

ACCELERATED UNDERWRITING



U.S. Individual Life Accelerated Underwriting Survey  
*2021 Summary Results*

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## BACKGROUND

Gen Re is pleased to present summary results of our *2021 Individual Life Accelerated Underwriting Survey*. The full report covers topics including: program eligibility requirements, product parameters, use of pre- & post-issue controls, and mortality experience. The full report is made available to only participating companies.

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

Forty-three 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.

## PARTICIPATING COMPANIES

- AAA Life Insurance Company
- AIG
- Alfa Life
- American National Insurance
- Amica Life Insurance Company
- Baltimore Life
- Catholic Order of Foresters
- Cincinnati Life
- Equitable
- F&G Annuities & Life
- Farm Bureau Life
- Farmers New World Life
- Federated Life Insurance Company
- Fidelity Life Insurance Company
- Gleaner Life Insurance Society
- Government Personnel Mutual Life
- Guardian Life of America
- Knights of Columbus
- Lombard International
- MassMutual
- Modern Woodmen of America
- Mutual Trust Life Insurance Company
- Nationwide
- New York Life
- Northwestern Mutual
- Pacific Guardian
- Pacific Life
- Pekin Life Insurance
- Penn Mutual
- Primerica
- Principal
- Protective Life
- RiverSource
- Royal Neighbors of America
- Sagicor
- Sentry Insurance
- Southern Farm Bureau Life Insurance Company
- Tennessee Farmers Life Insurance Company
- Transamerica
- United of Omaha
- USAA
- Woodmen Life
- Zurich

### 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 qualifies 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

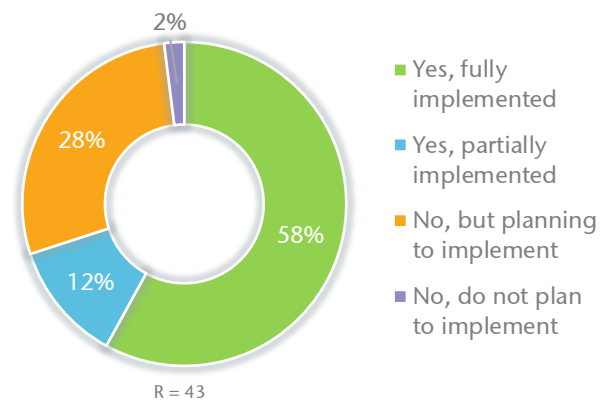
Data provided in this study is for AU workflows used with Individual Life insurance products only.

### Status of Accelerated Underwriting Workflow

The majority of participating companies (70%) have either a fully implemented or partially implemented AU workflow. Twenty-eight percent do not currently utilize an AU workflow, but plan to implement one in the next two years. One company reported that it does not currently have, nor does it 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 eight years. Companies with partially implemented workflows have typically had pilot programs in place for less than two years.

Percentage of Companies That Utilize an AU Workflow



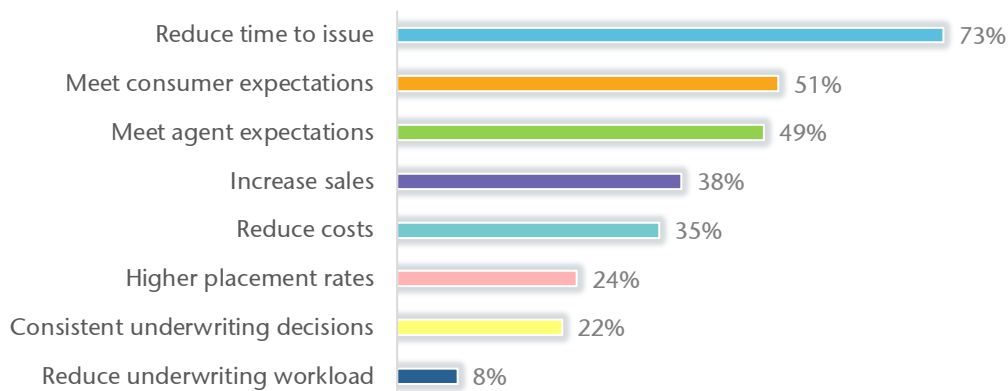
Length of Time Workflow Has Been in Place	Number of Companies
Fully Implemented <1 year – 3 years	13
Fully Implemented 4 years – 8 years	12
Partially Implemented <1 year – 2 years	5

Companies that do not currently utilize an AU workflow noted technology, budget constraints, staffing, and lack of product flexibility (i.e., only sell large face amount policies) as reasons they are unable to implement a program at this time.

### Program Goals

Nearly three quarters (73%) of companies cite reducing time to issue as one of the top three goals when implementing their AU workflow. Meeting consumer expectations and agent expectations also rank high among initial goals.

Percentage of Companies Ranking as a Top Three Program Goal

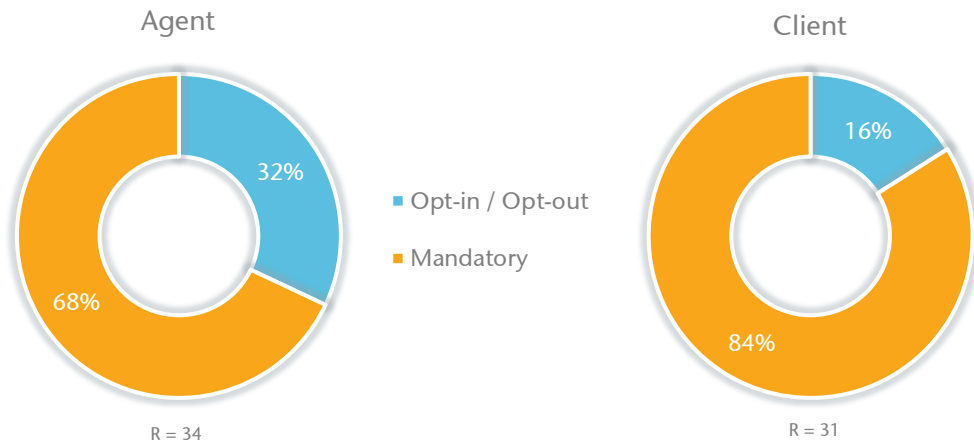


R = 37

### Opt-in/Opt-out Versus Mandatory Workflows

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

Percentage of Companies With Opt-in/Out Versus Mandatory Programs



### Agent Reactions to Accelerated Underwriting Workflow

Overall, companies have received positive feedback from agents around their AU workflow. For most, AU is their preferred path because of its convenience. However, agents are dissatisfied with some areas of AU. Of note, agents would like to see higher face amounts, additional product offerings, and higher throughput percentages. Agents having little-to-no experience with AU are slower to adjust to an accelerated process. Many of these agents would rather go through the process of ordering a medical exam to receive the best possible rate class for the end customer.

### 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.

Implementation Status	Accelerated Underwriting Workflow			Full Underwriting Workflow		
	Average Minimum # of days	Average Maximum # of days	Average # of days	Average Minimum # of days	Average Maximum # of days	Average # of days
Overall	2	39	6	5	121	26

R = 28

### Underwriting Rate Classes

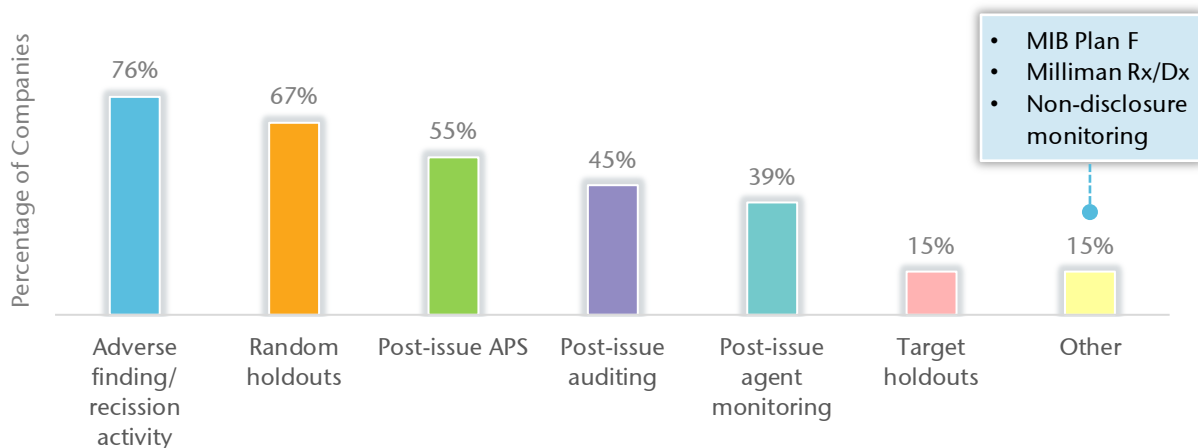
Companies typically offer four underwriting rate classes through their AU program. The number of rate classes ranged from a low of one to a high of eight.

Approximately 31% of companies offer smoker rates through their AU workflows. Those that offer smoker rates typically offer two rate classes: preferred smoker and standard smoker.

### Pre- and Post-Issue Controls

Most companies (76%) use adverse finding/recission activity as a control measure throughout their AU workflow. Other common controls in place include random holdouts (67%), post-issue APS (55%), and post-issue auditing (45%).

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



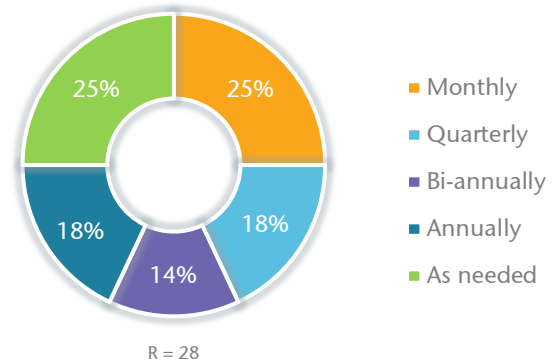
R = 33



### Modification of Rules

The frequency with which companies review their AU workflow rules varies. One quarter of participating companies review their rules monthly. Another 25% review them on an as needed basis. A few companies note that they conduct review processes on an annual or bi-annually basis.

Frequency Companies Review AU Workflow Rules for Modification

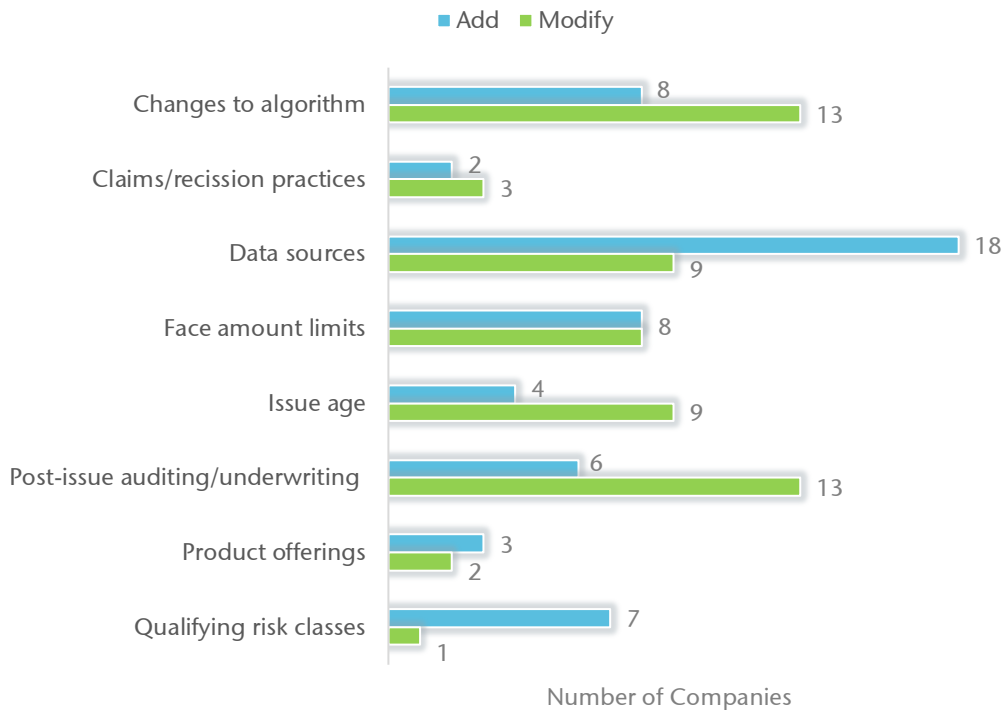


### Planned Changes to Workflow

The most prevalent planned changes to AU workflows in the next two years include the addition of data sources, modifications to algorithms, and modifications to post-issue auditing/underwriting procedures.

None of the companies reported plans to remove elements of their AU workflow.

Planned Changes to AU Workflow in Next Two Years



R = 29

## ABOUT GEN RE

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Standard & Poor's

**Aa1**

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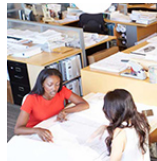
**Accident**



**Critical  
Illness**



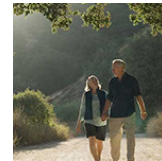
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and AD&D**



**Individual  
Life**



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