

## LONG TERM CARE POLICY UNDERWRITING

*by John B. Linvill, Jr., CSA ~ June 20, 2003*

LTC insurance underwriting plays a critical central role in the application process.

Today doctors are identifying health issues at a much earlier age. Medical equipment and tests are very sophisticated. Tests are performed and the diagnosis goes into the medical records. Medication may be prescribed. Thus, it is common that applicants in their 40s and 50s have issues when completing the application. Depending on the type of issue and the number of medications, the underwriting process can be more difficult.

There is a clear trend toward new applications being submitted by people in their 30s, 40s and 50s. These applicants understand that the time to be underwritten is when the medical record is clean. This results in better underwriting ratings and lower premiums that will be paid for many, many years. Most importantly, the insurance is obtained.

The following issues or diseases will result in automatic turndowns: Alzheimer's Disease, ALS, MS, MD, Dialysis, most forms of Lupus, use of oxygen, quad cane, walker or wheelchair, AIDS, ARC, or HIV.

Major risks that the insurance companies are focused on:

- Cognitive Disorders
- Strokes
- Diabetes
- Congestive Heart Failure
- Cancer
- Bone & Joint Disorders

From the insurance industry's perspective, cognitive disorders are the No. 1 cause of current and future claims. Today, one in ten people over 65 have Alzheimer's disease. Nearly half over 85 have the disease. Today there are 4 million people in America with Alzheimer's and experts project some 14 million Alzheimer's victims by 2050, unless a cure or prevention is found. A person with Alzheimer's will live an average of 8 years and as many as 20 years from the onset of symptoms. (source: [www.alz.org](http://www.alz.org), April, 2002) Each year more than 750,000 Americans have a first or recurrent stroke. Every 45 seconds, someone experiences a stroke. Stroke is one of the leading causes of adult disability. Four million Americans are living with the effects of stroke. About a third has mild impairments, another third is moderately impaired and the remainder is seriously impaired. Strokes cost the nation more than \$30 billion annually (hospitals, physicians and rehabilitation amount to \$17 billion and lost productivity costs are \$13 billion\*).

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Frequent medical problems include: diabetes, TIA (Transient Ischemic Attack), Stroke, Cancer, High Cholesterol (controlled), High Blood Pressure (controlled), Depression, Osteoporosis, Arthritis-Rheumatoid or Osteo, Heart Bypass/Angioplasty, Atrial Fibrillation.

Each insurance company will have its own medical underwriting guidelines for each medical problem. Therefore it is paramount to properly pre-application “underwrite” the case by finding out about the medical issues and medications. The agent then must screen these issues against the various company underwriting guidelines. As an agent I heavily rely for expert guidance from underwriting experts employed by my managing general agency. These experts are involved with hundreds of cases a month. They constantly talk to the senior underwriters at the various insurance companies. A current update is a necessity because the insurance companies can and have modified their standards on an immediate basis.

Underwriting issues appear on almost every application or at least with one of the two spouses. By patiently reviewing the medical history up front, an experienced agent can efficiently work with a complicated case. Please keep in mind that it is not unusual for the applicant to forget to mention a medical issue, only to have it come up at application time. The responsibility is on the agent to patiently go through a complete medical questionnaire so that the client is given the opportunity to provide complete answers. By working closely together, the agent and the applicant will team to improve the chances for a successful medical underwriting outcome.

*\* Source: [www.stroke.org](http://www.stroke.org), April 2002*

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Inflation calculations are based upon current economic statistics and estimates for the Philadelphia area.*

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