

# **UNDERWRITING POTPOURRI**

# **2010**

**Hank George, FALU, CLU, FLMI**

# What should the brokerage community be doing?

- **Subscribing to *On the Risk***  
**John Krinik** - ualert@yahoo.com
- **Reading *Hot Notes* monthly for free**  
**Esther** - esther@hankgeorgeinc.com
- **Attending your local/state/regional underwriters' associations**  
**See the list of groups at**  
[www.ahou.org](http://www.ahou.org)

# **The New Age of Electronic Underwriting Assets**

- **MIB**
- **Rx Profiles**
- **Electronic Records Check**
- **Motor Vehicle Report**

# Where are we now with Rx Profile Use?

*We'll know soon!*

2010 Rx Profile Survey

In the meantime...

- **Data from PBMs - 2 wholesalers: Ingenix and Milliman**
- **Retailers - Milliman Intelliscript, ExamOne Scriptcheck, etc.**
- **Delivered instantaneously**
- **Name of drug, dosage, refills (if any), name and contact information for prescribing physician, etc.**
- **Keys: confirm admitted Rx use, identify undisclosed drugs, assess Rx adherence**

- **Use by life companies growing rapidly**
- **“Hit rates” 70-75%**
- **Most use 1-2 year histories of prescribed drugs; can get as many as 5 years**

- **Can act on findings** *without confirming them!*

# Health Insurance Underwriting

*R.I.P*

**December 31, 2013**

Will there be an influx of 3-4,000 individual and small group health underwriters into the life, DI, CI, and LTC job market?

**“Engine makers” selling  
“straight-through processing”  
tools are increasing rapidly!**

**They can sense the market opening  
now as companies seek to extend  
“jet” approval to 50-75% of business  
and concentrate efforts on impaired  
risks and elder market**

**Reinsurers will take on  
NEW ROLES  
to increase profits  
and/or reinsurance  
market share**

- **RGA – AURA engine**
- **MARC Life Re – New “evidence-based” underwriting manual; Allfinanz engine**
- **Hannover Re – New engine**
- **SCOR Global Life Re – Teleunderwriting outsourcing in Europe**
- **TARE Re – turn-key life product**

**...and undoubtedly many more  
on the drawing boards**

**Fixed Site  
Paramedicals  
will become  
more popular with insurers  
in the coming years  
(for a variety of reasons)**

**How Will Brokers Respond?**

# Where Should Impairment Practices **Evolve**?

## More Liberal

- **Stable Coronary Disease**
- **Barrett Esophagus**
- **eGFR calculations for CKD**
- **Midlife and older hypertrophic cardiomyopathy**

## More Conservative

- **GGT and some other elements of liver tests**
- **Certain thin melanomas**
- **Wide pulse pressure at older ages**
- **Function impairment in the elderly**

**Insights from the**

**2010**

**OLDER AGE  
UNDERWRITING  
SURVEY**

**98 COMPLETERS**  
including  
**95% of “BIGs”**  
and  
**90%+ of brokerage  
companies**

# Define “Older Age”

- **70+**                    **47.5%**
- **65+**                    **18.8%**
- **> 70**                 **16.3%**

# Oldest Age Written

- **85**      **50%**
- **90+**     **21%**
- **80**      **19%**

**83% offer elderly **PREFERRED****  
**What are the maximum ages?**

- **85**     **39%**
- **80**     **31%**
- **90+**    **11%**
- **75**     **10%**

**What % of **PREFERRED**  
Applicants get issues in the  
Preferred Class they apply for?**

- **Unknown**      **35%**
- **< 25%**      **53%**
- **25-50%**      **9%**

# Use “Fac” at Older Ages?

- No 18.8%
- Yes 91.2%

**Majority use it on 10% or less of cases**

# The Decline of the **Detritus**

- **> 20%** no longer do MD exams on any cases
- **> 27%** use no treadmills on any cases
- **2/3<sup>rd</sup>** refuse to do treadmills at age 80+
- Only **30%** persist in getting treadmills at age 85+
- **93.8%** use no chest x-rays at any age

# PSA SCREENING

- **79%** screen on some basis
- **67%** that screen do so at \$100,000
- **84%** that screen continue to do so at age 85 and over... **which doesn't make a whole lot of sense!**

# PSA Results

- Ideally, all PSA results should go to client
- It is imperative that all PSA results  $\geq 2.5$  ng/mL as well as all that are higher than APS readings be sent to the client and/or his doctor

# Screening With Novel Requirements

- **33%** screen with HbA1-c  
**24%** are considering it
- **33%** screen with NT-proBNP  
**28%** are considering it
- **31%** screening with a **resting echo** at some threshold
- **9%** screening with a **stress echo** at some threshold

# Screening With Novel Requirements

- 3.8% screen with **CEA** – yuck!
- 2.5% screen with **hs-CRP**
- 15% screen with **Hepatitis C antibodies**
- 11.3% screen with **hemoglobin**
- 5% screen *pointlessly* with **CDT** and 75% (probably) misuse it electively

- **60%** get an **APS** on **75% or more** of older age cases
- **13.8%** use **outsourcing underwriting services** on some basis
- **43%** do **NOT** get an **inspection report** under \$1,000,000
- **53%** use **Personal History Interviews** at older ages
- **89%** use **MVRs** at older ages
- **45%** use **Teleunderwriting** at older ages
- **54%** use **Rx profiles** **ALREADY** on older age business

**Why will TELEUNDERWRITING  
increase at Older Ages?**

**75%**

**rate teleinterviews**

**SUPERIOR**

**to paramedicals and MD exams  
as a source of medical history  
at older age**

**What are the  
3 BEST RATED  
medical requirements  
at older ages?**

**#1 Blood Profile**

**#2 PSA Test**

**#3 HbA1-c Test**

**What are the  
3 WORST RATED  
medical requirements  
at older ages?**

**#1 Chest X-Ray**

**#2 Treadmill Stress test**

**#3 Medical Exam by a Physician**

**Which Requirements  
are Expected to  
INCREASE IN USE  
in 5 years?**

**#1 Cognitive Tests**

**#2 Frailty Tests**

**#3 NT-proBNP**

**#4 HbA1-c**

**Which Requirements  
are Expected to  
**DECREASE IN USE**  
in 5 years?**

**#1 MD Exam**

**#2 Resting ECG**

**#3 Treadmill**

**#4 Inspection Report**

# Interview Questions

## **Gaining Traction** at Older Ages

- **Exercise/leisure physical activity**
- **Visual acuity**
- **Hearing**
- **Frequency of Travel**
- **Need for Assistance**
- **Compliance with Rx**
- **Dietary supplement/herb use**

# COGNITIVE TESTING

- **39%** use them now + **32%** plan to
- **39%** start at 70; **33%** start at 71-74; **19%** start at 75 or over
- **#1 Delayed Word Recall**
- **#2 Clock Drawing**
- **#3 Immediate Word Recall**
- **19% use MMSE**
- **Coming winner: M-CAST (Minnesota Cognitive Activities Screening Test)**

# Frailty Testing

- **26%** use them now; **28%** are going to
- **48%** start at 70 – rest later
- **#1 Get Up and Go**
- **#2 ADLs**
- **#3 IADLs**
- **#4 Chair Rise**
- **#5 Walking Speed**

The feedback on **Cognitive and Frailty Tests** as they are done now...was **HORRIBLE**

**Majority** did not like the quality and reproducibility of the results

**69% do not require a medical director to sign off on ANY older age business.**

**We will know we have made progress when it is 100%!**

**Less than 20%**

**rate their**

**current only or main**

**medical manual**

**as**

**EXCELLENT**

**What is the  
#1 source of antiselection  
on older age business?**

<b>Producers</b>	<b>44%</b>
<b>Applicants</b>	<b>21%</b>
<b>No Opinion</b>	<b>18%</b>
<b>No Comment</b>	<b>11%</b>
<b>BGA Underwriters</b>	<b>4%</b>

Are you  
**LESS LIKELY**  
to make  
**EXCEPTIONS**  
on Older Age Business?

- **Yes** **66%**
- **No** **15%**
- **Never make them** **9%**
- **Coward** **10%**

**...and 68.8%**  
**actually think they**  
**“never see”**

***STOLI business!***

**Thank you for your  
gracious attention!**

**Live Long...and Prosper**

**Questions?**