LOOKING AHEAD

OUR INDUSTRY IN 10 YEARS

By Jennifer C. Rankin

What will the insurance sector be like in 2027? *Resource* turned to some seasoned executives for answers. Here's what they had to say.

At the end of 2016, *Resource* asked insurance industry leaders to share their thoughts on what the year ahead holds for sales and profitability, information technology, customer service, human capital, and business challenges, publishing their predictions last month.

Here, we bring you their answers to two questions with a longer time horizon. What do you think our industry will be like 10 years from now? What opportunities does the future hold?

The executives who answered these questions are a cross section of the board of directors of LL Global, the umbrella organization for insurance industry trade associations LOMA and LIMRA, plus other key industry players. They are:

Michael G. DeKoning, FSA, MAAA, FCIA
President & CEO
Munich Re US (Life)

Rino D'Onofrio
President & CEO
RBC Life Insurance Company

Michael J. Doughty
President
John Hancock Insurance

Robert J. Ehren, FSA, CLU, ChFC
Senior Vice President, Life Product Marketing
Securian Financial Group

Todd Fancher, LUTCF
President
American Family Life Insurance Company

Michael Ferik, FSA
Executive Vice President
The Guardian Life Insurance Company

Eric Henderson, FSA, MAAA
Senior Vice President, Life Insurance and Annuities
Nationwide

Carolyn Johnson
CEO, Annuities & Individual Life
Voya Financial

William Lisle
Regional Chief Executive
AIA Group

Jill McGruder, FLMI, CLU, ChFC
SVP & CMO, Western & Southern
President & CEO, IFS Financial Services

Karen Pauli
Principal
Strategy Meets Action

Tom Scales, CLU, ChFC, FLMI, HIA
Research Director
Celent

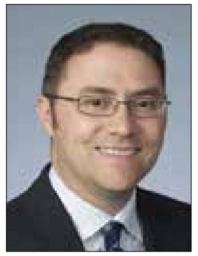
Neil Sprackling
President
Swiss Re Life & Health America

Marita Zuraitis
President & CEO
Horace Mann

Here's what they had to say:

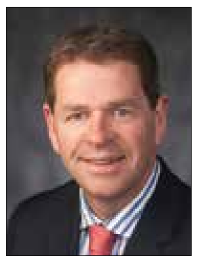
Mike DeKoning
Munich Re US (Life)

If regulations do not inhibit our ability to innovate and grow and we "turn up" the creativity, the industry will remain strong. I'm confident that as more insurers embrace the need to innovate, new partnerships will be forged and diverse talent will be attracted that will create positive change from within. There's no doubt in my mind that we will remain strong and solvent. But it will be the agile companies that are able to create change or react quickly to seize opportunities that will win big.



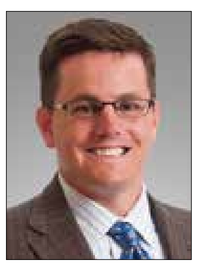
Rino D'Onofrio
RBC Insurance

We anticipate that delivery of our services will face the greatest change, in that we need to deliver our services to match how consumers live their daily lives. Products will undergo evolution and become simpler to understand and deliver to the end user. Outside of insurance, companies are leveraging past user data in real-time to predict future behaviour. Clients expect us to leverage data analytics to deliver personalized content, advice and offers. In fact, data and analytics will impact virtually every aspect of insurance advice and service from product design to distribution to servicing to claims handling. With smart analytics and intelligent systems, firms can leverage big data to generate value for clients, which not only provides competitive advantage but also increases retention and loyalty. [In addition], digitization and the use of data to deliver a differentiated value proposition to consumers are having a profound impact on the market. Next to manufacturing and health care, the insurance industry is positioned to be impacted the most by these innovations. While a high percentage of people already use digital channels for insurance interactions, we know that only a small group is satisfied with those digital touch points, and that in general clients are asking for even more online interactions. The insurance industry will need to respond to changing client expectations and enable more digital client interactions to deliver exceptional client value and advice. We also expect demand for a greater degree of transparency to the financial services industry, specifically around the transparency around fees/commissions. As clients demand more information around the value of advisors and the value of advice, insurance companies may need to provide additional detail around distribution costs.



Mike Doughty
John Hancock Insurance

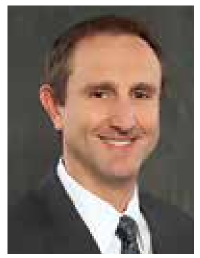
I believe consumer demands and expectations will help drive the reshaping of the life insurance industry, along with the emergence of new technologies. The creation of an enhanced digital experience, especially for the Millennial market, will be essential for serving this demographic. I foresee underwriting decisions and the process from application to inforce policy taking significantly less time—from weeks to minutes. And Big Data and analytics will give us the ability to tailor our products and services to better meet the unique needs of our customers.



Robert Ehren
Securian Financial

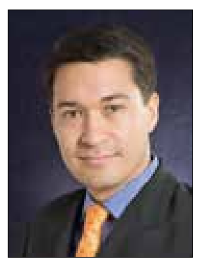
With technology moving at the speed of light (literally), it's hard to predict where we could be in 10 years. However, what we do know is that it will continue to revolve around the technologies that allow us to better understand our clients and distribution partners. Automated systems for underwriting and back end service along with digital technology will have been implemented, and further leveraged, to improve the customer experience and streamline business practices. Simplified and bundled products and services will adapt to the changing needs of the consumer and we will see a shift in demographics, specifically the emergence of the Millennials as generational leaders and the health care needs of the Baby Boomers.

As the middle market grows and ages, life insurance will be protection focused versus accumulation leading to more transactional sales, resulting in carriers differentiating their offerings based on quality of the service platform, ease of access and effectiveness of connecting with markets. Those that make this a priority and drive forward will have continued growth, but those that miss the transition or don't have scale to leverage technology will be consolidated. We will also see more non-traditional companies enter the financial markets as broader access to data becomes easier to take action on.



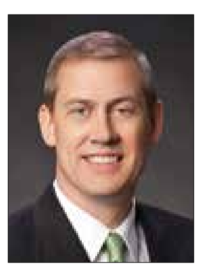
Todd Fancher
American Family Life

Distribution advances, the application/underwriting process and product bundling will most likely be the areas which will look different from the outside. Electronic reading of medical history, genetic information/disposition, and the advance of pricing models will be table stakes. Companies will differentiate themselves in terms of distribution, product bundling and product design and control of expense and investment.



Michael Ferik
Guardian Life

I hate making predictions that far out because the variables are so significant. I do think we'll see some things remain unchanged—meaning there will be a market for permanent life insurance and we will need human advisors—perhaps significantly augmented by machines—to streamline the process while continuing to help clients understand how to make the most of these products. I also think we'll see more carriers enter into partnerships with other verticals as they try to tap into markets that we have traditionally had a difficult time reaching.

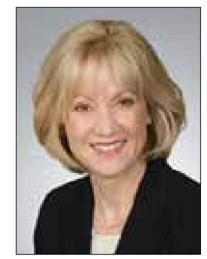


Eric Henderson
Nationwide

If there is a way that the industry could solve for how to reach consumers during these life-changing times and make it easier for them to act, then we might be able to help Americans carry the amount of life insurance they need to ensure their loved ones are protected. Life insurance coverage studies always point out that there is a large gap between the amount of coverage people have and the amount they need. One way to bridge that gap is to make it easier to buy life insurance during big life events. For example, when someone purchases a home, it would make sense to have as part of the mortgage application process an opportunity to purchase life insurance to cover the mortgage. Other life events to consider include buying a car, taking out a student loan, or starting a family.

If regulations do not inhibit our ability to innovate and grow and we **'turn up'** the creativity, the industry will remain strong.

With higher interest rates, **the industry** may attract new entrants, and we'll likely see an increase in combination or hybrid products.



Carolyn Johnson
Voya Financial

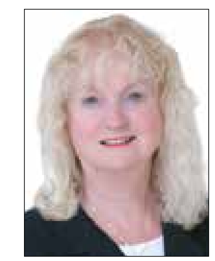
In 10 years we will see a sales process that is much more streamlined. Customers will be able to easily access products, and in-depth data will help carriers provide fast underwriting and targeted marketing. With higher interest rates, the industry may attract new entrants, and we'll likely see an increase in combination or hybrid products. A growing number of employers will provide their employees with funding for insurance products, and enable them to select benefits at their own discretion via exchanges. Financial advisors will continue to provide full support to customers for many financial products, and that support will be bolstered by digital solutions that are made smarter with data analytics. This technology will help advisors gain a deeper understanding of their customers and how they can be guided to make the right financial decisions based on their unique circumstances.

Bill Lisle
AIA Group

We will continue to witness a transformational level of economic growth in Asia, replicating what has happened in the past in North America and Europe. Economic development in this region will be gradual but inexorable. At the same time, the life sciences revolution—in understanding, treatment and eradication of killer diseases—will affect whole communities, impacting the lives of our customers and potential customers and have a direct effect on our business. Other trends, such as demographic change, urbanisation and geo-political uncertainty and terrorism all increase awareness of the need for and benefit of insurance and protection. All add to the immense opportunities for growth for the life insurance industry in Asia.

Jill McGruder
Western & Southern

As suggested, technology will have a dramatic impact on what the industry will look like in ten years. FinTech will improve accessibility to mortality and longevity products. MedTech will inform insurers and consumers which is the better of the two risks to hedge. The impact on our current business models will be huge. The opportunity is to figure out how to leverage this reality rather than run from it!



Karen Pauli
Strategy Meets Action

The life insurance business is complex—very complex. And it is highly regulated. Specifically, due to regulatory complexity, the life insurance industry isn't going to look unrecognizably different in 10 years. However, there will clearly be changes. Distribution, product, and process will be the areas experiencing significant change.

In 10 years, due to the influence of InsurTech, distribution will be heavily and even fully automated via the consumer's device of choice. Rapid device evolution will require agility and flexibility from core technologies. Consumers will be able to comparison shop for life insurance anytime and anywhere. Applications will be executed electronically from only two or three pieces of information. The remaining required information will come from digital sources, including wearables. Agents and brokers will not disappear. Complex consumer needs and financial planning will be a reason that some consumers will still seek out advisors. However, the same technology that supports consumer self-service will support advisor-driven life insurance acquisition.

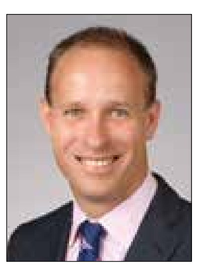
In 10 years, simplified products, many with rewards or incentives for wellness, will be as important to insurers from a portfolio perspective as complex needs products for mid- to high-net worth consumers are today. A reality that some insurers will embrace and leverage is that the now fledgling, but rapidly growing, on-demand world of Millennials will become the norm. A broad array of life insurance products that can step up to even short term life insurance needs—think sailing the Pacific for a month—will be important to serve a customer's life-time of needs, with shifting priorities. Product personalization will also be table stakes. Burgeoning data and sophisticated analytics will make this possible.

Currently, the life insurance industry is constrained by complex processes—some of which are traditional ("we have always done it this way") and some because technology is either old, legacy technology, or it simply has not been a point of investment at all. Pre-integrated external data into new business applications will drive straight-through processing. This will all but eliminate the need for routine case management except as required by extreme medical circumstances or complex customer needs. Underwriters will no longer be absorbed by a continual flow of applications, but rather will be able to focus on complex customer needs and portfolio management. Self-service, via the consumer's channel of choice, for routine policyholder requests will also be table stakes. Machine learning, predictive analytics, and models managed by line-of-business owners will be the "eyes and ears" of the company and the inspiration for new products.

Tom Scales
Celent

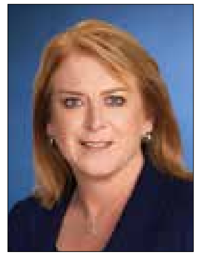
History says that 10 years from now, virtually every answer will be roughly the same. We are still underwriting and processing business in 2016 like we did in 2006, 1996, 1986 and before. Hopefully this isn't true and true revolution will occur.

We do believe that there will be a huge shift in channels and that direct-to-consumer and direct-to-employer will dominate some markets, particularly younger ages, simpler products and smaller companies.



Neil Sprackling
Swiss Re Life & Health America

A very different place. There will be new channels available for consumers to access our products, alongside the current ones. Solutions will be proactively offered to consumers based on their attitudes, behaviors and personal preferences. The process for buying insurance will be a more streamlined, efficient one leveraging publicly available data, to customize the offering to each consumer. It will also be a world where life insurance fits in seamlessly to a range of other products and services, designed to meet an individual's health and risk needs. And we will do a better job of providing solutions for consumers across all demographic segments, in particular the ageing population who we have served poorly to date.



Marita Zuraitis
Horace Mann

The industry's future is bright, but the composition of the industry in 10 years may be different than it is today. The companies that will emerge and successfully grow in the U.S. market over the next 10 years may not be the industry leaders of today. I believe the marketplace disruption stemming from Department of Labor (DOL) changes may create opportunities for smaller, more nimble companies. These changes are significant, and it is much harder for large, entrenched players to make these types of changes quickly.

RECENT RESEARCH

In addition to questioning top insurance officials, *Resource* looked at recent research conducted by LOMA member companies that consult with and provide services to life insurance / annuity companies. These reports examine the thoughts and behaviors of both industry insiders and customers in order to parse what they and other stakeholders believe the future will/should hold for our products and distribution channels—and more.

One such study comes from Novarica, which found that while most of the insurance industry admits the potential for real change to occur in the industry, few expect it in the short term. Its latest executive brief, Five Potential Changes in 2017 for Insurance, details how some insurers do see the demand for different product types, the impact of predictive analytics, and the threat of digital competition and cyber-security as areas where real change is likely this year as well as the steps they are taking to prepare. While industry executives expect significant change, they see it happening down the road rather than in 2017.

Among the key findings of the report are:

- Real change may come from long evolutionary trends. The growth of predictive analytics, simplified products and underwriting, and digital distribution are nothing new. But they're all starting to reach critical mass at the same time.
- External threats like cyber-security and the potential of regulatory action are what the industry might consider "known unknowns." Insurers generally feel that their ongoing efforts in both areas will allow them to manage any real change that may occur.
- While fewer than one in five insurance leaders really expect major changes, more than half admit the possibility of it. This uncertainty requires insurers to actively monitor the horizon and be prepared for changes that may not occur in the short-term, while still devoting resources to addressing real short-term needs.

The opportunity is to figure out how to leverage this reality rather than run from it!

As part of its research into the potential for major change in the industry, Novarica took a snap poll of 66 insurance company CIOs in 4Q 2016, presenting five scenarios and asking them to rate the possibility of each occurring in 2017. According to the respondents:

- Product changes driven by market or tech. Highly probable (23 percent), possible (55 percent), unlikely (23 percent).
- Predictive analytics creates material effects. Highly probable (18 percent), possible (65 percent), unlikely (17 percent).
- Cyber-security "day zero" event. Highly probable (eight percent), possible (73 percent), unlikely (20 percent).
- Digital competitors affect distribution. Highly probable (six percent), possible (58 percent), unlikely (36 percent).
- Regulatory changes affect operating model. Highly probable (three percent), possible (55 percent), unlikely (42 percent).

"If one compares the rhetoric of most senior executives in insurance and the strategic plans of their companies," says Matthew Josefowicz, president and CEO, Novarica, and co-author of the brief, "it's clear that they are expecting significant changes in the next 10 years or so, but that the next 12 months will look a lot like the last 12. At the same time, there is a widely accepted risk of significant change within the coming year. Bill Gates famously wrote in 1996, 'We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next 10.' But the insurance industry may be flipping this dictum on its head."

INNOVATION MATTERS

CEOs of U.S. insurance companies say that driving successful innovation will be critical to their continued success in the next three years, according to the just-published 2016 KPMG CEO Outlook survey. In fact, 75 percent believe the next three years will be more critical to their business than the previous 50 years. In the poll of 41 U.S. insurance CEOs, 90 percent indicated that innovation is on their personal agenda, while 66 percent believe that it is very important to foster a culture of innovation.

"The changes in the insurance industry are calling for the development and implementation of new strategies and business models," says Laura Hay, national insurance leader, KPMG. "Insurance CEOs believe that disruptive technologies can be leveraged effectively to improve products, client interactions and customer loyalty, while increasing sales and decreasing costs. Companies need to identify and take advantage of new technologies, including artificial intelligence, to enhance their competitive edge and grow."

Insurance CEOs polled by KPMG expressed optimism about their companies' and the industry's growth prospects over the next three years. However, CEOs indicate that growth will be accompanied by increasing risks, with cybersecurity being their biggest concern followed by regulatory and geopolitical risk. In fact, cybersecurity is at the top of the list of the areas they plan to devote significant investment/resources to in the next three years. Only 27 percent of insurance CEOs say they are fully prepared for a cyber event, while 66 percent say they are somewhat prepared.

"In this highly connected world, enhancing cybersecurity tools and practices has become essential for insurance companies," says Matt McCorry, insurance advisory leader, KPMG. "To effectively address this challenge, insurance CEOs need to make cybersecurity a strategic priority and invest time, resources and talent to proactively prevent breaches. Cyber attacks could have severe ramifications on their companies' business and their customers."

On the other hand, cybersecurity is creating a business opportunity for insurers as they are looking to launch new products to protect businesses from cyber events, according to KPMG report *Cyber Insurance: Growth, Risk and Uncertainty Reign*. "Although cyber insurance may present a new market opportunity, insurers grapple with questions about how to gather lost data, calculate cyber exposure, structure coverage and price products," says McCorry.

To accelerate the execution of their strategies, insurance CEOs also indicated they are hiring new talent and that acquisitions, joint ventures and partnerships are among their top strategic priorities. In fact, nearly 30 percent of insurance CEOs expect to be involved in some form of merger, while 37 percent are considering acquisitions over the next three years. These transactions ensure the rapid acquisition of new skills for the improvement in the competitive position of each insurance company. "Acquisitions, partnerships or divestitures are effective ways for many companies to quickly acquire new technologies and capabilities necessary to thrive in this unprecedented transformation of the insurance industry," says Hay.

ENGAGEMENT GAP

A global study of insurance customers finds that while most will probably never want life insurance, the industry must work harder to make them feel the need for protection. By closing the gap between the industry's intentions and the customer experience, insurers can address the trust deficit and customers' lack of conviction in the proposition.

Commissioned by ReMark International, a SCOR group company and leading provider of alternative and direct distribution insurance, the study identifies four avenues of opportunity to enhance customer value perceptions, from underwriting to wellness and wearables. It is based on online interviews with 8,000 insurance consumers across 14 key life markets and fieldwork and was conducted in partnership with Cass Business School, City, University of London.

"Our research, the third in the series of ReMark's Global Consumer Studies, identifies a clear lack of consumer conviction in the relevance of insurance propositions,", says Stephen Collins, CEO, ReMark International. "We contend that the industry must assume greater responsibility for transparent and innovative communication with its customers—[and] we have identified four key opportunities for repairing the eroded trust between the insurer and the customer."

According to ReMark, industry-generated demand creation efforts, such as the relentless emphasis on protection gaps, simply have not resonated with customers to drive desired sales. A multi-pronged effort is required to correct negative attitudes towards insurance, as evidenced by pejorative citations such as "money-making" and "scam". Insurers must rise to the challenge of convincing customers of the relevance of a promise to protect through meaningful, more frequent engagement.

The report outlines four categories of consumer attitudes towards the life insurance purchase decision:

- Procrastinators. Ten percent of customers appreciate the need for cover[age] but have no real sense of urgency compelling them to purchase, despite an exigent proportion having young children or property debt.
- Strugglers. Thirty-three percent do not own insurance because they believe they cannot afford cover[age].
- Self-reliants. Sixteen percent either felt they had enough savings to cover themselves and their families in the event of death, disability or unemployment, or were willing to accept the risks themselves.
- Innocents. Thirty-five percent of customers are unaware or ill-informed of the need for life insurance.

The research suggests that each of the above segments will be responsive to innovative, tailored messaging at the right time.

It also explores the transformational role the application process could have in shaping the customer experience. The findings highlight two challenges in particular where effective automation is crucial to enhance existing underwriting propositions to focus on customer efficacy, as opposed to just insurer efficiency.

In addition, the study implies an urgent need for integrated, digital journeys that explain and expose the benefits of underwriting to customers. Engaging customers about what's "in it" for them could be as simple as providing status updates along the way, or a health report at the end.

Disconnects between current product sales and customer demand leave room for innovation. The research indicates that customer expectations of claims and coverage often differ from reality. These discrepancies present a serious brand risk for insurers. The report asserts that the industry should respond with more specific and unambiguous cover to cultivate customer confidence.

Furthermore, the findings reveal a discrepancy between what customers want and what they buy. This conundrum is a result of the complex interplay of price issues, adviser influence and behavioral economics, among other factors. Solving this conundrum demands deeper insights into the cognitive biases, social influences and emotions shaping these customer perceptions.

The industry's **future is bright,** but the composition of the industry in 10 years may be **different** than it is today.

The confluence of several macro trends—among them, prolonged life expectancy, the reclassification of once fatal diseases to chronic conditions, and a shift from public to private coverage of healthcare costs—has created a consumer environment conducive to health-related innovation.

In conjunction with these trends, the increasing sophistication of the Internet of Things (IoT)means that preventative, diagnostic and holistic health services are available on our wrists. More than 15 percent of customers surveyed own a wearable device, and most market research projects considerable growth over the next few years. Emerging Asia stands out in particular as having strong customer demand for health related product innovation. Packaging this novel "quantified self" experience within life propositions has obvious benefits for customer value perceptions.

According to ReMark, the industry must generate a perception of the need for life insurance by restoring customer conviction in the promise to protect. The results of its 2016 study demonstrate that packaging products within a more personalized, enhanced customer experience—employing effective automation, cover[age] innovation and wellness initiatives—means the opportunity for positively redefining value perceptions among all customers, not just those who [file a] claim.

PRODUCT DISTRIBUTION

What's ahead for product distribution? According to the new A.M. Best special report, *Shifting Dynamics Could Lead to Distribution Channel Innovation*, the distribution channels currently used by U.S. life insurers must undergo a rapid, strategic evolution to be relevant in the face of changing demographics, macroeconomic conditions, competitors and regulations.

According to the report, domestic insurers are starting to see distribution competition through alternate channels, such as affinity groups, retailers and online comparison platforms. Larger retail stores like Walmart offer automobile and health insurance products; however, other retail chains like Costco and affinity organizations such as AARP offer a more diversified suite of products that include life and other insurance lines. Another consideration is the presence of Amazon, Apple and Google, which have strong balance sheets with large databases of customer information, superior technological resources and a significant amount of excess capital. Should they decide to make a large scale entrance into the insurance marketplace, this could further disrupt the current U.S. life insurance distribution model, which historically has been slow to adapt and is hindered by inefficient legacy systems.

Compounding pressures from potential alternative distribution competitors are issues surrounding training and demographics of the existing traditional agents. According to a recent A.M. Best survey, the top three concerns in recruiting new agents for life/annuity insurers include: being unable to attract younger talent (32.3 percent), lack of needed sales skills (24.2 percent) and the lack of knowledge of the insurance industry (21 percent). Notably, 62.5 percent of productive agents are over 50 years old, while just 3.1 percent are under 35.

Another A.M. Best survey found that broker/dealers accounted for the largest allocation of new business annualized premium, at nearly 30 percent in 2015. Some insurers had been acquiring independent broker/dealers in previous years as they searched for new distribution outlets, though many have since disposed of them due to the 2008 financial crisis. A.M. Best remains somewhat concerned about the financial consequences for insurers who continue to own and operate independent broker/dealers, and believes additional fines are possible as a result of the recent scandal related to the opening of fake unauthorized accounts at Wells Fargo. The U.S. Department of Labor's fiduciary rule gives further reason for insurers to consider separating themselves from this distribution outlet.

A.M. Best believes the industry will likely continue to modernize customer engagement due to the shifting preference by consumers to use the Internet for direct sales and as a first point of sale. This trend has been leading to a necessary reinvention of the life insurance business model, which is crucial to reach Millennials and the middle market, as well as meet consumers' flexible work demands. While technology offers many benefits, human interaction is still a key part of the sales experience. Continued investment in people, process and technology, such as the potential integration of model validation with data analytics and predictive modeling, likely will lead to improved sales and underwriting results.

DIGITAL POWER

The digital revolution that has transformed the way consumers buy music, hail taxis and communicate with each other is catching up to the life insurance industry, according to McKinsey & Company. The consultant believes that over the next few years, digital tools such as big data and advanced analytics will enable a wide range of new business applications by collecting, analyzing and operationalizing vast amounts of data for improved marketing, underwriting and customer retention. Leading digital carriers will go further by digitally enabling their sales forces, interacting with consumers and intermediaries in real time, omnichannel environments and offering remote and robo-advice at any hour on any platform.

According to McKinsey, advances in digital tools and services come at a moment when the life insurance industry is facing fundamental challenges. Market penetration has been declining for the past 30 years and real growth between 2005 and 2015 has been negative. Sales of new policies have fallen from 17 million per year in the 1980s to around 10 million today. At the same time, wealth managers, banks and brokers are cutting into the mass affluent and affluent segments that represent about 90 percent of the industry's profit pool.

In the face of these headwinds, digitization offers agile and innovative carriers real opportunities to grow. About two-thirds of consumers across age and income brackets say they are open to receiving virtual advice, and more than one-third would prefer to conduct the entire quote-to-buy process online. In addition, new opportunities are emerging that exploit gaps in traditional financial advisory services. More than one-third of consumers, for instance, say their financial advisors are unable to offer holistic advice on long-term protection and wealth accumulation.

To take advantage of these opportunities, says McKinsey, life insurers will need to define a cohesive digital strategy and transformation plan. A multi-year roadmap allows leaders to build digital capabilities in the right sequence, refine organizational structure to accelerate innovation, and embed the behavioral and cultural changes needed to sustain growth. ❖

Other Voices

Accelerated Underwriting: The Industry Turns a Corner

By Mary Bahna-Nolan, FSA, MAAA
EVP, SCOR Life R&D

It's widely understood that a faster and easier life underwriting process is needed in order to penetrate the underserved middle and growing millennial markets. Carriers also believe it would produce more sales—and fewer dropped sales—in the upper middle and affluent markets.

Knowing this, companies have been looking to innovate the underwriting process for over a decade. Advancements were made with simplified issue (SI) but the model of assessing individual risk without the use of paramedical exams or had not been viable for larger amounts of coverage.

That changing's. In 2016, a number of carriers introduced accelerated underwriting (AU) programs for amounts up to a million dollars, most with the same product characteristics and premium as a fully underwritten product. No longer just talking, companies are now investing in the roll out of AU programs to include some portion of their business with larger face amount policies.

Bahna-Nolan

Company approaches to AU vary a great deal—from automating traditional underwriting processes to assess risk with non-medical e-data and predictive analytics. Using predictive analytics to correlate financial and other medical and non-medical factors with mortality is still in the early stages, but ultimately this approach may be the game changer than the industry needs to stay relevant in a changing consumer marketplace.

As a reinsurer, SCOR has helped to advance the transformation of underwriting on several levels—as an innovative solutions provider (Velogica), as a thought leader and consultant helping clients develop AU programs, and as a risk partner taking on mortality and lapse risks in new and uncharted markets. From each of these vantage points, it is apparent that the industry has turned a corner.

For more information visit www.scorgloballifeamericas.com.

Other Voices

Mobile Technology and the Future

By Michael Brown, Vice President of Product Strategy,
CSI Regulatory Compliance

It's amazing to think how much mobile technology has advanced in the last 10 years. The devices we use on a daily basis have become smaller and more powerful, they are more readily available than ever, and they connect to people, places and service providers at any time.

According to a recent Pew Research survey, 92 percent of U.S. adults own a mobile phone of some kind. In 2015, 68 percent of U.S. adults owned a smartphone, an increase of over 30 percent over just four years. The steadily rising number of smartphone users includes 86 percent of 18-29 year olds, and 83 percent of those ages 30-49.

For the insurance industry, these numbers represent a seismic shift we will see in regard to the way consumers do business–and how they will expect the insurance industry to serve them over the next 10 years. Insurance companies will need to enhance their services and content for easy consumption on smartphones, as well as plan for the inevitable result–increased risk of hacking and data exposure.

In the previous issue of this magazine, I said that customer demand for a more immersive, adaptive and social experience will drive diversification of new products and options in 2017. As technology continues to give consumers more non-traditional ways in which to connect with their insurance carriers, there is good reason to believe this demand and the commensurate risks will grow in the next decade.

Contact: *Michael Brown, CAMS, vice president of product strategy, CSI Regulatory Compliance, Charlotte, NC, USA, michael.brown@csiweb.com*