is provided a rated age of 44, the normal life expectancy has been reduced from 57 years to 34 years. The cost savings over a lifetime benefit of \$3,500.00 per month, for life with a 20 year guarantee moves from \$715,380.00 without a rated age to \$650,720.00 with one - a total savings of \$64,660.00.

Rated ages are only useful when there is a lifetime payment as part of the structured settlement design and do not apply to period certain payments or lump sum payments as those would occur regardless of the life expectancy of the claimant. **Some examples of conditions where a substandard age rating can be provided include:**

Heart Conditions
Hypertension
Liver Disease
Cancer
HIV

Brain Trauma
Obesity
Amputations
Genetic Disorders
Strokes

Electrocution
Diabetes
Narcotic Use
Smoking
Alcoholism

Multiple Sclerosis
Muscular Dystrophy
Cerebral Palsy
Hepatitis
Lung Disease

Too often cases reach an impasse due to the funds available. A rated age may be a solution that helps both parties avoid trial and reach an agreed upon settlement figure.



Corporate Office:

10105 E. Via Linda, Suite 103, Scottsdale, Arizona 85258

(800) 661-7075 • www.jcrsettlements.com

Member of The National Structured Settlement Trade Association