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# Accelerated Underwriting: Looking into the future through a U.S. lens

# Introductions

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## Rachel Zhang

- Director, Individual Reinsurance Solutions
- Munich Re, Canada (Life)

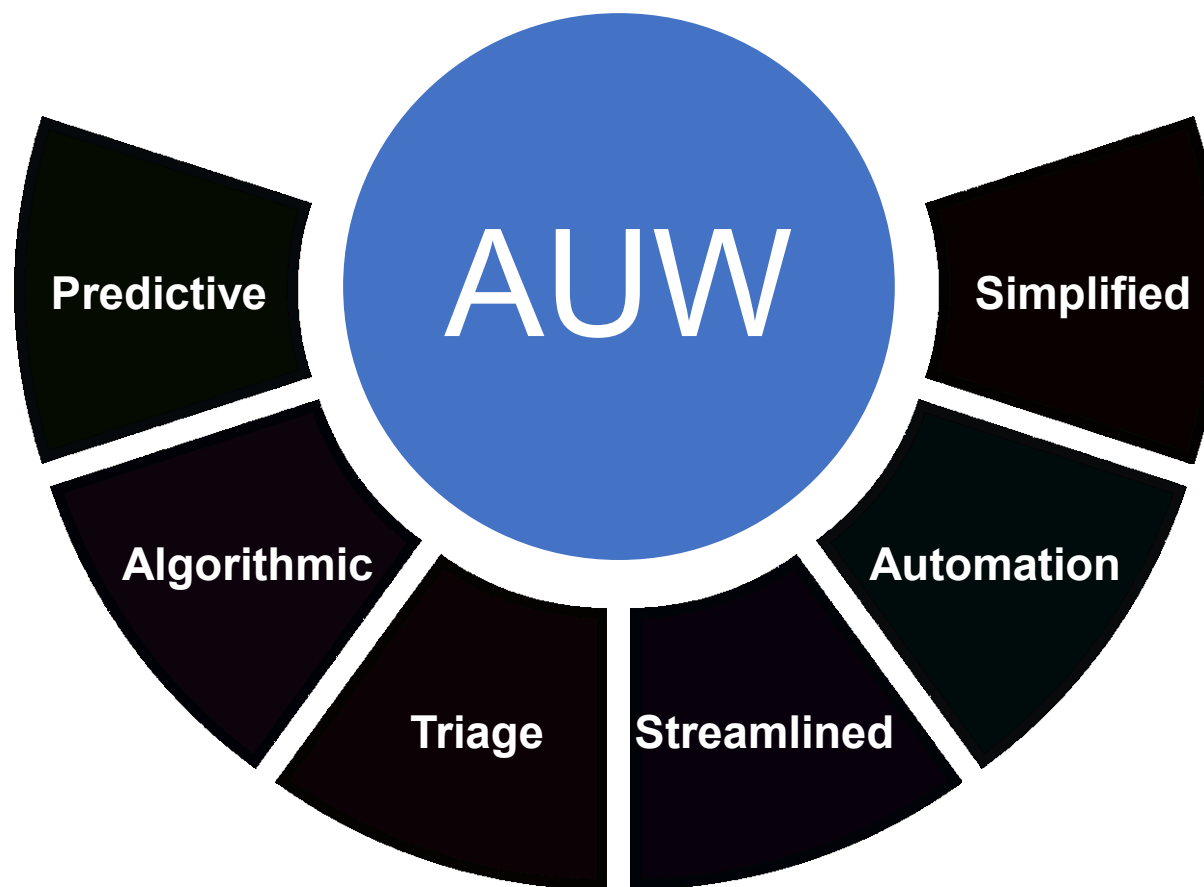
## Chris Fioritto

- 2<sup>nd</sup> VP & Marketing Actuary, Individual Life Pricing
- Munich Re Life US

## Neal Halder

- AVP & Chief Underwriter, Individual Life New Business & Underwriting
- Principal Financial Group

# Accelerated underwriting – What is it?



# Why should Canada pay attention to the U.S.?

## Underwriting in Canada:

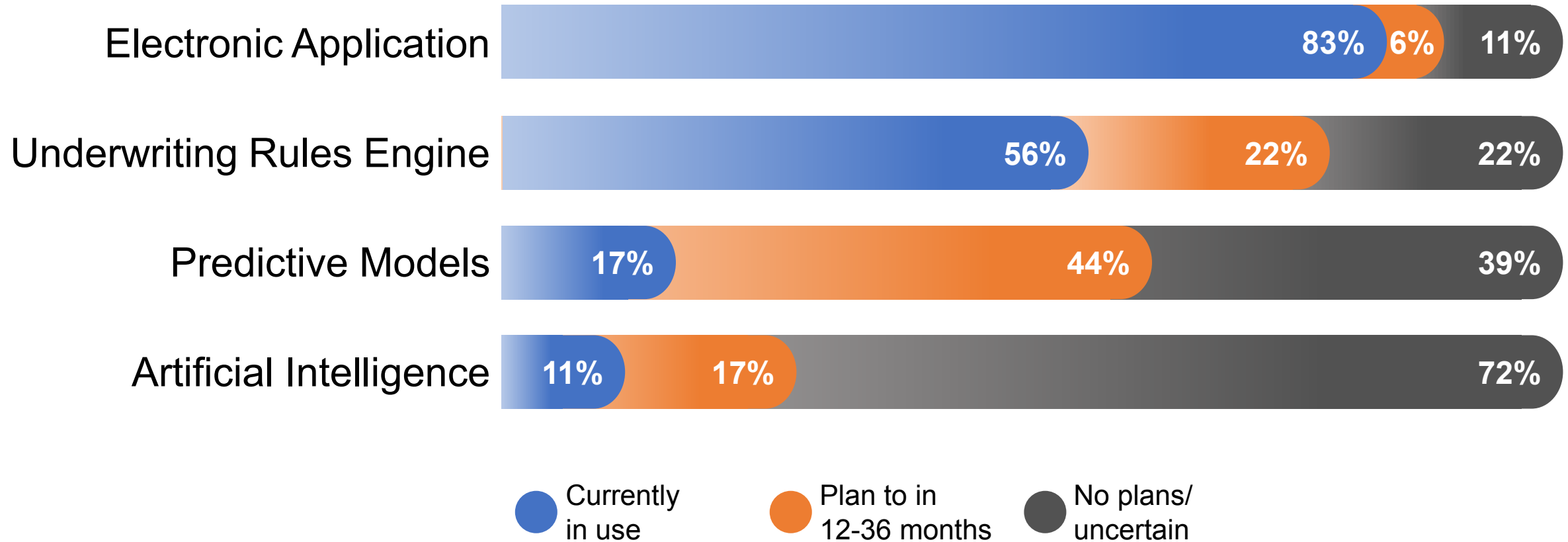
- Average number of days to place policy: 28 days
- 44% plan to change no fluid requirements in 2019
- How to manage risk in absence of fluids?

## Look at how the U.S. has navigated the new UW paradigm

- Learn from their experiences and best practices
- Acknowledge the differences between Canada and the U.S.

# AUW Landscape in Canada

2019 Munich Re Individual Insurance Dashboard – Sneak Peek





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# Chris Fioritto

2<sup>nd</sup> VP & Marketing Actuary,  
Individual Life pricing

Munich Re Life US

# Accelerated Underwriting: U.S. History

Industry-wide	2010	2014	Today
Programs	Few – mostly simplified issue (SI)	Handful – mix of SI & accelerated	Many – varying designs and target markets
Underwriting tools	MIB, MVR, Rx	+ First generation predictive models, interviews, reflexive questions	+ More sophisticated predictive models, <i>electronic health records</i> , triage
Rules engines	Some	Half	Most
NS risk classes	One	2 or more	Same as FUW
Pricing	Table 4-8	10-15% loads	FUW premiums
Face amounts	Up to \$100K	\$250K	\$1M+



# Structure 1: Traditional AUW

Simply replacing traditional UW with AUW in the Age & Amount requirements

FA / IA	0-17	18-29	30-39	40-49	50-59	60+
\$0-\$99,999						
\$100,000-\$249,999						
\$250,000-\$499,999						
\$500,000-\$999,999						
\$1,000,000-\$4,999,999						
\$5,000,000 +						

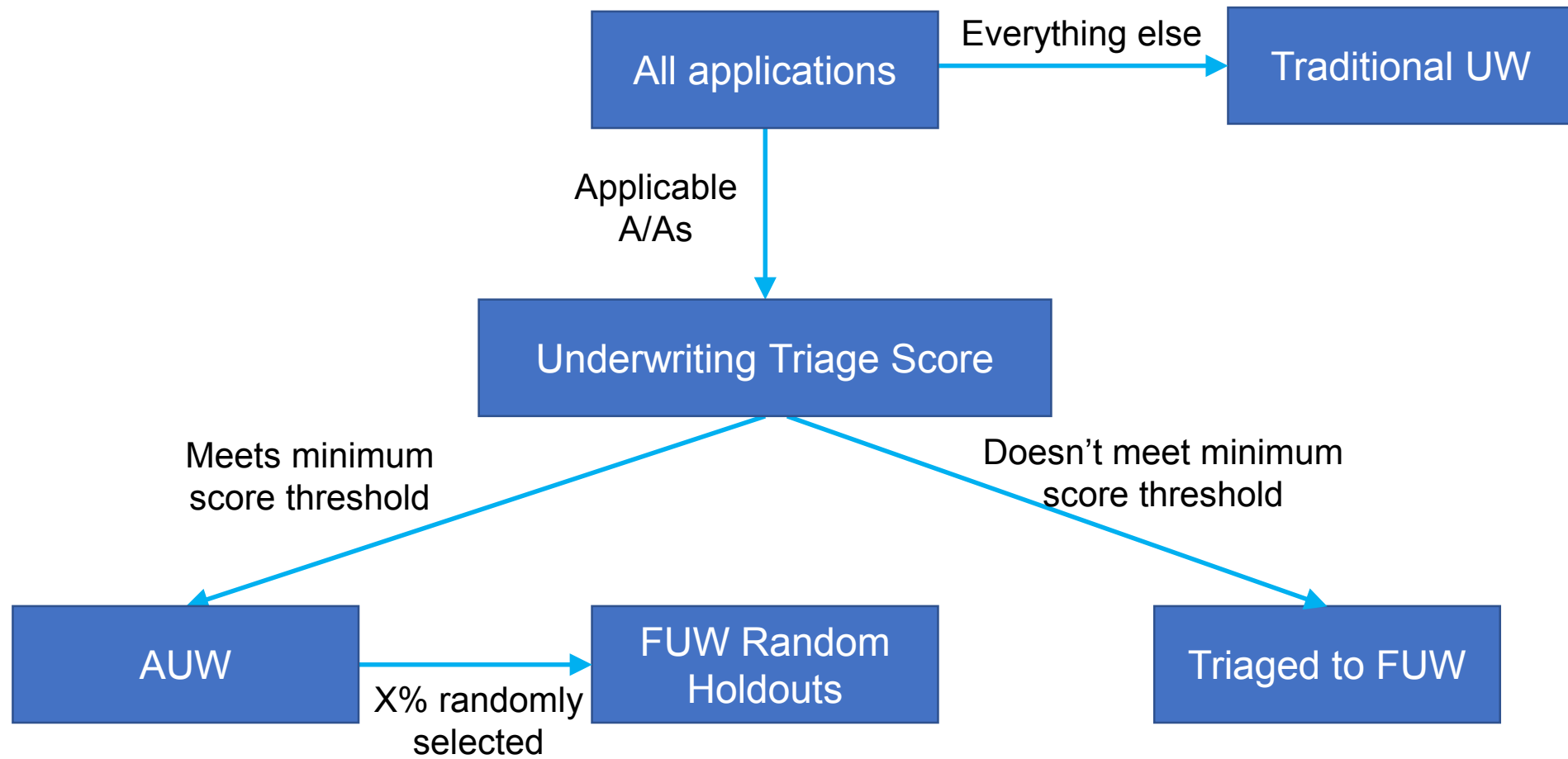


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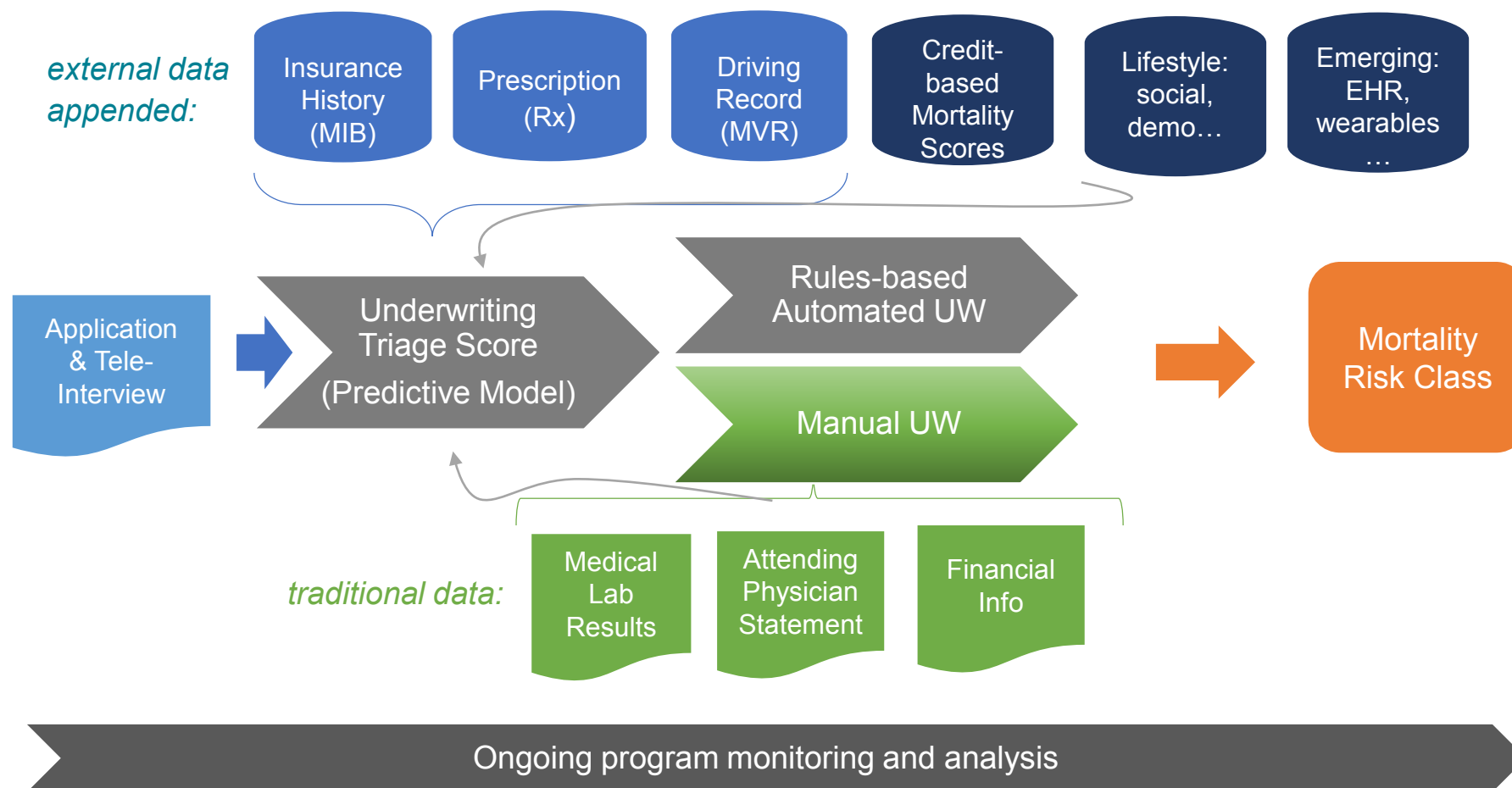
Non Med	Para Med	Med	AUW



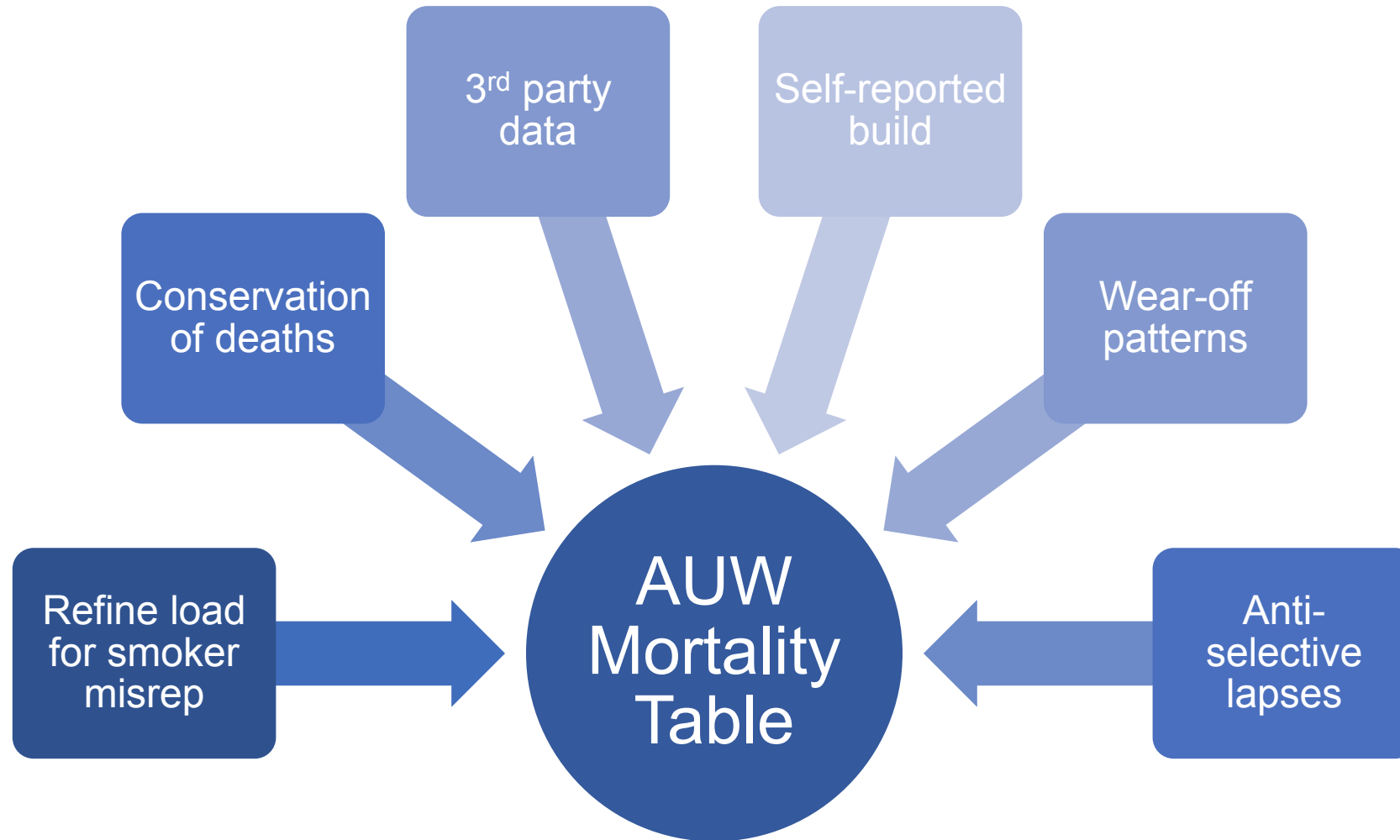
# Structure 2: Triage AUW



# Illustrative AUW Program



# Pricing – ongoing refinement



# Key Metrics

Metric	Elements	Lessons learned
KPIs	Total number of cases Tool hit rate and score distribution if applicable	Correlate to face amount (e.g., face amount vs questions and hit rates)
Distribution	Channel, agency/digital partner, producer	ID checks important for DTC-type programs – prevent fraud and increase STP
UW requirement	Rx, MVR, MIB, Risk Score, etc.	Credit - new dimension of mortality, non-medical risk elements
Persistency	Lapses	Impact of misclassification on lapses
Claims	Totals split by contestable and non-contestable	Set philosophy for rescissions and random holdouts
STP	At launch, current, by rule revision	Start low and build, dedicated team
Rule updates	Decision, impairment, drill-down	Testing and version control
Random holdouts	Case-level, fully underwritten vs. automated	100% for pilot, settle at 5-15%, target strategically
Post issue audits	Case-level, automated decision vs. new info	Validate original pricing assumptions



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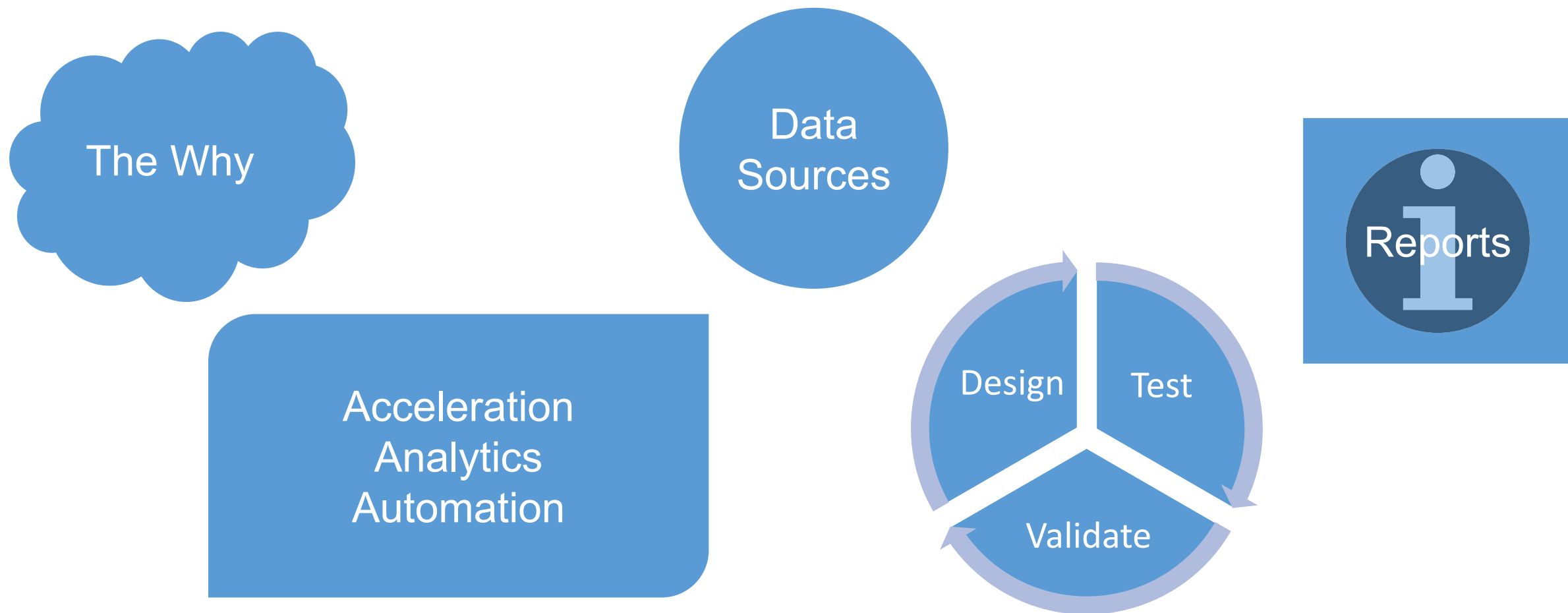
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# AUW Perspectives from a U.S. Carrier





# Thank you!

