



By  
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This time of year, many group insurance underwriters experience an overwhelming number of proposals as they quote on Jan. 1 renewals for 2010. Typically, employers seek to enhance their current plan design, service satisfaction or pricing of their policies, but today's economic environment adds another degree of intensity to the process.

Generally, the majority of cases out to market are looking for improved insurance rates. Basic

result of layoffs, the adverse claim experience likely will go up, requiring rate increases.

At the same time, market competition is liberalizing group voluntary life insurance underwriting guidelines. We have seen voluntary life participation increasing, in turn driving requests for higher guaranteed-issue maximums and higher death benefits, especially on cases with more than 200 lives. Additionally, an inflation protection feature has been introduced to the marketplace that auto-

matically increases an employee's amount of life insurance as a cost-of-living adjustment.

Similarly, demand for more accidental-death-and-dismemberment add-ons continues to grow. Many carriers offer new

options as a way of differentiating themselves in the marketplace, with three to five of these benefits often packaged together.

The following is a list of some of the newer additions to common AD&D add-ons: bomb explosion; bone fractures; brain damage; carjacking; child abduction; identity theft; and permanent total disability.

Employers also are asking for larger group life insurance benefit maximums for their executives, which is causing unbalanced plan design and more adverse selection risk. Basic life insurance schedules for executives have increased to maximums of up to seven- to nine-times earnings. As a result, a company's life insurance maximums are often increasing to as much as three times its current life insurance maximum.

During 2009, it is predicted that most employers will be focusing on the profitability of their businesses. When it is time to review their employee life insurance plans, employers will be shopping for the best price with comprehensive benefits and services to make the administration process easier for themselves and their employees. **BR**

# New Options Arise From Competition

Group life insurance writers are feeling the heat as employers seek better deals for 2010.

group life rates continue to drop to meet competition, sometimes even in cases where the claim experience has been poor. Voluntary life rates, meanwhile, appear to be holding their own and providing enough margins for profits and expenses.

As the economy forces employers to lay off employees, underwriters are expecting to see more claims under the portability feature on their group term life policies. This provision allows employees to continue their group term life insurance without evidence of insurability at comparable rates if they are no longer employed. This feature is attractive to insureds who are otherwise uninsurable or require higher-rated policies as a result of a health condition. These insureds are therefore more likely to port their coverage. Claim experience with ported life benefits has historically been bad, and as more insureds port their insurance as a

**Underwriters expect to see more claims under the portability feature on their group term life policies.**

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