ReImagine
insurance

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Stephen Cooley

Chief Administrative Officer

PartnerRe

ReImagine insurance

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Accelerated Underwriting

- Current Underwriting
  - Complex
  - Time consuming
  - Not user friendly
- Accelerated Underwriting
  - Streamlined
  - Non-invasive
  - Alternative data sources utilized

Karen Cutler

VP & Chief Underwriter

Manulife Insurance

ReImagine insurance

Accelerated Underwriting - Why

- Changing consumer demand

- Operational efficiency

- Life expectancy and medical advances

- Fewer smokers in the general population

Accelerated Underwriting - How

2013 & 2014 data on 120,000 lives **+** Examine every Arrow data element **+** Drill down to specific lab results **=** Better understand our risk profile

Accelerated Underwriting - How

Smoker Prediction Model

- Develop a model that assigns a probability of smoking to insurance applicants

- Train model using 2012 through 2015 data from Arrow

- Used to support monitoring program

Accelerated UW - What

- 18-45 up to and including $1,000,000
    - Preferred available

- Continue to test high risk cases

- Extensive post issue monitoring program
    - Advisors
    - Data cube
    - Decisions

Accelerated UW – Next steps

- Move beyond "Accelerated"

- Develop AI based decision tools

- Continually question existing risk acceptance and requirements practices

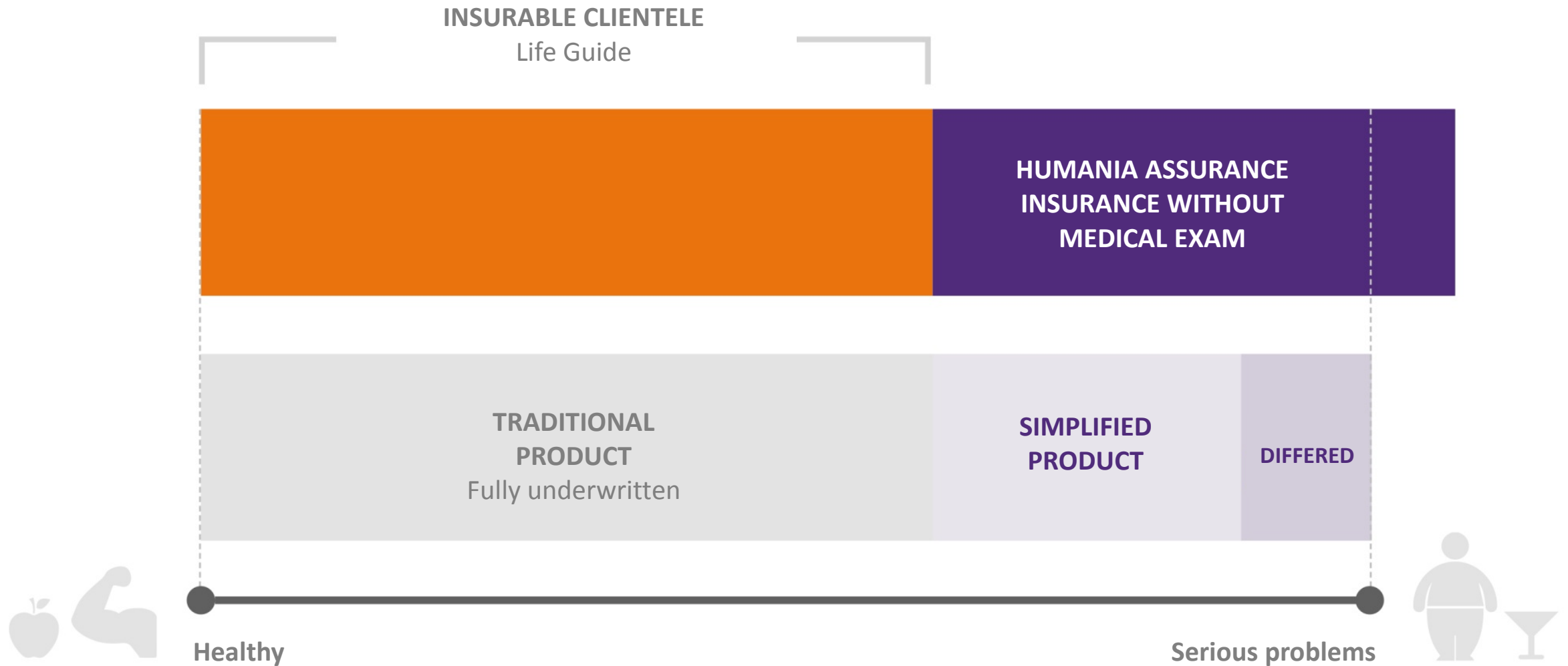- Move from traditional department structure to agile based environment

ReImagine insurance

Accelerated Underwriting How did we get there?

Luc Bergeron
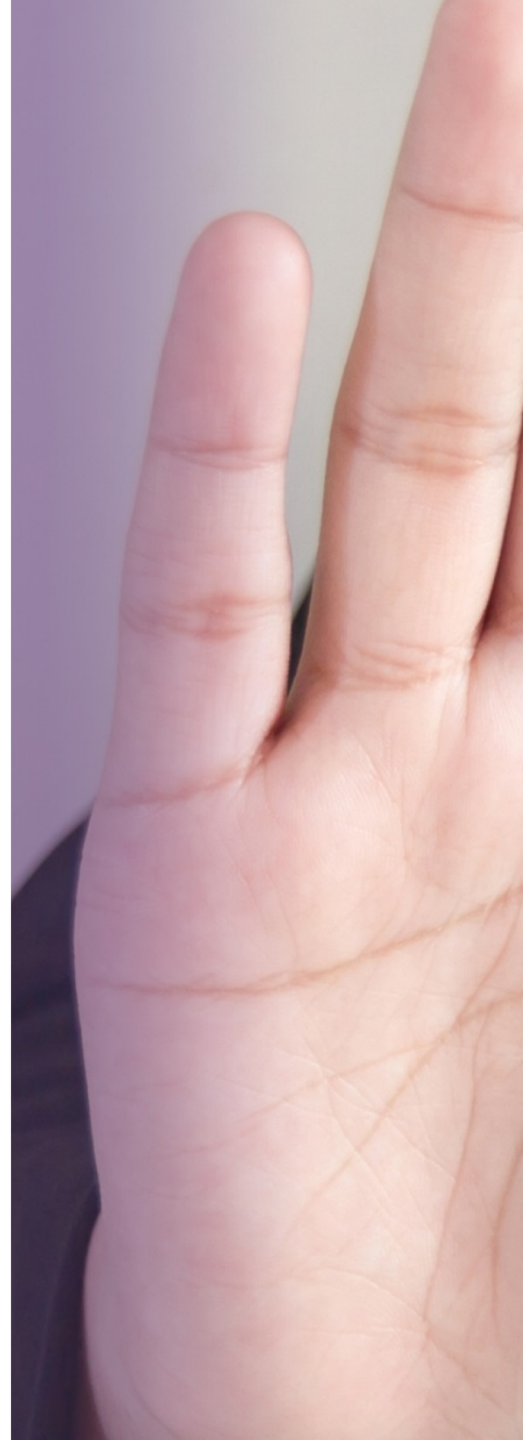
VP Operations and Chief Actuary

Humania Assurance

Product/Market Development

- Market was targeted

- Process was defined: Web-based

- Internally mixed feelings

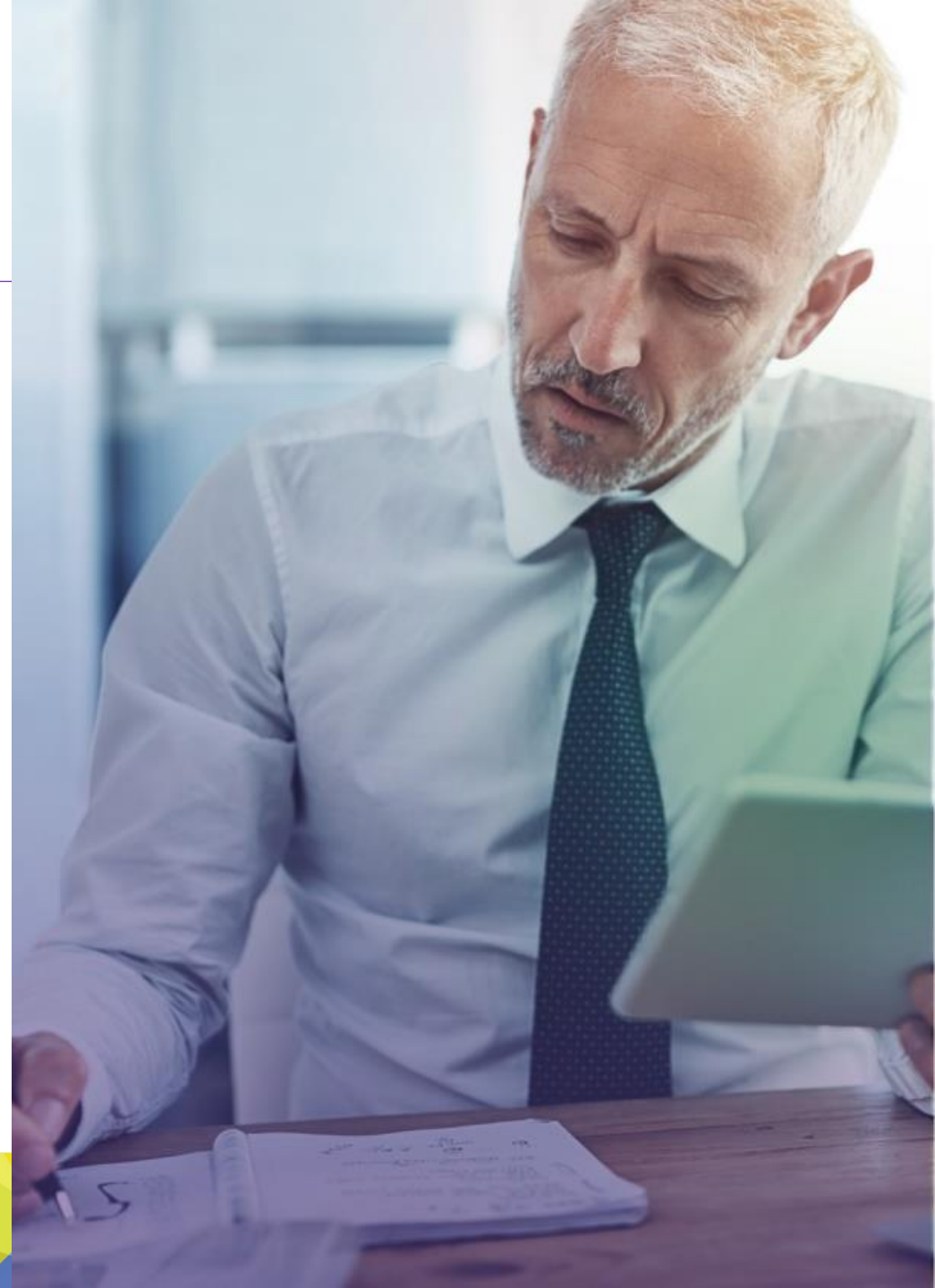Was the market ready?

Decisions made

No medical Exam

Close to Group Underwriting

- 2 questions on Employment

- 4 questions for Eligibility

- 11 questions to determine your rate (Bronze, Silver or Gold)

Product would be web based **only**

Policy would be issued on the spot

4 TYPES OF COVERAGE

---- Up to ----
$300,000
in life insurance

---- Up to ----
$100,000
in critical illness insurance

---- Up to ----
$2,500 PER MONTH*
in disability income insurance

---- Up to ----
$2,500 PER MONTH*
in disability debt insurance

* Maximum combined disability coverage may not exceed $2,500/month.

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What we've learned

WOW Success! Brokers were ready

Brokers average age 41 for platform user vs 51

NPS score above 8

Lapse experience: much better than not-taken rate and first few months lapse of other product

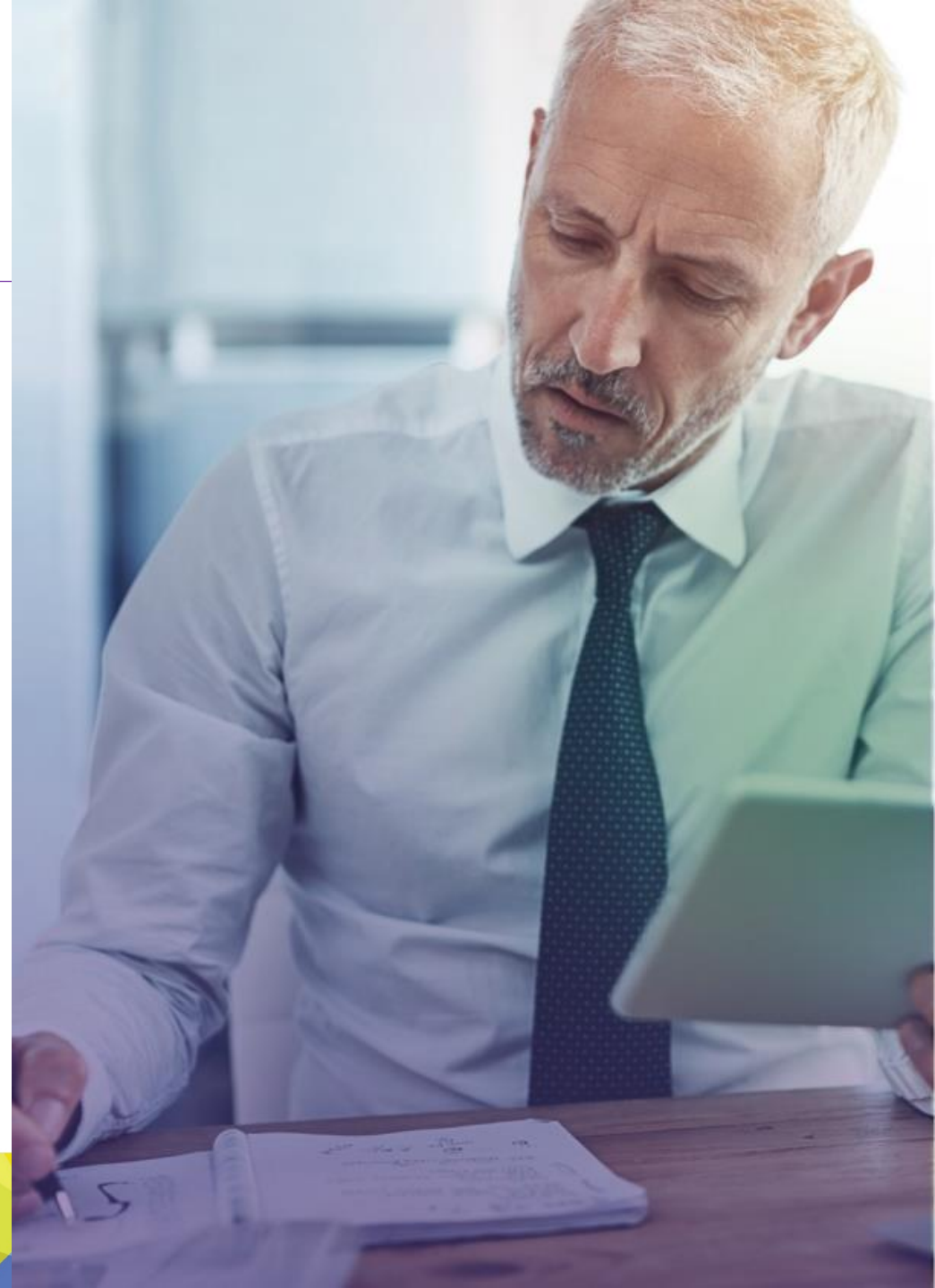Mortality/morbidity experience: exceeds expectation (better)
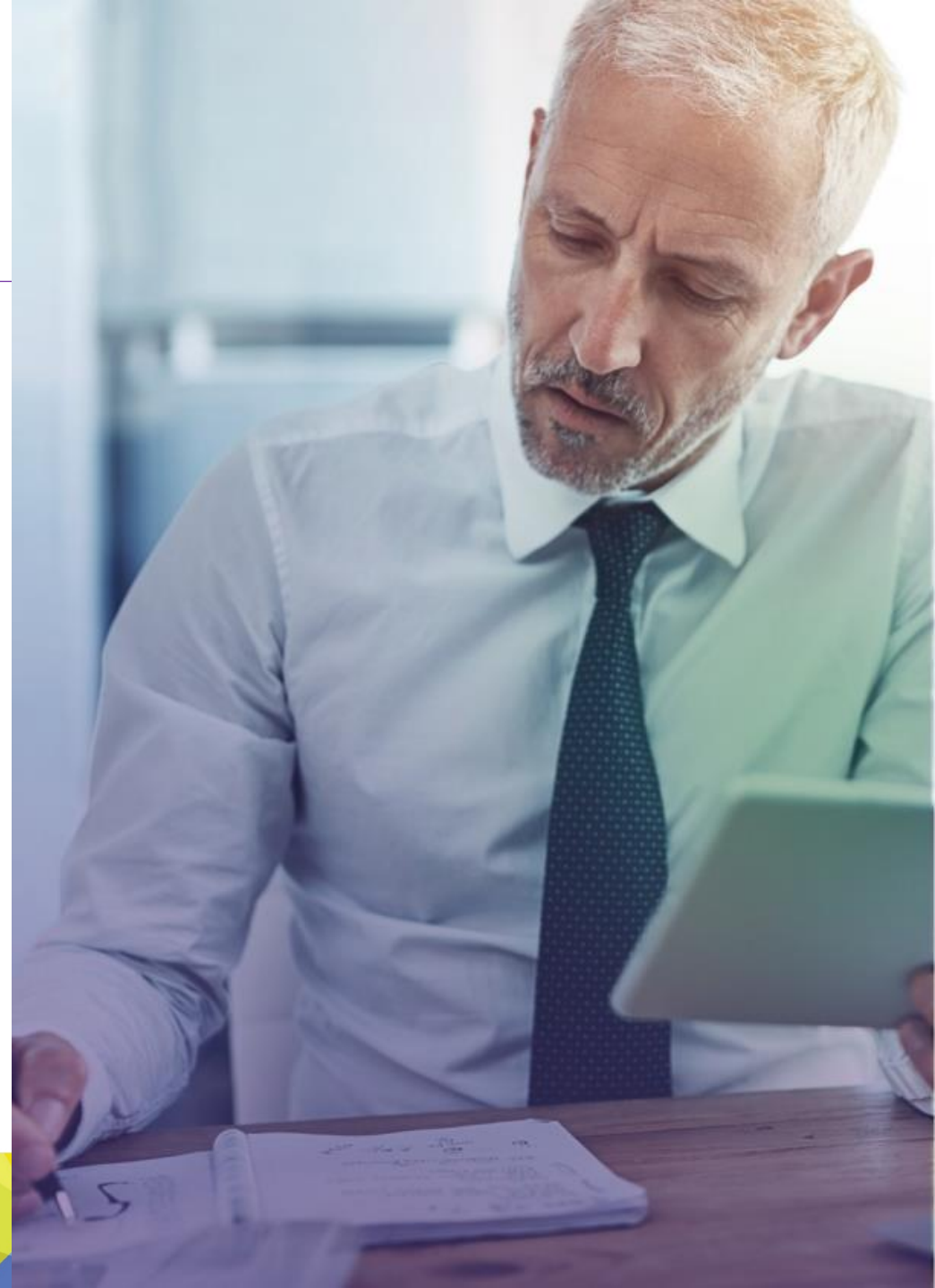
What we've learned

Web underwriting

- Delays in finalizing sales

- Back and forth on same question

- Midnight transactions

Compliance issues

- Brokers / Clients email
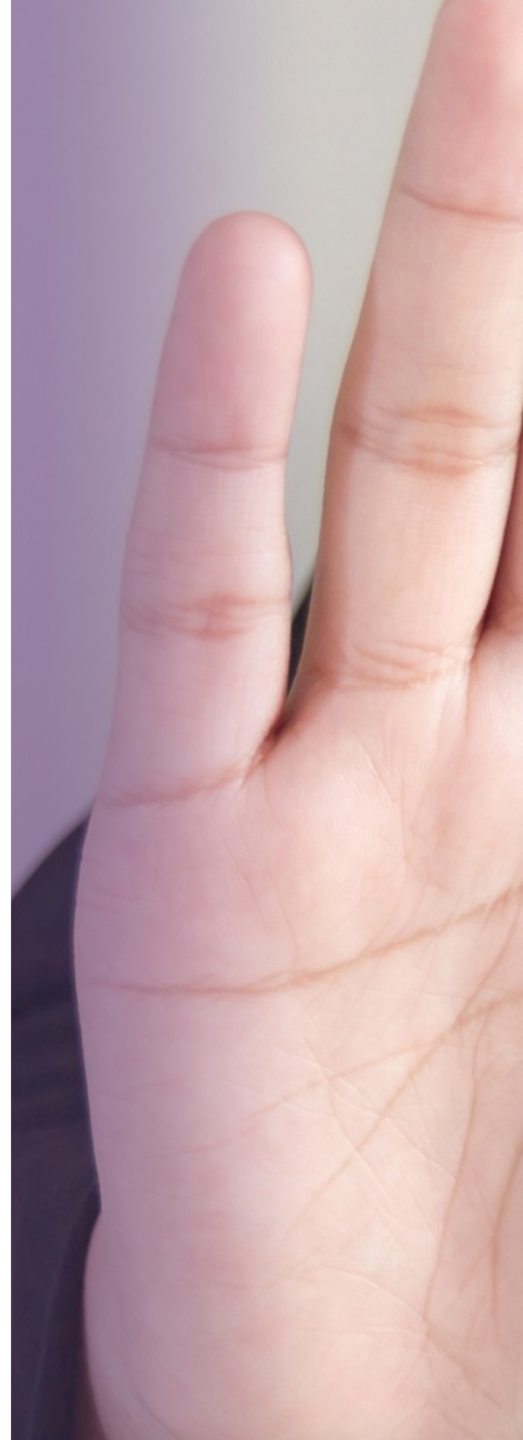
- Confirmation email

So what's next?

Limitations to Simplified U/W

- Limited market

- Limited Protection

- Pre-existing clause

- Price

POSITIONING
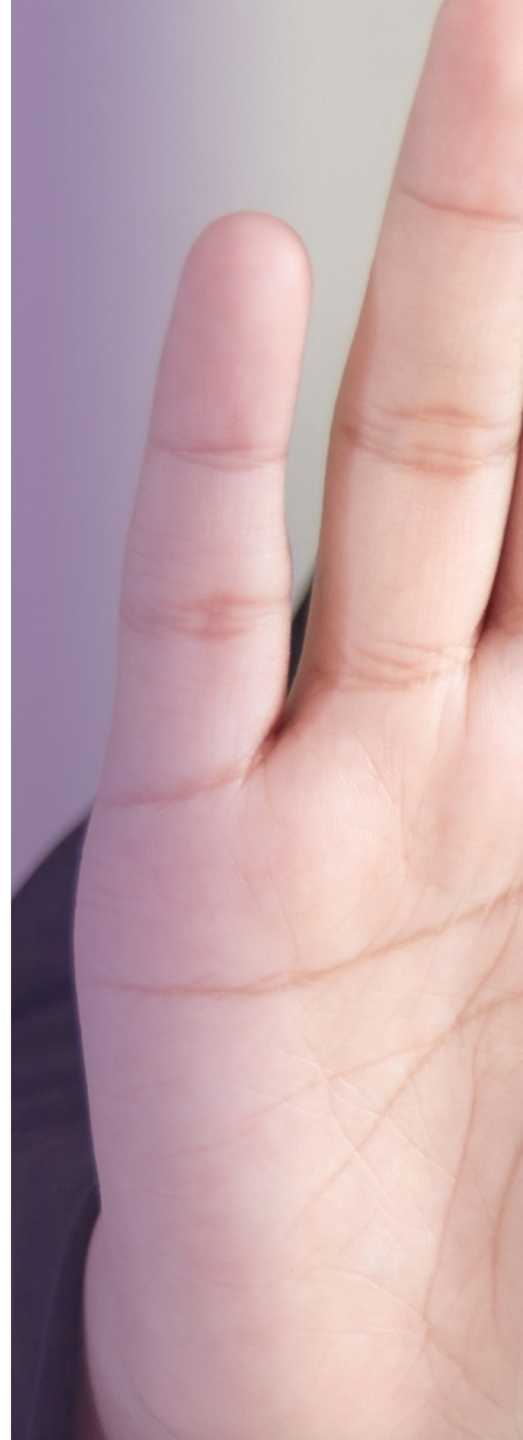
Product/Market Development

- Life market – fully underwritten

- Process Web-based: no looking back

- 67% straight-through processing

- Single goal in mind: the right underwriting decision with the least intrusion (# of questions, # of tests)
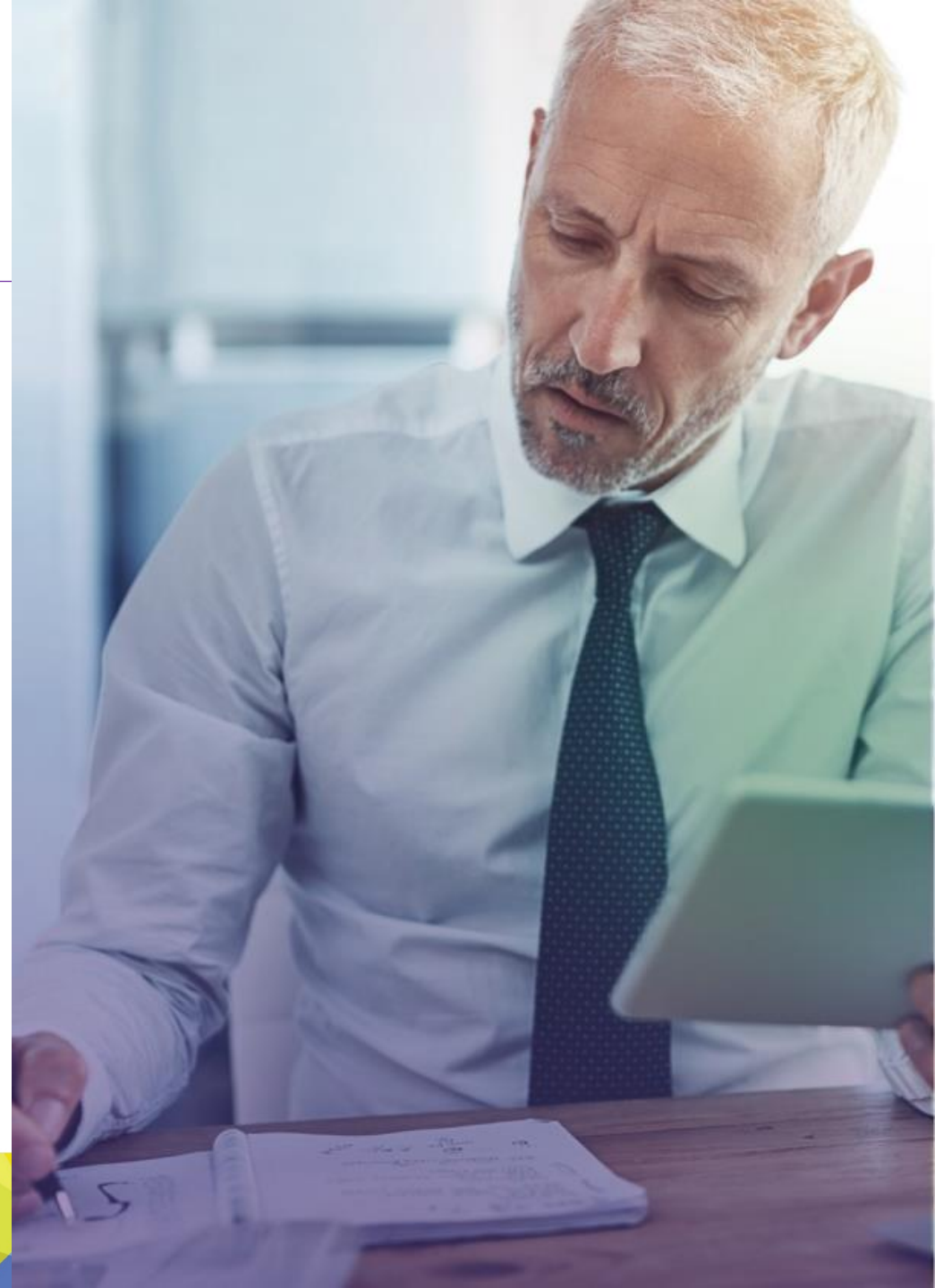
- Internally **NO** mixed feelings

Decisions made

Would not reproduce standard application process
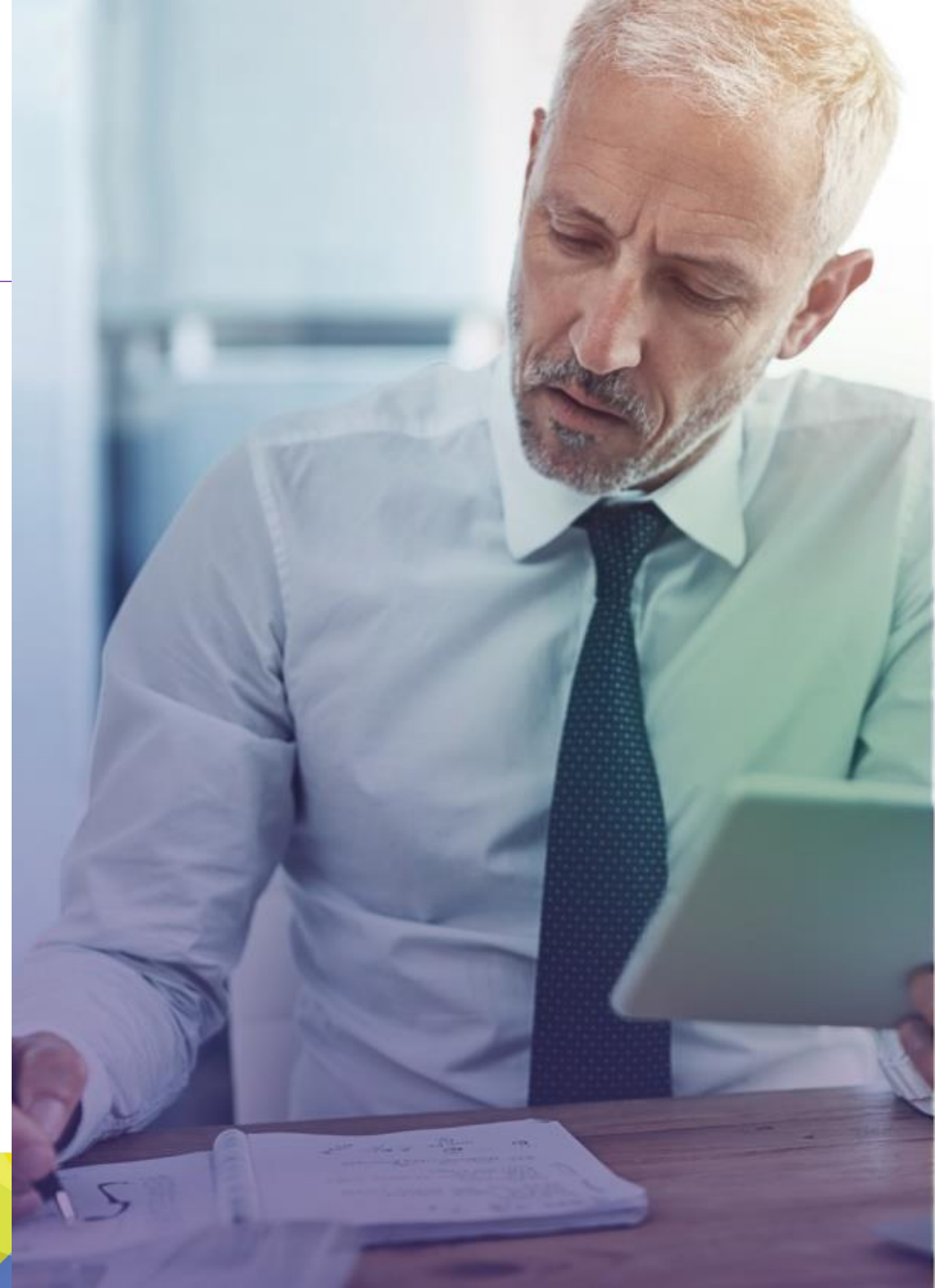
- Q&As would be used to achieve an U/W decision

What factors influenced mortality favorably other than age an amount?

Teamwork

Actuarial and Underwriting

- Review mortality studies from all sources

- Look at mortality from a different angle

    - lifestyle factors: income, education, marital status, family history…

    - since

ANALYTICS DATA

Because

97 %

of tests requested by insurance companies come back within the expected limits

Teamwork results

Hyperjet (about 15 minutes)
- MIB check
- 10-15 questions
- Debit /credit given to each answer
  - Score high enough: you're in
- 15 minutes

Express (between 20-45 minutes)
- Interactive rule based engine
- Decision tree (3500 questions)
- Goal is to reach an U/W decision
  - The fastest one with the information provided

Referred (to an Underwriter)
- Information provided is standard
- Goal is to have enough information not to have to ask for an extra questionnaire
- Directive to Underwriter
  - Requirement based on question answered not only on age/face

ReImagine insurance

What we've learned

We are top 5 in LifeGuide at most ages

- We know why: our cost are close to nil on 65% of our case
- Brokers were using the platform outside the straight through process !

Straight-through processing

- Always been hovering between 60-70%
- Variation between HyperJet and Express, not much for Referred

Brokers' pattern:

- Back and forth on question – referred
- Could be on other cases

Lapse experience: much better than not-taken rate and first few months lapse of other product

Mortality experience: too early to tell

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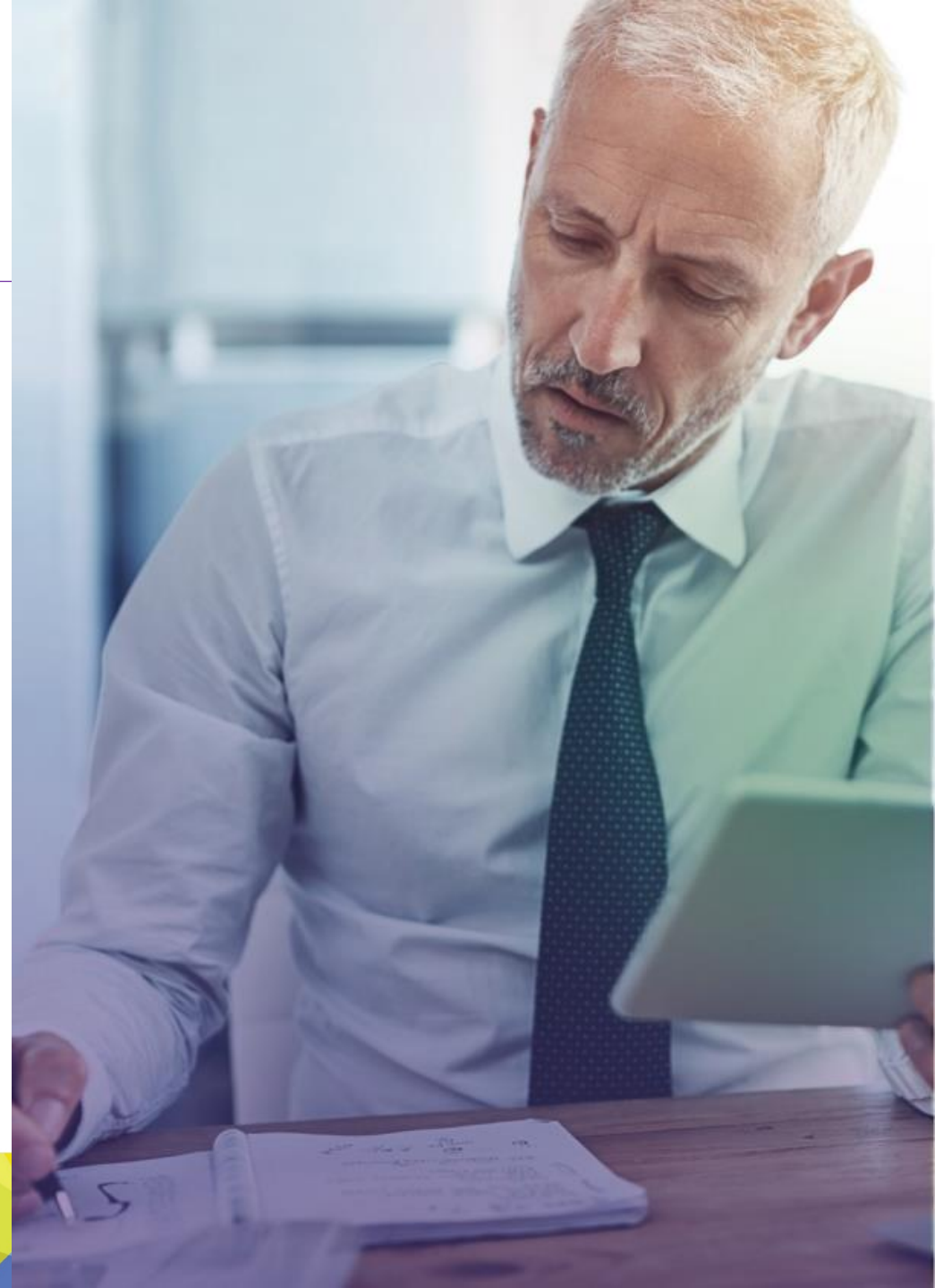
Next and ongoing steps

Analysis on drop out

- which questions? are they clear enough?

Analysis on referred cases

- Why? Could HuGO (platform) have made the decision?

- Interaction between the Underwriters and THEIR tool

- Ad hoc analysis to recognize pattern: BMI, …

- Gain: 1% at a time

Compliance issues

- Fine tune the clients' confirmation of questions answered

- Change in insurability if process is long (HyperJet/Express)
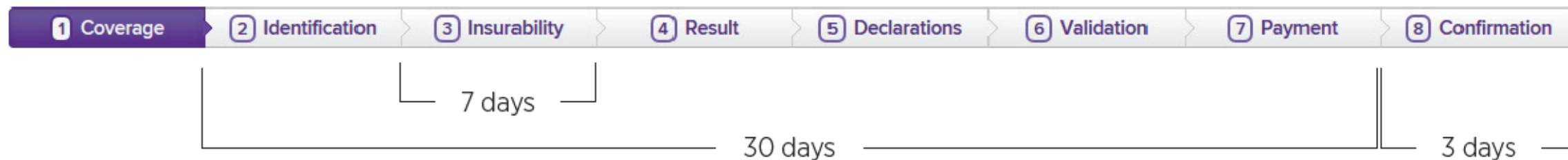
Other sources of data

- Credit info, Rx info, …
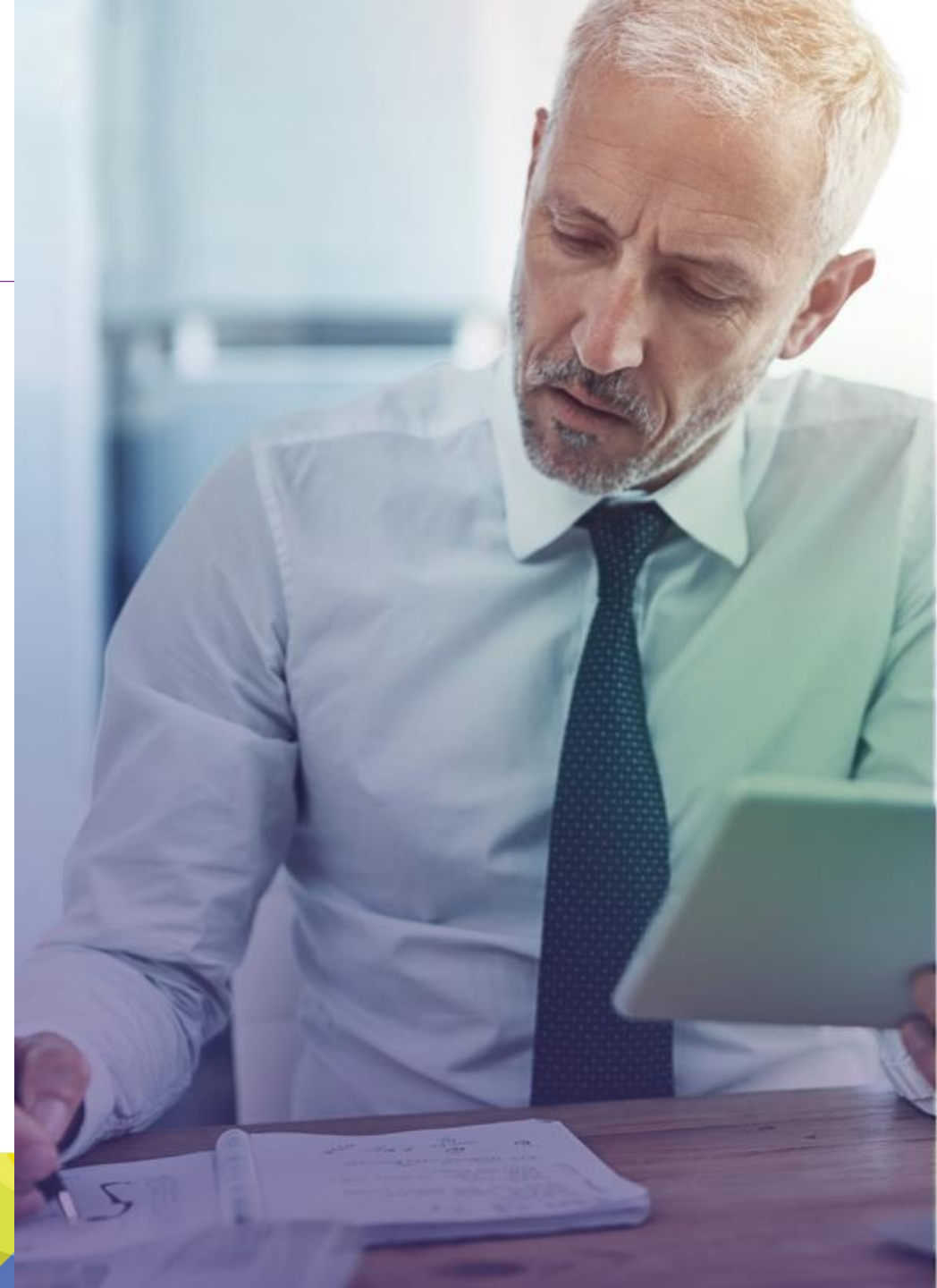
ONLINE SALES PLATFORM

COMPLETE THE APPLICATION AT YOUR OWN PACE

Once *step 1 | Coverage* is completed, all entered information will be stored automatically, allowing you to come back later.

Retention periods

| 1 Coverage | 2 Identification | 3 Insurability | 4 Result | 5 Declarations | 6 Validation | 7 Payment | 8 Confirmation |

7 days

30 days

3 days

30 days to complete the application;

7 days to complete step 3 | Insurability (from the beginning of this section);

3 days for the insured/policyholder to confirm the sale by email.

THANK YOU

Humania Assurance