

# Underwriting Impaired Risk

# Agenda

- Our underwriting philosophy
- Statistics
- Our underwriters
- Hybrid underwriting manual approach
- Case studies
- Resources



## Our Philosophy

At Legal & General America, we look at the whole individual under consideration, finding ways to offer clients the best possible rate classification, every time

### **Our strategy**

We're leveraging advances in medicine and digital technologies to improve, transform and accelerate our risk selection process

### **Our commitment**

Our team is committed to executing well-informed underwriting decisions and delivering personalized service  
Our underwriters are well-trained and highly skilled in medical, non-medical and financial underwriting



## Transactional term + impaired risk

### **You know us for our transactional term business – cases with face amounts \$2M or less with minimal or no medical history**

- 36% of our digital applications are instant decisions<sup>1</sup>
- 67% of applications have an underwriting decision within 10 days of the date of submit<sup>2</sup>
- 74% of applications do not require an exam<sup>3</sup>

### **Do you know us for our ability to underwrite impaired business?**

- 2023 Stats:
  - 12% (10,533) applications were approved with a table rating; capacity to write more
  - \$22M paid production
- Current cycle time:
  - 48% of Impaired Risk applications (APS & Exam) are decided within 30 days
  - Average cycle time of 38 days YTD (reduced from approximately 50 days from this time last year)
- Table ratings offered up to T12
- Table ratings, for those who do not use tobacco, are based off our Standard Plus non-tobacco rate class

<sup>1</sup>Metric reported for full month March 2024. "Instant decision" is defined as total instant decisions as a percentage of total decisions from all business submitted through Horizon in February 2024.

<sup>2</sup>Metrics reported YTD through March 2024. "Lab-free Decisions" is defined as total lab-free decisions as a percentage of total decisions from all business submitted through Horizon through March 2024. "Lab-free Decisions" percentage includes instant decisions.

<sup>3</sup>Metrics reported YTD through March 2024. "10-day Decisions Rate" is the percent of applications that reached any decision in 10 days or less upon submittal compared to the total number of decisions.

# Lab Lift

Our exam substitution program helps speed up the underwriting process


## Eligible Applicants

- Ages 20–60
  - **20-50 up to \$4 million** of coverage applied for and in force with LGA (Banner Life, William Penn)
  - 51-60 up to \$2 million of coverage applied for and in force with LGA
- Comprehensive physical, including complete blood work done within the last 18 months
- All rate classes are eligible, including table ratings




### Lab Lift

Exam substitution program






With Lab Lift from Legal & General America, the best of both worlds is available to your eligible clients.

Electronic health records (EHRs) or an attending physician statement (APS) will be used as a substitute for a paramedical exam and fluids – by pulling medical data and lab results from recent physician visits.




#### Eligibility requirements for Lab Lift

 <p>Physical within the last 18 months that includes complete blood work.</p>	 <p>Ages 20-50, applying for up to \$4 million in coverage.</p>	 <p>Ages 51-60, applying for up to \$2 million in coverage.</p>
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#### Expect speed and inclusivity

The Lab Lift program includes process automation to speed up cases and cover more people. These below examples are real-life case studies with eligible applicants where exams and labs were replaced with either an EHR or APS.




#### Case 1: John

- 60-year-old male
- Applying for \$250,000
- History of sleep apnea and high blood pressure

**Underwriting outcome:**

- Approved in 16 days without exam or labs
- Table 2



#### Case 2: Samantha

- 40-year-old female
- Applying for \$1.5 million
- History of hypertension and gestational diabetes

**Underwriting outcome:**

- Approved in 20 days without exam or labs
- Table 2

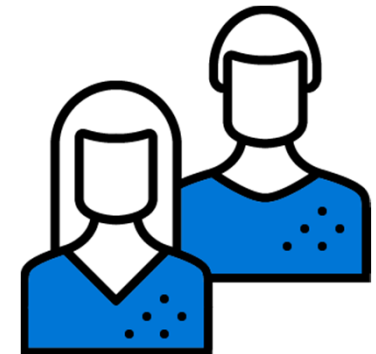
#### No additional work or information required.

Eligibility for Lab Lift is determined by date of last physician visit and blood work. If not qualified, a paramed exam will be ordered.

## Our underwriters



- Our underwriters have an average of 21 years of underwriting experience
- 50% of our staff (including managers and our Chief UW) is new within past 2-3 years
- With new people come new ideas and a broad range of experience
- We are learning from and leveraging this new talent
- Stacking vs. blending table ratings: 2+2 does not always = 4
  - The risk from coronary artery disease and diabetes are additive because each contributes to and increases the mortality risk of the other
  - A rating for Type 2 diabetes and a rating for depression do not necessarily need to be added together as the higher rating will cover both
  - Our UW's are trained to determine if one risk will cover the other

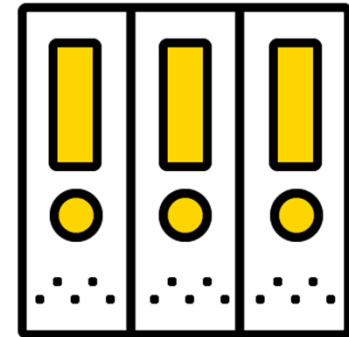


## Hybrid approach to underwriting manuals



We adopted the Swiss Re manual in 2023 and have been transitioning certain health conditions where Swiss Re will allow us to provide more competitive offers

- These are some of the health impairments where we are using Swiss Re:
  - Asthma
  - Sleep apnea
  - TIA / Stroke / Carotid stenosis
  - Chronic kidney disease
  - Renal cysts and kidney stones
  - Aortic regurgitation stenosis
  - Pulmonary and tricuspid regurgitation
  - Aortic root dilation / aneurysm
  - Cardiomyopathy
  - Peripheral vascular disease
  - All cancers
  
- Medical staff continues to review our own manual to determine which is more competitive



## Underwriting sweet spots



One reason why people do not apply for life insurance is because they think they will not be approved

- **Family history:**

- We only limit class for death from coronary artery disease, not age of onset
- We do not consider family history of cancer (except of hereditary cancer syndromes such as Lynch Syndrome (increased risk of colon CA).

- **Build:** We automatically add 1inch to see if that will improve the class

- Allow Standard for build on BMI up to 40.9 with no co-morbidities
  - Someone who is 5.5 and weighs 246 (BMI 40.9) = Standard
  - Someone who is 6.1 and weighs 310 (BMI 40.9) = Standard

- **Mild sleep apnea:** With good compliance for one year and no residual symptoms can be Preferred

- **Type 2 diabetes:** Standard Plus possible for Type 2 diabetics provided:

- Age of onset age 50+, non-smoker 5 years or longer

- **Malignant melanoma:** Standard Plus possible (other carriers looking at T2) provided:

- Single lesion
- Good dermatology follow-up
- No history of atypical or dysplastic nevi
- No family history of melanoma

- Other conditions we can consider Standard Plus non-tobacco: Crohn's and Ulcerative Colitis





# Rewriting the script

Case Studies



# How do you assess risk?

## Case Study 1: John W

- Male, age 60
- History of sleep apnea
- High blood pressure

**Approved in 16 days Standard Plus non tobacco Table 2**

**Medical evidence: APS (no exam required)**

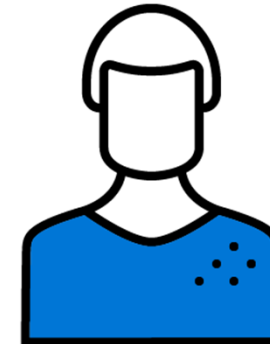


## Case Study 2: Michael C

- Male, age 51
- Type 2 diabetes
- Elevated cholesterol/HDL ratio
- Height and weight

**Approved in 13 days – Standard plus non tobacco Table 5**

**Medical evidence: LabPiQture, APS (no exam required)**



# Underwriting Resources



## Underwriting resources

For more information:

[Lab Lift Exam Substitution program](#)

[Field guide for life insurance underwriting](#)


[Substandard build chart](#)



December 2023

### Field guide for life insurance underwriting

At Legal & General America  
we underwrite individuals,  
not impairments.



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# Competitive Build charts



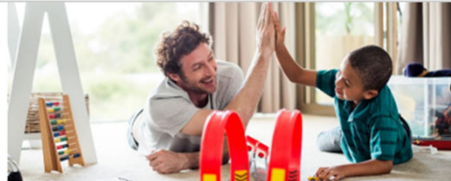
Height	Maximum weight in pounds (lbs)				
	Preferred Plus	Preferred May be eligible for 1* height adjustment or credits	Standard Plus May be eligible for 1* height adjustment or credits	Standard May be eligible for 1* height adjustment or credits	Standard Is not eligible for 1* height adjustment or credits
4'10"	89 - 134	135 - 144	145 - 155	156 - 181	182 - 196
4'11"	92 - 139	140 - 149	150 - 160	161 - 188	189 - 203
5'0"	95 - 144	145 - 154	155 - 166	167 - 194	195 - 209
5'1"	98 - 149	150 - 159	160 - 171	172 - 201	202 - 216
5'2"	101 - 153	154 - 164	165 - 177	178 - 207	208 - 224
5'3"	104 - 158	159 - 170	171 - 183	184 - 214	215 - 231
5'4"	108 - 164	165 - 175	176 - 188	189 - 221	222 - 238
5'5"	111 - 169	170 - 181	182 - 194	195 - 228	229 - 246
5'6"	115 - 174	175 - 186	187 - 200	201 - 235	236 - 253
5'7"	118 - 179	180 - 192	193 - 207	208 - 242	243 - 261
5'8"	122 - 185	186 - 198	199 - 213	214 - 249	250 - 269
5'9"	125 - 190	191 - 204	205 - 219	220 - 257	258 - 277
5'10"	129 - 196	197 - 210	211 - 225	226 - 264	265 - 285
5'11"	133 - 201	202 - 216	217 - 232	233 - 272	273 - 293
6'0"	136 - 207	208 - 222	223 - 239	240 - 279	280 - 302
6'1"	140 - 213	214 - 228	229 - 245	246 - 287	288 - 310
6'2"	144 - 219	220 - 234	235 - 252	253 - 295	296 - 319
6'3"	148 - 225	226 - 241	242 - 259	260 - 303	304 - 327
6'4"	152 - 231	232 - 247	248 - 266	267 - 311	312 - 336
6'5"	156 - 237	238 - 254	255 - 273	274 - 320	321 - 345
6'6"	160 - 243	244 - 260	261 - 280	281 - 328	329 - 354
6'7"	164 - 249	250 - 267	268 - 287	288 - 336	337 - 363
6'8"	168 - 256	257 - 274	275 - 295	296 - 345	346 - 372
6'9"	173 - 262	263 - 281	282 - 302	303 - 354	355 - 382
6'10"	177 - 268	269 - 288	289 - 309	310 - 363	364 - 391
6'11"	181 - 275	276 - 295	296 - 317	318 - 371	372 - 401

Substandard Build   Maximum Weight in lbs   Ages 20 - 69						
Height	Inches	Table 2	Table 3	Table 4	Table 5	Table 6
4' 10"	58	200	205	210	215	220
4' 11"	59	207	212	217	222	227
5' 0"	60	215	220	225	230	235
5' 1"	61	222	227	232	238	243
5' 2"	62	229	235	240	246	251
5' 3"	63	237	242	248	254	259
5' 4"	64	244	250	256	262	267
5' 5"	65	252	258	264	270	276
5' 6"	66	260	266	272	278	284
5' 7"	67	268	274	280	287	293
5' 8"	68	276	282	289	295	302
5' 9"	69	284	291	297	304	311
5' 10"	70	292	299	306	313	320
5' 11"	71	301	308	315	322	329
6' 0"	72	309	317	324	331	339
6' 1"	73	318	325	333	341	348
6' 2"	74	327	334	342	350	358
6' 3"	75	336	344	352	360	368
6' 4"	76	345	353	361	369	377
6' 5"	77	354	362	371	379	387
6' 6"	78	363	372	380	389	398
6' 7"	79	372	381	390	399	408
6' 8"	80	382	391	400	409	418
6' 9"	81	391	401	410	419	429
6' 10"	82	401	411	420	430	439
6' 11"	83	411	421	431	440	450

# Sweet spots, preferred and impaired risk



At Legal & General America, we look at the whole individual under consideration, finding ways to offer clients the best possible rate classification, every time.



All eligible Standard or better applicants are evaluated for underwriting credits.

If we can move your client up one rate class, we will!

## Top sweet spots

### Preferred Plus consideration for:

- cigarette smokers three years out
- clients with treated and controlled Hypercholesterolemia
- clients with treated and controlled Hypertension
- clients with a combination of treated HTN / cholesterol
- clients with treated or untreated total cholesterol under 300
- clients who participate in recreational scuba diving up to 100 feet
- clients with a family history of cancer which is not due to a hereditary cancer syndrome

### Preferred consideration for:

- clients with asthma on two medications or less (well controlled)
- clients with anxiety / depression on one prescription medication (well controlled)
- clients with mild sleep apnea (Apnea Index (AI) <20 or Respiratory Disturbance Index (RDI) < 30 and lowest oxygen saturation above 85% with good compliance for one year and no residual symptoms

### Standard Plus consideration for:

- clients with controlled Type II Diabetes
- clients with severe sleep apnea with documented good CPAP compliance for one year and no residual symptoms
- clients with personal history of cancer, subject to type, date of onset and treatment including efficacy

## Preferred and impaired risks

### Preferred Plus may be possible even with the following conditions:

- Anxiety / Depression / Mood Disorder - one episode, duration of less than one year, recovered, no current medication
- Asthma - mild exercise induced asthma or mild seasonal asthma
- Carotid Imaging - CIMT mildly increased for age / gender, no plaque or carotid stenosis.
- Echocardiogram - mild diastolic dysfunction, echocardiogram otherwise normal, BP well controlled
- Mitral Valve Prolapse - mitral valve normal appearing with normal thickness and echocardiogram otherwise normal, no regurgitation
- Osteoporosis - no known complications
- Skin cancers - basal cell carcinoma, and superficial squamous cell carcinoma. Single atypical nevus or dysplastic nevus: no history of melanoma or family history of melanoma, with well documented and favorable dermatology follow up.

### Preferred may be possible even with the following conditions:

- Alcohol or single drug abuse treatment - last used more than 10 years ago, single episode of treatment, without any relapse, total abstinence from any mood-altering drug and no subsequent alcohol or drug related issues
- Anxiety / Depression / Mood Disorder - current, on one drug, well controlled
- Dysplastic Nevi - up to three atypical or dysplastic nevi with no history of melanoma or family history of melanoma, with well documented and favorable dermatology follow-up care
- Valvular Disease - one valve mildly thickened or redundant valve, no mitral valve prolapse, less than mild regurgitation, rest of echocardiogram normal

### We look for the best possible impaired risk treatment for clients with:

- Asthma
- Atrial fibrillation
- Bladder cancer
- Breast cancer
- Cerebrovascular disease
- Coronary artery disease
- Diabetes mellitus (adult onset)
- Elevated liver function tests
- Hepatitis C
- Mood disorders
- Prostate cancer
- Thyroid cancers

### Substandard risk

Substandard ratings only available through Table 12. Table ratings are not available on Preferred Plus Non-Tobacco, Preferred Non-Tobacco or Preferred Tobacco.

Substandard premium calculations are based on our Standard Plus rates!

### Visit our underwriting hub

For access to these guidelines, case studies, and more, please visit [lgamerica.com/underwriting](http://lgamerica.com/underwriting).

# Declines and postpones



## Declined situations and impairments

To assist you with your field underwriting, below is a clear list of situations and medical impairments (admitted or discovered) that are declined:

- Aortic Aneurysm
- Abdominal – size  $\geq$  5.0cm
- Thoracic – size  $\geq$  4.5 cm
- Alcohol abuse with current use
- Automatic Implantable Cardioverter-Defibrillator implanted
- Alzheimer's disease or dementia
- Cancer with current evaluation of type or receiving treatment
- Contact underwriting before submitting if a cancer diagnosis or treatment within the last 12 months, multiple cancer history, or recurrence
- Cardiomyopathy, moderate / severe or with coronary artery disease
- Cirrhosis of the liver
- COPD / Emphysema / Chronic Bronchitis with oxygen use or recent hospitalization
- Depressive disorder – severe
- Diabetes with significant complications or A1C  $>10.0$

- Dialysis or Chronic Renal Failure
- Drug abuse (excludes marijuana)
- Single drug within three years of complete abstinence
- Multiple drugs within four years of complete abstinence
- Multiple relapses
- HIV positive
- Schizophrenia – can be considered after five years of treatment compliance, minimal symptoms, good follow-up and employed
- Sleep apnea – severe and untreated
- Stroke (CVA), under age 50 or multiple strokes any age
- Contact underwriting before submitting on a Stroke diagnosis if occurred with past two years
- Suicidal attempt within past two years, multiple attempts are always a decline
- Transplant recipient
- Contact underwriting if a kidney or bone marrow / stem cell transplant recipient
- Uncontrolled hypertension
- Quadriplegia

## Postponed situations and impairments

To assist you with your field underwriting, below is a clear list of situations and medical impairments (admitted or discovered) that are postponed:

- Aortic aneurysm – recommended/pending surgical repair OR surgical repair within six months
- Alcohol abuse – abstinence less than two years
- Bipolar – less than one year from diagnosis
- Current pregnancy with history of pre-eclampsia
- Gastric bypass – less than six months
- Grand Mal seizures, cause known – less than three months since first seizure
- Heart attack / MI – less than six months
- Non-elective medical testing or surgery advised but not yet completed
- TIA – less than six months
- Valve replacement – less than six months

## Our Vision



At Legal & General America, our vision is simple:

We want to be the premiere term carrier for all of your term business including

- Transactional business (instant decision, light touch underwriting)
- Large case business (over \$5,000,000)
- Impaired risk business (up to table 12)
- Business insurance



# Thank You

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