



# R<sub>x</sub> FOR SUCCESS

LATEST UPDATE:  
UNDERWRITING  
INFORMATION

## MIB

### *WHAT IT IS...*

### *WHAT IT DOES...*

### *WHAT IT DOESN'T...*

### *& WHAT IT WILL DO!*

The **Medical Information Bureau (MIB)** is a computer data base which contains medical and some non-medical information (such as avocation interests) pertaining to some individuals who have applied for insurance coverage. It is estimated that less than 20% of the insured population has information on file with the MIB. The major function of MIB Inc. is to provide an information exchange among member insurance companies to prevent loss due to fraud or omission. MIB reports are submitted only by member insurance companies and are available only to member insurance companies with the written authorization of the person to whom the information pertains. Physicians are not a direct source of information to the MIB.

### *WHAT IT IS...*

The MIB was formed some 95 years ago by a group of physicians representing about fifteen insurance companies whose claims experience were being adversely affected by very questionable (fraudulent) claims. It became clear that they were being selected against (i.e. anti-selection) resulting in the cost of insurance being driven upward (and dividends downward) for its honest policy holders. To protect themselves against this practice, they agreed to share information about prospective clients. This assured them that significant information one insurer was aware of was available to other insurers the client might choose to apply to for coverage. This information serves to alert other member companies of certain medical, driving, and avocational histories which might impact the basis on which an insurer offers coverage to a prospective proposed insured. Today, the MIB has approximately 612 member companies made up entirely of Life, Health, and Disability Insurance Companies.

### *WHAT IT DOES...*

MIB's principal function is to provide for the exchange of underwriting information among its members. This function involves the collection, maintenance and dissemination of information to its members. This is done in a coded fashion to protect the privacy of the prospective proposed insured. This can accelerate the consideration of the application and reduce the cost of processing; and all of this is accomplished without compromising the confidentiality of the information. A member company has the responsibility of providing the MIB with information which is then input into the data base. Developed from their underwriting file, and based on guidelines of what constitutes reportable data provided by MIB, member companies are required to report to MIB a brief, coded résumé of conditions and findings which may be "**significant to the proposed insured's health or longevity**". The MIB also requires member companies to input information of a positive (good) nature, such as negative tests and current normal findings where previous abnormal findings had been coded.

*(continued on reverse)*

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The MIB also alerts member companies whether that client has applied to other member companies within the recent past. While the other member companies are not specifically identified, this does alert the member companies of multiple application submissions and the possibility of over insurance or the attempt to avoid certain age and amount underwriting requirements.

The MIB conducts audits of its member companies to assure that proper reporting practices and rules of confidentiality are being closely adhered to. Member companies are also required by MIB rules of membership to conduct ongoing self audit programs to assure they are adhering to all rules and procedures.

**WHAT IT DOESN'T...**

MIB information does not entitle the member company to forgo its own underwriting investigation; rather, it serves only to alert members to possible significant underwriter's information which the member company will need to confirm before making a final decision. An MIB report does not indicate the underwriting action that was taken with regard to any application for insurance. In other words, it does not indicate whether an application for insurance was issued, rated, or declined. An MIB report will be used only as a starting point to begin an investigation which will help protect insurers and policy holders from losses due to fraud or omission. The member company receiving the MIB report compares the information to that provided by the client. In the event the MIB codes are inconsistent with the information provided by the proposed insured, the insurer then must seek further information about the proposed insured from some other source, such as the attending physician, examiner, or the proposed insureds themselves. As a matter of law (NAIC Act, Privacy Protection Model Act, etc.) decisions based solely on MIB codes are prohibited.

**WHAT IT WILL DO...**

MIB allows companies to minimize their exposure to the possibility of antiselection and fraudulent claims. This in turn improves the companies experience and allows for better product pricing and dividends. Any person can review information in their MIB files and initiate correction in the rare event the need to do so exists. To obtain this information, residents of the United States can contact MIB at P.O. Box 105, Essex Station, Boston, MA 02112. Residents of Canada can write to the MIB at 330 University Avenue, Toronto, Ontario, Canada M5G 1R7.

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