

Report
of the
Society of Actuaries
Older Age Underwriting Practices
Survey Subcommittee

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Introduction

The attached report presents the results of a survey conducted by the Older Age Underwriting Practices Survey Subcommittee of the Society of Actuaries (SOA) Life Insurance Mortality and Underwriting Survey Committee. The purpose of this Survey was to elicit feedback regarding underwriting guidelines, requirements and practices utilized in the assessment of older age applicants. The Subcommittee's goal was to conduct as comprehensive a survey as possible on older age underwriting practices.

This Survey is a follow up to a similar survey conducted in the summer of 2000. While many questions remained the same, we also revised some questions and added other ones that are more relevant to the current marketplace. The Subcommittee made comparisons between the results of the two surveys, where appropriate.

As the older age population in the U.S. continues to grow, there appears to be increasing interest in servicing this population through the issue of life insurance. "Older age" has in the past meant issue ages 70-80 to most; however, today it often means issue ages to 85 and in some instances, 90 or higher. Increasing numbers of companies are researching how best to become involved in this market and are looking at a variety of risk assessment methods, specifically for this population.

This Survey was conducted in August/September of 2006, based on older age underwriting practices in effect at that time. It was sent to chief and key underwriters in the U.S. life insurance market. Twenty-eight companies responded to this Survey, which is a dramatic reduction from the 88 companies responding to the prior Older Age Survey. The reduction in respondents could be due to many reasons including the timing of the Survey, participation in other older age surveys, company mergers, exits from the older age market, entrants to the older age market who may have felt their experience was too new, or reluctance to provide sensitive company information.

A number of abbreviations are used in this report. For a clarification of these abbreviations, please refer to Appendix 1. Also, a complete list of participating companies is shown in Appendix 2.

Caveats and Disclaimer

While we anticipate and hope that the results prove useful for the industry, there are a couple of caveats that must be made:

- The data the Survey Subcommittee received, while fairly comprehensive, is by no means a look at the whole industry or all older age underwriting practices in the marketplace.
- As this is a developing and changing market, practices may have changed since the Survey was conducted.

This Survey is published by the SOA and contains information based on input from companies engaged in the U.S. life insurance industry. The information published in this Survey was developed from actual historical information and does not include any projected information. The SOA and the participating companies do not recommend, encourage or endorse any particular use of the information reported in this Survey. The SOA makes no warranty, guarantee or representation whatsoever and assumes no liability or responsibility in connection with the use or misuse of this Survey.

The Survey Subcommittee thanks all of the companies that participated in this Survey. The Subcommittee would also like to thank those who helped us review this document and offered helpful suggestions and comments. Finally, the Subcommittee thanks a number of the SOA staff for their help in completing this project, especially Jack Luff and Korrel Crawford, without whose help this could not have been completed.

Comments on this report and suggestions for the next survey are welcome and can be addressed to the Committee on Life Insurance Mortality and Underwriting Surveys c/o The Society of Actuaries.

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Executive Summary

The subcommittee conducted a survey on older age underwriting practices in August/September of 2006. This is a follow-up to a similar survey conducted in the summer of 2000. Twenty-eight companies responded to this Survey.

- There was no consensus among respondents as to the minimum age for where the older age market begins. In the 2007 Survey, the ages ranged from 45-75+ (note: 75+ was an actual response received), while in the 2001 Survey, the ages ranged from 50-76.
- The maximum issue age for any coverage ranged from 70-90, with the most common maximum issue age being 85. The maximum issue age for preferred coverage ranged from 65-90, with the most common maximum issue age also being 85. In the 2001 Survey, the maximum issue age for any product, including preferred, ranged from 50-90, with the most common maximum issue age being 80.
- Exceptions to older age underwriting rules were allowed by 26% of the Survey respondents for preferred coverage, 15% for maximum issue age, 11% for maximum face amount and 7% for maximum substandard table rating.
- The respondents indicated strong use of non-lab information: Attending Physician Statement (APS) (100%), paramedical exam (83%), Motor Vehicle Record (MVR) (82%), medical exam (73%), inspection report (63%) and teleunderwriting (61%). On the other hand, respondents indicated they had no current plans to use cognitive tests (70-81%, depending on the specific test) or functional tests (43-76%, depending on the specific test). Only Activities of Daily Living (ADLs) were either currently used (39%) or planned to be used (17%) by more than half of the respondents.
- The respondents indicated the top three indicators of mortality as: current health condition, cognitive function and frailty.
- The respondents indicated the top four obstacles to asking more comprehensive questions or doing more testing were length of testing time (71%), cost of testing or acquiring information (61%) and speed of issue and competitors asking fewer questions or doing fewer tests (both at 57%). In the 2001 Survey, the top four obstacles were cost of testing or acquiring information (75%), agent pressure (60%), speed of issue (58%) and protective value of test (49%).

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Background

In August 2006, the Society of Actuaries Subcommittee on Older Age Underwriting Practices asked underwriters of U.S. and Canadian life insurance companies to participate in a survey on older age underwriting practices of life insurance issued in the U.S. Twenty-eight companies responded to the Survey, however, not all companies responded to all questions.

In this report, percentages are based on the total number of respondents to each particular question. As percentages are rounded to the nearest whole number and some questions allowed for more than one response, the individual percentages on a particular question may not add to 100%.

Section 1: Older Age Products and Programs

The Survey asked if companies had any products designed exclusively for the older age market. Twenty-eight respondents answered this question, with eight saying they did have such products.

Of the respondents who indicated they offered older age products, the Survey asked for the minimum age at which the company offers these products. The results are shown below in Table 1.1.

Table 1.1: Minimum Age at Which Older Age Products are Offered

Minimum Age	% of Respondents
25	13%
45	25%
50	50%
64½	13%
Total # of Respondents	8

Of the eight responses, the most common and median minimum age was 50 (indicated by 50% of the respondents). One respondent indicated they offered their product down to age 25 due to marketing pressure; however, they also indicated that age 55 was when the older age market began for their company.

Additional explanatory comments from the respondents:

- *We do have products targeted to this market, but they are available for younger ages;*
- *No specific older age program;*
- *In certain states, we only go to down to age 45 on the graded portion of the plan;*
- *Both life and health products;*

- *We have small face amount guaranteed issue and simplified issue that is offered through age 85, the minimum age is 50, even though we would not really consider "older age" to begin from a mortality management standpoint until later.*

The Survey also asked companies if they had any programs designed exclusively for the older age market (i.e., no difference in product offered, but a different marketing or underwriting approach). Twenty-eight respondents answered this question, with eight saying they had a different program. Five of these eight respondents had also indicated they offered products exclusively designed for the older age market.

The Survey asked if programs varied by product. Of the eight respondents indicating they had a different program for the older age market, five indicated the programs varied by product and three indicated that they didn't.

The Survey asked for the minimum age at which these programs were offered. Results are shown below in Table 1.2.

Table 1.2: Minimum Age at Which Older Age Programs are Offered

Minimum Age	% of Respondents
25	13%
45	13%
50	25%
64½	13%
70	13%
75	25%
Total # of Respondents	8

Eight respondents reported a wide range of minimum ages for older age programs (25-75). Consistent with the responses regarding older age products, one respondent indicated they offered their program down to age 25 due to marketing pressure; however, they also indicated that age 55 was when the older age market began for their company.

Additional comments:

- *SPUL via banks;*
- *We only offer a whole life product, no term insurance;*
- *Use of old age questionnaires, etc.*

The Survey asked companies at what age they considered "the older age market" to begin. The results are shown below in Table 1.3.

Table 1.3: Age at Which Older Age Market Begins

Older Age Begins	% of Respondents
45	8%
50	15%
55	4%
64½	4%
65	8%
70	31%
71	15%
75	12%
>75	4%
Total # of Respondents	26

The age at which the older age market begins varied for the 26 responses between 45 and >75. Note that “>75” was an actual response given. The most common age and the median age were 70 (31%).

Additional comments:

- *Never have established an older age market strategy, but will probably give it consideration in 2007;*
- *Marketing Pressure has the plan available to age 25;*
- *We begin to sell our final expense or senior products at age 50.*

The Survey asked companies to base the remainder of their responses on the older age they indicated in Table 1.3.

The Survey asked companies to indicate the individual products they sell to the older age market. The results are shown below in Table 1.4.

Table 1.4: Individual Products Sold to the Older Age Market

Product Type	% Sold to Older Age Market
Permanent life	81%
UL	74%
Level term	56%
Simplified issue	52%
Joint and last survivor	41%
Single premium whole life	37%
Variable UL	33%
Guaranteed issue	30%
Graded premium whole life	26%
Pre-need	26%
Other (than level) term	19%
Final expense	15%
Underwritten annuities	7%
None	0%
Total # of Respondents	27

Of the 27 responses, the four most common products offered were Permanent Life (81%), UL (74%), Level Term (56%) and Simplified Issue (52%).

The Survey then asked companies to indicate the individual riders/benefits they sell to the older age market. The results are shown below in Table 1.5.

Table 1.5: Individual Riders/Benefits Sold to the Older Age Market

Rider/Benefit	% of Companies Selling
Accelerated Death Benefit	77%
Spouse rider	46%
Accidental Death Benefit	38%
Waiver of Premium	31%
Long Term Care	23%
Maturity Extension rider	19%
Nursing Home Benefit	15%
Return of Premium	12%
Critical Illness	8%
Disability	4%
None	8%
Total # of Respondents	26

Of the 26 responses, the most common rider/benefit offered was Accelerated Death Benefit (77%). The next most common was Spouse rider (46%).

Additional comment:

- *Accelerated death benefit is limited to 50% of face amount, but maximum allowable is \$100,000.*

Section 2: Maximum Issue Age

The Survey asked companies the maximum issue age at which any coverage is offered to older age applicants. Twenty-eight respondents answered the question, although one respondent’s answer was “depends on reinsurance” and, therefore, was not included in the total number responding. The results are shown below in Table 2.1.

Table 2.1: Maximum Issue Age for Any Coverage

Maximum Issue Age	% of Respondents
70	4%
75	4%
80	11%
85	56%
87	4%
89	4%
90	19%
Total # of Respondents	27

Of the 27 responses, the most common and median maximum issue age was 85 (indicated by 56% of the respondents).

The Survey also asked companies the maximum issue age at which they would offer preferred coverage to older age applicants. Twenty-eight respondents answered the question, although one respondent’s answer was “depends on reinsurance” and, therefore, was not included in the percentages in Table 2.2 below.

Table 2.2: Maximum Issue Age for Preferred Coverage

Maximum Issue Age	% of Respondents
65	11%
70	4%
75	11%
80	22%
85	37%
89	4%
90	11%
Total # of Respondents	27

As with the prior question addressing maximum issue age for any coverage, the most common and median answer for maximum issue age for preferred coverage was age 85 as indicated by 37% of the respondents. However, the range of issue ages for preferred

coverage (65-90) was wider than for any coverage (70-90). Sixty-three percent of the respondents indicated they have the same maximum issue age for any coverage and preferred coverage.

The most common maximum issue age of 85 reported for any coverage and preferred coverage in this Survey was an increase from the maximum issue age of 80 reported in the prior Survey.

Additional comments:

- *Currently age 80, but will launch product to age 90 in 1/07;*
- *We offer the preferred on our Medicare Supplement, only in certain states, on certain plans.*

Section 3: Preferred Risk Classes

The Survey asked companies to indicate how many risk classes are offered at older issue ages for the product most commonly sold in their market. Twenty-seven respondents answered this question for nonsmoker and smoker classes. Two respondents' answers were not counted, as it appeared they did not understand the question. The results are shown below in Table 3.1.

Table 3.1: Number of Risk Classes for Older Age Products

# of Risk Classes	Nonsmoker	Smoker
0 *	8%	4%
1	20%	48%
2	20%	44%
3	36%	4%
4	16%	0%
Total # of Respondents	25	

* These respondents indicated that they used a unismoke class.

The most common nonsmoker class structure was three classes as indicated by 36% of the respondents, and the most common smoker class structure was fairly evenly split between one class (48%) and two classes (44%).

The Survey asked companies if the number of risk classes offered varied by product. Sixty percent of the 25 respondents indicated that risk classes did vary by product.

Additional comments:

- *Level Term Preferred product offers 2 tobacco classes and 3 non-tobacco classes but maximum age is 65;*
- *Term products have one more risk class for nonsmokers;*
- *Some products have 2 risk classes for nonsmokers and 1 risk class for smokers;*

- * We have a blended rate for smoking;
- We offer up to 8 tables for our term products and more for traditional plans;
- Some products only have 2 non-tobacco risk classes;
- * The product most commonly offered has a blended tobacco/non-tobacco rate. Other products (lower number of policies but higher face amounts) offers 3 nonsmoker and 2 smoker rates;
- 2 non-tobacco, 2 no cigarettes, 2 cigarette;
- Some of our products allow for cigarette use only and others allow for different rates based on the type of tobacco used.

The Survey asked companies if they changed their preferred underwriting criteria for the older age market. Twenty-seven respondents answered this question, with eight (30%) indicating they do change underwriting criteria.

Of the respondents indicating they changed underwriting criteria, the Survey asked for the minimum age at which these changes were effective. One respondent's answers were not counted, as it appeared they did not understand the question. The results are shown below in Table 3.2.

Table 3.2: Minimum Age of Preferred Underwriting Criteria Changes

Minimum Age	% of Respondents
55	14%
61	14%
64½	14%
70	29%
71	14%
>75	14%
Total # of Respondents	7

Of the seven responses, age 70 was the most common and median minimum age indicated for changing preferred underwriting criteria (29%), with all other respondents indicating a different minimum age.

Additional comments:

- We are currently developing criteria for [preferred], and have not yet implemented;
- Family History Criterion drops off at age 66;
- Higher blood pressure allowed;
- We offer a preferred rating on our Medicare Supplement policies in some states;
- Planning to.

Section 4: Maximum Substandard Ratings

The Survey asked companies for the maximum substandard table rating used to assess older age applicants at ages 70, 75, 80, 85 and 90. Respondents answered using traditional table ratings or total debits. When tables ratings were provided, the Subcommittee assumed 1 table rating = 25 debits. The results are shown in Table 4.1 below using the debit approach for consistency.

Table 4.1: Maximum Debits at Selected Older Ages

Issue Age	Lowest Maximum Debits Allowed	Highest Maximum Debits Allowed	Most Common Maximum Debits Allowed	Total # of Respondents
70	100	500	400	26
75	100	500	400	25
80	100	500	400	23
85	0	500	100	20
90	0	500	100, 150	11

Table 4.1 shows that over age 80, the maximum debits allowed decreased with increasing age. The most commonly reported maximum debits allowed was consistent for issue ages 70-80 (400 debits) and decreased by at least 250 debits for issue ages 85-90. The total number of respondents decreased with increasing issue age.

Additional comments:

- *Not currently issuing to age 90, but will likely adopt 150 debits as a maximum when we do;*
- *Will allow uninsurable on survivorship policies. In practice, unlikely to issue above 200 debits age 85+;*
- *We issue 400 debits through age 85;*
- *We will generally not go below a 5 year estimated life expectancy at any age (except as allowed on our joint and survivor product);*
- *Our simplified issue product for all ages has only one "table", assumes a certain level of extra mortality above "standard." Likewise, the guaranteed issue product has even higher assumed mortality than the simplified issue;*
- *While 400 debits are available generally, at ages 81-85 we limit to 125, at 86-89 its 75, and at 90 its 0.*

Section 5: New Business Written

The Survey asked companies what percentage of total individual life insurance new business issued in 2005 was represented by the older age market by i) number of policies, ii) face amount, and iii) premium. Twenty-six respondents answered this question with

either percentages or comments. Many respondents did not provide information for all three categories. The results are summarized in Table 5.1 below.

Table 5.1: Total Older Age Individual Life New Business Issued in 2005

% of Total Individual Life New Business	# of Policies	Face Amount	Premiums
0-20%	56%	73%	29%
21-40%	11%	0%	29%
41-60%	6%	0%	7%
61-80%	11%	0%	7%
81+%	0%	0%	0%
Unknown	17%	27%	29%
Total # of Respondents	18	15	14

Table 5.1 shows the older age market represents a small proportion of the overall business for most respondents. While responses varied on a company-by-company basis, overall the volume of new business was greatest by premiums, followed by number of policies, and smallest by face amount.

Additional comments:

- *Don't have this info readily available, but likely >5% of our total business by policy count;*
- *We are not in the older age market and receive very few applications above burial amounts for client's older than age 65;*
- *No idea;*
- *Unknown;*
- *Those numbers are for ages 55+;*
- *This information is not available;*
- *Unsure. Not many. Life is not our primary line of business;*
- *We started this program in February of 2005 and started off slow, this year, the figures reflect as of August 2005 Pol: 40%; FA: 25% Prem: 50%;*
- *Only about 0.8%;*
- *Information is currently not available.*

The Survey asked if companies planned to focus more on growth in the older age market within the next one to two years. Of the 27 respondents, 52% indicated that they did.

Additional comments:

- *No definite plans but talk of a Simplified Underwriting Product for small amounts has been discussed;*
- *Focus on retirement planning ages 55+;*
- *We continue to develop health policies and options geared toward the senior market.*

Section 6: Distribution Channels

The Survey asked companies what distribution channels they used for the older age market. The results are shown below in Table 6.1.

Table 6.1: Distribution Channels Used for Older Age Market

Distribution Channel	% of Respondents
Independent agents	67%
Career agents	59%
Independent marketing organization	56%
Broker	44%
Banks	19%
Direct mail	7%
Internet	4%
Media	0%
Total # of Respondents	27

Sixty-seven percent of the 27 respondents indicated they used the independent agent distribution channel for marketing to the older ages, followed closely by career agent (59%) and independent marketing organizations (56%).

Section 7: Retention

The Survey asked companies what their maximum internal retention limit was for selected issue ages. The results are shown below in Table 7.1.

Table 7.1: Maximum Internal Retention Limits

Maximum Face	Issue Age					
	65	70	75	80	85	90
Under \$500,000	35%	36%	36%	38%	53%	55%
\$500,000 to \$999,999	23%	24%	32%	29%	21%	18%
\$1,000,000 to \$4,999,999	27%	24%	16%	14%	21%	27%
\$5,000,000 and over	15%	16%	16%	19%	5%	0%
Minimum	\$35,000	\$20,000	\$20,000	\$20,000	\$10,000	\$500
Median	\$575K *	\$500K	\$500K	\$500K	\$375K	\$375K
Maximum	\$30M *	\$25M	\$15M	\$13M	\$9M	\$4M
Total # of Respondents	26	25	25	21	19	11

* K refers to thousands and M refers to millions.

Table 7.1 shows a wide range of results; maximum internal retention limits varied from \$500 at issue age 90 for one respondent to \$30,000,000 at issue age 65 for another respondent. The maximum retention limits generally decreased as issue age increased. The median decreased from \$575,000 at issue age 65 to \$375,000 at issue ages 85 and 90.

The companies were also asked if these limits varied by product. Thirty-five percent of the 26 respondents indicated the limits did vary by product.

The additional comments provided explained these differences:

- *Higher limits for survivorship, lower limits for term;*
- *We do not sell many life products to the senior market at this time;*
- *We only offer the maximum amounts on a permanent whole life plan. The graded plan has lower maximums (\$15,000);*
- *Term is 300K;*
- *Some products are not offered to these ages;*
- *For non direct mail, our maximum issue age is 75. For direct mail, the face amounts are so small that retention is not an issue;*
- *It varies by age and rating.*

Section 8: Reinsurance

The Survey asked companies about their reinsurance arrangements for older age policyholders. Table 8.1, below, shows the percentage of older age business reinsured both automatically and facultatively.

Table 8.1: Percent of Face Amount Reinsured Automatically & Facultatively

% of Face Amount Reinsured	% of Respondents	
	Reinsured Automatically	Reinsured Facultatively
0%	10%	22%
1% to 10%	20%	50%
11% to 25%	5%	17%
26% to 50%	10%	6%
51% to 75%	20%	0%
76% to 90%	20%	6%
91% and over	15%	0%
Minimum	0%	0%
Mean	51%	11%
Maximum	≥98%	80%
Total # of Respondents	20	18

Responses regarding automatic reinsurance varied greatly. Forty-five percent of the 20 respondents indicated that 50% or less of their companies' older age business (measured by face amount) was reinsured automatically, while 55% indicated that 51% or more was reinsured automatically. The mean of the reported percentages of face amount reinsured automatically was 51%. Responses regarding facultative reinsurance were less varied, with 72% of the 18 respondents indicating that 10% or less of their companies' older age

business was reinsured facultatively, and 22% of the 18 respondents indicating that none of their companies' older age business was reinsured facultatively. The mean of the reported percentages of face amount reinsured facultatively was 11%.

In addition, the Survey asked companies what percentage of their older age applications were submitted for reinsurance on a facultative basis. The results are shown in Table 8.2 below.

Table 8.2: Percent of Applications Submitted for Facultative Reinsurance

% of Policies	# of Respondents
0-10%	68%
11-25%	24%
26-50%	4%
51-75%	0%
76%+	4%
Total # of Respondents	25

Sixty-eight percent of the 25 respondents submit 10% or less of their older age applications for facultative reinsurance. This result is consistent with the low percentage of facultative cases placed reported in Table 8.1 above.

Additional comments:

- *Data not readily available;*
- *These are guestimates;*
- *Our older age market face amounts do not exceed our retention limits;*
- *Cases would be submitted facultatively for face amount not older age mortality;*
- *Unknown;*
- *Again, our face amounts are so low that reinsurance is just not used. We have an occasional case that falls within automatic reinsurance and a few that we use facultative. But, as a percentage of the whole, it is well below 1% for both categories.*

Section 9: Resources

The Survey provided a list of resources for evaluating the older age applicant and asked the respondent to indicate all of the resources they used for this purpose. The results are shown in Table 9.1 below, ranked by frequency of use.

Table 9.1: Resources Used to Evaluate the Older Age Applicant

Source of Information	% of Respondents
Staff medical director	57%
Specially trained underwriters	50%
Reinsurer	50%
Internet research	39%
Geriatric literature	36%
Consulting medical director	18%
Paramedic	11%
Underwriting manual	7%
Consulting geriatric specialist	4%
Staff nurse	4%
Consulting nurse	4%
Research and development staff	4%
Telephone interview	4%
Professional meetings	4%
Total # of Respondents	28

The most common resources included a staff medical director (57%), specially trained underwriters (50%) and reinsurers (50%). All other resources were used by less than half of the respondents. The most resources a company indicated using was 10.

The previous Survey reported the most commonly used resources were the medical director (84%), reinsurers (81%), Internet research (69%) and geriatric literature (63%).

Additional comments:

- *We have so few applications that are fully underwritten in our "older age" category that we don't have a need for specialized assistance--we consult with our reinsurance partners for assistance that is needed;*
- *Our Chief MD is a board-certified geriatrician;*
- *We use the Older Age section in underwriting manual;*
- *We use a medical director as necessary;*
- *MDs, R & D team, experienced underwriters of our own as well as our clients.*

Section 10: Underwriting Philosophy, Requirements, Tests and Limits

The Survey asked if companies had different approaches to underwriting older and younger age applicants with respect to:

- Face amount limits when ordering requirements;
- Underwriting requirements; and
- Underwriting philosophy.

The results are shown in Table 10.1 below.

Table 10.1: Differences between Younger and Older Age Underwriting

Approach	% Indicating Difference	Total # of Respondents
Face amount limits in ordering requirements	79%	28
Underwriting requirements	64%	28
Underwriting philosophy	52%	27

Seventy-nine percent of the respondents indicated having different face amount limits in ordering requirements for older age applicants, 64% indicated different underwriting requirements, and 52% indicated a different underwriting philosophy.

Additional comments:

- *All requirements are age driven. Any substantial amount on older age clients is carefully underwritten from a financial standpoint;*
- *We take into account whether the applicant is under regular care of a physician, and adjust our requirements (APSs in particular) at older ages;*
- *Our philosophy is that no rate class exceptions allowed for older ages. Our underwriting requirements are different for older ages in that we require an evaluation of functional and cognitive abilities by the paramedical examiner. We also require an APS. If no APS is available for doctor visits within the past 36 months, no offer is possible;*
- *APSs are more prevalent in older than younger ages. We also add older age personal history interview questions to our requirements;*
- *Different underwriting requirements have not yet been implemented;*
- *Underwriters will use their judgment in applying more discretion in the older ages -- e.g. more APSs for cause, but not a specific age requirement for APSs. However, we do use stress tests at \$1 million through age 75, but if over age 75 we do not use them due to liability concerns;*
- *Our underwriting philosophy is different from the standpoint that older applicants and younger applicants present different risks. We use more screening tools and requirements at the older ages.*

The Survey listed a number of physical tests and measurements and asked companies to indicate if they had different criteria for older age applicants. The results are shown in Table 10.2 below.

Table 10.2: Physical Tests and Measurements Using Different Criteria for Older Age Applicants

Physical Test or Measurement	% of Respondents
Systolic blood pressure	54%
Diastolic blood pressure	54%
Build or body mass index	29%
Electrocardiogram (EKG)	21%
Treadmill EKG	18%
Pulse pressure	18%
Pulse rate	14%
Pulmonary function test	11%
Chest x-rays	11%
Waist/chest ratio	4%
Echocardiogram	4%
Forced expiratory volume (FEV1)	4%
Bone density	4%
Total # of Respondents	28

The most frequent measurements reported as having different criteria for older age applicants were systolic and diastolic blood pressure (54%). None of the respondents indicated having different criteria according to waist/hip ratio, ankle/arm blood pressure index, or mammogram results.

Additional comments:

- *Criteria for each older age applicant are factored into our underwriting decision;*
- *We also use different BNP, serum creatinine, serum albumin, and hemoglobin results;*
- *We currently do not set different levels for older applicants than younger applicants.*

The Survey listed a number of laboratory tests and asked companies whether they used different normal values for older ages than for younger ages. Respondents indicating their companies used different normal values were also asked to indicate whether the values they used for older ages were higher or lower than those they used for younger ages.

For several tests, respondents indicated that there was a difference in normal values used for older ages, but then did not indicate whether that difference was higher or lower for older ages. In those instances, the sum of the middle two columns will not equal 100%. Categories for which there was no response contain a “NR.”

The results are shown in Table 10.3 below. Unless otherwise indicated, all laboratory tests refer to blood tests.

Table 10.3: Laboratory Tests with Different Normal Values Used for Older Ages

Test Name	% with Normal Value Higher for Older Ages	% with Normal Value Lower for Older Ages	Total # of Respondents
Prostate specific antigen (PSA)	89%	11%	9
Total cholesterol	86%	14%	7
Cholesterol/HDL ratio	100%	NR	5
Creatinine	60%	40%	5
Albumin	25%	50%	4
Alkaline phosphatase	67%	33%	3
Blood urea nitrogen (BUN)	100%	NR	3
Glucose	100%	NR	2
LDL/HDL ratio	50%	NR	2
Triglycerides	100%	NR	2
Urine red cell count	NR	100%	2
Calcium	NR	100%	1
Creatinine clearance	NR	100%	1
Fructosamine	100%	NR	1
GGT	NR	100%	1
HDL	NR	NR	1
Hemoglobin	NR	NR	1
Hemoglobin A1c	100%	NR	1
Iron	NR	100%	1
Protein/creatinine ratio	100%	NR	1
ProBNP	NR	NR	1
Uric acid	100%	NR	1
Urine protein	NR	100%	1
Total # of Respondents			13

Of the 13 responses, PSA (69%) had the highest frequency of different normal values used for older ages, followed by total cholesterol (54%). For some tests, consensus among respondents as to the direction where normal values differed for older ages was observed; however, for many tests, no such consensus was indicated. In other words, some respondents felt the value should be higher for older ages and some felt it should be lower.

For a number of laboratory tests, no respondents answered. The list of these tests is shown in Table 10.4 below.

Table 10.4: Laboratory Tests with No Respondents Indicating Different Normal Values Used for Older Ages

Test Name
ALT (SGPT)
ALT (SGOT)
Apolipoproteins
Carcinoembryonic antigen (CEA)
CDT
hsCRP
Ferritin
Fibrinogen
Globulin
Glycated protein
Hematocrit
Hepatitis B and/or C
HIV
Homocysteine
Hyaline casts
Lactate dehydrogenase (LDH)
Lymphocyte count
Mean corpuscular volume (MCV)
Neutrophil count
Platelets
Red blood cell count
Urine creatinine
Urine glucose
Urine white cell count
White blood cell count

Additional comments:

- *Our preferred underwriting guidelines are different for above age 40 clients, but no different above age 65 than at age 40;*
- *Values are adjusted for age by the laboratory;*
- *We do not differentiate between age groups on the above test results;*
- *Overall risk picture takes all of the above (if available) into consideration for older age applicants.*

Section 11: Underwriting Exceptions

The Survey asked companies if, for the older age market, any exceptions to the underwriting rules were allowed for maximum issue age, maximum face amount and/or maximum substandard table rating. Twenty-seven respondents answered this question. The results are shown below in Table 11.1.

Table 11.1: Underwriting Rule Exceptions

Exceptions allowed for the following	% of Respondents
Maximum issue age	15%
Maximum face amount	11%
Maximum substandard table rating	7%
Total # of Respondents	27

Exceptions were generally not allowed. Eighty-five percent of the 27 respondents indicated no exceptions were allowed for maximum issue age, 89% indicated no exceptions were allowed for maximum face amount, and 93% indicated no exceptions were allowed for maximum substandard table ratings.

The Survey asked whether companies allowed exceptions for qualifying for preferred at the older ages. Twenty-six percent of the 27 respondents indicated they allowed such exceptions. Fifty-seven percent of those allowing exceptions indicated exceptions were different than what was allowed at the younger ages. Two respondents provided comments, one of which did not respond to the second part of the question and is, therefore, not counted among those allowing exceptions.

Additional comments:

- *Family history criteria is ignored at these older ages;*
- *We build in lifestyle allowances at older ages, which are not considered exceptions, but part of our rules.*

Section 12: Use of Nonmedical Risk Factors

The Survey provided a list of 57 nonmedical risk factors and asked the companies to indicate whether the risk factor was specifically requested, whether it was used if available or whether it was not used at all. Twenty-four companies responded to this question.

Tables 12.1 and 12.2 below show those risk factors that were indicated as being specifically requested by at least nine respondents and those factors that were not used by at least nine respondents, respectively.

Table 12.1: Risk Factors Specifically Requested by at least 9 Respondents

Risk Factor	# of Respondents
Under the regular care of a physician	20
Prescription medication use	15
Traffic accidents	14
Traffic violations	13
Depression	12
Oxygen use	12
Pacemaker use	10
Memory problems	10
Assisted mobility (e.g., canes, crutches)	9
Wheelchair use	9

The six most common risk factors specifically asked about were whether the applicant was under the regular care of a physician (20 respondents), prescription medication use (15), traffic accidents (14), traffic violations (13), depression (12) and oxygen use (12). In the previous Survey, tobacco use (rank 2), aviation (rank 4) and hazardous avocations (rank 5) were among the top six.

Table 12.2: Risk Factors Not Used by at least 9 Respondents

Risk Factor	# of Respondents
Acuity of hearing	10
Laundry	9
Meal planning	9
Volunteer work	9
Pet Ownership	9

There were only five risk factors not used by at least nine of the respondents.

Table 12.3 below shows those risk factors where there were at least nine respondents that used the risk factor if it was available.

Table 12.3: Risk Factors Used if Available by at least 9 Respondents

Risk Factor	# of Respondents
Active/passive lifestyle	19
Mental status questionnaire results	19
Physical performance tests	19
Behavioral changes	18
Falls	18
Living arrangements	18
Physical therapy	18
Wandering or being lost	18
Delayed Word Recall results	17
Bladder/bowel continence	16
Mental activities (e.g., crossword puzzle)	16
Quality of diet	16
Transferring	16
Chair rise time	15
Grip strength	15
Housework	15
Physical activity (e.g., walking, gardening)	15
Regular exercise	15
Sports activities	15
Trouble with loss of balance	15
Weight training	15
Assisted mobility (e.g., canes, crutches)	14
Wheelchair use	14
Gait velocity	14
Managing finances	14
Multiple drug interactions	14
Positive attitude	14
Preparing meals	14
Recreational activities	14
Shopping	14
Support network (e.g., family, friends, neighbors)	14
Cognitive skills	13
Driving	13
Eating/feeding	13
Bathing	13
Dressing	13
Hobbies	13
Meal planning	13
Pet ownership	13
Public transportation use	13
Social activities	13
Toileting	13

Use of alternative medicine/herbs	13
Volunteer work	13
Acuity of sight	12
Laundry	12
Pacemaker use	12
Trouble with the community or legal system	12
Memory problems	11
Over the counter medication use	11
Acuity of hearing	10
Oxygen use	9

Most risk factors were used if available according to the respondents. The top risk factors used if available (all garnering 19 responses) were active/passive lifestyle, mental status questionnaire results and physical performance tests. Next, with 18 responses were behavioral changes, falls, living arrangements, physical therapy and wandering or being lost. While these are all viewed by respondents as important risk factors (as shown later in Table 16.1), it appears that most companies are content to use the information, if available, but not specifically ask about it.

In this Survey, it appears that most everything will be considered, if available, while in the previous Survey, there was a fairly even split between risk factors that were specifically requested, those that were not specifically used and those that were used if available.

Section 13: Face Amount Limits on Sources of Non-Test Applicant Information

The Survey asked for usage of non-test applicant information and where used, the upper and lower face amount limits on the sources of that information. The usage of non-test applicant information is shown in Table 13.1 below. The upper and lower face amount limits are shown for each non-test source in Tables 13.2 through 13.8.

Table 13.1: Use of Non-Test Applicant Information

Sources	Use	Total # of Respondents
APS	100%	16
Paramedical exam	83%	18
MVR	82%	17
Medical exam	73%	15
Inspection Report	63%	16
Teleunderwriting	61%	18
Personal Health Interview (PHI)	47%	15
Prescription database (PBM)	38%	16
Phone interview by specialist	22%	18
Face-to-face interview by specialist	20%	20
Supplemental application	14%	21
Agent interview	6%	18
Total # of Respondents		25

All 16 respondents indicated they used an APS. Other non-test applicant information used by at least half of the respondents was paramedical exam (83%), MVR (82%), medical exam (73%), inspection report (63%) and teleunderwriting (61%).

In a number of instances, respondents indicated they did not use the information. In other instances, they indicated the information was used, but did not provide the limits. Therefore, very few limits were provided for a number of sources. Information for which there were at least five numeric responses are summarized. Details on the lower and upper limits for each individual type of information are provided below in Tables 13.2 through 13.8.

Table 13.2: Paramedical Exam - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	\$250K *
Median	\$50K	\$1.5M *
Mean (excluding Unlimited)	\$83K	\$1.65M
Maximum	\$500K	Unlimited
Total # of Respondents (providing numeric values)	13	12

Table 13.3: Medical Exam - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	\$30.0M *
Median	\$1.0M	Unlimited
Mean (excluding Unlimited)	\$1.7M	\$40.0M
Maximum	\$5.0M	Unlimited
Total # of Respondents (providing numeric values)	9	6

Table 13.4: APS - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	\$35.0K*
Median	\$3.0K	Unlimited
Mean (excluding Unlimited)	\$56.0K	\$25.0M *
Maximum	\$1.0M	Unlimited
Total # of Respondents (providing numeric values)	13	8

Table 13.5: Teleunderwriting - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	\$50.0K *
Median	\$2.0K	\$50.0M *
Mean (excluding Unlimited)	\$27.7K	\$18.4M
Maximum	\$100.0K	Unlimited
Total # of Respondents (providing numeric values)	9	5

Table 13.6: PHI - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$3.0K *	\$35.0K
Median	\$50.0K	\$2.6M *
Mean (excluding Unlimited)	\$411.2K	\$13.8M
Maximum	\$1.0M	\$50.0M
Total # of Respondents (providing numeric values)	5	4

Table 13.7: MVR - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	\$50.0M *
Median	\$100.0K *	Unlimited
Mean (excluding Unlimited)	\$134.6K	\$50.0M
Maximum	\$1.0M	Unlimited
Total # of Respondents (providing numeric values)	13	6

Table 13.8: Inspection Report - Lower and Upper Face Amount Limits

	Face Amount Limits	
	Lower	Upper
Minimum	\$0	Unlimited
Median	\$1.0M *	Unlimited
Mean (excluding Unlimited)	\$2.0M	Unlimited
Maximum	\$5.0M	Unlimited
Total # of Respondents (providing numeric values)	9	4

* K refers to thousands and M refers to millions.

For some companies, the lower limits begin at \$0 for virtually all of the information. For some companies, the lower limits begin as high as \$5,000,000 for medical exams and inspection reports. The upper limits for APS, teleunderwriting and PHI begin under \$100,000 for some companies. Some respondents reported no upper limit (“Unlimited”) for virtually all of the information.

Section 14: Validation of Application Information

The Survey asked companies which methods they use to validate applicant information for older ages. Table 14.1 below ranks the validation methods by percentage of respondents.

Table 14.1: Methods of Validating Application Information

Method	% of Respondents
APS	100%
MIB	96%
MVR	89%
Paramedical exam	78%
Medical exam	74%
Inspection report	70%
Internal PHI	37%
Vendor PHI	37%
Face-to-face interview	30%
PBM inquiry	30%
Other	4%
Total # of Respondents	27

All 27 respondents to this question reported using at least one of the methods listed to validate older age application information. One-hundred percent use an APS. More than half of the respondents use one or more of the following: MIB (96%), an MVR (89%), a paramedical exam (78%), a medical exam (74%) and/or an inspection report (70%). Other validation methods noted include EKG, treadmill, blood and urine tests.

Section 15: Financial Underwriting

The Survey asked how responding companies' face amount limits for financial underwriting requirements might differ for older versus younger age applicants. The results are shown in Table 15.1 below.

Table 15.1: Financial Underwriting Requirements

Requirement	% of Respondents				Total # of Respondents
	With Same Limits for Older Ages	With Higher Limits for Older Ages	With Lower Limits for Older Ages	That Don't Use Requirement	
Unaudited financial statement	57%	10%	19%	14%	21
Inspection report	29%	17%	33%	21%	24
Sources of income	38%	13%	25%	25%	16
Audited financial statement	55%	0%	5%	41%	22
Tax returns	39%	6%	11%	44%	18
Statement from financial planner	27%	13%	13%	47%	15
W-2 forms	25%	6%	6%	63%	16
Financial institution statement	22%	0%	0%	78%	18
Credit score	0%	5%	5%	89%	19
Total # of Respondents	24				

Twenty-four respondents answered, most often reporting no difference in face amount limits applied to older versus younger age applicants for financial underwriting requirements. Respondents reporting differences in requirements largely reported the use of lower limits for older ages, with the requirement most often subject to lower face amount limits for older ages being an inspection report (33% of respondents).

Section 16: Factors that Affect Mortality

The Survey asked companies to rank their five most important indicators of mortality at the older ages, with "1" being the most important. Twenty-six companies responded to this question. Note that two companies responded to every category rather than selecting their top five. Therefore, the total number of responses exceeds 80 (5 times the total number of 26 respondents). Table 16.1 below shows the results.

Table 16.1: Factors that Affect Mortality – Ranked by Number of Respondents

Risk Factor	Rank *					Total
	1	2	3	4	5	
Current health condition	13	3	4	0	2	22
Cognitive function	2	9	3	5	1	20
Frailty	8	2	4	2	2	18
ADLs	2	4	2	4	2	14
Current mental health	0	4	3	2	1	10
Instrumental Activities of Daily Living (IADLs)	1	1	2	4	0	8
Active lifestyle	0	2	0	0	6	8
History of heart disease	1	3	2	0	1	7
Social condition	0	0	1	1	5	7
Mobility	1	0	1	4	0	6
Financial condition	0	1	1	2	2	6
Living arrangements	0	0	1	1	4	6
History of cancer	1	0	1	1	2	5
Self-perceived health	0	1	1	0	2	4
Support structure	0	0	2	1	1	4
Longevity of parents	0	0	2	0	0	2
Family history	0	0	1	0	1	2
Rural/city living	0	0	0	1	1	2
Other – Diabetes	1	0	0	0	0	1
Other – Alcohol/drug abuse history	0	0	1	0	0	1
Other – Smoking	0	0	0	0	1	1

* Note the columns add up to more than 26, the number of companies responding to this question, because two companies ranked every risk factor.

The top five indicators of mortality based on the responses received were current health condition (mentioned by 22 respondents), cognitive function (20 respondents), frailty (18), ADLs (14) and current mental health (10). Despite cognitive function and frailty being ranked second and third most important, it is interesting to note that only 20% of the respondents (as shown later in Section 17) indicated they are testing for cognitive function and 42% are testing for frailty.

The indicators ranked first by most respondents were current health condition (13 respondents) and frailty (8 respondents). On the other hand, those receiving only two responses were longevity of parents, family history and rural/city living. Other indications of mortality provided by the respondents which were not on the Subcommittee’s original list were diabetes, alcohol and drug abuse history, and smoking. Note that diabetes was chosen as most important by the respondent that mentioned it.

In the previous Survey, we grouped responses so it is not directly comparable to the results here. The top categories from the last Survey were medical history/condition, ADLs/physical activity and mental health status (including cognitive).

Section 17: Cognitive and Functional Testing

Some companies are beginning to use cognitive and functional testing to assess the older age applicants, similar to what is done with long-term care insurance. To assess the prevalence of such testing, the Survey asked respondents to indicate whether they currently used or were planning to use any of the more common tests from a list provided. Table 17.1 shows the results for cognitive tests and Table 17.2 shows the results for functional tests.

Table 17.1: Cognitive Tests for Assessing the Older Age – Number of Respondents

Test	Currently Use	Plan to Use	No Current Plan to Use	Total # of Respondents
Delayed Word Recall	3	4	16	23
Clock Drawing Test	2	4	17	23
Mini Mental Status Exam	1	4	17	22
Short Portable Mental Status Questionnaire	1	3	17	21
Other – Use info from APS	1			1
Other – Phone interview	1			1
Other – Researching		2		2
Total # of Respondents *	5	5	15	25

* This row shows all respondents that currently use at least one cognitive test, those that plan to use a cognitive test if they are not already using at least one, and those that have no current plans to use a cognitive test and then the total number of respondents to this question.

Twenty percent of the 25 respondents (5 respondents) indicated they use cognitive testing. Of the tests listed in Table 17.1, one respondent indicated using only one test, one indicated using two tests and one indicated using all of the tests; the other two indicated using tests other than indicated in the list.

The test most commonly used, but by only 13% of the respondents, was the Delayed Word Recall Test. The test that the most respondents indicated they planned to use was the Mini Mental Status Exam at 18%. This was followed closely by the Delayed Word Recall and the Clock Drawing Test, both at 17%. While the Subcommittee believes that using a cognitive test for assessing the older age applicant is important, it appears most of the respondents do not use these tests and have no plans to use them.

There were two respondents who indicated they were currently doing research on this topic; one indicated they planned to use cognitive tests and the other did not provide an indication of what they planned to do. We did not include the latter in the “Plan to Use” column for the “All Respondents” analysis.

Table 17.2 below shows the results for the functional tests.

Table 17.2: Functional Tests for Assessing the Older Age – Number of Respondents

Test	Currently Use	Plan to Use	No Current Plan to Use	Total # of Respondents
ADLs	9	4	10	23
IADLs	7	4	12	23
Gait	3	3	14	20
Chair Rise	1	4	16	21
Get Up and Go Test	1	4	16	21
Standing Balance	1	4	16	21
Other – Other Questions *	1			1
Other – Use info from APS	1			1
Other – Phone interview	1			1
Other – Researching		3		3
Total # of Respondents **	10	4	10	24

* One respondent indicated they also ask questions about social status (e.g., living alone or with others), volunteer activities, driving and history of falls.

** This row shows all respondents that currently use at least one functional test, those planning to use a functional test if they are not already using at least one, those having no current plans to use a functional test and then the total number of respondents to this question.

Forty-two percent of the 24 respondents (10 respondents) indicated they use functional testing. Of the ten respondents using functional testing, two use just one test, one of which is planning to use additional tests and the other is using another test not listed in Table 17.2. The other eight respondents indicated they are using at least two functional tests and one indicated they are using all of the tests listed below. Functional tests appear to be used more frequently than cognitive tests, but (in this Subcommittee’s opinion) still below the frequency necessary for proper evaluation of the older age risk.

The most common functional test used was ADLs by 39% of the respondents, followed by IADLs by 30% and the Gait test by 15%. The most common functional tests the respondents indicated they planned to use were the Chair Rise, Get Up and Go and Standing Balance tests, all at 19%. ADLs and IADLs were next most common at 17%.

Three respondents indicated they were currently doing research on this topic; one indicated they planned to use functional tests, another indicated they were likely to add additional tests and the other did not indicate whether or not they would implement a functional test. We did not include the latter two in the “Plan to Use” column for the “All Respondents” analysis.

The only cognitive or functional test that was indicated to be used or planned to be used by more than 50% of the respondents was ADLs at 57%. Next most common was IADLs at 48%.

The Survey next asked at what age these tests are generally implemented. Of the six respondents, one indicated they began testing at age 65 and five indicated they began testing at age 70 or 71.

The Survey asked if everyone over a certain age was tested or if the testing was done on a reflexive basis. Ten responded to this question with 70% indicating everyone was tested and 30% indicating the testing was done on a reflexive basis.

Cognitive and functional testing was not specifically asked about in the prior Older Age Survey.

Section 18: Obstacles to Older Age Underwriting

The Survey asked companies to indicate what obstacles they need to overcome in order to be able to ask more comprehensive questions and/or do more testing at older ages. The results are shown in Table 18.1 below.

Table 18.1: Obstacles to Asking More Comprehensive Questions or Doing More Testing

Obstacle	% of Respondents
Length of time that testing takes	71%
Cost of testing and/or acquiring information	61%
Speed of issue	57%
Competitors asking less questions/doing fewer tests	57%
Agent pressure	50%
Offending applicant	43%
Protective value of test	43%
Regulatory issues	36%
Privacy issues	25%
Risk of injury to applicant from tests	21%
None, we test what we feel is needed	7%
Other – Systems implications	4%
Total # of Respondents	28

Ninety-three percent of the respondents reported at least one obstacle to asking more comprehensive questions or performing more tests on older age applicants. Those that reported testing what they feel is needed commented that their focus was on selling policies with low face amounts or on their reliance on reinsurance to mitigate risk. Overall, competitive issues such as length of time that testing takes (71%), cost (61%), speed of issue (57%) competitors’ requirements (57%) and agent pressure (50%) were most often reported as obstacles.

The top obstacles reported in the previous Survey were cost of testing/acquiring additional information (75%), agent pressure (60%) and speed of issue (58%). The length of time that testing takes and competitors asking less questions/doing fewer tests are the two new categories that have become more significant obstacles. One other

notable difference between the two survey results relates to privacy issues, which was reported as an obstacle by 48% of respondents in the previous Survey and only 25% in this Survey.

Section 19: Individual Company Impressions on how they Compare to the Industry

The Survey asked respondents for their opinion of the relative position of their companies' older age underwriting guidelines, as compared to the rest of the industry. The results are shown in Table 19.1 below.

Table 19.1: Relative Competitive Position of Underwriting Guidelines

Relative Position	% of Respondents
Consistent with the rest of the industry	48%
More conservative than the rest of the industry	37%
More liberal than the rest of the industry	11%
Other (relative position unknown)	4%
Total # of Respondents	27

Forty-eight percent of the 27 respondents indicated that, in their opinion, the older age underwriting guidelines used by their companies were consistent with those of the rest of the industry. Thirty-seven percent indicated they thought their older age underwriting guidelines were more conservative than those of the rest of the industry, while 11% indicated they were of the opinion their companies' older age underwriting guidelines were more liberal than those of the rest of the industry.

Section 20: Profitability

The Survey asked companies whether or not their older age business was profitable. The results are in Table 20.1 below.

Table 20.1: Profitability of Older Age Business

Response	% of Respondents
Older Age Business is Profitable	50%
Don't know	46%
Other	4%
Total # of Respondents	26

Half of the respondents reported that their older age business is profitable; 46% reported they don't know. The other comment was that the older age business "*appears to be*" profitable. These responses are similar to those reported in the last report, with close to half of the respondents still unsure whether the older age business is profitable.

Additional comments:

- *Only time will tell experience on shift to older age/secondary guarantee products;*
- *Appears to be. We have been in final expense market beginning in 2003;*
- *That's what we're hoping for...;*
- *Volatility plays major role here so difficult to determine how this will play out;*
- *We track our simplified and guaranteed issue business closely and it is profitable. The fully underwritten older age business does not have enough exposure years to draw meaningful conclusions. We have not had early claims.*

Section 21: Review of Underwriting Guidelines

The Survey asked how recently companies had reviewed their underwriting guidelines for older ages. The responses are summarized below in Table 21.1.

Table 21.1: Length of Time Since Last Review of Older Age Underwriting Guidelines

Time of Last Review	% of Companies
Within last year	42%
1-2 years ago	15%
Over 2 years ago	35%
Other (currently under review)	8%
Total # of Respondents	26

Of the 26 respondents, 42% indicated their companies had reviewed their older age underwriting guidelines within the last year, and an additional 8% indicated their companies' older age underwriting guidelines were currently under review. Thirty-five percent indicated their companies' last review of older age underwriting guidelines was over two years ago.

The Survey asked companies when they next plan to review their underwriting guidelines for older ages. Their responses are summarized below in Table 21.2.

Table 21.2: Next Review of Older Age Underwriting Guidelines

Time Period of Next Review	% of Respondents
In 2006	25%
In 2007	54%
After 2007	4%
Unknown	18%
Total # of Respondents	28

Seventy-nine percent of the respondents indicated they were or will be reviewing their older age underwriting guidelines in 2006 or 2007. Only one respondent indicated a plan to review older age underwriting guidelines after 2007, and that respondent indicated it last reviewed its older age underwriting guidelines 1-2 years ago. This represents a

significant increase in the percentage of respondents planning to review their older age underwriting guidelines in the next 1-2 years from the last Survey where 60% indicated such plans.

Section 22: Premium Financing

While there are many variations to premium financing, the Subcommittee chose to approach this issue by asking general questions. The Survey asked companies about their rules regarding premium financing. Thirty-two percent of the 28 respondents indicated they do allow the practice of premium financing, and a slightly greater proportion (36%) indicated they ask whether premium financing is involved on a case. The responses of those companies that reported how premium financing is disclosed to them are summarized in Table 22.1 below.

Table 22.1: Method of Premium Financing Disclosure

Method	% of Respondents
Agent's report	60%
On the application	50%
In a teleunderwriting interview	20%
Supplemental questionnaire	20%
Other	10%
Total # of Respondents	10

The agent's report (60%) and on the application (50%) were reported as the most common methods of disclosing premium financing.

Additional comments:

- *We will likely add this question to our application soon;*
- *Practice of premium financing clarification. We don't allow for IOLI, but would allow for wealthy (net worth \$10 million or higher) looking to hedge their own investments.*

Premium financing was not addressed in the previous Survey because it is a more recent issue.

Section 23: Conclusion

With the indicated changes between the Surveys and the expected future changes, the Subcommittee believes the responses to this Survey confirm the importance of older age underwriting and the timeliness of this topic to many companies.

Appendix 1

List of Abbreviations

ADLs	Activities of Daily Living
ALT	Alanine Transaminase
APS	Attending Physician Statement
BUN	Blood Urea Nitrogen
CDT	Carbohydrate-Deficient Transferrin
CEA	Carcinoembryonic Antigen
EKG	Electrocardiogram
FEV1	Forced Expiratory Volume
GGT	Gamma Glutamyl Transferase
HDL	High Density Lipoprotein
HIV	Human Immunodeficiency Virus
hsCRP	High Sensitivity C-Reactive Protein
IADLs	Instrumental Activities of Daily Living
LDH	Lactate Dehydrogenase
LDL	Low Density Lipoprotein
MCV	Mean Corpuscular Volume
MIB	Medical Information Bureau (database)
MVR	Motor Vehicle Record
NR	No Response
PBM	Prescription Database
PHI	Personal Health Interview
ProBNP	Prohormone Brain Natriuretic Peptide
PSA	Prostate Specific Antigen
SGOT	Serum Glutamic Oxaloacetic Transaminase
SGPT	Serum Glutamic Pyruvic Transaminase
SOA	Society of Actuaries
UL	Universal Life

Appendix 2

List of Participating Companies

ALFA Life Corporation
Allianz Life Insurance Company of North America
American National Insurance Company
American Republic Insurance Company
American-Amicable Life of Texas
AmerUs Life Insurance Company
Beneficial Financial Group
Citizens Security Life Insurance Company
Continental General Insurance Company
Country Insurance and Financial Services
CUNA Mutual Life Insurance Company and CUNA Mutual Insurance Society
Farmers New World Life Insurance Company
GPM Life Insurance Company
Grange Life Insurance Company
Guarantee Trust Life Insurance Company
Knights of Columbus
Lincoln Financial Group
Metropolitan Life Insurance Company
Midland National Life Insurance Company
Minnesota Life Insurance Company
Northwestern Mutual Life Insurance Company
Pan-American Life Insurance Company
Penn Mutual Life Insurance Company
Principal Life Insurance Company
Protective Life Corporation
Prudential Financial
Shenandoah Life Insurance Company
Symetra Financial