

## Rated Age Cost Savings

Injury victims may be assigned a “rated age” by the medical underwriters of the structured settlement annuity providers after they review summary medical information related and/or unrelated to the victim’s claim. This subjective determination often results in a wide range of rated ages among annuity carriers. A full-market, rated age study should be conducted by the plaintiff-only structured settlement specialist to ensure maximum benefits are obtained for any life-contingent benefits. Because medical underwriting is a subjective process and is often associated with larger personal injury settlements, it is recommended that plaintiff’s counsel consult with only experienced and plaintiff-only structured settlement specialists to maximize recoveries and prevent plaintiff abuse by liability insurers and their structured settlement advisors.

To illustrate the financial impact a rated age may have on a structured settlement annuity, consider the cost of an annuity which would pay a 40 year-old, female a lifetime payment stream of \$1000 per month with payments increasing 4% each year. Unfortunately, this woman suffered several spinal cord injuries as the result of an automobile accident. Failure to consider a rated age could either result in having to spend roughly \$390,000 for an annuity that may cost as low as \$235,000. And if only the defense insurer had access to this rated age information, they could offer a stream of payment which plaintiff’s counsel may believe to have a value of \$390,000 when, in fact, the insurer is only going to pay \$235,000. Now consider the very real problem of calculating a contingency fee based on a settlement that cost over \$150,000 less than what was represented to the injured victim.

### **\$1000/month for life, increasing 4%, 40 year-old female**

<b>Rated Age</b>	<b>None</b>	<b>50</b>	<b>60</b>	<b>70</b>
<b>Cost</b>	\$389,273	\$333,200	\$278,872	\$235,842

Rated ages represent a very powerful tool in the right hands and an equally dangerous weapon in the wrong hands. Plaintiff’s council are strongly encouraged to seek assistance on any case which may even possibly involve a rated age. Annuity carriers are well aware that they are often in competition on rated age cases and will often give a second and even third rated age assessment to be price aggressive. Not all carriers choose to compete aggressively and some carriers pick and choose which cases they want to write. This is one area where a plaintiff attorney should look for a plaintiff-only structured specialist with significant experience and expertise.

