



By  
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Critical Illness is a budding option in the group voluntary market, shaped in part by health care reform, more high-deductible health plans and greater employer interest in voluntary products. The challenge for carriers now is twofold: developing a competitive product without getting into an “arms race” of new eligible conditions and liberalized guarantee issue guidelines; and establishing a solid distribution network with effective enrollment procedures. Let’s focus on the first half of that equation.

While CI offers carriers the opportunity to leverage their current client base and brand to a

- On guarantee issue limits, where is your comfort zone? GI levels in the U.S. have risen dramatically in recent years, though we don’t know how comfortable the carriers are with these. GI levels for a particular group may vary based on such factors as expected annual premium, industry and the number and type of conditions covered.

- Simplified issue versus full medical underwriting? We see a trend toward more simplified issue to speed up the underwriting process and reduce administrative expense. Full underwriting is typically reserved for higher benefit amounts and late entrants.

- What is the desired minimum versus expected participation, and how will this impact GI and medical underwriting decisions?

- Does your plan allow for different

waiting periods for certain conditions, such as cancer or stroke? Be mindful of state requirements.

- How restrictive are you with pre-existing conditions? State restrictions vary greatly.

- Will you offer annual open enrollment versus resolicitation?

- When and for how long do you allow continuation of coverage to employees no longer in active service?

- Extended rate guarantees?

While multiyear rate guarantees may be offered, is it wise to do so for CI?

- How will flat versus heaped commissions impact your persistency?

- Restrictions for grandfathering of existing plans without evidence of insurability? As the market matures this will become a greater challenge for carriers and could affect risk appetite.

While the group voluntary CI market is in its infancy, underwriting may rely more on art than science. If you pursue this, then find your niche, stay mindful of your risk appetite, take calculated risks and go for it. **BR**

# Complex Decisions On Critical Illness

**Insight:** Deciding to enter the group voluntary CI market requires many careful considerations.

**Mitigate risk, ensure optimal spread of risk and limit anti-selection exposure.**

largely untapped market, the U.S. CI market has gone from simple to complex very quickly. This is a good time to take a focused approach to offering and enhancing this product without adding more risk.

Whether your plan offers a single or multi-pay structure, recurrence coverage, or full or partial benefits for particular conditions, the general underwriting concerns remain the same: Mitigate risk, ensure optimal spread of risk and limit anti-selection exposure.

Some questions to consider:

- Which industries meet your risk profile? Once defined, do you automatically decline to quote those industries outside your profile or price for the risk? We see some carriers DTQ, while others price for the risk or offer home office review on a case-by-case basis.

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