



CASE STUDY # 4



Is Medical Underwriting all about following the grid?

The first-generation underwriters will always say that underwriting is not only assessment of medical, financial, occupation or avocation risk, it is assessing the risk as a whole. It's not probing at each aspect of risk in silo, it's about collating multiple data points to create a pen picture of the risk and taking a decision.

We came across a 26 year's old male life having annual income of Rs 5 lacs from business and a graduate as per application form. The applicant proposed for a Term plan of Rs 1 crore along with Critical Illness rider of Rs 10 lacs. Benefit Term & Premium Paying Term was the same (25 years), he opted for monthly mode of premium payment. Business was sourced by Agency channel and from a non-negative area. As an underwriter we are wary about offering high Critical Illness rider and anything more than 10% of base sum assured makes us skeptical.

Standard approach

As per Credit Bureau Report, credit score was 675 and estimated annual income was Rs 5-7 lacs. Given this credit score, annual income, and educational qualification the applicant was eligible for both Tele MER and Financial Waiver. We took lower of declared income and income as per credit bureau and a 25 multiple of annual income of Rs 5 lacs made the applicant eligible for the applied cover. So, one aspect (financial) was sorted. During Tele MER, applicant shared that he is a higher secondary pass (and not a graduate), his BMI was found to be 31.77 (Height 172 cm and Weight 94 kg) and, he made a seemingly innocent disclosure that he remains anxious on and often due to covid scenario. Now, the disclosure in Tele MER created an element of doubt in our mind. The doubts were:

- Has the applicant misrepresented his educational qualification to avoid physical medicals?
- Is the applicant stating his BMI to be somewhere in the realm of borderline standard rates for build only?
- What may be the reason for anxiety which is disclosed by the applicant and if it is not of much significance then why was it disclosed in the first place?
- How much involvement of sales is there in tailoring this profile?

Deep dive into the case basis Tele MER findings

Owing to above observations we called for complete grid medicals and standard financials. Only then came through some interesting facts which ultimately resulted into a completely different risk assessment than what was thought to be a simple risk to assess.

The actual height and weight were found to be 172 cm and 116 kg which meant the applicant's BMI was 39.21. His BP readings were found to be 147/96, 141/90 and 132/84 i.e., his average BP of 140/90, his FBS was 139 mg/dl and HbA1C 6.8, Lipid profile was deranged with Total Cholesterol 256 mg/dl, HDL Cholesterol 45 mg/dl and Triglycerides 356 mg/dl. Rating for all these findings? A whopping +200% EMR.

	Life
Build rating	111
Δ Cholesterol / HDL / blood pressure	7
Δ Glucose	85
Triglycerides rating	0
Exercise induced hypertensive reaction	0
neg. Stress ECG / norm. NT-pro BNP	0
norm. Echo	0
Total rating (exact)	203
Total rating (rounded)	200

A probe on the "anxiousness" disclosed during Tele MER revealed that the applicant was on medication due to Generalized Anxiety Disorder for the last 9 months! Given that he was on medication for more than 6 months, this condition will qualify as Moderate and hence rating of +75% EMR.

ANXIETY DISORDER	DI	LTC	HEALTH	INFO
Life				
Expand All Collapse All				
Present				
Mild				50
Moderate				75
Severe				PP

A simultaneous PIV done reported that the applicant did not have any active occupation at the time of applying for the policy. He ran a small business of tours & travels, which was shut down during covid. He subsequently worked at an auto spare parts store but quit his

job 7 months back. The correlation between work history, anxiety disorder and other medical findings was evident.

Final decision and learning

Every aspect of assessment indicated that it's unacceptable risk profile and hence we declined the application. Important learning from this case was, one should assess a risk keeping in mind all findings that we receive from multiple sources- whether it is from the applicant itself or from a third-party database or during medicals done for insurance purpose. Many times, when we go by the book which allows Financial Waiver and Tele MER for certain profiles, it is important to identify red flags. This has become more important in Covid era which has added a new dimension to risk management.

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