

Rhetoric clouds the truth about insurance

By Ben Howell

Like a pack of wolves on the prowl, the howling, snarling, vicious assault on the institutions that make our country great continue. The attack against the insurance industry is fueled by much misinformation about the elements that make up an insurance policy, how rates are established, and how insurers' profits and underwriting affect us.

This aggression is also a misdirected effort to solve the health-care crisis. Attempts by many in Congress to disparage and malign the industry further weaken our nation's economic health by stoking fear and distrust in people's minds and causing them to doubt the integrity of their insurance policy, which can undermine one taking action to secure important life, disability, health or long-term care insurance. Let's

GUEST COLUMN



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clear the smoke with some facts.

Health insurers cannot cancel a policy because of claims made, nor can rates be "jacked up" arbitrarily. The average health carrier's

profit is only 3 percent, one of the lowest of any industry. The stories recounted about rescissions are absent of the key element — fraud. Failure to disclose past medical history gives the carrier the legal right to rescind the policy if later this information is discovered.

Premiums are reflective of the cost of health care, which is a dire problem. The reasons for the health-care cost increases are many, but the majority of congressmen are unwilling to tackle even the most obvious. There is already regulatory control of premiums — has the federal government never heard of state insurance departments? Where do hospitals and pharmaceutical companies get the majority of their revenue? Does it come from private pay, Medicaid, Medicare or private insurers? Because, of lower reimbursements of current govern-

ment programs and failure to pay by some uninsured people, we, the insured population, absorb costs in the form of higher premiums.

Restoring people's income, dignity and lifestyle when loss of life, health or property occurs is the business of insurance. Real life stories, and the value and benefits of insurance should not be forgotten. The nonprofit Life Foundation has some of these stories at www.life-line.org. Pooling together of premium dollars and paying them out when needed at some future date is insurance. Smaller expenses should be self insured.

Covering all pre-existing conditions is supported by industry organizations and the general public. However, for this to happen there must be a requirement for all to purchase a health policy. Otherwise, someone

could wait until he had a problem then go get the guaranteed-issue policy that would pay his medical expenses. A weak penalty for not having it, \$750 per year, will not encourage people to become insured. In fact, more people will become uninsured, especially the young and lower income. A higher penalty and people "could not afford it." Higher taxes and premiums are the results of this responsibility shift. Even now, most states have a high-risk pool for those who are uninsurable — problem is the premiums are very high, not because the insurance company is feasting off the people but, alas, the claims are higher. A substantial tax credit to offset the higher premium of the South Carolina Health Insurance Pool would work well.

The cost of health care is not the payer's fault, it is a systemic failure brought

on by defensive medicine and uncompensated care. Idealism and good intentions tried to get everyone into a home regardless of ability to pay back the loan but contributed to the bank crisis. Dictating by the federal government on how private industry should run its business will likely damage what has been a very sound, valued and necessary insurance industry where most carriers are now A-rated for claims-paying ability and have financial strength.

Medicare is going broke and Medicaid is bankrupting the states. Yet, many are willing to accept advice from and trust a government that has shown an amazing inability to control spending and speak the truth. Slandering private insurance companies only weakens the economy and creates further hardship for Americans.