



AMERICAN ACADEMY *of* ACTUARIES

THE BOTTOM LINE ON **The Use of Genetic Information in Disability Income and Long-Term Care Insurance**

How would consumers and insurers react if a blood test could predict, with high certainty, the development of cancer later in life? Imagine the potential consequences of a drug treatment that could eradicate the vast majority of cancerous cells. Ten years ago these scenarios might have been far-fetched, but they are much closer to reality today. Scientific advances from the Human Genome Project will facilitate earlier detection of diseases and accelerate the search for successful treatments. How and when would such treatments affect premiums and how might they alter consumers' need for, and purchase of, disability income (DI) and long-term care (LTC) insurance?

Current underwriting and premium rating practices in voluntary, individual insurance markets, such as most DI and LTC insurance markets, maintain a delicate balance between affordable premiums and accessibility to coverage. The use or restrictions on the use of genetic information in the underwriting process could have a significant impact on the cost and availability of insurance and pose a serious challenge to the future viability of voluntary, individual insurance markets including DI and LTC.

This issue brief is intended to help policy-makers, consumers, and insurers as they consider the potential impact of new genetic technologies on the DI and LTC insurance markets. To guard against unintended consequences, all of these parties must engage in a constructive dialogue as they develop any new regulatory framework governing genetic information. This issue brief also explores strategies to effectively address this emerging dilemma of how best to respond to public concerns about the possible misuse of genetic information, while preserving the viability of the voluntary, individual DI and LTC insurance markets are also explored.

The Use of Genetic Information in Disability Income and Long-Term Care Insurance is the final issue brief in a series developed by the American Academy of Actuaries' Task Force on Genetic Testing Issues. The task force developed several issue briefs and a monograph to help policymakers and the public better understand the impact of genetic testing issues on various insurance markets. For more information, visit the Academy's website at www.actuary.org.

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