Gen Re. *Research*

U.S. Individual Life Accelerated Underwriting Survey

2022 Summary Results

A Berkshire Hathaway Company

CONTENTS

BACKGROUND

Gen Re is pleased to present the summary results of our *2022 Individual Life Accelerated Underwriting Survey*.

The full report covers topics including: program eligibility requirements, sources of underwriting evidence, mortality experience, and post-issue underwriting. The full report is made available to participating companies only.

Throughout 2021 and 2022, Gen Re collaborated with a Steering Committee of interested carriers to review the study framework; much of the important feedback received during that process is reflected in the content detailed in the comprehensive report.

Fifty-five Individual Life insurance carriers participated in this study. Gen Re recognizes that carriers may be at varying stages of implementation with their Accelerated Underwriting workflow.

Along with the survey questionnaire, a corresponding flow chart of the Accelerated Underwriting Workflow was provided to participants to help clarify the targeted data points. This workflow was revised slightly for 2022.

PARTICIPATING COMPANIES

- Allianz Life
- American National Insurance
- Amica Life Insurance Company
- Assurity Life
- Banker's Fidelity Life Insurance Company
- Catholic Life Insurance
- Catholic Order of Foresters
- Cincinnati Life Insurance Company
- Corebridge Financial
- Equitable
- Erie Family Life
- Farm Bureau Financial Services
- Farmers New World Life
- Fidelity Investments Life Insurance Company
- Fidelity Life Association
- Foresters Financial
- Gleaner Life Insurance Society
- Government Personnel Mutual Life
- Guardian Life
- Kansas City Life
- Knights of Columbus
- Lombard International
- MassMutual
- Michigan Farm Bureau Life Insurance Company
- National Life Group
- Nationwide
- New York Life

- Northwestern Mutual
- Ohio National
- Pacific Life Insurance Company
- Penn Mutual Life Insurance Company
- Physicians Mutual Insurance
- Primerica
- Principal
- Protective Life
- Prudential
- RiverSource Life
- Royal Neighbors of America
- Sammons Financial
- SBLI
- Securian Financial
- Security Benefit Life Insurance
- Shelter Life Insurance Company
- Southern Farm Bureau Life Insurance Company
- State Farm
- Tennessee Farmers Life Insurance Company
- Thrivent
- Transamerica
- United Farm Family
- USAA Life
- US Alliance Life
- Western & Southern Financial Group
- Woodmen Life
- Wyshbox
- Zurich American Life Insurance Company

SURVEY DEFINITIONS

Accelerated Underwriting – For the purpose of this study, Accelerated Underwriting (AU) refers to any underwriting workflow that aims to decrease time from application to issue for applicants who meet criteria that qualify them to bypass a paramedical exam and/or fluid collection.

Programs may include some combination of the following:

- Collection of medical underwriting sources
- Collection of non-medical data including credit attributes, motor vehicle records, etc.
- Expanded application/tele-interview process
- Fully automated and/or partially automated underwriting systems

Data provided in this study is for AU workflows used with Individual Life insurance products only.

Status of Accelerated Underwriting Workflow

The majority of participating companies (77%) have either a fully implemented or partially implemented AU workflow. Sixteen percent do not currently utilize an AU workflow, but plan to implement one in the next two years. Four companies reported that they do not currently have, nor do they plan to implement an AU workflow at this time.

For those companies with fully implemented workflows, length of time a workflow has been in place ranged from less than one year up to nine years. Companies with partially implemented workflows have typically had pilot programs in place for less than two years.

Over half (52%) of companies utilized external resources to develop their AU workflow.

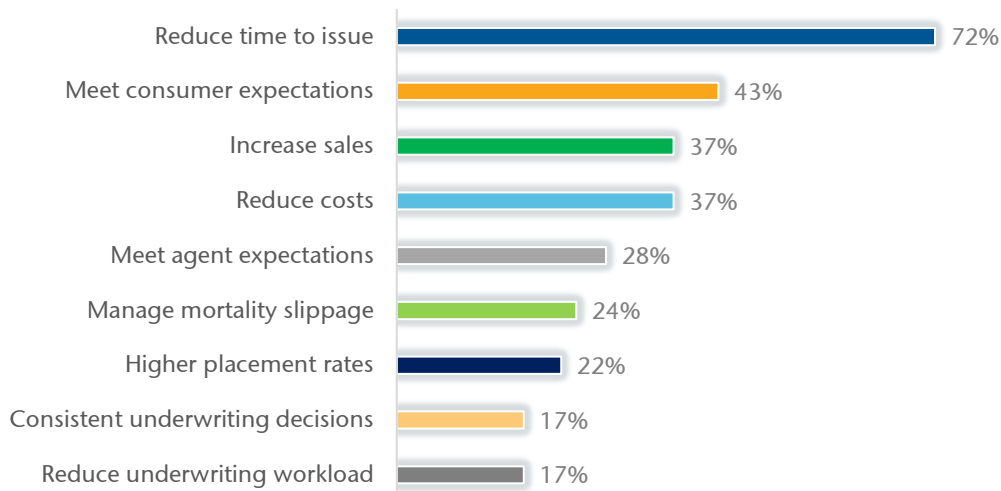### Percentage of Companies That Utilize an AU Workflow

- Yes, fully implemented
- Yes, partially implemented
- No, but planning to implement
- No, do not plan to implement

R = 55
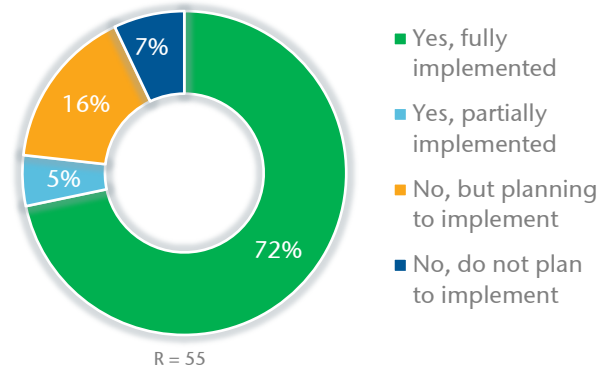
Length of Time Workflow Has Been in Place	Number of Companies
Fully Implemented <1 year – 3 years	15
Fully Implemented 4 years – 9 years	24
Partially Implemented <1 year – 2 years	3

Companies that do not currently utilize an AU workflow noted technology, budget constraints, resources, low application volume, and other competing priorities as reasons they are unable to implement a program at this time.

Program Goals

Nearly three quarters (72%) of companies cite reducing time to issue as one of the top three goals when implementing their AU workflow. Meeting consumer and agent expectations also rank high among initial goals. None of the companies noted reducing underwriter error as a top goal.

Percentage of Companies Ranking as a Top Three Program Goal

Goal	%
Reduce time to issue	72%
Meet consumer expectations	43%
Increase sales	37%
Reduce costs	37%
Meet agent expectations	28%
Manage mortality slippage	24%
Higher placement rates	22%
Consistent underwriting decisions	17%
Reduce underwriting workload	17%

R = 46

Opt-in/Opt-out Versus Mandatory Workflows

For many companies, an AU path is mandatory for agents and clients if the application meets eligibility requirements. Some companies allow the agent and/or client to choose an AU path, although most systems automatically opt-in an application, and require the agent to manually opt-out if they wish to do so.

Opt-in/Out Versus Mandatory Programs

Agent

- 38% Opt-in/Opt-out
- 62% Mandatory

R = 42

Client

- 25% Opt-in/Opt-out
- 75% Mandatory

R = 40
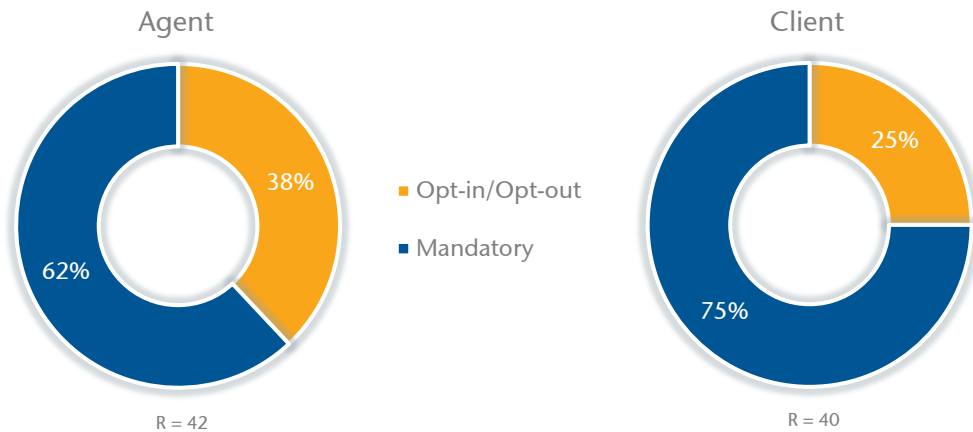
Underwriting Decision Time

On average, companies that have an AU workflow see an improvement of 20 business days from application submission to final decision compared to full underwriting workflows.

Underwriting Decision Time by Implementation Status

Implementation Status	Accelerated Underwriting Workflow		Full Underwriting Workflow	
	Median # of days	Average # of days	Median # of days	Average # of days
Overall	8	10	25	30

R = 38

Underwriting Rate Classes

Companies typically offer three non-tobacco and two tobacco standard or better underwriting rate classes through their AU workflow. The number of non-tobacco rate classes ranged from a low of one to a high of six. For tobacco rate classes, the number ranged from a low of zero to a high of four.

Communication to Clients

The majority of companies communicate back to clients regarding underwriting decisions made through their AU workflow. About one-third of companies reported providing a specific reason to clients regarding the underwriting decision made through their AU workflow. The remaining provide a broad reason or no reason at all. Eighty-six percent of companies reported there is no difference in communication back to clients for fully underwritten applications versus accelerated underwriting applications.

Sources of Underwriting Evidence

Carriers were asked how often they use various sources of underwriting evidence. The most used tools in AU workflows are: MIB reports (incld. codes/EHR, IAI), motor vehicle reports (MVRs), prescription (Rx) database rules/models, and electronic applications. The top tools which are not currently used, but most often considered include behavioral science data, data extraction tools (e.g., NL, NLP, AI), electronic health records, and medical claims data.

Pre- and Post-Issue Controls

About two-thirds of companies (65%) use rescission activity as a control measure throughout their AU workflow. Other common controls in place include random holdouts (53%), post-issue APS (49%), post-issue auditing (44%), and post-issue agent monitoring (42%).

Use of Pre- and Post-Issue Controls in AU Workflow

- Medical Data
- MIB Follow-ups
- IRIX ReCheck

R = 43
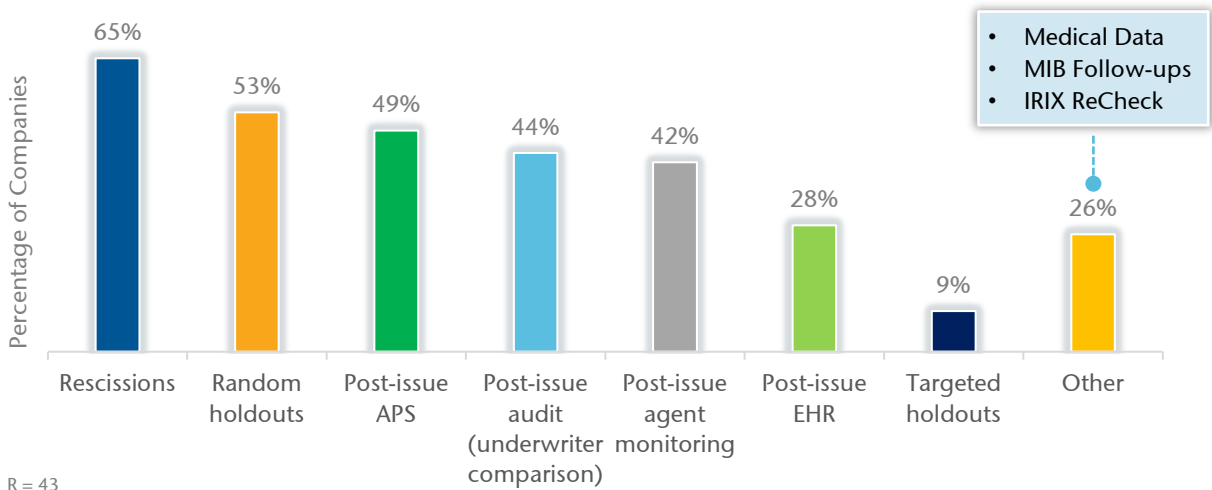
Mortality Estimation

Close to half (47%) of companies estimate mortality slippage associated with their AU program through random holdouts. Thirty-two percent are monitoring early claims experience, 29% utilize post issue APS, and 11% utilize retrospective studies. Eighteen percent are not estimating at this time.
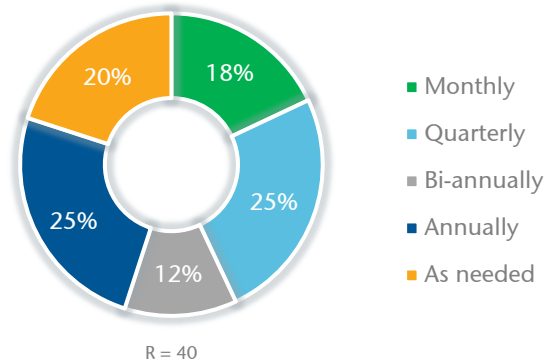
Methods of Estimating Mortality Slippage

R = 38
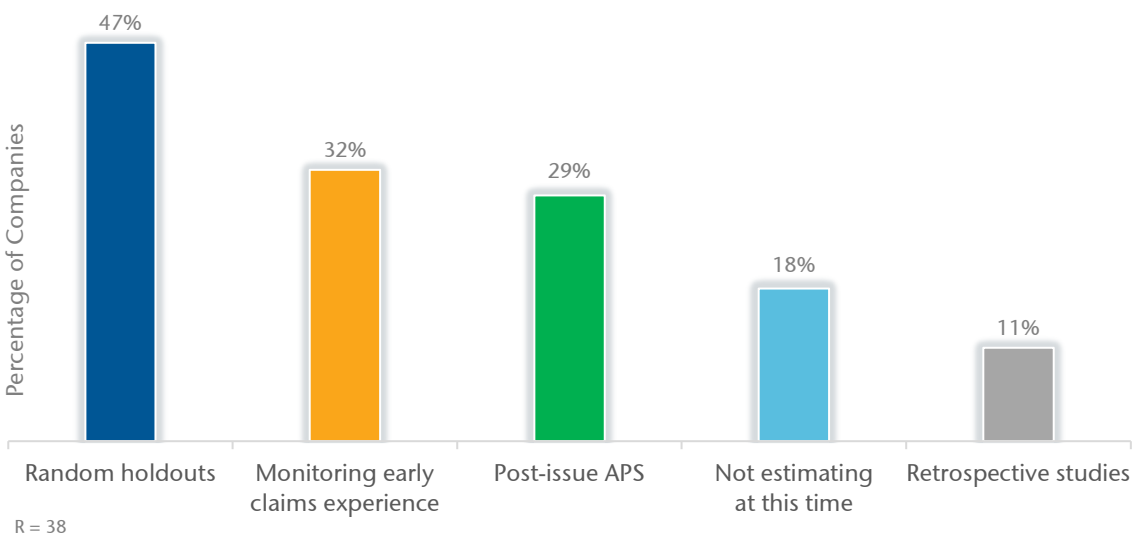
Modification of Rules

The frequency with which companies review their AU workflow rules varies. One quarter of participating companies review their rules on a quarterly basis, while another 25% review on an annual basis. The remaining companies review their rules monthly, bi-annually or as needed.
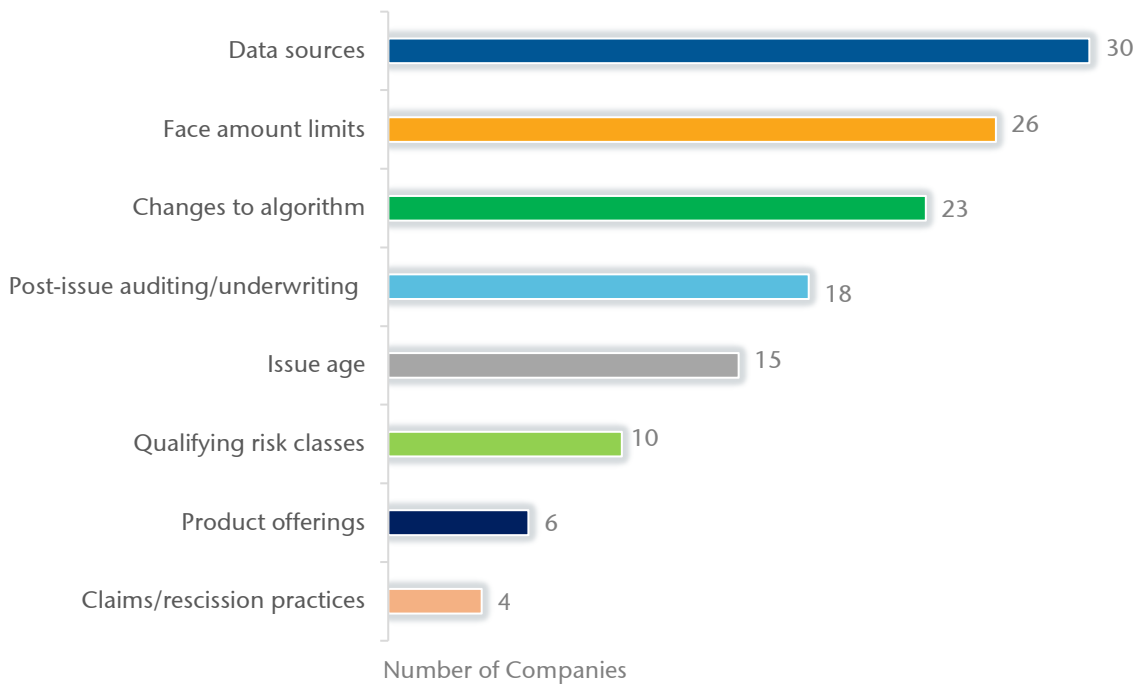
Frequency Companies Review AU Workflow Rules for Modification

Monthly 18%
Quarterly 25%
Bi-annually 12%
Annually 25%
As needed 20%

- Monthly
- Quarterly
- Bi-annually
- Annually
- As needed

R = 40

Changes to Workflow

The most prevalent planned changes to AU workflows in the next two years include the addition of data sources, modifications to face amounts, and modifications to algorithms.

Planned Changes to AU Workflow in Next Two Years

Change	Number of Companies
Data sources	30
Face amount limits	26
Changes to algorithm	23
Post-issue auditing/underwriting	18
Issue age	15
Qualifying risk classes	10
Product offerings	6
Claims/rescission practices	4

Number of Companies

R = 40

When asked about changes already made to their AU workflow, the most commonly reported changes included utilizing new data sources (29%), expanding eligibility (24%), and increasing face amounts (24%). Companies also reported changes to their process, automation, and product offerings.

Greatest Challenges With Accelerated Underwriting

The top three greatest challenges companies face with AU are tracking mortality, outdated legacy systems, and managing expectations. Other challenges include: low throughput percentages, lack of AU data, and rules tuning. A small percentage of companies also listed non-disclosure on applications and internal risk tolerances.

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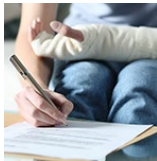
A++ (Superior)	AA+	Aa1
A.M. Best	Standard & Poor's	Moody's

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Individual Life
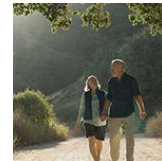
Medicare Supplement

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