New Life Insurance Underwriting Tools Enable Insurers to Meet Consumer Expectations

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In today's digital world, consumers expect speed and convenience in the purchasing process. They look for most transactions to happen in "real time"—and life insurance is no exception. Producers, too, are looking for processing speed, particularly since life carriers have increasingly turned their marketing focus on the largely untapped middle market, where policy sizes are smaller and meeting customer expectations for convenience and price is key.

Despite these demands, from a risk assessment perspective, nothing has changed for life insurers: The need to assess applicants to determine insurability is still paramount. Many life insurers who are looking to stay ahead of the curve have already adopted accelerated underwriting.

One Key to Accelerated Underwriting: Predictive Modeling

Accelerated underwriting enables insurers to quickly identify "good risks" and put them through a less invasive underwriting process. With accelerated underwriting, no paramedical exam or fluids are necessary for certain lower-risk applicants.

Predictive modeling, a valuable tool in accelerated underwriting, is a targeted area of focus for Hannover Re—because our goal is to help insurers find innovative solutions that can help them grow their business and stay competitive. Predictive modeling enables insurers to underwrite in a non-invasive manner and issue certain policies in minutes, versus days, weeks or months.

Because we believe predictive modeling plays a key role in accelerated underwriting—and can provide significant benefit in the life insurance risk selection process—we have collaborated with LexisNexis® Risk Solutions. LexisNexis has developed an effective predictive model called LexisNexis® Risk Classifier.

How LexisNexis Risk Classifier Works

Using non-medical information to estimate relative mortality risk, LexisNexis Risk Classifier enables insurers to:

- help drive better cycle times at lower costs, and complement non-invasive medical information
- gain insight into a different dimension of mortality risk (focusing on lifestyle, behavioral and non-medical factors).

LexisNexis Risk Classifier uses FCRA data to estimate relative mortality risk, and produces a score based on the individual's risk profile. Insurers can customize the use of LexisNexis Risk Classifier by setting score thresholds. They can also customize how LexisNexis Risk Classifier is used in the underwriting process. Hannover Re independently validated LexisNexis Risk Classifier and affirmed its predictive value. Life insurers can leverage Hannover Re's insight and expertise on how to successfully integrate LexisNexis Risk Classifier in their underwriting process.

It's a Win/Win

Many insurers who are already using LexisNexis Risk Classifier have benefited from streamlined underwriting and enhanced customer and producer satisfaction. We have found that new and improved tools, like LexisNexis Risk Classifier, provide additional protective value that helps to offset some of the impact of streamlined underwriting. Because LexisNexis Risk Classifier captures a different dimension of risk, it complements other real-time accelerated underwriting requirements, such as MIB and Rx (the pharmaceutical database), which tend to focus on medical data and risk. LexisNexis Risk Classifier helps improve processing times which creates a better experience for consumers and producers and allows consumers to get the valuable protection they need more quickly than ever.

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