Accelerated Underwriting in Life Insurance

ASNY 2017 - Breakout Session #1

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SESSION AGENDA

I’ll Discuss Recent History of Accelerated UW Programs in U.S. Life Insurance
- Define Accelerated UW for today’s purposes
- Spectrum of Current Accelerated UW Programs
- View of Preferred Practices in Accelerated UW Programs
- Early Returns

Dave to Discuss New Life UW Tools
- Overview of Life UW Process
- Available Alternative Data-based Mortality Scores
- Predictive Models 2.0

Plenty of Time for Q&A
Elements of Accelerated UW

Goals:
- Improve Customer Experience
- Access New Markets
- Expense Savings
- Utilize New UW Tools (improve Qx & Lx)
- Competitive Pressures  
  (Process / Rates / Profitability)

UW Tools:
- Forego Fluid Testing, Exams, APS
- Full Application (with Drill Down)
- Use of 3rd Party Data
- Eligibility Limitations

Enhancements
- Automation
- Expanded Use of Predictive Models

Non-Invasive, Quick-Issued, with Rates & UW Classes consistent to Fully UW
Prevalence of Accelerated UW Programs

Do you have an accelerated underwriting program?

1. Yes – already implemented
2. Working on it, not implemented yet
3. No, but under consideration
4. No and no plans to within the next 1-2 years

What best describes your view of “accelerated”?

1. Close to guaranteed issue
2. Simplified Issue
3. Automated Underwriting
4. Simplified Underwriting
5. Close to medically underwritten
Accelerated Underwriting - Illustration #1

Gather 3rd Party Data (MVR, MIB, Rx)

Application
Full Application with Tele-Interview & Drill Downs

Eligibility Limitations
(Age / Face / Rules)

Underwrite & Make Offer without additional testing
Accelerated Underwriting - Illustration #2

Eligibility Limitations
(Age / Face / Rules)

Gather 3rd Party Data
(MVR, MIB, Rx)

Meets Req’s

Underwrite & Make Offer
without additional testing

Low Risk Scores

Initial Screen
Mortality Risk Score

Mid Risk Scores

High Risk Scores

Order Additional Req’s

Application
Full Application with
Tele-Interview & Drill Downs

Apply Full Underwriting

Y

N

Y
Accelerated Underwriting - Illustration #3

Application
Full Application with Tele-Interview & Drill Downs

Gather 3rd Party Data
(MVR, MIB, Rx, TRL or L-N)

----- AUTOMATED ----- Eligibility Rules / Disclosure Screening Logic

Highly Confident

Limited Human Underwriting

Automated Fluidless Offer

Fluidless Offer

Apply Full Underwriting

Additional Requirements

Accelerated / Fluidless Path
View on Preferred Practices

- **Overall Program**
  - Design & Objectives
  - Eligibility & Triage Rules

- **Risk Scoring Tools**
  - Retrospective Build & Validation
  - Mortality Predictors

- **Audit Tools & Program Refinement**
  - Real-time Audits
  - Data Management

- **Reinsurance Considerations**
  - Pool Structure
  - Administration
View on Preferred Practices

Overall Program
- Design & Objectives
  - Define Products / Pilot Program & Rollout
  - Agent and/or Applicant Optionality in UW Path
  - Application Enhancements
  - Level of Automation
  - Desired Pass Through Rate -vs- Mortality Impact -vs- Cost Savings

- Eligibility & Triage Rules
  - Age & Face, UW Classes
  - Identity Verification
  - Impact of Riders, Existing Coverage, Previous Applications
  - Medical & Non-Medical Disclosure Screening Rules
View on Preferred Practices

Risk Scoring Tools

- Historical Build & Validation
  - Retrospective Analysis (Qx Studies, Confusion Matrix)
  - Distribution Analysis

- Predictor Models
  - Efficacy & Exclusivity
  - FCRA vs Non-FCRA
  - Transparency / Reason Codes / Dispute Resolution
  - Rights to the Score
View on Preferred Practices

Auditing Tools & Program Refinement

- Real-time Monitoring of the Program
  - UW Class Distribution (x Channel, x Product, x Agent x Time to Issue)
  - Pre-Issue
  - Post Issue Audits

- Data Capture & Management
  - Ongoing Predictive Model Validation / Improvement
  - Program Refinement
  - Early Claim Analysis
View on Preferred Practices

Additional Considerations for Reinsurers
- Reinsurance Structure by UW Silo
- Reinsurance Premium Administration
- Type and Cadence of Reports
- Resolution of “Post-Issue Misclassification”
- Philosophy on Claim Denials “Defend the Application”
- Reinsurer Access / Audit of Predictive Model Scores
Early Returns

- Real-time Audits
- Acceleration Rates
- Incorporating “Light Touch” Human UW
- Incorporating Additional Big Data Elements