Supplemental Health, DI & LTC Conference

The Keys to Efficient DI Underwriting

ENGAGE

EVOLVE

ELEVATE

2023

LIMRA LOMA
Navigate With Confidence

SOCIETY OF ACTUARIES®

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The Underwriter Dichotomy: *Be Quick, Don't Hurry*

How do we challenge underwriters to work fast, but ensure accurate risk assessment in a time sensitive environment, with evolving resources?
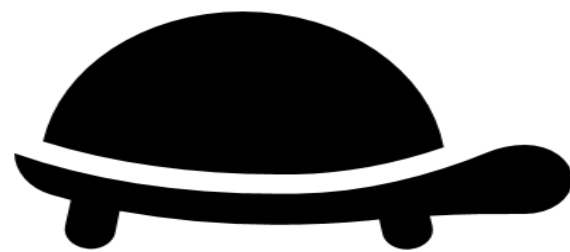
Consistent Primary Criteria

- Cycle time/application turnover

- Quality of risk decisions

- Requirements ordered – efficiency – ever evolving

… some strengths can be opportunity for improvement. He works quickly and this may contribute to some of his errors. He can afford to slow down to ensure accuracy without compromising production goals.
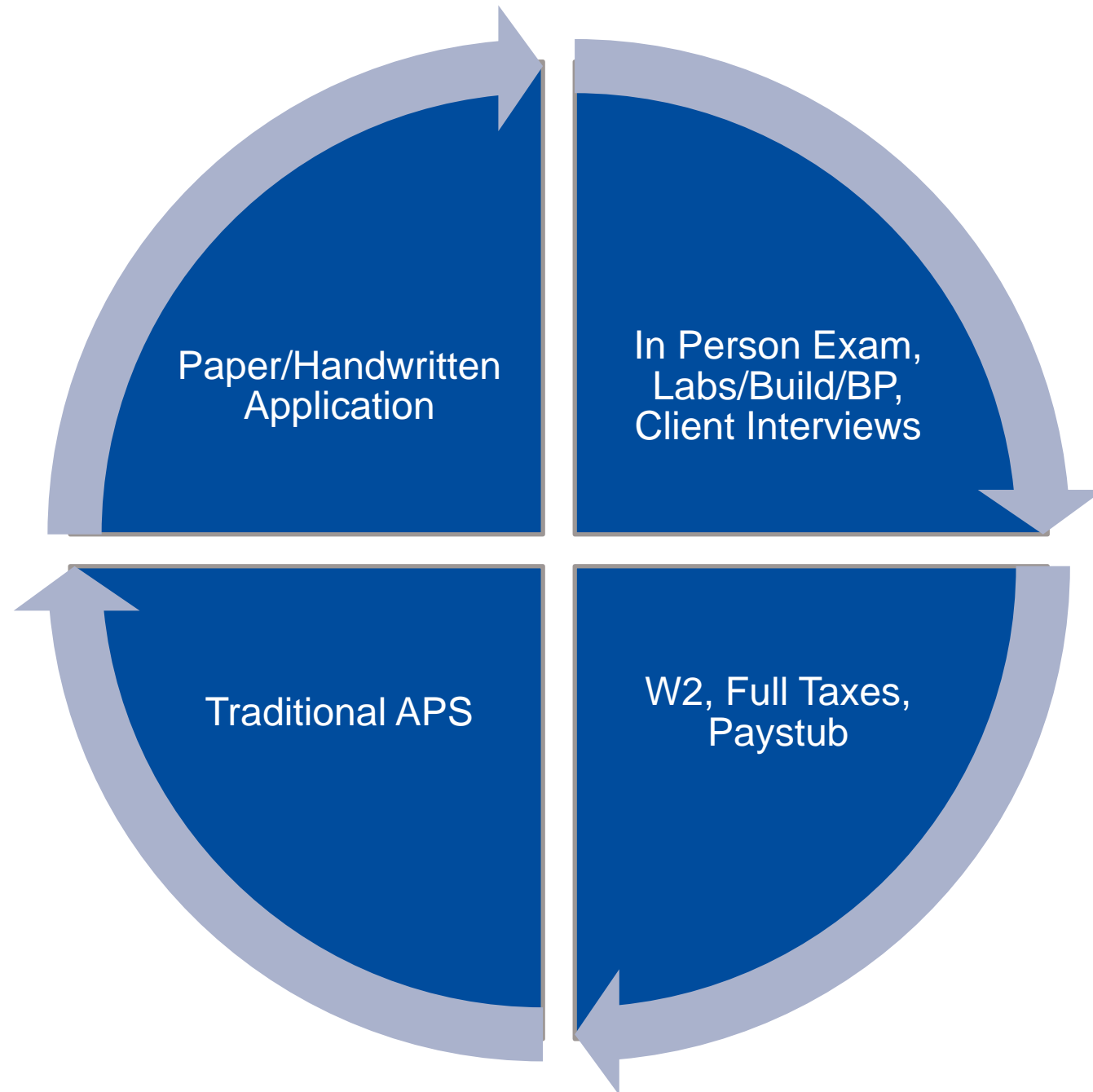
- Communication skills

- Consumer focused

- How does the client want to interact?

- Critical talking points on morbidity

Underwriting Resources

Traditional Requirements

- Paper/Handwritten Application
- In Person Exam, Labs/Build/BP, Client Interviews
- W2, Full Taxes, Paystub
- Traditional APS

New Tools

- Electronic Application & Medical Questionnaires
- Utilize & Rely on Applicant Statements – Income & Health
- Pharmacy/Major medical billing data, Clinical Lab Data
- Electronic Medical Records

How Do You Prepare Your Underwriters?

- Training on new tools

- Consider changes to traditional standards?

- Case clinics/examples

- Value of mentoring

- Audit/Quality assurance

Critical Thinking… Is Critical

Defined: *The objective analysis and evaluation of a risk in order to form a decision. The role of the underwriter is to question, analyze, interpret, evaluate and make a judgement on risk(s) presented by a client.*

Challenge: Draw reasonable conclusions in a fast paced, production environment, with limited information, and evolving resources.

Critical Thinking Questions for Underwriters

1) What do I know?

2) What Information do I still need?

3) How will I obtain the missing information?

4) What will I do with the information when received?

5) How will I sell my decision to the Financial Rep?

What information do we know?

From age/amount requirements received in underwriting:

- 39 YOM VP for a digital media company; $13,000 monthly DI benefit

- Applied NT and specimen was + for nicotine

- No PCP and no reported medical history on application

- Pharmacy scan with naltrexone rx in January and April 2021

- Phone interview: counselor seen monthly x 2 years for mental wellness while going through divorce. Referral to another provider (Dr ?) for 1x consult. Reports 3-5 drinks/month.

Next Steps

What information do I still need?

- Naltrexone Use

- Understand the Counseling

How will the missing information be obtained?

- Medical Billing Codes

- Medical Records
    - Unable to obtain records from either provider

- Statement from the Client

Admitted online alcohol rehabilitation. Underwriter continued to request records after statement from the client but….

Will they make a difference in our decision?

How Will We Sell the Decision to Agent/Client?

- The merging of traditional and digital sources of data:

  - Traditional - MHQ, Phone Interview, APS request, Client statement

  - Digital - Rx Scan, Billing Report and Online Resources

All were important talking points in selling final decision to the agent, for the benefit of the client, whether we offer or not. Communication has become a critical skill.

Case Study 2

36M Manager
Stated W2 $36K/yr
PCP last exam '21 normal.
No other medical history.
Applying for $5K IDI, No other DI

Online research of employer shows employer paid group LTD

Re-question medical history, order medical records

Amount applied requires no financial proof.
Stated income does not qualify for $5K.

Claims data normal EKG and echo done Feb/2023.
Pharmacy data - current anxiety and hypertension medication.
MIB hit for build –BMI 36.5.

- Agents don't understand the products or process
- Income & LTD continually have to be researched and requestioned
- Medical history must be questioned and ultimately records if necessary

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What information do we know?

- 48 YOF Loan Officer

- $3,900 IDI applied for, 5 year BP, 91 day EP, no benefits

- Small rating for BMI

- Client interview tells us chiropractor seen one month ago for maintenance. No injuries, sees monthly to keep herself in check. Sedentary job and behind computer most of the day.

- PCP APS received and no musculoskeletal concerns.

What Information Do I Still Need?

- Considering morbidity concern from her comments, underwriter pursued the chiropractic APS to assess the risk.

- Fast forward – 55 days into the case, chiropractor not responsive to our request and no records available.

How Will We Obtain Missing Information?

Irix Billing Report with Pharmacy scan:

- Rx history – single fills for Flexeril and Tramadol, 2017

- Billing codes:

  - 2016 & 2018 Lumbar and cervical disc degeneration

  - 2018 Sciatica

  - 2021 Billing codes for segmental and somatic dysfunction of lumbar and thoracic spine

Can We Make Assessment From This Information?

- The client comments along with pharmacy and billing codes present ongoing and chronic symptoms in the entire spine.

- We placed a permanent full spine exclusion rider.

Client comments along with the billing codes have a story to tell.

- Point to ergonomic concern as reason for care, increasing our morbidity risk.

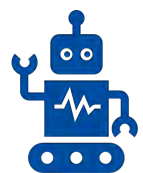- Chronic nature of symptoms and care

Questions We Face

- Has technology eroded field underwriting?

- How much time do we now spend researching to be able to underwrite?

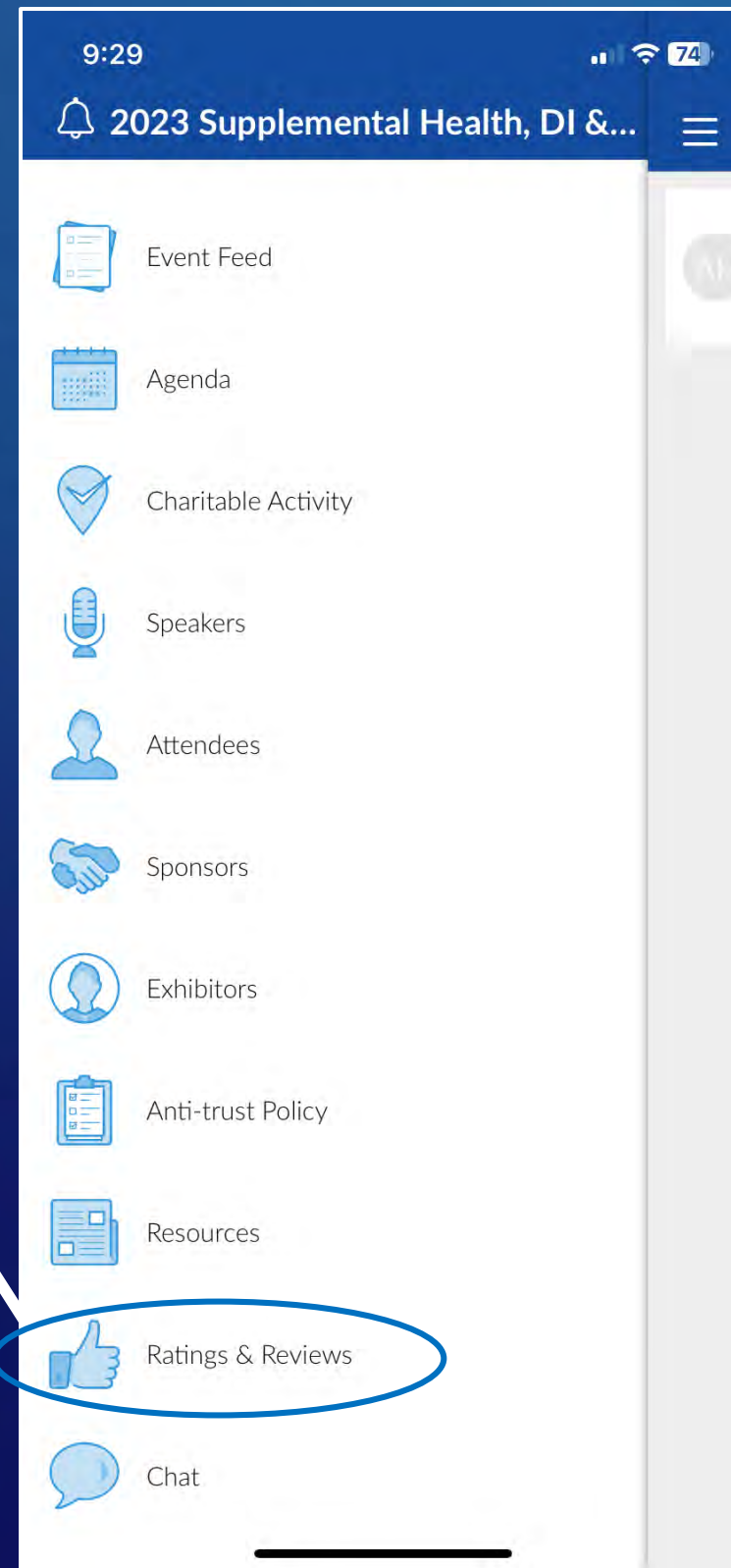- Will increased electronic data help or hinder the process?

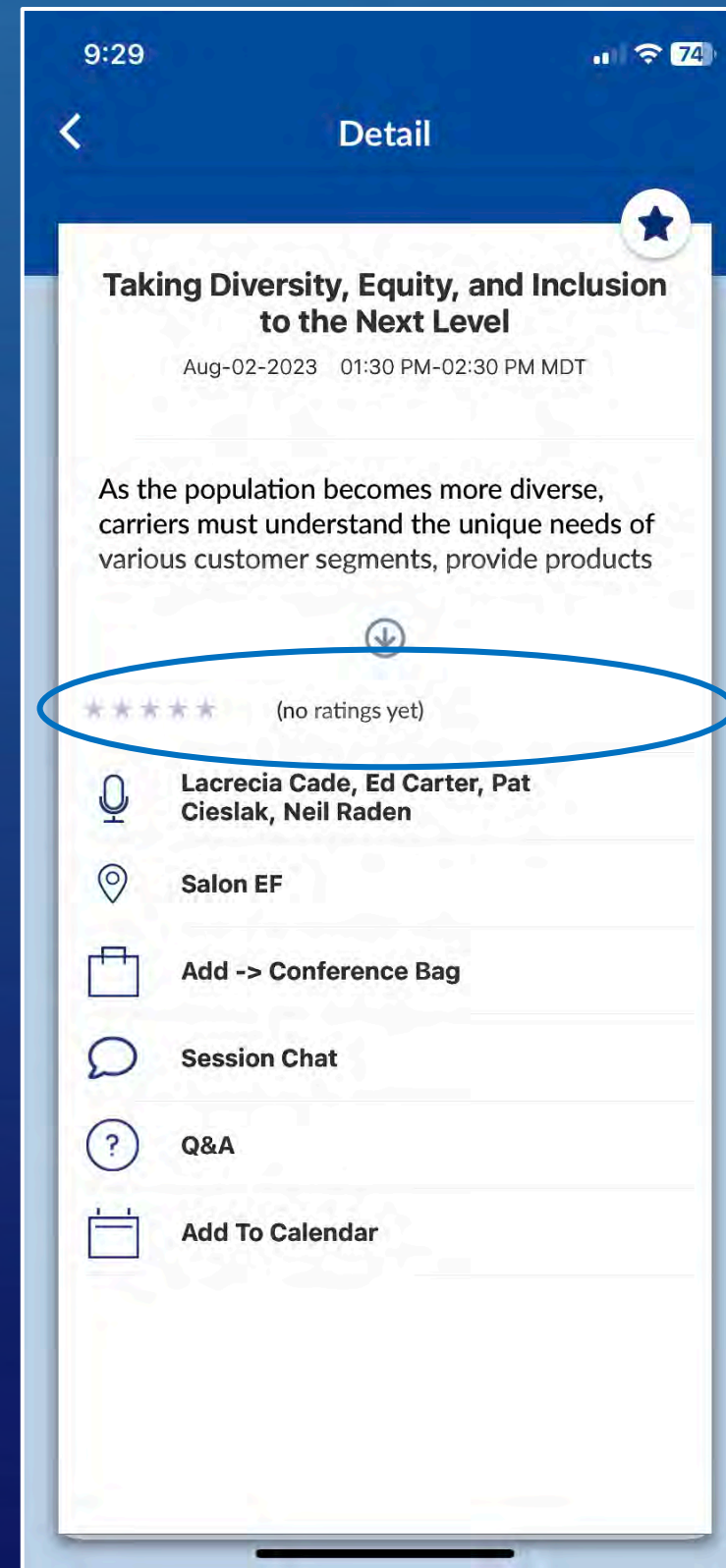- How will robotics/machine learning impact the future?

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Please Provide Your Feedback on the Conference App