

## “Competitive Medical Underwriting”

“Competitive underwriting” seems to be the new *buzz word* in the industry these days. The term generally refers to an underwriting approach where the most recent medical data, both positive and negative, is used in the evaluation of a specific risk. This data includes:

- **higher level medical testing already completed by the client’s attending physician, such as a thallium exercise test, echocardiogram, or heart catheterization in evaluating coronary artery disease**
- **various prognostic factors for a specific impairment, such as stage, Gleason score, and PSA (prostate specific antigen) for prostate cancer**
- **thorough documentation of the medical work-up and follow-up**
- **willingness of the client to comply with the treatment plan as ordered by their doctor**
- **medical research on a specific impairment that looks at the current prognosis or mortality of that disorder**

With some cancers, for example, improved treatment protocols have led to improved survival rates. This information is in medical journal articles long before it is ever published in a textbook.

This approach is similar to the underwriting philosophy at Prudential which we have often called “*refined underwriting*”. Use of detailed and current information allows us to better understand the mortality expectations and risk factors which apply to our assessment of a particular case. This more accurate perspective of mortality enables us to better determine a particular individual’s life expectancy within the pool of people with a similar disorder. We can provide an assessment which places an individual in a rating class better or worse than our pool based mortality would dictate.

As we apply this approach, we have been careful to not become “*overly-refined*”. We are involved in a risk evaluation and risk acceptance profession. Our business is to assess risks and pool them with individuals demonstrating a similar degree of risk, not a selection of only those we like. Since using this approach, our rejection rates have remained unchanged and on favorable cases we have been able to be substantially more “*aggressive*” and “*competitive*” than in the past using a “*by-the-book*” approach.

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