

Two Digital Approaches for Underwriting Individual Life Insurance Policies (Part 2)

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It's no secret that competitive advantage favors companies capable of fulfilling today's expectations for personalized and individualized customer experiences. For individual life insurers, this means modernizing underwriting to deliver real-time, interactive experiences at scale.

As we discussed in "[Strategies for Success: Individual Life Insurers and the New Rules of Underwriting](#)," part 1 of this series, successfully navigating these new rules of underwriting begins with developing the right strategies.

The next step is adopting two transformative digital approaches for underwriting individual life insurance policies. They are known as accelerated underwriting and continuous underwriting. Let's explore both.

What is accelerated underwriting?

Unlike previous streamlining efforts, like simplified issue, accelerated underwriting (AU) enables assessing risk faster and more accurately by incorporating many types of data into the underwriting process and

coupling it with algorithms, artificial intelligence, predictive analytics, reflexive health questions, cognitive computing, and insurer-defined rule sets. The resulting system is typically known as an AU platform.

By necessity, AU platforms are data intensive, requiring the capability to mine your internal systems as well as incorporating data from traditional sources, such as MIB, Rx and MVR, as well as non-traditional sources, which include credit, behavioral, economic, financial, identity, social, and wearables feeds.

Using an AU platform, low-risk, preferred applicants forgo a physical exam to get instantly approved for special rate classes and pricing structures. Predictive analytics models and algorithms used in the AU platform automatically path riskier applicants and gather additional data or flag higher-risk applicants for additional underwriting and manual review.

Although a highly automated tool, effective AU platforms still require regular human intervention to keep them fine-tuned to market conditions and your business needs.

The benefits from a well-executed AU platform typically include:



Increased sales, with less-invasive and less time-intensive processes and more competitive pricing



Faster decisions, which improve customer and agent experiences and benefit the bottom line



Greater underwriting consistency, as AU enables data-driven decisions and fewer points of failure



Improved loss ratios from greater granularity, accuracy of risk classification, and pricing specificity



What is continuous underwriting?

A new way of thinking about the underwriting process, continuous underwriting calls for assessing risk throughout a policy’s life cycle rather than just at issuance. By continuously collecting and analyzing meaningful data before, during, and after a policy is underwritten, individual life insurers extract relevant and predictive insights. This enables rewarding insureds who live healthy lifestyles and differentiating your products using dynamic pricing models.

Like AU, continuous underwriting relies on multiple internal and external data feeds, traditional and non-traditional, to power advanced analytics that enable you to re-price a product based on policyholder life events, health changes (like weight, blood pressure and blood sugar levels), and activities (such as sleep, exercise duration, and diet).

From a policyholder perspective, continuous underwriting delivers exceptionally personalized, high-touch, always-on experiences. This encourages insureds to continue engaging in positive behaviors that ultimately lower your risks and costs.

Continuous underwriting is clearly a win-win for individual life insurers and their customers, the most significant benefits of which can include:



Decreased costs from process efficiencies and replacing blood samples and exams with lower-cost sources



Increased appeal to Millennials, Gen Z, and others with tech savvy products and customer experiences



Risk reduction via consistent risk evaluation across all applicants, which eliminates human error and bias



Pricing specificity and policy personalization, leading to greater customer value and competitiveness



Collaborative engagements as policies transition to ongoing relationships emphasizing health and wellness

Sound interesting? We should chat.

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