

RADIO TV REPORTS, INC.

3333 CONNECTICUT AVENUE, N. W., WASHINGTON 8, D. C

Insurance

FOR HILL AND KNOWLTON, INC.

PROGRAM Stories Behind the News STATION WRC Radio

DATE October 24, 1963 6:40 P.M. CITY Washington, D.C.

DISCOUNT INSURANCE RATES FOR NON-SMOKERS

HOWARD STREETER: "Good evening. Surveys linking cancer with cigarette smoking have failed to stem the habit with thousands of people. They continue puffing away, at times thinking of the possible health hazard, and occasionally perhaps reflecting on the economy of a budget without the usual carton of cigarettes every week. Whether it is the health hazard or the economy that forces one to quit smoking cannot be measured exactly, presumably a combination of both. But the economy is playing an important part -- moreso nowadays than in the past.

"And one area of saving money for a non-smoker is in insurance. Premiums can be bought at a discount. We'll have the story after this announcement...

* * *

"Some small insurance companies began offering non-smokers better rates on their policies about two years ago. Now the offer seems to be catching on. Life insurance companies traditionally charge higher rates for some people -- health risks, heavy drinkers or workers in dangerous jobs. But non-smoker insurance means a reward in terms of lower rates. Some policies offer a 15 per cent discount. Others pay added death benefits and special dividends.

"Travis Wallace, president of Great American Reserve, an insurance firm in Dallas, Texas, offers the non-smoker insurance. He says he has to hire an inspection company occasionally to make sure an applicant tells the truth when he declares himself a non-smoker. But nine out of ten are honest. His biggest problem, says Wallace, is finding people who do not smoke. Some large insurance companies are skeptical about the non-smoker plan. New York Life Insurance comment was that big insurance companies would probably lose money trying to write non-smoker policies. There seems to be a difference in life span of smokers and non-smokers, but in terms of insurance dollars and cents, it isn't too great.

"Another problem mentioned by some insurance men is if you charge the non-smoker less, do you have to charge the smoker more to balance the cost? Fortunes (?) National Life Insurance Company of Madison, Wisconsin says it has written more than one million

dollars in non-smoker insurance since January. The premium discount averages 15 per cent on one non-smoker policy offer. The applicant signs a statement that he has not smoked cigarettes for two years, then he answers seven questions about previous smoking, if any. The company figures that most people who have stayed away from cigarettes for two years aren't going back.

"Another bonus is for moderate cigar and pipe smokers who also qualify for the non-smoker insurance. The Executive Life Insurance Company of California has been offering a five per cent premium discount to non-smokers, including cigar and pipe smokers. There have been no failures, a spokesman says, and as a matter of face, he went on to say, I believe the plan has brought in some extra business, even among people who smoke.

"The fact remains there are 63 million Americans who smoke. As for the possibility of people lying to the insurance man about smoking, everyone the salesman approaches, the odds are he'll be a smoker. But as one actuary sarcastically told an insurance meeting last year, the neighbors might be willing to furnish the information as they do in the case of drinkers."