DELIVERING
HIGH
PERFORMANCE

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Automated Intelligent Underwriting

Opening new markets and opportunities for "life"

Kym Gully
September 17, 2020

accenture

COVID-19 has dramatically reshaped consumer behaviors

**The Consumer
in Crisis**

*Consumers respond
to the initial shock
of the global pandemic*

▶

**The Adjusting
Consumer**

*Consumers adapt to changing
personal circumstances*

▶

The Future Consumer

*Consumers determine their
new normal*

TIMELINE

Outbreak

Restrictions imposed by country

A return to a new normal

Source: Accenture Research, How Will COVID-19 Change the Consumer, Wave 8, July 2020

Meet the future consumers

On the Edge

20%

Extremely worried about health, finances, and going out in public

Tentative Returner

23%

Cautious about re-entering society and returning to normal routines

Me. Reinvented

11%

Seizing the opportunity to transform themselves for the better

Stubbornly Seeking Normal

28%

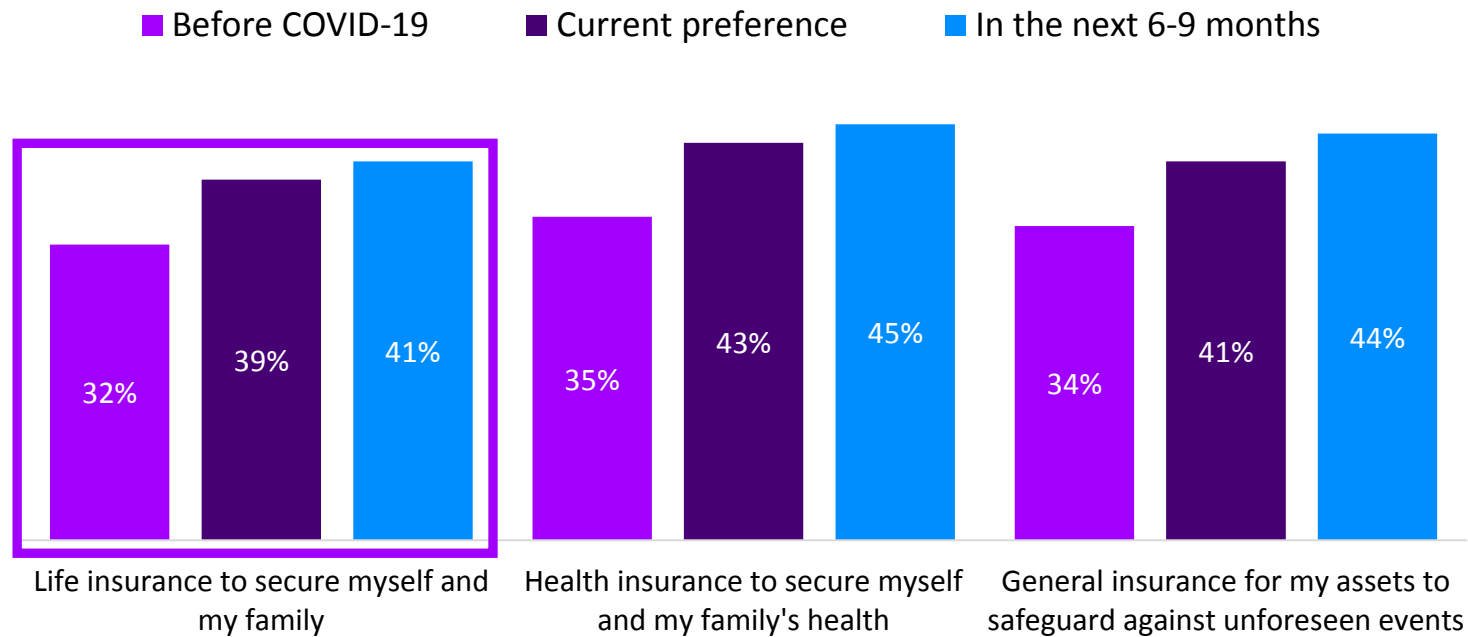Harking after a return to the way things were

YOLO

17%

Living for the moment to make up for what was lost

Source: Accenture Research, How Will COVID-19 Change the Consumer, Wave 8, July 2020

Growing
demand for life insurance

COVID- 19 effect (early survey)

■ Before COVID-19   ■ Current preference   ■ In the next 6-9 months

Life insurance to secure myself and my family	Health insurance to secure myself and my family's health	General insurance for my assets to safeguard against unforeseen events
32% 39% 41%	35% 43% 45%	34% 41% 44%

Source: Capgemini, "COVID-19 and the financial services consumer," April 2020

76%

of executives agree that organizations need to dramatically re-engineer the experiences that bring technology and people together in a more human-centric manner.

Life & Annuity technology enables agility and scale to address

- increased product variations and speed to market
- expanded distribution channels

- broad partner networks
- accelerated underwriting decisions
- faster, more intuitive onboarding and servicing

- intelligent (data-driven) operations
- cloud benefits
- new customer engagement solutions

Poll

Which of the following most hampers your underwriting process?

❑ **Customer loses interest before you collect evidence.**

❑ **Questionable self-inputs from the consumer.**

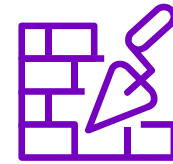❑ **Summary services data that requires manual reviews.**
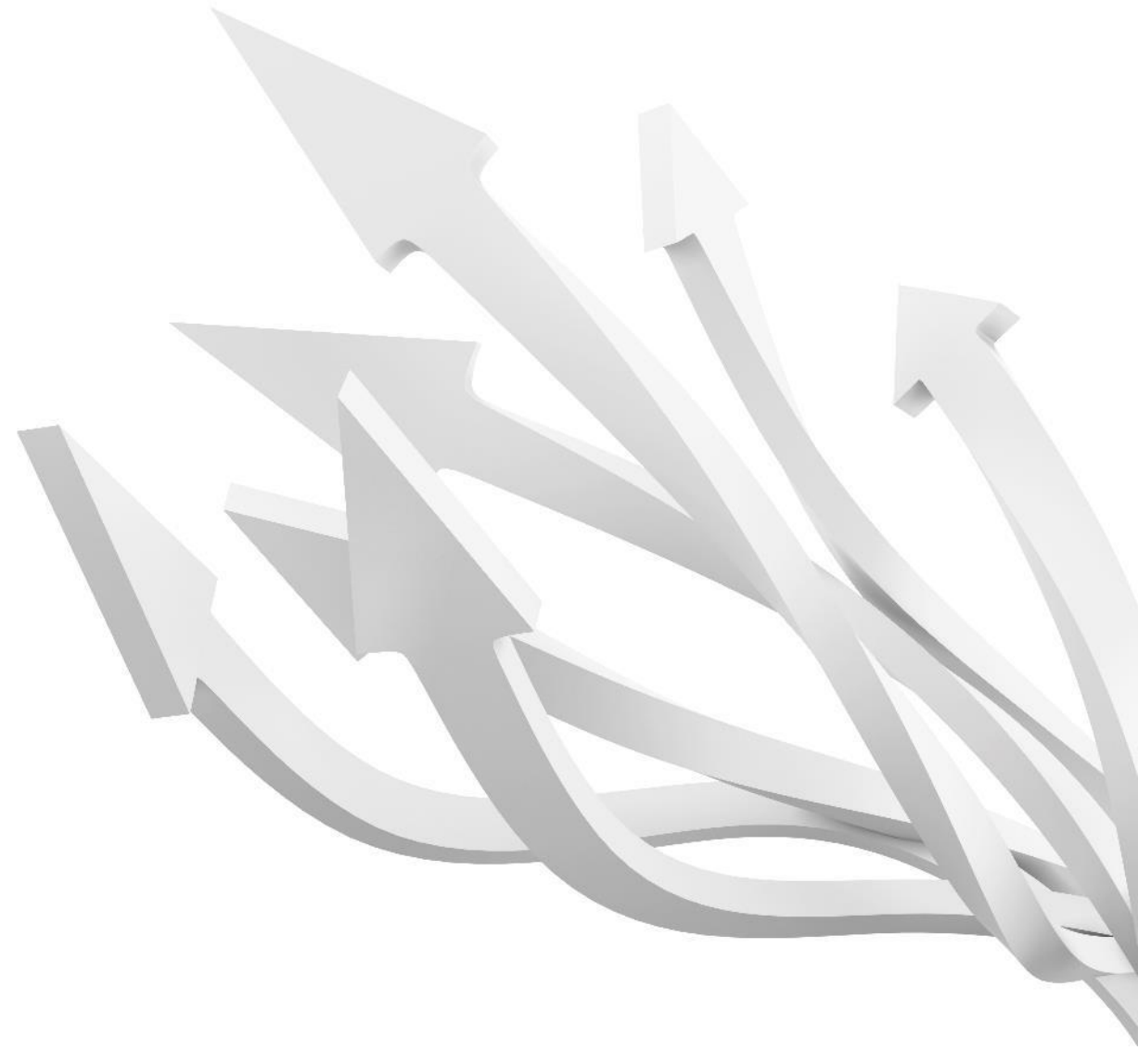
Traditional Challenges

Traditional evidence collection is time-intensive, costly, customer loses interest.
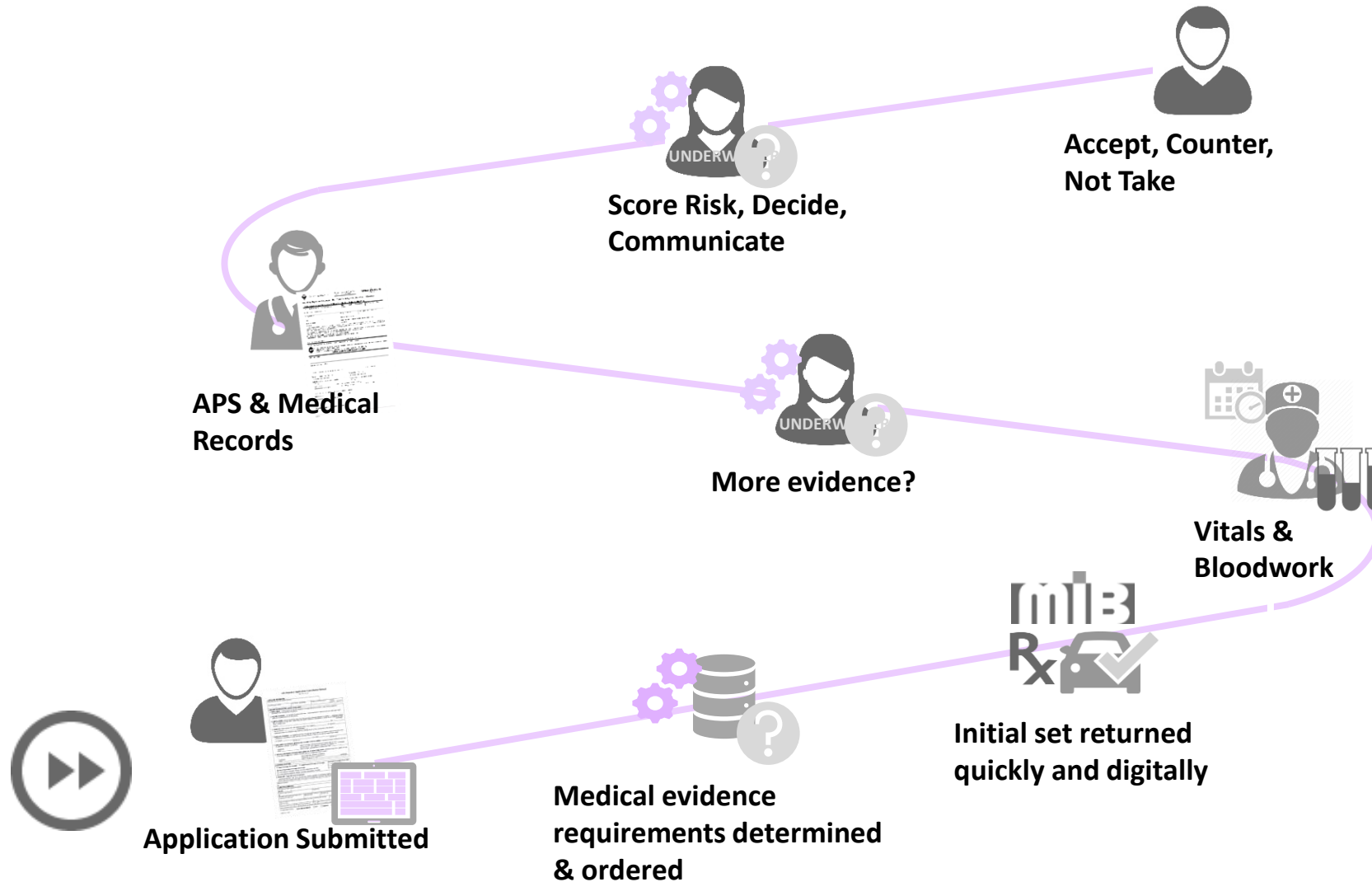
Low reliability on self inputs and limited prediction for risk and fraud

As a result, limits underwriting simplification and challenges customer engagement
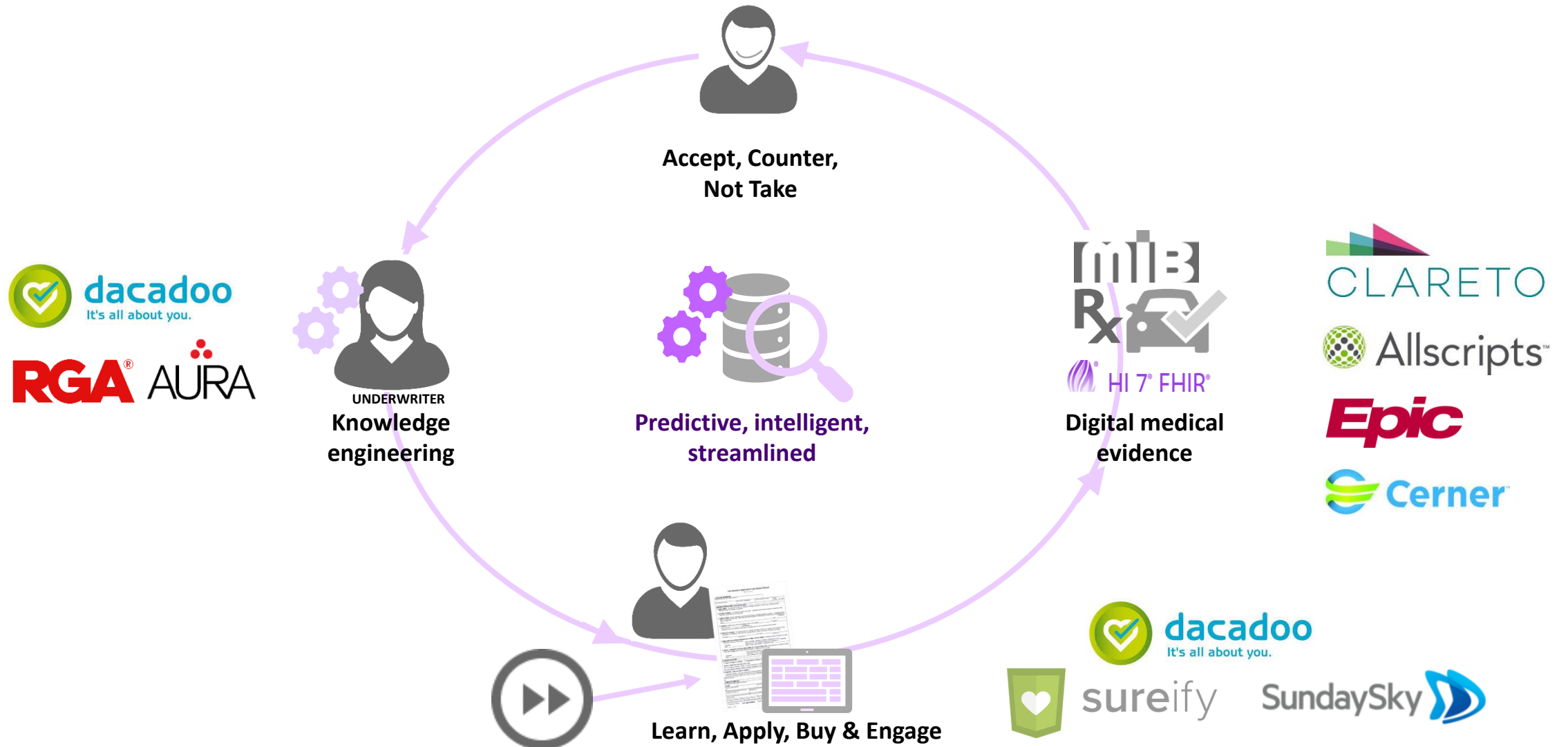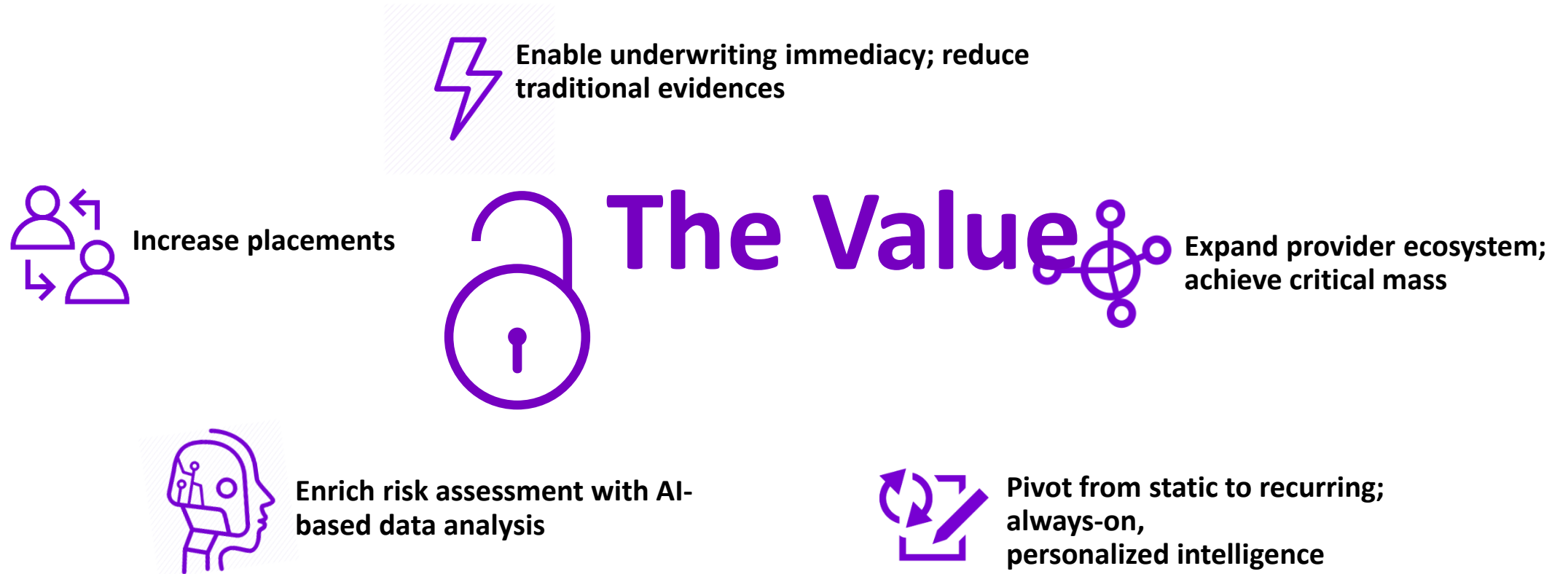
Traditional underwriting
Opaque • slow • costly

Score Risk, Decide, Communicate

Accept, Counter, Not Take

APS & Medical Records

More evidence?

Vitals & Bloodwork

Application Submitted

Medical evidence requirements determined & ordered

Initial set returned quickly and digitally

Intelligent underwriting
Transparent • Quick • Optimized

Accept, Counter, Not Take

UNDERWRITER
Knowledge engineering

Predictive, intelligent, streamlined

Digital medical evidence

Learn, Apply, Buy & Engage

dacadoo
It's all about you.

RGA AURA

MIB Rx

HI 7° FHIR°

CLARETO
Allscripts™
Epic
Cerner

dacadoo
It's all about you.

sureify

SundaySky

Unlock value

Enable underwriting immediacy; reduce traditional evidences

Increase placements

The Value

Expand provider ecosystem; achieve critical mass

Enrich risk assessment with AI-based data analysis

Pivot from static to recurring; always-on, personalized intelligence

Powerful connection unlocks value
Digital insurance platform

Connected people, health and wellness

WEARABLE FITNESS MONITORING DEVICES

LOYALTY PROGRAM
Points awarded for healthy behavior

CASHBACK
(on premiums)

MENTAL HEALTH
(e.g. stress reduction)

WELLNESS PROGRAMS
(e.g. smoking cessation, nutrition,)

Consumer Engagement

RE

PAS

LIFE INSURER

EMR, EHR, Etc

PERSONALIZED PRODUCTS, RATING

NEW UW DECISIONING

PAY AS YOU LIVE
Premium based on healthy activities and changes over time

TRADITIONAL UNDERWRITING DATA
e.g. ExamOne, MIB

HEALTHCARE PROVIDERS' DATA
e.g. Hospital, Medicine HIV test, nutrition advice
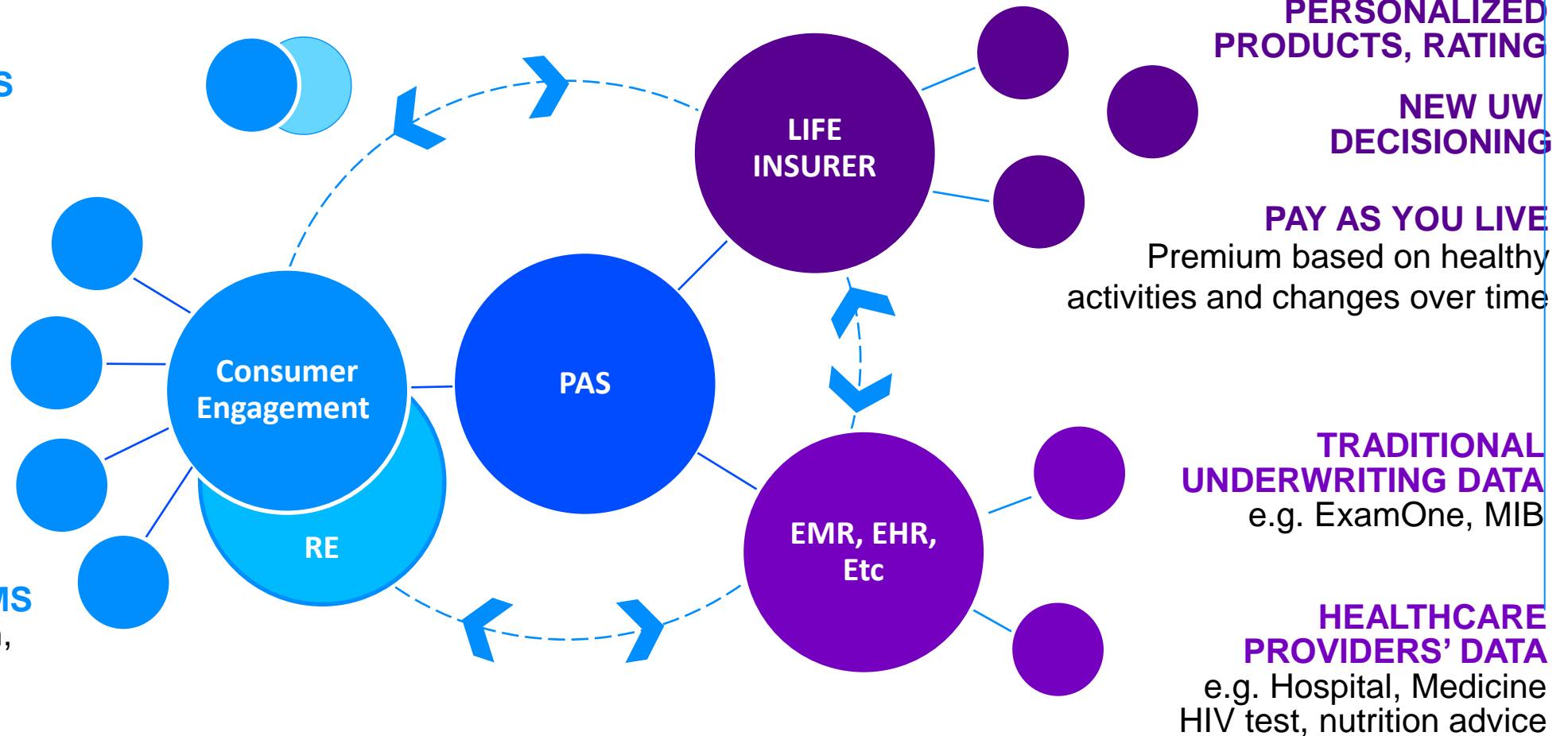
Poll

What percentage of people qualify for life insurance the first time they apply?

A. 30-60%

B. 60-90%

C. More than 90%
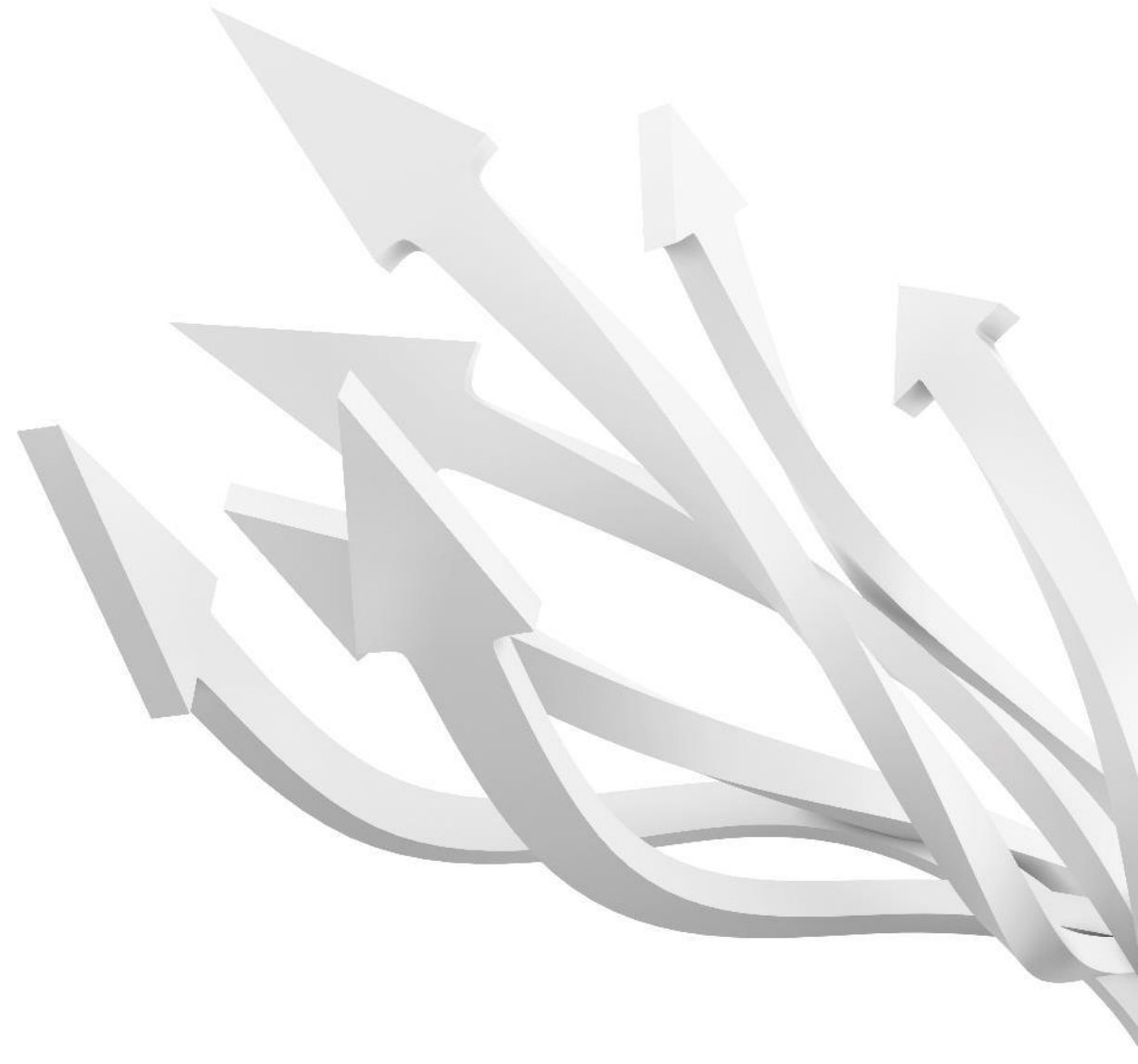
New perspectives on risk

Predictive models: No data.   No problem.

4
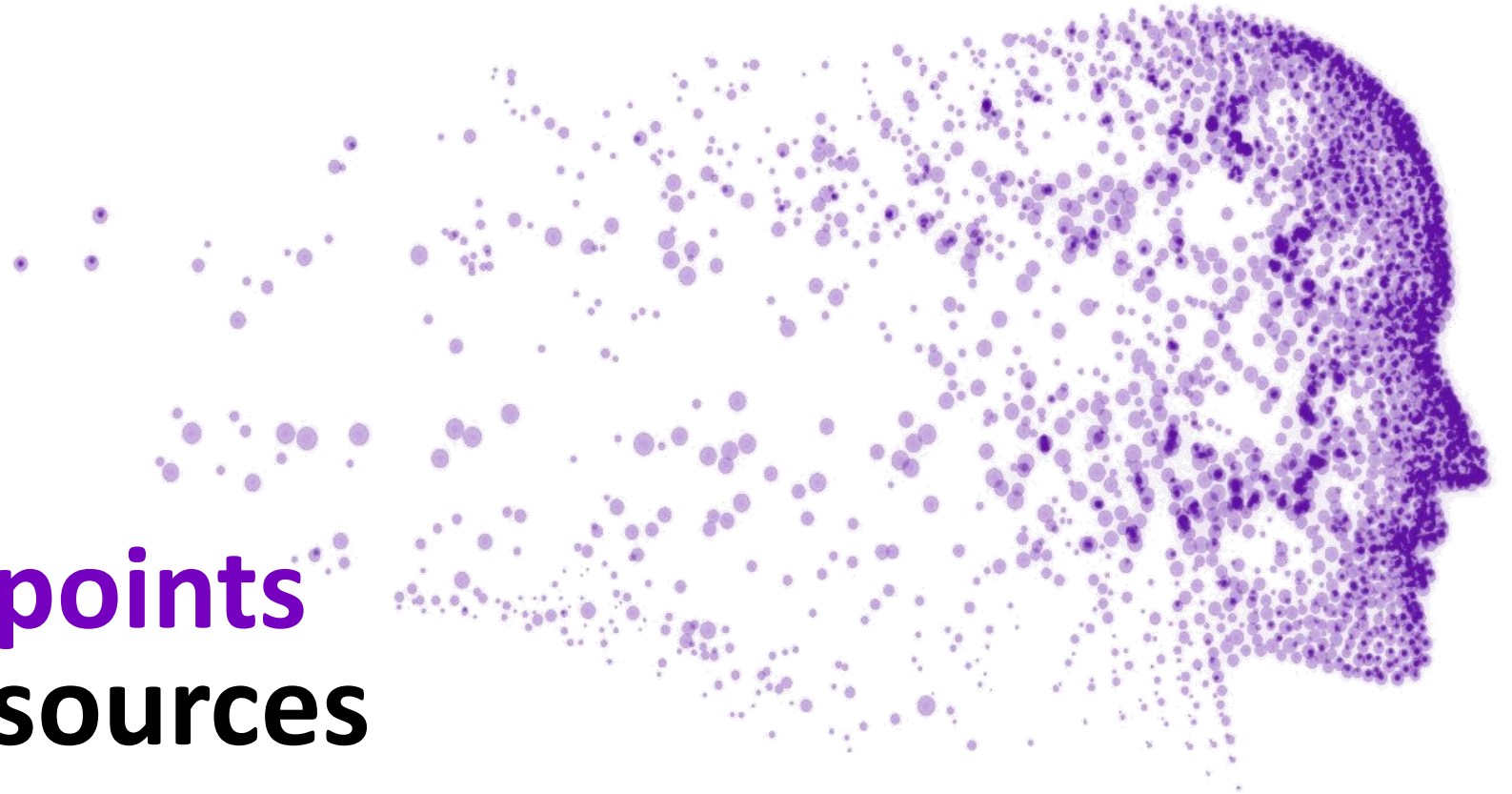**Inputs:**
**age, gender,
height, weight**

80
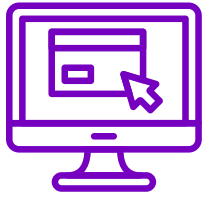Imputed values

Multivariate rules

More data points
More data sources
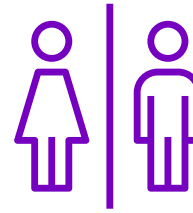
More accurate risk
More acceptable rating

New ways to **engage**
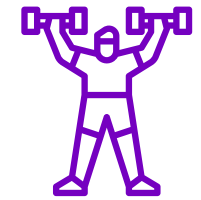
From a "second opinion" service to auto UW decision

EHR / EMR

+

Movement score
Nutrition score
Sleep score
Wellness score
(Anti-) Stress score
(Anti-) Smoking score
(Anti-) Obesity score

Lifestyle score
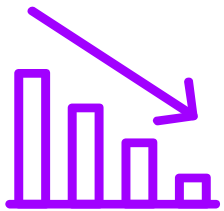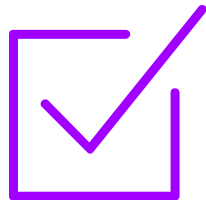Body score
Feeling score

= HEALTH SCORE

CONNECTED PEOPLE WITH RECURRING ALWAYS-ON PERSONALIZED INTELLIGENCE
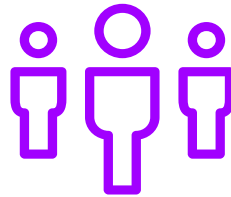
Covid-19:
5 key IT response imperatives

The sudden stop in business activities and shift in business sentiment will require a coherent response on the IT side – we have structured this response into 5 key IT imperatives
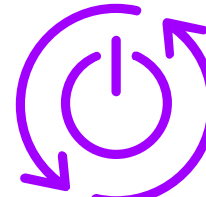
IT Cost Reduction

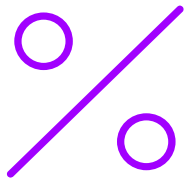**Strategic IT Portfolio Management**

Elastic Digital Workplace

Building IT Resilience

Reshaping IT

ASSETS, CAPABILITIES, AND ECOSYSTEM ENABLERS

What to watch

Interest rates

Premiums

Technology and operational security

Regulatory interventions

Where to **start**

1 →

**Modernize core systems
… or get left behind**

- Expand data consumption with an open system
- Automate underwriting process speed and efficiency

More than 25% of U.S. life insurers have expanded automated underwriting[1]

2

Apply predictive risk models

- Add alternative evidence and data sources
- Reduce/eliminate paramedical exams

Source: Accenture, Strategic plays for recession recovery April 2020
[1]LIMRA: How Covid-19 Is Affecting Life Insurance in the U.S. and Canada, LIMRA (April 13, 2020)

3

Reinvest legacy maintenance savings into digital

- Enhance distribution strategies
- Deploy self-service for agents and consumers

4

Watch the regulatory space

- Follow ACLI

Regulatory considerations

Regulatory Updates

State and NAIC Activities

Principles on Artificial Intelligence

NAIC Innovation and Technology (EX) Task Force

NAIC Accelerated Underwriting (A) Working Group

Federal Activities

Algorithmic Accountability Act of 2019

Data Accountability and Transparency Act of 2020

Privacy Legislation

WEBINAR SERIES

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QUESTIONS?

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Get the white paper:

https://www.accenture.com/us-en/insights/insurance/automated-underwriting