



*Hello friends,*

Welcome to our third quarter Underwriting Newsletter. Your reinsurance partners at SCOR hope you found a way to enjoy summer and remain healthy, despite the very unusual circumstances we've experienced this year.

In this newsletter, Kelly Davis, Manager, Technical Underwriting for Velogica, and Laurie Kaiser, Senior Underwriting Consultant, provide several unique aspects of underwriting during the COVID-19 environment. The direct and indirect health impacts of COVID-19 and the economic difficulties resulting from it are affecting how we underwrite in a variety of ways.

Ever wondered how your underwriting is viewed by claims examiners or professionals? Ed Sheehan, Underwriting Director, interviews Jeff Shepherd, Assistant Vice President of Claims Adjudication. Jeff has 33 years of claims experience with both direct carriers and reinsurers, and he provides valuable insight on how underwriting affects the handling of death claims.

Your friends at SCOR would like to wish you an enjoyable fall season. Please stay safe and remain healthy!

**Tim Jones, FALU, FLMI**  
 SCOR Global Life Americas / AVP,  
 Underwriting

**Impacts of COVID-19**

# How the Pandemic has Affected Mental, Physical and Financial Health

by Kelly Davis and Laurie Kaiser

As underwriters we followed normal assessment processes before the pandemic. During this time with many requirements being unavailable, underwriters should be aware of possible non-traditional aspects of their cases. Some of the areas of concern would be recent onset of increased stress, decreased activity and financial hardships. These pose several considerations to keep in mind as you review a case:

**Mental Health**

Mental health and individual finances may be significantly impacted. When reviewing a case, you must look at the whole picture including were applicants unemployed or did they have reduced hours for several months or do they work in an industry that was significantly impacted such as restaurant, sales, travel and leisure/entertainment.

**Example:** F 40 with hx MDD noted in remission, telehealth visit noted 4/20 new onset Anxiety, afraid to leave the house, daily panic attacks. Addition of new rx, no f/u since

**Physical Health**

With more employees working from home, we need to keep in mind the heightened risk of sedentary working habits.

- Weight gain, elevated blood pressure
- Increased risk of diabetes
- Muscle stiffness
- Edema and circulation issues

**Example:** New onset low back pain, question weight gain and inactivity. Consideration for type of treatment and severity of condition, any effect on ADLs.

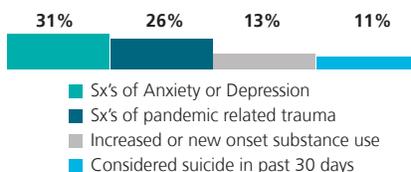
**Financial Considerations**

Unemployment rates are very high. Bankruptcies have increased across the board including chapters 7 and 13. Chapter 11 bankruptcy filings are up 52% over the same period last year<sup>1,2</sup> and once the extra unemployment benefits and stimulus funds run out, personal bankruptcy filings may also increase.

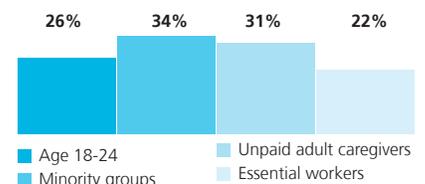
**Example:** Auto sales listed income of 210k. Keep in mind this may have been projected income if the pandemic didn't happen. Likely income was affected by this (look at state they live in). Look at the whole picture.

The following provides perspective from 5,500 survey respondents<sup>3</sup>:

**COVID-19 Impacts on Mental Health**



**Additional Data on Those With Suicidal Ideation**



1 <https://www.moneygeek.com/coronavirus/states-most-coronavirus-bankruptcies/>  
 2 <https://www.wsj.com/articles/business-and-personal-bankruptcy-filings-in-the-u-s-rose-in-july-11596582322>  
 3 <https://www.cdc.gov/mmwr/volumes/69/wr/mm6932a1.htm>

## An Insider's View

# Underwriting from a Claims Perspective

Learning

## SCOR Webinars on Demand

- SCOR's Underwriting Reimagined® exploration with clients uncovered the [rising importance of organizational agility](#). Check out our new webinar series, The Agilist, and two articles recently published on our website
- SCOR has presented a number of #COVID-19 Impacts webinars during the past few months. [Explore the webinars](#) and other COVID-related information published by SCOR during the pandemic.



by Ed Sheehan, Underwriting Director

### A Q&A with Jeff Shepherd, Assistant Vice President of Claims Adjudication

**Ed:** *What are some of the challenges you see at claim time that involve underwriting practices?*

**Jeff:** The first thing that comes to mind is the importance of documentation and having consistent practices in place. As the "gatekeepers" at the backend of the process, we are often trying to put together pieces of a puzzle, and this often happens years after the policy was underwritten. Just as the claims handling is often scrutinized so is the underwriting and the sale of the policy. It's important to clearly document the file of the risk assessment especially when waiving a requirement or not pursuing an APS, for example.

Consistent practices and adherence to the company's underwriting guidelines are particularly important when a claim is being contested. One of the more common causes of action that we typically see in contested claims matters is the allegation that the insurer did not engage in fair treatment or that it did not act in good faith in accordance with its policy provisions or established underwriting practices.

Since misrepresentation or fraud often begins at the time of underwriting, it's important to be mindful of common red flags that should not always be excused as innocent mistakes or omissions. These may be due to a lack of candor on the part of the applicant and/or the agent/broker indicating possible anti-selection or fraud. It's also not unusual to find some minor disclosure or hint of treatment or a condition material to the risk at underwriting that was not followed up on. In most instances, the company has waived its rights to contest at claim time.

**Ed:** *What are some common claims trends you have seen in recent years?*

**Jeff:** Aside from the COVID-19 related deaths, we are seeing more suicide claims, homicide claims and deaths abroad/foreign death claims. These would require more review and analysis. We have also seen an increase in older issue age claims as well as misrepresentation on applications and the litigation that often follows. As a reinsurer, we have also seen financial underwriting and over-insurance concerns, which includes "jumbo limit" breaches impacting automatic reinsurance coverage.

**Ed:** *Any claims observations on policies approved through automated underwriting programs?*

**Jeff:** More analysis needs to be done, but we do have some reinsurance clients seeing poor experience in duration 3 and older claims. This suggests that many policyholders with unreported health concerns are able to "beat out the contestable period."

There have also been some concerns about the underwriting engines used to flag inconsistent answers by an applicant. For example, an applicant answering "No" to whether he/she has seen a doctor in the last year but reports being on a prescription medicine, that might prompt further review by an underwriter; however, the application was not kicked out for review.

As a final thought, I think it's important that the algorithms for these automated underwriting engines get reviewed periodically to ensure they are working as intended and that experienced claims people are involved in that review as well as the review of application questions, plan design and even policy wording.

[The full text of this article is on our website.](#)

## Underwriter Spotlight



**Laurie Kaiser, ALU**

Senior Underwriting Consultant since 2015.

Laurie provides facultative risk

assessment to clients and has more than 24 years of experience. Laurie is currently a core member of the SCOR underwriting newsletter committee and is a member of the Midwestern Underwriting Conference agenda committee.

In 2018, Laurie won the Rick Weaver Award which led to her publication in *On the Risk* in June 2019 for her article, "Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections."

A resident of Hebron, KY, Laurie works remotely and reports from SCOR's Leawood, KS office. Her interests include reading, baking, painting and spending time with her spouse, Ryan, and teenagers Olivia, 19, and Sam, 16.