

ACCELERATED UNDERWRITING



U.S. Individual Life Accelerated Underwriting Survey
2023 Summary Results

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BACKGROUND

Gen Re is pleased to present the results of our *2023 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.

Since the inception of the survey in 2021, Gen Re has 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 this comprehensive report.

Fifty-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

- ALFA Life Insurance
- Allianz Life
- American National Insurance
- Amica Life Insurance Company
- Banker's Fidelity Life Insurance Company
- Brighthouse Financial
- Catholic Life Insurance
- Catholic Order of Foresters
- Cincinnati Life Insurance Company
- Constellation Insurance (formerly Ohio National)
- Corebridge Financial (formerly AIG)
- Encova Life Insurance
- Equitable
- Farm Bureau Financial Services
- Farmers New World Life
- Federated Life Insurance
- Fidelity Investments Life Insurance Company
- Fidelity Life Association
- Gleaner Life Insurance Society
- Government Personnel Mutual Life
- Guardian Life
- Illinois Mutual
- Kansas City Life
- Lombard International
- M Financial
- MassMutual
- Mutual of Omaha
- New York Life
- Northwestern Mutual
- OneAmerica
- Pacific Life Insurance Company
- Pan-American
- Penn Mutual Life Insurance Company
- Physicians Mutual Insurance
- Primerica
- Principal
- Protective Life
- Prudential
- RiverSource Life
- Royal Neighbors of America
- Sammons Financial
- SBLI
- Securian Financial
- Sentry Insurance
- Shelter Life Insurance Company
- Southern Farm Bureau Life Insurance Company
- State Farm
- Symetra
- Thrivent
- Transamerica
- USAA Life
- US Alliance Life
- Wyshbox

SURVEY DEFINITIONS

Accelerated Underwriting – For the purpose of this study, Accelerated Underwriting (AU) refers to any underwriting workflow which 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 (MIB, Rx History, Health Records, Clinical Lab History, etc.)
- Collection of non-medical data including credit attributes, motor vehicle records, etc.
- Expanded application/tele-interview process
- Use of technology/tools to assist in the review and approval of applications (automated underwriting)

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

Mortality Slippage – Mortality slippage is defined as the ratio of the expected mortality of all AU-eligible policies that had the fluid test and/or paramedical exam waived to the expected mortality for all fully underwritten policies.

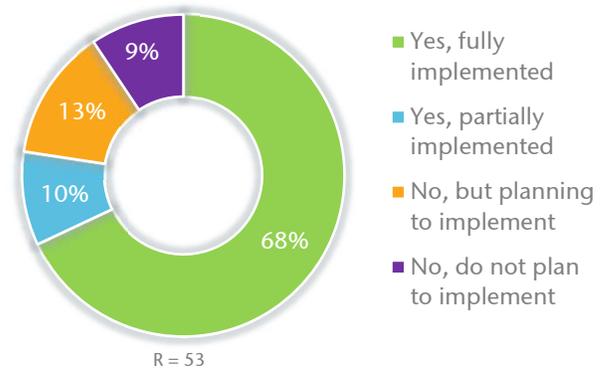
Simplified Issue (SI) & Guaranteed Issue (GI) – For this survey, SI/GI business is defined as a simple non-invasive underwriting process with few health questions, some instantaneous underwriting data requirements, and an automatic approved/decline decision. Companies were asked to exclude any SI/GI business from the metrics reported.

Status of Accelerated Underwriting Workflow

Most companies (78%) have either a fully implemented or partially implemented AU workflow. Thirteen percent do not currently utilize an AU workflow, but plan to implement one in the next two years. Five 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 10 years. Companies with partially implemented workflows have typically had pilot programs in place for less than three years.

Percentage of Companies That Utilize an AU Workflow



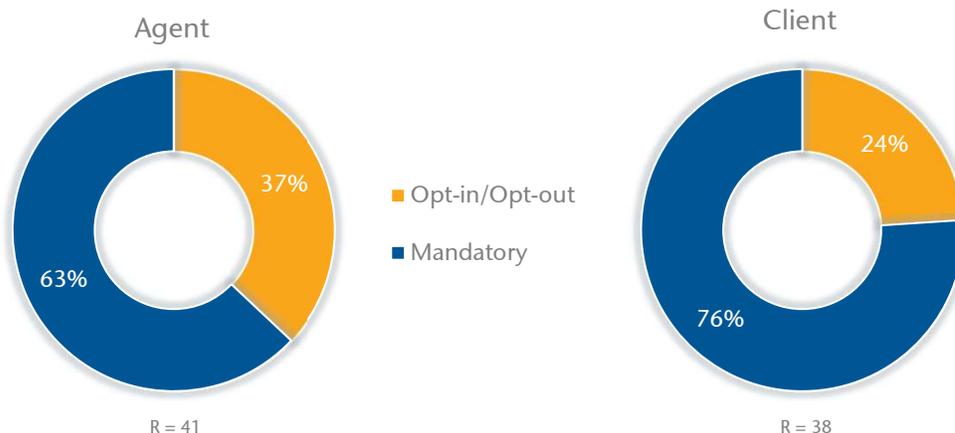
Length of Time Workflow Has Been in Place	Number of Companies
Fully Implemented <1 year – 3 years	11
Fully Implemented 4 years – 6 years	17
Fully Implemented 7 years – 10 years	8
Partially Implemented <1 year – 3 years	5

Companies that do not currently utilize an AU workflow noted technology barriers, outdated legacy systems, staffing issues, budget constraints, low application volume, and lack of profitability as reasons they are unable to implement a program at this time.

Opt-in/Opt-out Versus Mandatory Workflows

For many companies, an AU path remains 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, although most systems automatically opt-in an application, and require the agent to manually opt-out if they wish to do so.

Opt-in/Opt-out Versus Mandatory Programs



Program Goals

Participants were asked to rank their top three AU goals when first implementing AU, and then rank their current workflow goals. Year over year, reducing time to issue remains the top AU workflow goal for most companies. Meeting consumer expectations, managing mortality slippage, and reducing costs all continue to rank highly as well.

Percentage of Companies Ranking as a Top Three Program Goal



Underwriting Decision Time

On average, companies that have an AU workflow see an improvement of 18 business days from application submission to final decision compared to full underwriting workflows.

Underwriting Decision Time

AU Workflow		Full Underwriting Workflow	
Median # of days	Mean # of days	Median # of days	Mean # of days
6	9	24	27

R = 38

Underwriting Rate Classes

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

Average Number of Underwriting Rate Classes Offered Through AU Workflow

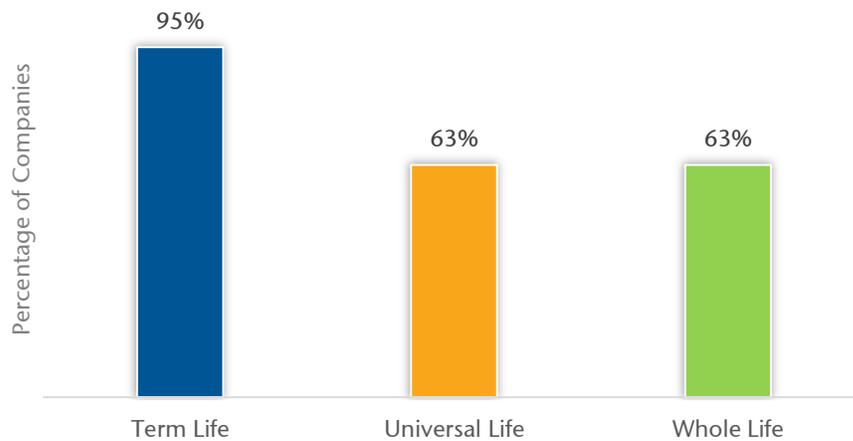
Implementation Status	AU Workflow		Full Underwriting Workflow	
	# of non-tobacco classes	# of tobacco classes	# of non-tobacco classes	# of tobacco classes
Overall	3	2	4	2

R = 41

Accelerated Underwriting-Eligible Products

Almost all (95%) companies offer a Term Life product through their AU workflow. Other Individual Life products eligible for AU include Whole Life (63%) and Universal Life (63%).

Percentage of Companies Offering by Product Type

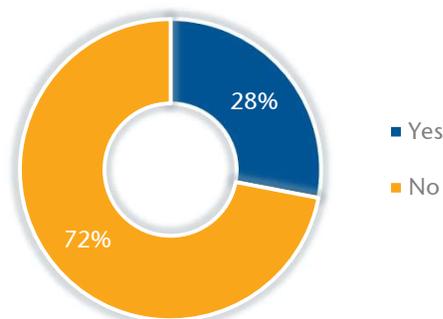


R = 39

Behavioral Economics

Only 28% of companies report using a Behavioral Economics (BE) approach in developing AU application questions. Companies that have BE approaches in place typically partner with reinsurers and/or research and data analytics teams for guidance.

Percentage of Companies That Use Behavioral Economics to Develop AU Application Questions



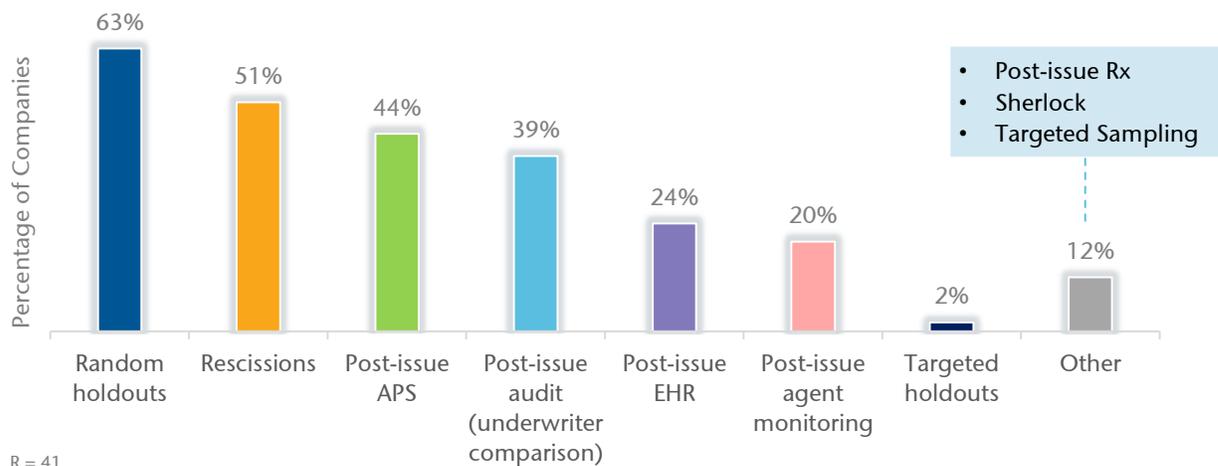
R = 43

Pre- and Post-Issue Controls

Ninety-three percent of participants either currently use or plan to implement pre-/post-issue auditing/underwriting in association with their AU workflow. The remaining 7% of companies do not plan to implement pre-/post-issue controls.

Sixty-three percent of companies use random holdouts as a control measure throughout their AU workflow. Other common controls in place include rescissions (51%), post-issue APS (44%), and post-issue auditing (39%).

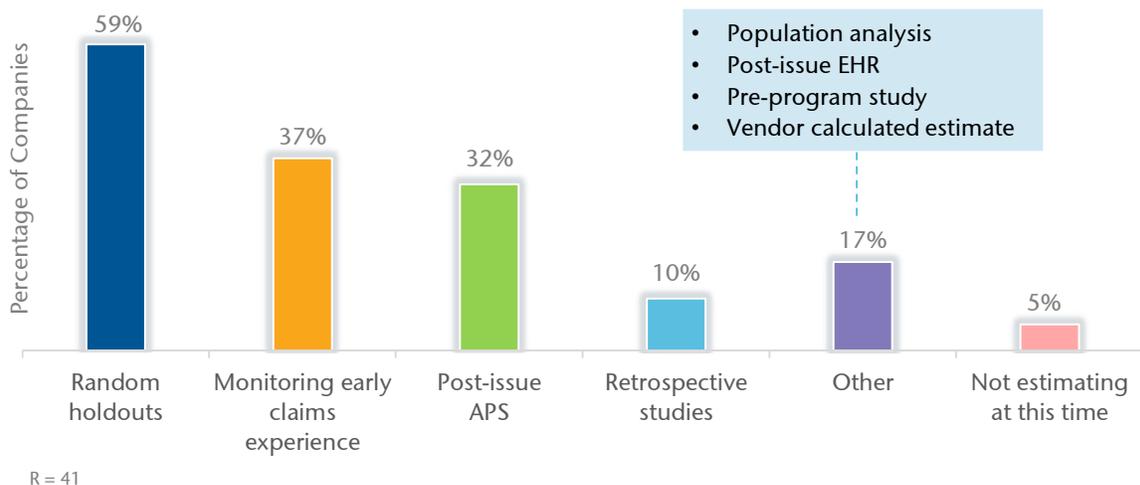
Use of Pre- and Post-Issue Controls in AU Workflow



Mortality Estimation

Fifty-nine percent of companies estimate mortality slippage associated with their AU program through random holdouts. Thirty-seven percent are monitoring early claims experience, 32% utilize post-issue APS, and 10% utilize retrospective studies. Seventeen percent listed other methods for estimating mortality. Two companies reported they are not estimating mortality at this time.

Methods of Estimating Mortality Slippage

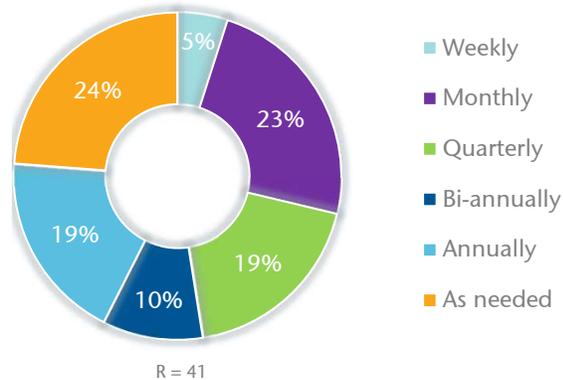


Modification of Rules

Most companies continue to review their AU workflow goals on an as needed (24%) or monthly basis (23%).

The remainder of companies review their rules quarterly (19%), annually (19%), or bi-annually (10%). Two companies noted that they currently review their workflow rules weekly as they are in the early stages of implementing AU.

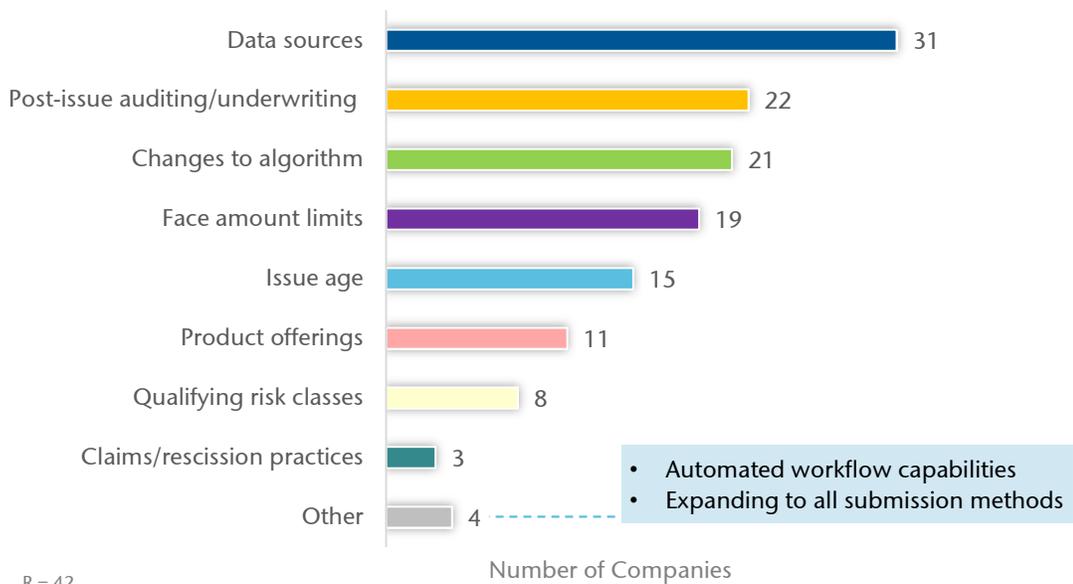
Frequency When Companies Review AU Workflow Rules for Modification



Planned Changes to Workflow

Approximately half (54%) of participating companies have made material change to their AU workflow over the past 12 months. 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



ABOUT GEN RE

Gen Re, a Berkshire Hathaway Company, is one of the leading Life/Health and Property/Casualty reinsurers in the world. Our North American Life and Health reinsurance company, General Re Life Corporation, has superior financial strength ratings among Life and Health reinsurers.

A++ (Superior)

A.M. Best

AA+

Standard & Poor's

Aa1

Moody's

Through our research, we offer valuable information and insights to our clients about their markets. We deliver customized reinsurance programs and risk management solutions for the following lines of business:



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**Critical
Illness**



**Individual
Disability Income**



**Group Life
and AD&D**



**Individual
Life**



**Medicare
Supplement**

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