

# HealthStyles Q & A

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Hello, this is Jim Torbet, Director, Underwriting Research and Compliance. Last Tuesday you participated in a conference call that announced our new HealthStyles program. Subsequently, you received a Comm Alert that outlined the parameters of the program. Many of you have had questions about the program, its specifics and how it works. Underwriting felt it would be beneficial to share with all of you some of these questions and our answers to further your understanding of the HealthStyles program and how it will affect your business and customers.



**Q.** Can you provide more details about the program and the credits under HealthStyles?

**A.** Yes. The HealthStyles program is proprietary and complicated so I am unable to share the full details of the program with you. But I can provide you with some information that may be helpful. The underwriters will continue to make their usual aggressive assessment of a case. If, following this assessment, the case is still substandard and meets the parameters for HealthStyles, they will apply credits. There are numerous credits such as non-smoking for many years, long-lived parents, excellent blood pressure, excellent motor vehicle record, etc. The credits are most beneficial at older ages because older individuals tend to have more testing done by their physicians. Once the underwriter has reviewed the file for all possible credits, they then adjust these based on several formulae to determine what improvement to the assessed rating is possible. Bottom line is that HealthStyles works. We are not talking about improving only a few cases. HealthStyles improves ratings on well over half of the eligible cases.

**Q.** Will the underwriter look at a case where the last underwriting offer was made in August?

**A.** No, the HealthStyles program will not be applied to cases where the last underwriting offer was made earlier than October 1st. However, we will use some flexibility when applying this date if the case is still active and will place for year-end.

**Q.** Will we look at re-issues ?

**A.** Yes, if the policy was issued after November 1st but has not yet placed.

**Q.** Will HealthStyles be applied to in force cases - such as reinstatements, policy changes, reconsiderations, etc.?

**A.** HealthStyles will not be applied to in force policies. HealthStyles is a short-term, new business initiative and will be applied to qualifying new business cases only.

**Q.** Will we apply HealthStyles on an approved case awaiting 1035 money?

**A.** Yes, but we will limit HealthStyles to those cases issued after November 1st and not yet in force.

**Q.** The HealthStyles program provides for a maximum age of 80. Is that insurance age or chronological age?

**A.** It is chronological age.

**Q.** The parameters of the HealthStyles program indicate maximum age is 80. If I have an 82 year old rated 137% why would HealthStyles not be applied when it would be to an 80 year old rated as much as 200%?

**A.** The parameters of the HealthStyles program are not random but were determined, as a package, based on the total cost of the program as a year-end initiative and within the company's risk tolerance. Also, for your information, the cost of HealthStyles rises rapidly at the older ages. Therefore, we cannot be flexible with the parameters of the program.

## HealthStyles Q & A, continued

- Q.** I have a customer who wants to advertise HealthStyles on their web site but they say they require more information. What can I tell them?
- A.** The details of the HealthStyles program are proprietary but they can use the information from the Comm Alert.
- Q.** Are you sending any marketing material on HealthStyles to any of my customers?
- A.** No, New Business has not sent out any marketing material on HealthStyles. Feel free to send the Comm Alert to all your customers.
- Q.** Will the HealthStyles program be extended into the New Year?
- A.** At this point in time we do not have an answer to this question.
- Q.** If a client is given a HealthStyles offer, will that same offer be extended to previous offers through a different agent?
- A.** We will follow our usual practice of extending the same offer to both/all parties within three months.
- Q.** If an informal case is not able to be improved by HealthStyles or cannot be improved to standard, would current evidence help improve the HealthStyles offer?
- A.** Yes. Additional evidence will always be helpful in applying HealthStyles. For example, our medical exam form is much more comprehensive than other companies' forms for asking questions in the over 65 age group that will help elicit HealthStyles information.
- Q.** Would a cover letter help?
- A.** Yes. A cover letter is always a good idea. Such a letter should emphasize what differentiates your client. What are the things that you know about this client that makes him/her a better risk than someone else? Ask your producer to paint a verbal picture of his/her client noting what things like exercise, hobbies, activities and any lifestyle changes they have made.
- Q.** If my client needs \$13 million of coverage can I get an exception for the additional amount?
- A.** No, in that case we would either limit the coverage to \$10 million or issue 2 policies - one with HealthStyles and one without or 1 policy with blended rates.
- Q.** Can I appeal a HealthStyles offer?
- A.** If you have additional information or requirements we will be happy to review. However, we must have something material to warrant an appeal.

The HealthStyles program has been fully active for over a week now and the underwriters are diligently applying the program to their cases. Their reports on the effectiveness of the program have been very encouraging. In fact, as of last Friday, November 18, 84 cases benefited from HealthStyles, with many receiving improvement all the way to standard. HealthStyles works!! Thanks for calling in. This is Jim Torbet, Director, Underwriting Research and Compliance.



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