

2025

SUPPLEMENTAL HEALTH,
DI & LTC CONFERENCE

Expanding Horizons

Beyond Basics: Trends and Challenges with Disability Underwriting





Scott Tracey

*Head DI Underwriter, DI Risk
Management and Governance*
MassMutual



Mike Ash-Dollowitch

Director and Chief Underwriter IDI
Standard Insurance Company



Sierra Shehemi

*Manager of Underwriting Policy and
Support*
Guardian



Terry Schuh, Moderator

Assistant Director DI Underwriting
Northwestern Mutual



Navigate With Confidence



**SOCIETY OF
ACTUARIES**

Financial Underwriting: Stock-Based Compensation

- Rewards employees with equity (vs. cash)
- Types commonly addressed at underwriting
 - Restricted Stock Units (RSU)
 - Grants employee company shares based on a vesting schedule after restriction criteria are met
 - Ordinary income when shares vest; Capital gain/loss when shares sold
 - Qualified Stock Options (QSO/ISO) and Non-Qualified Stock Options (NQSO)
 - Both allow an employee to buy shares at a pre-set price during a pre-set window
 - NQSO: Ordinary income when options exercised; Capital gain/loss when shares sold
 - QSO: Ordinary income or capital gain/loss based on when shares sold
 - Tax advantages vs. NQSO

Stock-Based Compensation

- Underwriting Challenges
 - Value varies based on stock's performance
 - Determining the year earned
 - The year it's granted or vested?
 - The year they exercise an option?
 - The year the stocks are sold and ordinary income or capital gains are recorded?
 - Appropriate documentation for these earnings
 - Contractual provisions and challenges at claim time
 - Amount to include as insurable income, if any

Stock-Based Compensation – Example

- Example - RSU
 - Occupation: technology company employee
 - Paystub
 - Base = \$265,000
 - Bonus = \$80,000
 - RSU = \$420,000
 - Tax Return
 - Short-term capital gain/(loss) from sale of company stock = (\$9,000)

Stock Options – Case Examples

- Example 2 – Qualified Stock Options / Incentive Stock Options
 - Occupation: Executive
 - 5 year with current employer
 - Base + bonus = \$500,000
 - Annual QSO/ISO exercised in last 4 years; share held
 - Tax Return – long-term capital gain or (loss)
 - 2022 = Trivial
 - 2023 = \$350,000 from sale of company stock
 - 2024 = Trivial
 - Tip: Consider reaching out to your CPA on staff.

Documenting Business Owner's Income

- Small businesses¹
 - 34.75 million in U.S.
 - Employ 45.9% of private sector employees
- Top concerns among small business owners
 - Inflation^{2,3}
 - Many operate on thin margins and have less pricing power
 - Revenue generation²
 - Biggest jump in concern: manufacturing (+16%) and professional services (+14%)
 - Biggest concern among businesses with fewer employees (44% among those with 1-4 employees)

¹ Small Business Administration, July 2024

² CNBC | SurveyMonkey Small Business Confidence Index, Q2 2025

³ MetLife & U.S. Chamber of Commerce Small Business Index, Q1 2025

Documenting Business Owner's Income

- Underwriting Challenges
 - Traditional income documentation may not reflect current circumstances
 - Tax returns often cover a period 6 to 18+ months prior to application
 - Partial-year P&L statements may incorrectly state, overlook, or ignore
 - Seasonal trends
 - Depreciation and Amortization
 - And SO much more
 - Different industries are impacted in different ways
 - How do underwriters know where to focus their attention?

Understanding Income Streams

- Underwriting Challenges
 - Identifying uninsurable occupations
 - Co-mingling of insurable and uninsurable streams
- Examples
 - Social Media
 - Occupation: Social media marketing/brand consultant with strong social media presence
 - Occupation: Consumer product sales and distribution driven by users attracted to social media content
 - Gig workers
 - Occupation(s): Contractor
 - Duties: handyperson, mobile car detailing, rideshare

Understanding Income Streams

- Underwriting Challenges
 - Understanding which income is attributable to their vocational activity
 - Passive vs. non-passive income
 - Capital gains and more
- Examples
 - Surgeons with small ownership in a surgery center
 - Private equity investors, real estate developers and other investors whose primary earnings may be reported as capital gain
 - Real estate sales with income from rental properties

Occupation Underwriting Challenges

- Social Media Influencers
 - Tech Reviewers, Content Creators, Gaming Streamers, Fashion and Beauty, Lifestyle, Politics, etc.
 - Can be on one or multiple platforms (TikTok, Instagram, X, Facebook, etc)
- How do they earn \$\$\$\$\$\$
 - Brand Ambassador, Affiliate Marketer
 - Earnings are based on # of followers and engagement rates
 - Paid per post, can be from \$10 to over \$1 million for a single post
 - Earn a % from click through purchases
 - Average Income around \$58k but varies widely (have seen filed as passive)

Social Media Underwriting Challenges

- Underwriting Concerns
 - Longevity. Typically, 3-5 years peak success
 - Platform Dependency
 - Hours worked
 - Fake followers and engagement decline
 - Legal concerns
 - Inconsistent income
 - Competitive space
 - Burnout/Mental Health

Social Media Underwriting Challenges

- Best Social Media Risks
 - Influencer that has turned it into a business
 - Social Media Manager
 - Individuals working for an influencer in a traditional role

Social Media Underwriting Challenges

- Which would you consider?
 - 36 yr old female, Director of Marketing
 - Employer: MrBeast, 3 years
 - \$150k income
 - 36 yr old female, influencer
 - Make-up tutorials across multiple platforms with 2 million followers
 - 150k income for the past 2 years
 - Earns from click throughs to purchase and flat fee per post

GIG Worker Underwriting Challenges

- GIG Workers
 - Rideshare drivers, delivery drivers, task-based workers, event staffing (what many consider GIG workers)
 - Freelance writers, virtual assistants, online tutors, graphic designers, programmers, consultant, machine learning/block chain developers (may not be thought of as GIG workers)
- How do they earn \$\$\$\$\$\$
 - Per job flat rate + tips
 - Contract work

GIG Worker Underwriting Challenges

- Underwriting Concerns
 - Job duties
 - Hours worked
 - Inconsistent income
 - Nature of the job
- How do they earn \$\$\$\$\$\$
 - Per job flat rate + tips
 - Contract work

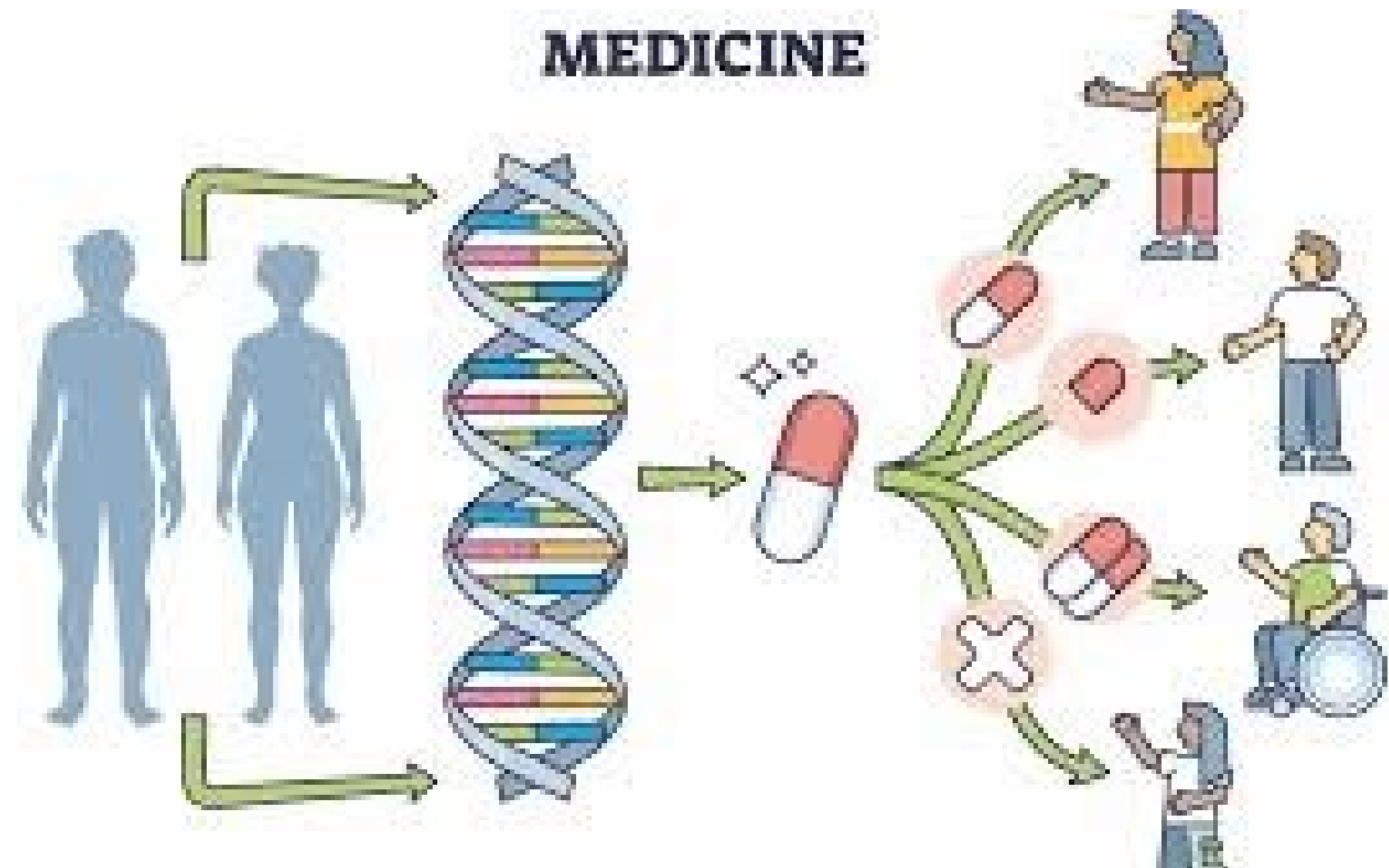
GIG Worker Underwriting Challenges

- Best GIG Worker Risks
 - Marketing, graphic design, programmers, consultants, machine learning/block chain developers
 - Verifiable contracts/income
 - Consistent income

Thoughts?

What is Precision Medicine?

Goal = Right Treatment + Right Patient + Right Time (based on individual's unique factors)



Potential Positive Morbidity Impact of Precision Medicine

- Ability to Identify Genetic Markers Associated with Certain Conditions
 - Example: Identifying genetic variants linked to an increased risk of cardiovascular disease or certain types of cancer
- Personalized Treatment Approaches
 - Increased efficacy and reduced side effects compared to one-size-fits-all treatments
- Improved Disease Management and Monitoring
 - Help predict disease progression and guide treatment adjustments or prevention
 - Enables more proactive disease management strategies

Morbidity Statistics around Precision Medicine

- **Journal of the American Medical Association (JAMA) in 2020**
 - 2020 Study: Patients receiving personalized treatment approaches based on genetic and molecular profiling had a 30% reduction in morbidity rates compared to those receiving standard care.
 - 2019 Study: Use of genetic and molecular profiling in diagnosis and treatment of cancer has led to 25% improvement in patient outcomes, leading to better quality of life and reduction in morbidity.
- **2019 analysis by the McKinsey Global Institute**
 - Estimated that the widespread adoption of precision medicine could lead to a 10-30% reduction in overall healthcare costs by improving disease prevention, early intervention, and targeted treatment.
- **National Institutes of Health (NIH)**
 - Precision medicine in the management of chronic conditions, such as diabetes and heart disease, can lead to a 20-40% improvement in clinical outcomes.

Statistics on Precision Medicine Growth

- **Personalized Medicine Coalition reported:**
 - Number of precision medicine-based products approved by the FDA had grown from just 5 in 2006 to over 175 as of 2020, representing a significant increase in the availability of these technologies.
- **American Medical Association (AMA) in 2020:**
 - Over 80% of physicians are now incorporating some form of precision medicine into their clinical practice.
- **Grand View Research Study:**
 - The global precision medicine market is expected to grow at a compound annual growth rate of 11.2% between 2021 and 2028, reaching a value of over \$140 billion by the end of the forecast period.
- **Journal of Personalized Medicine in 2019:**
 - Over 60% of cancer patients now receiving some form of personalized treatment.

Compliance and Ethical Considerations with Precision Medicine

- Genetic Privacy and Data Protection
- Equitable Access
- Discrimination Potential
- FDA Regulations
- Informed Consent
- Ongoing Regulatory Changes...



Mental Nervous Case Study

32-year-old male with persistent sadness, fatigue, difficulty concentrating, and change in sleep patterns

Diagnosed with Major Depressive Disorder

- **Precision Medicine Approach**
 - Genomic Profiling – Genetic testing to identify polymorphisms related to neurotransmitter metabolism which can influence response to antidepressants.
 - CYP450 (involved in drug metabolism) or SLC6A4 (related to serotonin transport)
- **Personalized Treatment Plan Vs. Trial-and-Error approach**
 - Poor response to SSRI's then atypical SNRI may be used

Off Label Hormone Use

Practice of prescribing or using hormonal medications for purposes or in ways that are not approved by regulatory authorities such as FDA

- Fairly common practice in medicine and records
- Legal...but with caveats
- Physician discretion
- Pro's vs. Cons



Testosterone Off Label

Potential Uses – Low libido in women and testosterone decline in older men

- **Morbidity Risks:**
 - Increased risk cardiovascular events
 - Prostate issues
 - Liver damage
 - Hormone imbalances

Anastrozole Off Label

Potential Uses – Bodybuilding or athletic performance enhancement

- **Morbidity Risks:**
 - Disruption of hypothalamic – pituitary gonadal axis
 - Decreased endogenous testosterone production
 - Bone health impact with fracture risk

Human Growth Hormone (hGH) Off Label

Potential Uses – Anti-aging and athletic performance enhancement

- **Morbidity Risks:**

- Increased risk of insulin resistance
- Tumor or cancer growth
- Cardiovascular health
- Musculoskeletal complications (joint pain, carpal tunnel etc.)

Weight Loss Injectables

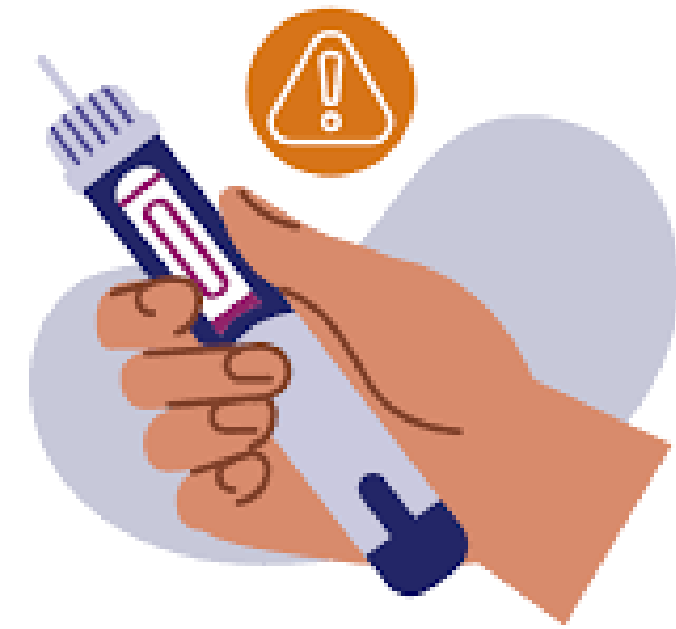
- GLP-1 Agonists (Semaglutide, Wegovy, liraglutide, etc.)
 - Mimic action of naturally occurring hormone glucagon which regulates insulin secretion and promotes feeling of fullness
 - Efficacy: 5 - 10% body weight reduction
 - Targeted population: Diabetics and obesity
- Melanocortin-4 Receptor Agonists (setmelanotide)
 - Targets the receptor that plays a role in appetite and energy balance
 - Efficacy: 10 - 15% body weight reduction
 - Targeted populations – Rare genetic disorders that cause severe early onset obesity
 - Pro-opiomelanocortin (POMC) Deficiency or Leptin Receptor Deficiency

Potential Weight-Loss Medication Benefits

- Significant **weight loss reduction** up to 15% of body weight
- Improvement in or decreased risk of developing obesity related conditions
 - **Diabetes** - can help improve glycemic control and reduce risk of developing
 - **Hypertension** - American College of Cardiology showed it can help lower blood pressure
 - **Dyslipidemia** - Improved lipid profiles seen in the Journal of Clinical Endocrinology and Metabolism
 - **Fatty Liver** - Improve liver fat and NASH
 - **Cardiac disease** - New England Journal of Medicine: 20% reduction on major adverse cardiovascular events (MACE) – heart attack, stroke etc.

Potential Weight-Loss Medication Complications

- Gastrointestinal side effects: nausea, vomiting, diarrhea, abdominal pain, abdominal obstruction etc.
- Increased heart rate or arrhythmias
- Pancreatitis
- Renal impairment
- Gallbladder Disease
- Melanocortin-4 showed higher incidence of depression and suicidal ideation




***Effective and proper medical supervision is important**

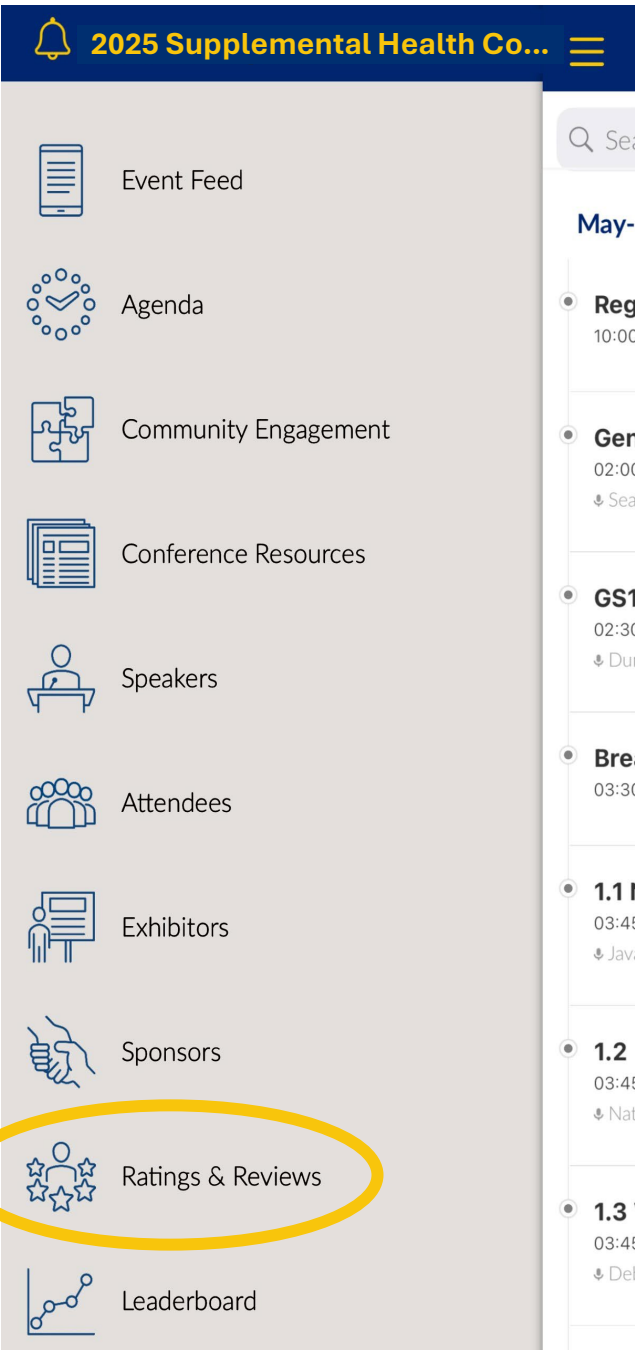
Something To Think About...

- Potential development of antibodies against weight loss medications
 - Can reduce their efficacy over time
 - Underlying issues are masked and not addressed
 - Regaining of weight - Journal from Diabetes, Obesity and Metabolism reported patients gained average of 35-50% of maximum weight loss within a year of discontinuation of medication.
 - Worsening of obesity related conditions

We Want to Hear From You. Leave a Rating & Review.



Ratings & Reviews



2025 Supplemental Health Co...

Event Feed

Agenda

Community Engagement

Conference Resources

Speakers

Attendees

Exhibitors

Sponsors

Ratings & Reviews

Leaderboard

Detail

General Session – Supplemental Health Industry Overview

Date and Time

★ ★ ★ ★ ★

(no ratings yet)

Sean O' Donnell, LLIF

Location

Session Chat

Add To Calendar

★ ★ ★ ★ ★

(no ratings yet)

Thank You



Navigate With Confidence



**SOCIETY OF
ACTUARIES**