

# Group Underwriting Considerations

- Insurance must be “**incidental**” to the group’s formation, not the reason for it...a **natural group** (formed for a purpose other than buying group ins.)
- **Stability** of the group ....a group without a lot of turn over
- **Persistency**....Ins. Companies don’t want groups that change carriers a lot
- Method of determining benefits (this prevents individual selection of benefits)
- How eligibility is determined...insurers want to see a sickness related **probationary period to reduce adverse selection**
- **Contributory or Noncontributory** –non-contributory plans are preferred because they require **100% participation...reduces** adverse selection
- Prior claims experience
- Size & Composition of the group...the larger the better
- Type of industry the business is in...hopefully, non-hazardous