

## ART OR SCIENCE?



In today's world of life insurance, the price of a policy is determined by the length of the guarantee the coverage provides, your gender, your tobacco use, and your underwriting class. ***Of all of these elements, the only real opportunity for price negotiation is the underwriting class.*** While insurance companies promote the perception that underwriting class is a fact-based assessment of risk, the truth is that underwriting is more an art, than a science.

### ANATOMY OF A MEDICAL UNDERWRITING DECISION

Life insurance underwriters base their decisions upon three broad categories of information about your health:

What they know

What they *think* they know

What they *don't* know

The first category includes just the facts, while the second category may include inaccuracies that the underwriter thinks are facts. The last category may include information that the underwriter would like to see, but can't.

For instance, the underwriter might want to see the pathology report on the lesion that was removed from your back 10 years ago, but can't because the report is not in your physician's file and the dermatologist you were referred to has long since retired.

### SUPPORTING EVIDENCE

Before rendering a decision, underwriters gather evidence and information on the health, finances and lifestyle of an applicant. This information comes in the form of lab results, medical files, reports from physicians and specialists, etc. This is where problems and surprises may arise. Medical records can be difficult to evaluate for a number of reasons. It is not uncommon for physicians' records to include incomplete, inaccurate or incorrect information or diagnoses. Also, medical records can be difficult to interpret and understand. For example, if you've ever had a prescription, you know what a doctor's handwriting looks like.

### UNDERSTANDING THE TRADITIONAL PROCESS OF UNDERWRITING

#### UNDERWRITING IS A BUSINESS PROCESS

Underwriters are not medical professionals making decisions about your health. They are business people making risk decisions for an insurer that is entering into a policy contract with you.

As with any business, underwriters have internal business objectives against which they are monitored through regular audits. No underwriter wants their audit to show that they accepted poor risks and charged too little premium. Thus, when confronted with any uncertainty about a risk, the underwriter may err on the side of caution and assign a higher rating to elevate the premium.

In today's fast-paced business environment, most underwriters are under enormous pressure to process more files, faster. As a result, they cannot afford the time to contact a physician to clarify medical facts, dates or illegible handwriting. Nor do they typically contact an applicant to clarify a situation. Without Underwriting Advocacy, it just doesn't happen. Whether or not they are able to obtain the information they need, underwriters still need to render timely decisions on insurance applications. Thus, many underwriting decisions are as much a result of what underwriters think they know, as it is about what they, in fact, do know.

#### THE UNDERWRITING ADVOCACY DIFFERENCE

Underwriting Advocacy increases the potential for obtaining favorable underwriting offers through a unique, proactive approach that adds an important level of detail, expertise and advocacy to the medical underwriting process.

By removing the control from an automatic system that can lead to unwanted surprises, Underwriting Advocacy places the control in your hands so you are free to choose the most favorable underwriting offers from the most appropriate life insurance companies.