

LIMRA 2019 Survey: Accelerated and Automated Underwriting for Retail Life Insurance

*This survey gathers information on accelerated and automated underwriting practices for your company’s retail/individual life insurance business. Your input is essential to provide a complete picture to our membership.*

*All data will be treated with complete confidentiality. Aggregate results may be compiled in a summary report that will be available to LIMRA membership and may also be used in public forums such as conference presentations, press releases and articles in trade publications. No information from individual participating companies will be identified, nor will the data be shown in a fashion whereby individual company results can be identified either in the summary report or the public forums listed above. A list of all participating companies will be included in the report.*

*Please complete the survey by May 23, 2019*

Name:

Title:

Company name:

Phone:

Email:

Country:

1. **Does your company have simplified or guaranteed issue policies?**

[ ] Yes 🡪 **IN YOUR REMAINING RESPONSES TO THIS SURVEY, PLEASE ONLY INCLUDE POLICIES THAT TRADITIONALLY WOULD GO THROUGH AN UNDERWRITER. Exclude simplified and guaranteed issue policies.**

[ ] No

1. **Does your company use accelerated underwriting, where some applications are eligible to have certain medical requirements waived, such as paramedic exam or collection of fluids?**

|  |  |
| --- | --- |
| a. Yes, full implementation | [ ]  |
| b. Yes, pilot program | [ ]  |
| c. No, but we are planning to within the next 12 months  | [ ]  |
| d. No, we are planning to, but our time frame is longer than 12 months  | [ ]  |
| e. No plans  | [ ]  |

1. **Automated underwriting uses technology/tools to facilitate the review and approval of insurance applications that meet defined underwriting criteria, thus limiting human intervention. This includes rules-based or predictive algorithms.**
2. **Is your company using an automated underwriting solution/automated underwriting engine to issue life insurance either on a pilot program basis or under a full implementation?**
3. **Then, if your company currently uses automated underwriting as indicated in Column A, indicate whether it is under full implementation or if it is a pilot program.**

|  |  |  |
| --- | --- | --- |
|  | **A.***Check all that apply* | **B.** *For any checked in Column A, rows a-c, check one for each row* |
| **Currently have** | **Full implementation** | **Pilot program** |
| a. **Fully automated underwriting**:Underwriting that is completed by a program that uses an algorithmic risk assessment. Risks are accepted or declined based on specific rules. (Underwriters are not part of the process.) | [ ]  | [ ]  | [ ]  |
| b. **Triage approach to underwriting**: Underwriting in which a program uses a triage approach to select a group of policies that may be fully automated and a group to be reviewed by an underwriter. | [ ]  | [ ]  | [ ]  |
| c. **Partially automated underwriting**: Underwriting that applies an algorithm to make an underwriting decision prior to review by an underwriter.  | [ ]  | [ ]  | [ ]  |
| d. No, but we are planning to within the next 12 months  | [ ]  |  |  |
| e. No, we are planning to, but our time frame is longer than 12 months | [ ]  |  |  |
| f. No plans | [ ]  |  |  |

1. **If you currently have an automated underwriting program:**
	1. **Is your company using a rules engine approach (automated human decisions) or a predictive model approach (decisions determined by statistical multivariate analysis) with its automated underwriting solution?** *Check all that apply.*

 [ ]  A rules engine approach

 [ ]  A predictive model approach

 [ ]  Other, please explain

* 1. **What is your automated underwriting solution predicting?** *Check all that apply.*

 [ ]  Underwriting class (i.e., what a human underwriter might otherwise determine)

 [ ]  Underlying mortality

 [ ]  Other, please explain

If you do not have either accelerated or automated underwriting, you have completed the survey. Thank you. Otherwise, please continue.

1. How long has your company been using accelerated/automated underwriting?

 years

1. **For which of the following life insurance products does your company use its accelerated/automated underwriting solution?**  *Check all that apply.*

|  |  |  |
| --- | --- | --- |
|  | accelerated/automated | Do not sell product |
| Term Life | [ ]  | [ ]  |
| Whole Life | [ ]  | [ ]  |
| Universal Life | [ ]  | [ ]  |

1. **Which distribution channels sell policies that are eligible for accelerated/automated underwriting?**  *Please check all that apply.*

|  |  |
| --- | --- |
| Multiple line exclusive agents (MLEA) | [ ]  |
| Career agents | [ ]  |
| Independent agents | [ ]  |
| Independent broker-dealers | [ ]  |
| Regional & national broker-dealers, including wirehouses | [ ]  |
| Banks, credit unions | [ ]  |
| Direct-to-consumer | [ ]  |
| Other, please describe  |  |

1. **If you offer accelerated/automated** **underwriting through the direct to consumer channel, what specific challenges are associated with offering it through this channel?**
2. What are the age and face amount ranges to be eligible for accelerated/automated underwriting?

|  |  |
| --- | --- |
| Minimum issue age |  |
| Maximum issue age |  |
| Minimum face amount | $ |
| Maximum face amount | $ |

1. Describe any other requirements beyond those mentioned earlier to qualify for accelerated/automated underwriting.

1. What underwriting classes qualify for accelerated/automated underwriting*? Check all that apply.*

|  |  |  |
| --- | --- | --- |
|  | Tobacco | Non-tobacco |
| Best class | [ ]  | [ ]  |
| Preferred | [ ]  | [ ]  |
| Standard | [ ]  | [ ]  |
| Sub-standard | [ ]  | [ ]  |

1. What type(s) of medical questionnaires or interviews support your company’s accelerated/automated underwriting solution? *Check all that apply.*

[ ]  Paper

[ ]  Tele-interview conducted by home office staff

[ ]  Tele-interview conducted by vendor

[ ]  Web-based medical questionnaire

[ ]  Dynamic (tele- or web-based that incorporates other data sources)

[ ]  Other, please explain

1. **First, indicate with which of the following *electronic* databases/information sources your company’s accelerated/automated underwriting engine interfaces.***Check one for each row.***Then — where applicable — please indicate the data source.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type of Data | Current | Planned | No plans |  Source of the data |
| Identity verification | [ ]  | [ ]  | [ ]  |  |
| Fraud/nondisclosure | [ ]  | [ ]  | [ ]  |  |
| Attending Physician Statement (APS) | [ ]  | [ ]  | [ ]  |  |
| APS summary services | [ ]  | [ ]  | [ ]  |  |
| Laboratory results | [ ]  | [ ]  | [ ]  |  |
| Prescription drug data | [ ]  | [ ]  | [ ]  |  |
| Electronic health records (EHRs) | [ ]  | [ ]  | [ ]  |  |
| Medical claims data | [ ]  | [ ]  | [ ]  |  |
| Risk scoring service | [ ]  | [ ]  | [ ]  |  |
| Motor vehicle records | [ ]  | [ ]  | [ ]  |  |
| Credit records | [ ]  | [ ]  | [ ]  |  |
| Criminal records | [ ]  | [ ]  | [ ]  |  |
| Consumer data  | [ ]  | [ ]  | [ ]  |  |
| Social media | [ ]  | [ ]  | [ ]  |  |
| Wearables | [ ]  | [ ]  | [ ]  |  |
| Publicly available information | [ ]  | [ ]  | [ ]  |  |
| Other, please explain       |  |  |  |  |

1. **Is your company considering or using models that predict non-disclosure?**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Current | Planned | No plans |
| Tobacco non-disclosure | [ ]  | [ ]  | [ ]  |
| Other non-disclosure, please describe       | [ ]  | [ ]  | [ ]  |

1. **What is your company doing to minimize fraud with accelerated/automated** **underwriting?**
2. **Does your company use pre- or post-issue auditing in its accelerated/automated underwriting solution?** *Check all that apply.*

[ ]  No

[ ]  Holdout or pre-issue assessment — a group of policies are held out and sent through a human underwriter to see if the model and underwriter would reach the same conclusion. If yes, are holdouts targeted or randomly selected? [ ]  Targeted [ ]  Randomly selected

[ ]  Post-issue in which an APS is obtained on a group of already-issued policies to determine if there was non-disclosure by the applicant

[ ]  Post-issue in which a group of already-issued policies is audited to verify that the model reached the same conclusion as a human underwriter

[ ]  Other, please explain

1. A. Please indicate your company’s goals at the time of the development of accelerated/automated underwriting.

*Check all that apply.*

B. Then indicate whether these goals have been met. *Check one for each row.*

|  |  |  |
| --- | --- | --- |
|  | *Check all that apply* | B.*For any checked in Column A, check one for each row* |
|  | All goals | Met | Not met | Too soon to tell |
| Reduce policy issue cost | [ ]  | [ ]  | [ ]  | [ ]  |
| Reduce the time it takes to issue a policy | [ ]  | [ ]  | [ ]  | [ ]  |
| Achieve consistent decisions | [ ]  | [ ]  | [ ]  | [ ]  |
| Automate some of our life insurance products | [ ]  | [ ]  | [ ]  | [ ]  |
| Increase sales | [ ]  | [ ]  | [ ]  | [ ]  |
| Meet financial professional demand | [ ]  | [ ]  | [ ]  | [ ]  |
| Meet consumer expectations | [ ]  | [ ]  | [ ]  | [ ]  |
| Increase applicant satisfaction | [ ]  | [ ]  | [ ]  | [ ]  |
| Reach more consumer markets | [ ]  | [ ]  | [ ]  | [ ]  |
| Reduce fraud, errors, omissions | [ ]  | [ ]  | [ ]  | [ ]  |
| Increase business intelligence | [ ]  | [ ]  | [ ]  | [ ]  |
| Improve business flexibility | [ ]  | [ ]  | [ ]  | [ ]  |
| Use structured data | [ ]  | [ ]  | [ ]  | [ ]  |
| Achieve scalability | [ ]  | [ ]  | [ ]  | [ ]  |
| Better predict mortality | [ ]  | [ ]  | [ ]  | [ ]  |
| Other, please explain       | [ ]  | [ ]  | [ ]  | [ ]  |

1. If your company has been using accelerated/automated underwriting for at least 3 years, please indicate any differences in actual lapses and mortality under your accelerated/automated underwriting program compared to traditional underwriting. Please only consider experience during the first 3 policy years. *Check only one for each column.*

|  |  |  |
| --- | --- | --- |
|  | **A.Lapses** | **B.Mortality** |
| Higher than with traditional underwriting | [ ]  | [ ]  |
| The same as with traditional underwriting | [ ]  | [ ]  |
| Lower than with traditional underwriting | [ ]  | [ ]  |
| Too soon to tell | [ ]  | [ ]  |

1. **For a given risk class, does your accelerated/automated program offer the same price point as traditional underwriting?**

|  |  |
| --- | --- |
| Yes, the same as with traditional underwriting | [ ]  |
| No, higher than with traditional underwriting | [ ]  |
| No, lower than with traditional underwriting | [ ]  |

1. A. Please indicate your company’s challenges implementing accelerated/automated underwriting. *Check all that apply.*

B. Then, indicate your single greatest challenge. *Check one only.*

|  |  |  |
| --- | --- | --- |
|  | A. All challenges*Check all that apply* | B. Single greatest challenge*Among challenges listed in A, check only one* |
| Allocating sufficient financial resources | [ ]  | [ ]  |
| Allocating sufficient human resources | [ ]  | [ ]  |
| Obtaining senior management buy-in | [ ]  | [ ]  |
| Lack of financial professional buy-in | [ ]  | [ ]  |
| Lack of consumer understanding of the model | [ ]  | [ ]  |
| Working with legacy systems | [ ]  | [ ]  |
| Regulatory requirements | [ ]  | [ ]  |
| Automating exception management | [ ]  | [ ]  |
| Continual need to update | [ ]  | [ ]  |
| Need for robust testing | [ ]  | [ ]  |
| Data — structure and format | [ ]  | [ ]  |
| Data — availability | [ ]  | [ ]  |
| Data —acquisition costs | [ ]  | [ ]  |
| Data — sufficiency and representativeness | [ ]  | [ ]  |
| Algorithm — development costs | [ ]  | [ ]  |
| Algorithm — credibility post implementation | [ ]  | [ ]  |
| Administrative issues (e.g., obtaining payments, signatures, documents) | [ ]  | [ ]  |
| Other, please explain       | [ ]  | [ ]  |

1. **Briefly explain how your company has overcome/is working to overcome your greatest challenge in implementing accelerated/automated underwriting:**
2. **In January, the New York Department of Financial Services issued Insurance Circular Letter No. 1 (2019) that limits companies from using data sources, algorithms, or predictive models unless they determine that a) they do not in any way collect or utilize prohibited criteria, b) they establish that they are not unfairly discriminatory, and c) they inform insureds or potential insureds of the right to receive the specific reasons for a declination, limitation, rate differential or other adverse underwriting decision. What changes has your company made to its accelerated/automated underwriting program as a result of this circular?**

[ ]  Our company does not write business in New York

[ ]  Stopped using our accelerated/automated underwriting program in New York for now

[ ]  Limited data sources being used for New York policies

[ ]  No changes

[ ]  Other, please explain

1. **Please rate the success of your company’s accelerated/automated underwriting program?** *Check only one.*

[ ]  Not at all successful

[ ]  Somewhat unsuccessful

[ ]  Neither successful nor unsuccessful

[ ]  Somewhat successful

***[ ]***  Very successful

1. Briefly describe some of your “best practices” for developing accelerated/automated underwriting:
2. Do you have fully electronic processes that REQUIRE NO human touch (e.g., all applications and forms are submitted by the financial professional or prospect DIRECTLY to the system that assesses all information via the rules engine or predictive model and then issues the policies and delivers it electronically)? *Check only one.*

[ ]  Yes

[ ]  No, but we are planning to within the next 12 months

[ ]  No, we are planning to, but our time frame is longer than 12 months

[ ]  No plans

[ ]  Other, please explain

1. Excluding simplified or guaranteed issue, please indicate the NUMBER OF CASES that were successfully underwritten in 2018 under your accelerated/automated program and those issued through traditional full underwriting. For partially underwritten cases, please include those that went through the assessment process even though an underwriter reviewed those cases.

|  |  |
| --- | --- |
| (i) Number of applications *eligible* for accelerated/automated underwriting An “eligible application” is one that meets age and face amount criteria. |       |
|  Number of policies accelerated (if applicable) |       |
|  Number of policies automated (if applicable) |       |
|  Traditional full underwriting |       |
| (ii) Number of applications not eligible for accelerated/automated underwriting |       |
| **(iii) = (i) + (ii) = Total cases underwritten through all methods**  |       |

1. **On average, how long does it take for your accelerated/automated underwriting and traditional underwriting programs to reach (1) the medical questionnaire or interview and (2) final decision. PLEASE STATE ALL NUMBERS IN TERMS OF THE NUMBER OF BUSINESS DAYS FROM RECEIPT OF APPLICATION IN GOOD ORDER.**

|  |  |  |
| --- | --- | --- |
|  | **Accelerated/ Automated****underwriting** | **Traditional underwriting** |
| 1. medical questionnaire or interview
 |       days |       days |
| 1. final decision
 |       days |       days |

1. Please estimate the average cost savings per case in your company’s accelerated/automated underwriting program.

1. **In the area of accelerated/automated underwriting, how do you think your company is doing in comparison with your competitors?** *Check only one.*

[ ]  Very advanced— we are among the leading companies with these practices

[ ]  Slightly more advanced than the competition

[ ]  About equal to the competition

[ ]  Slightly behind the competition

[ ]  Very behind— we fear that we will be one of the last companies to develop/change in this area

[ ]  Unaware of what other companies are doing in this area

1. To better understand acceleration and/or automation rates as age and face amount limits are approached, would you be willing to share data on 2018 eligible applications? If yes, we will follow up with you at a later date.

[ ]  Yes

[ ]  No

**End of survey: Thank you for your input and help with our survey.**

 **If you are able to do so, please send a flowchart of your company’s accelerated/automated underwriting process to:** Mary Lesch | mlesch@limra.com **|Phone: 860-285-7858**