

Personalized Underwriting Programs

Unveiling Benefits and Mortality Impacts

Beth Brown, FALU, FLMI, ACS
AVP, Sr. Underwriting Specialist
Gen Re

Anita Yadav, FALU, FIII, MBA
Technical Underwriting Consultant,
UW Risk & Governance
MassMutual

Learning Objectives: Personalized Underwriting Programs

01. **What is Personalized Underwriting?**
02. **Philosophy & Attractiveness**
03. **Applicability**
04. **Marketplace Review**
05. **Strategy/Process to Limit Slippage And Exposure**
06. Introduction to **Protective Value Study**
07. **Advantages & Limitations**
08. Introduction to **Dynamic Risk Assessment**
09. **Conclusion**
10. **Questions?**





What is Personalized Underwriting?

What is Personalized Underwriting?

- Personalized Underwriting Programs typically assess Life Insurance risks with less invasive underwriting requirements:
 - Application and Part 2 Non-Medical questions
 - Third Party Data Sources
 - Comprehensive Medical Records (e.g., APS including office notes, exams, labs and other diagnostic testing from a proposed insured's current physician), in lieu of typical Age and Amount requirements
- Increasingly being used by insurance carriers to offer fully underwritten policy pricing for consumers with no invasive underwriting requirements.
- Often provides more favorable insurance experience for consumers, while still allowing insurance companies to price risk accurately.



Philosophy & Attractiveness

Philosophy and Attractiveness of Personalized Underwriting Programs

For Consumers:

Less Time-Consuming

Client often only completes an application, responds to medical history questions and signs authorization forms.

Non-invasive

No insurance blood or urine labs, electrocardiograms or examiner visit needed.

No Surprises

Since medical records are obtained from consumer's designated medical physician, all history is most likely already known to the client.

Holistic Risk Classification

Comprehensive medical records can often provide more robust picture of risk, allowing for holistic risk classification, assessing debits for any ratable medical histories, while simultaneously allowing credits for all favorable test results and histories in the records.

Philosophy and Attractiveness of Personalized Underwriting Programs

For Insurers:

Redefining UW Value Chain

for select segments) to enhance efficiency, customer experience & potentially improve profitability

- Seamless, frictionless personalized experience
- Quicker, efficient and less invasive process
- Cost-effective

Expanding Market Reach

by covering more lives:
providing alternative options of UW evidence

Data Driven Approach

gather data for learnings/opportunities, supporting pricing validations and future proofing new initiatives



Applicability

Applicability of Personalized Underwriting Programs



- Replacing traditional A&A for HNI segment/higher faces or a select cohort

- Additional risk control measures for riskier cohorts (higher ages/faces)
- Secondary pathway for individuals not qualifying with model scores

- Unexplored revolutionary concept of replacing A&A requirements
- Right requirement, right price for right risk



Marketplace Review

Marketplace Review

In 2024, Gen Re conducted a marketplace review, comparing the current available Personalized Underwriting Programs. Reviewed 10 plans with varying levels of risk tolerance on the basis of Age, Face Amount, Risk Class, Income/Net worth, Citizenship/Residency, and Occupational risk.

NAMES OF PROGRAMS

- “Acceptance of Substitute Exams”
- “Concierge Underwriting”
- “Exam Substitute Program”
- “Executive Advantage Program”
- “Professional Advantage Program”
- “Executive Class Program”
- “Executive Class Underwriting”
- “Professional Advantage Program”

PRIMARY FOCUS

The review targeted programs that seek to offer a Fully Underwritten Insurance coverage experience without obtaining the typical Insurance Exam, Blood Profile, Urinalysis or Electrocardiogram requirements.

Marketplace Review

Personalized Underwriting v. Traditional Underwriting – SIMILARITIES

Personalized Underwriting	Requirement	Traditional Underwriting
Equivalent	Application	Equivalent
Equivalent	Part 2	Equivalent
Equivalent	MIB	Equivalent
Equivalent	MVR	Equivalent
Equivalent	Digital Health Data	Equivalent
Equivalent	Inspections	Equivalent
Equivalent	Financial Requirements	Equivalent

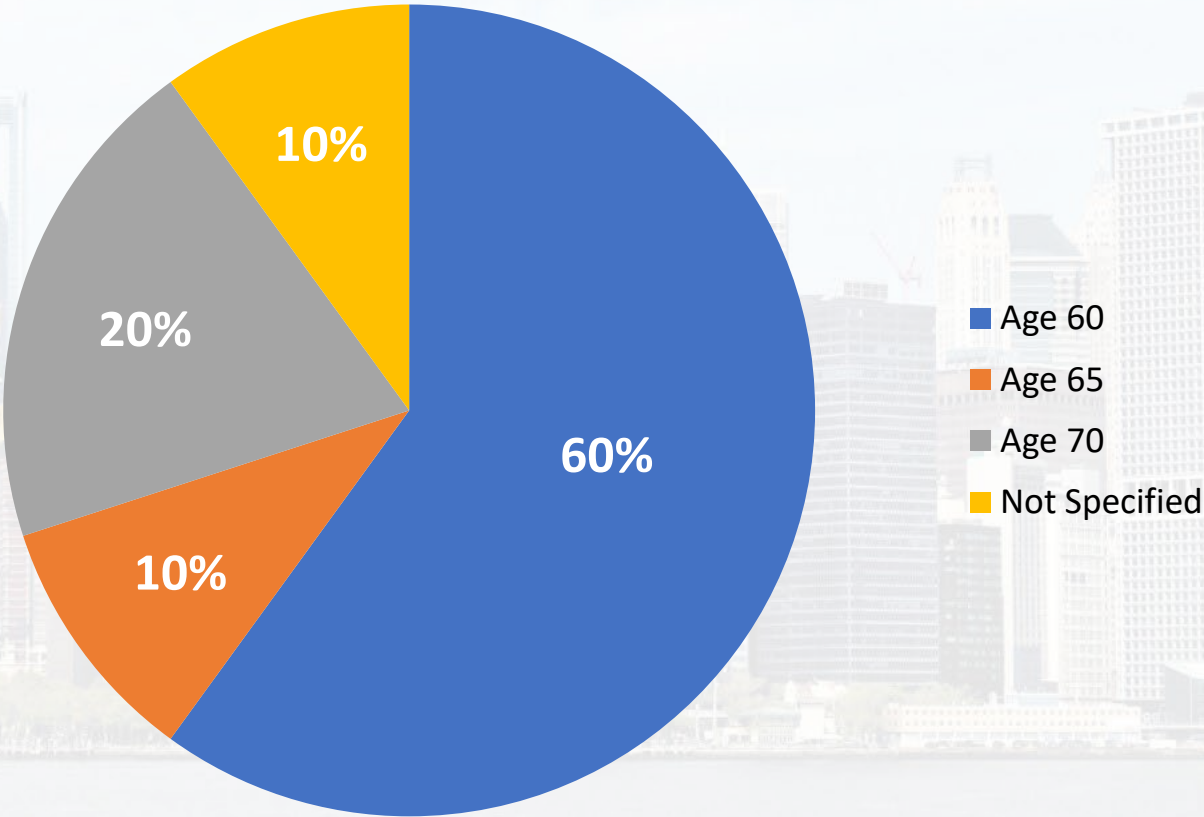
Marketplace Review

Personalized Underwriting v. Traditional Underwriting – DIFFERENCES

Personalized Underwriting	Requirement	Traditional Underwriting
From APS	Build	From Insurance Exam
From APS	Blood Pressure	From Insurance Exam
From APS	Lipid Panel	From Insurance Labs
May not be available	NTproBNP	From Insurance Labs
May not be available	Urinalysis	From Insurance Labs
May not be available	GGT	From Insurance Labs
Likely Not Available	Blood Alcohol	From Insurance Labs
Likely Not Available	Nicotine Screen	From Insurance Labs
Likely Not Available	Drug Panel	From Insurance Labs
Likely Not Available	HIV Screen	From Insurance Labs
From APS	Comprehensive Metabolic Panel	From Insurance Labs
May not be available	Complete Blood Count	Not Available without APS
May not be available	EKG	From Insurance Exam
From APS	Other Diagnostic Tests	Not Available without APS
From APS	Clinical History	Not Available without APS

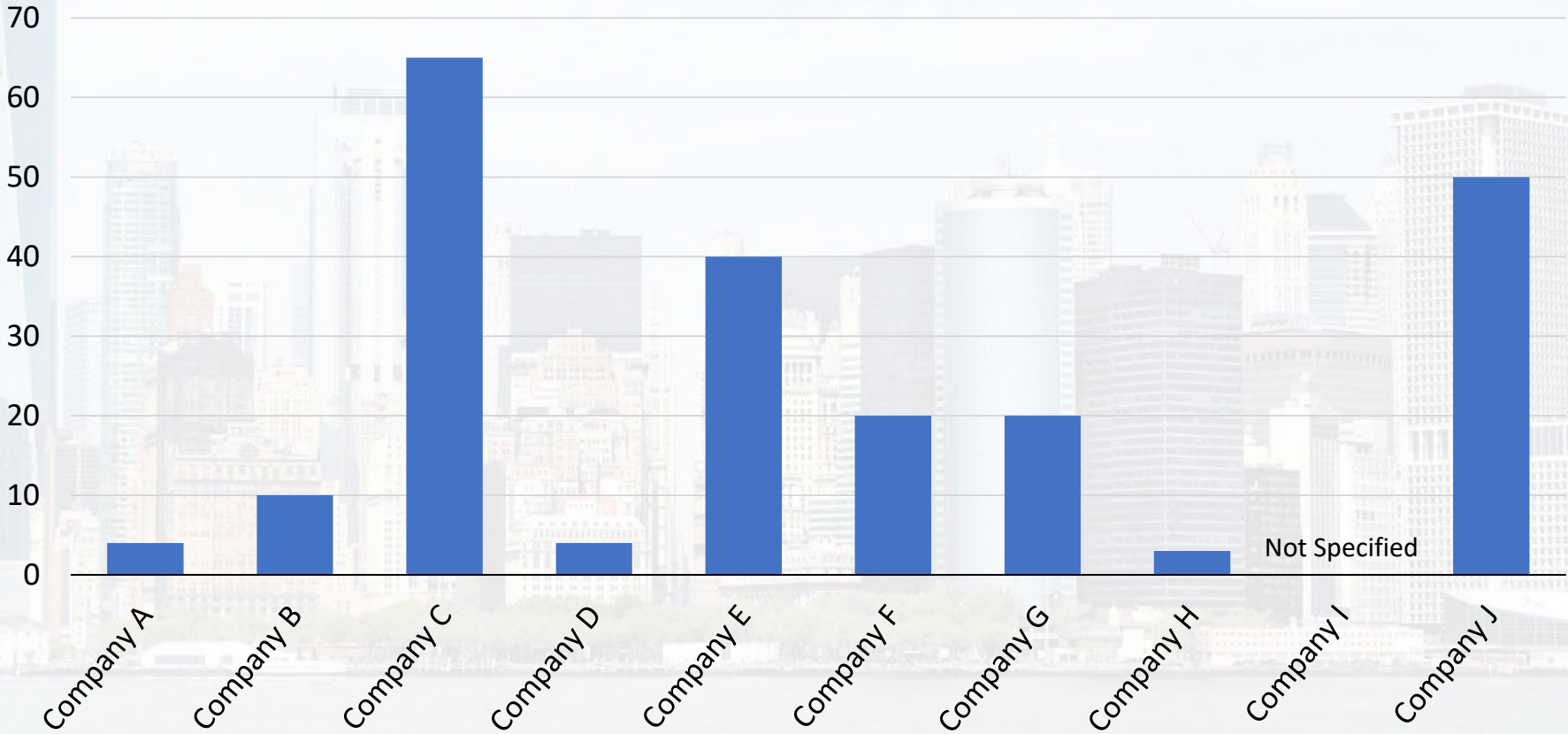
Marketplace Review

Maximum Age of Issue



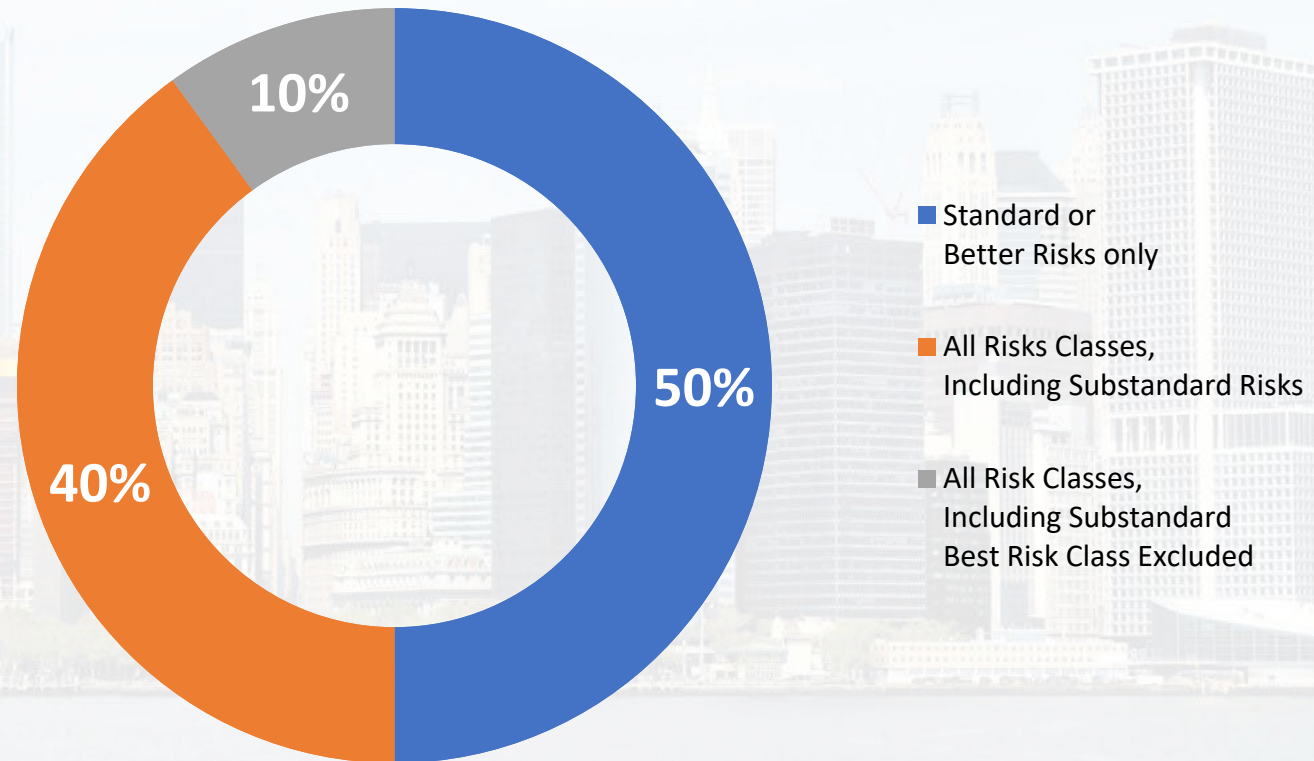
Marketplace Review

Maximum Face Amount in \$MILLIONS



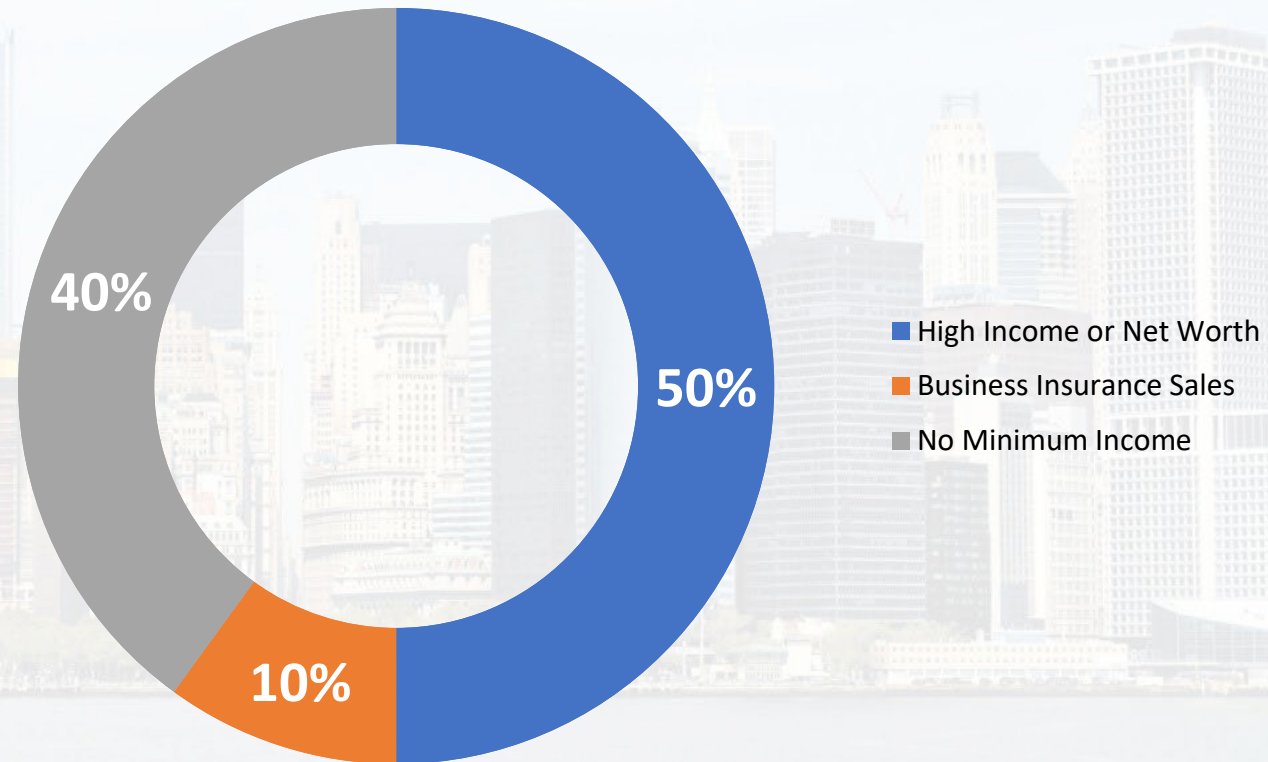
Marketplace Review

Allow Substandard Risks with Personalized Underwriting?



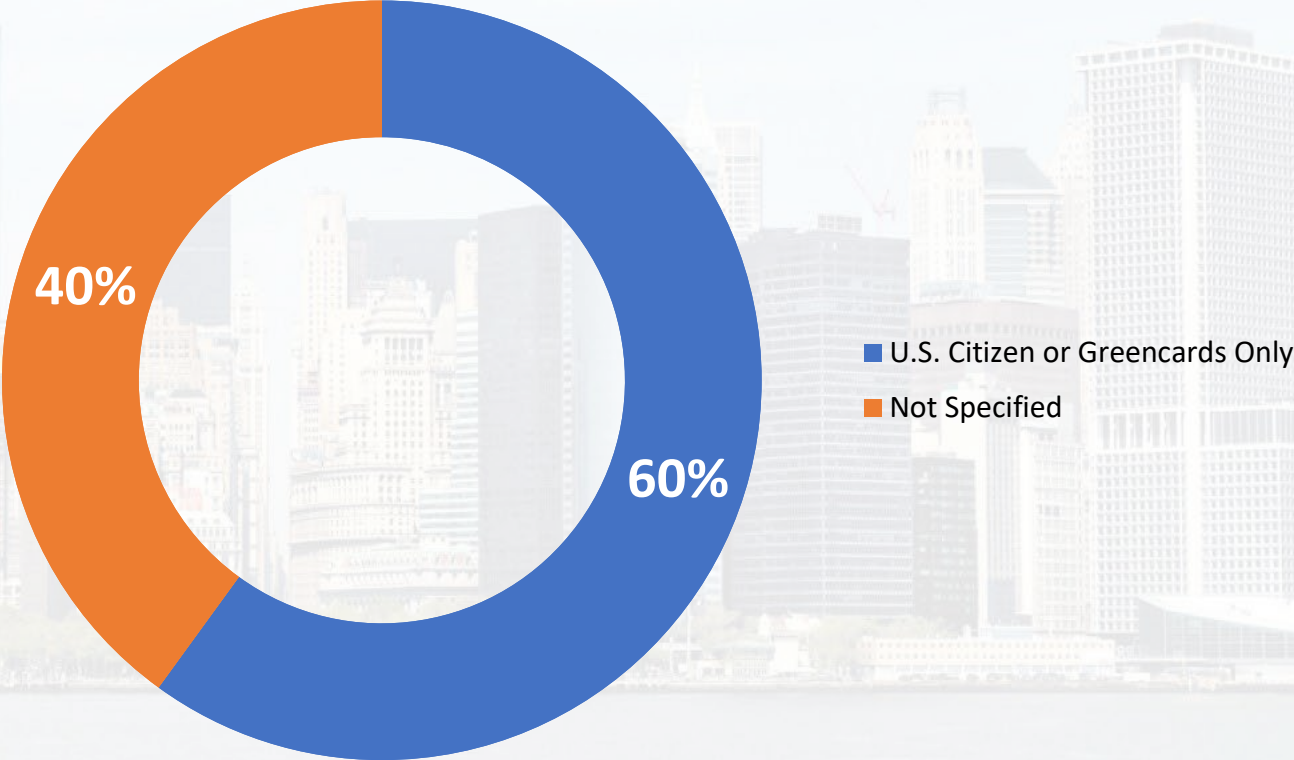
Marketplace Review

Require Minimum Income, Net Worth, Business Insurance Sale
for Personalized Underwriting Program?



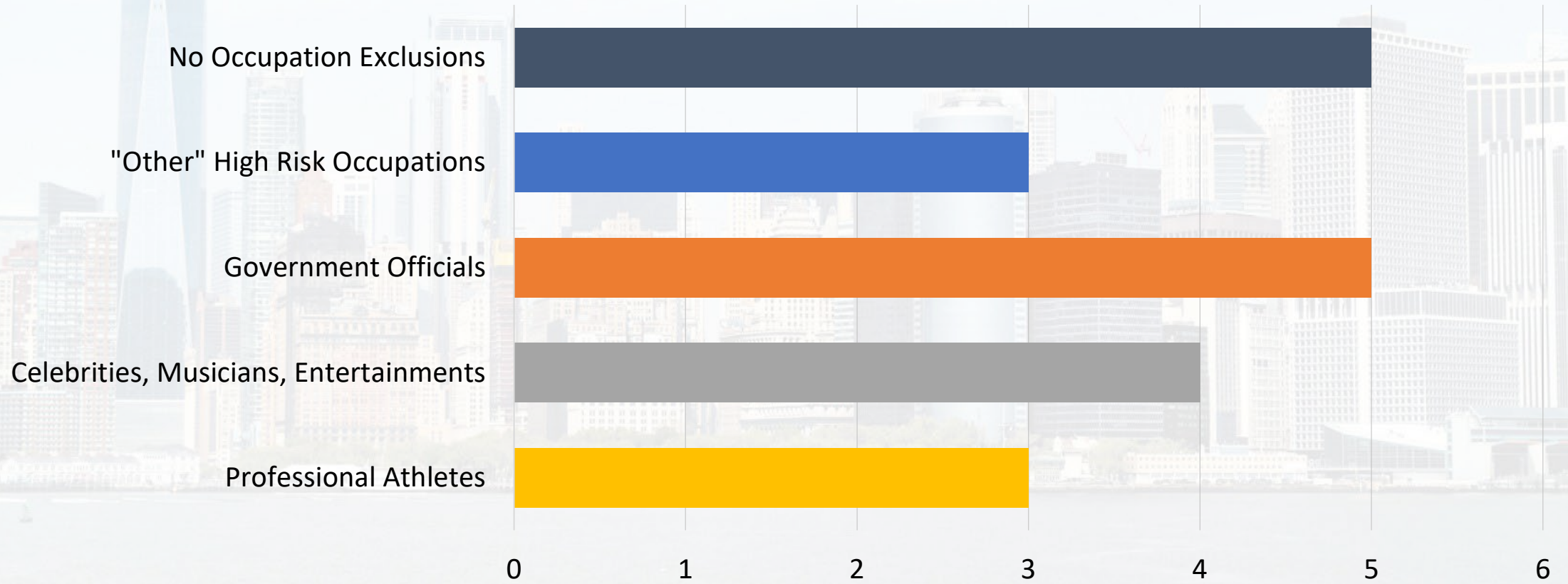
Marketplace Review

Require U.S. Citizenship or Greencard Status for Personalized Underwriting Program?



Marketplace Review

Which Occupational Risks are Excluded in the Personalized Underwriting Programs Marketplace?





Strategy/Process to Limit Slippage & Exposure

Strategy/Process of Implementation to Limit Slippage & Exposure

Act

- Quicker adjustment to the program
- Decision on timelines-pilot or permanent

Check

- Define timelines- Pilot or permanent
- Outline KPI and gather required data
- Conduct periodic analysis (bi-monthly, monthly etc.) to assess if actual outcome meets expected



Plan

- Choose the applicability of the program
- Identify the target population

Do

- Ensure you are operating within the market parameters and not the outliers i.e. avoid concentration risk
- Determine risk appetite and risk sharing methodology
- Define program parameters to limit exposure (age, face , client profile, risk class, distribution profile, client tenure, recency of tests, alternate supporting evidences etc.)
- Conduct a protective value study-expected outcome with suggested parameters vs full UW



Introduction to Protective Value Study

Introduction to Protective Value Study

- Conduct **market research** to identify market offerings
- Based on company strategy and risk approach, **identify target population** and **risk controls** for the pilot/initiative
- Select a **control group** and **experiment group** to test the attribute

Example

- Target population could be ages 18-60, Face amounts between \$2M-\$10M
- Attribute is replacing A&A requirements with existing health records
- Control group is the group underwritten with A&A requirements
- Experiment group is the group underwritten with existing medical records and without A&A requirements

- **Test the hypothesis** - Compare the risk class outcomes for control group and experiment group and identify if existing medical records are equally protective as A&A requirements.
 - If **YES** ⇒ Good news 😊
 - If **NO** ⇒
 - Identify the difference in mortality between the two set of requirements and determine if the gap is within the company's acceptable risk tolerance
 - Determine alternate data sources that complement the lab give ups and support pricing
- **Propose the program structure** based on the results



Advantages & Limitations

Advantages & Limitations

Advantages

- Faster, economical & efficient underwriting process
- Expanded market offerings-more inclusivity & less invasiveness
- Data gathering for experience studies
- Fail fast approach, exploring new avenues of insurance penetration
- When implemented in AUW space - can serve as additional risk control for riskier cohorts
- Long term- provide data for future modelling using personalized requirements

Limitations

- Anti selection -
 - Fewer options in market leading to concentration risk for insurers
- Mortality slippage due to giving up of full insurance labs - especially those not covered by DHD/APS - Tobacco, HIV, GGT, drug testing
- Limited historical data resulting in lack of credible experience
- Medical Records may not include adequate exam and labs within the expected timeframe





Introduction to Dynamic Risk Assessment

Introduction to Dynamic Risk Assessment

Simply means “Right Price for the Right Risk”

1

Historically also, underwriting process is designed to gather all cost-effective information available about an applicant’s risk and translate it into a best estimate of future expected mortality.

2

This phenomenon marks groundbreaking shift in risk identification by ordering only those requirements that are protective enough for a particular cohort of lives.

3

It requires carriers to weigh protective value (PV) of medical evidence (including sentinel effect), against cost of underwriting requirement (cost of medicals and intrusiveness) and stresses on the need to revisit cost benefit analysis for requirement determination.

4

Usually, AA tables are designed based on protective value of tests calculated for same age and face cohort. Risk of impairment is a new component of the PV studies that can add a new dimension in calculating CBA of a particular test.

5

Prevalence of disease in a particular age and amount cohort and the sole contribution of a medical test in detecting the disease could solve “one size fits all” problem.

6



Conclusion

Conclusion

Personalized underwriting requirements promote the ease of doing business by providing a favorable experience for consumers, while allowing insurance companies to enhance operation effectiveness and cost efficiency

Personalized underwriting can be applied to multiple segments of the underwriting value chain

When **implementing personalized underwriting**, it is recommended to:

- Identify area of **focus**
- Conduct **market analysis** and **protective value studies** to determine
- **Track** measurable outcomes to monitor success of program
- **Adjust** based on pilot learnings and tracking

Several carriers are utilizing personalized underwriting today!

Questions?



Thank you!

Please feel free to reach out to us
with any comments or questions.

Beth Brown
Gen Re

Email: beth.brown@genre.com
Phone: 203 352 3026

Anita Yadav
MassMutual

Email: AYadav31@massmutual.com
Phone: 413 744 6487