

# New Age of Underwriting

Mary Fernald  
Scottish Re (U.S.), Inc.  
June 21<sup>st</sup>, 2001

# New Age of Underwriting

How Technology has Changed  
the Underwriter's Role

# 1930's

- Underwriting as we know it began
- Underwriting was the job of the Medical Director
  - “Can he pass? Can he pay?”
- Equitable produced the first mortality results
  - National Underwriting Meetings began

# 1940's

- World War II, NSLI issued
- Financial underwriting began
  - Carbon paper
  - Typewriters

# 1970's

- Electric Typewriters
  - Dictaphones
  - Teletype (MIB)
- Photo Copy Machines
  - Snail mail
- “Does It Make Sense?” (1973)

# 1980's

- Term wars began
- Financial planners
- Expert systems introduced
  - Dumb terminals
- E-Mails – internally
  - Fax machines
  - HIV testing

# 1990's

- ❑ Overnight mail deliveries
  - ❑ Internal e-mail
- ❑ Reinsurance more available
- ❑ Substandard/elderly applicants
  - ❑ Preferred
  - ❑ Alternate testing
    - Urine
    - Saliva

# END OF 20<sup>TH</sup> CENTURY

- Internet
  - Websites
    - Advertising
    - Learn more about insurance and individual companies



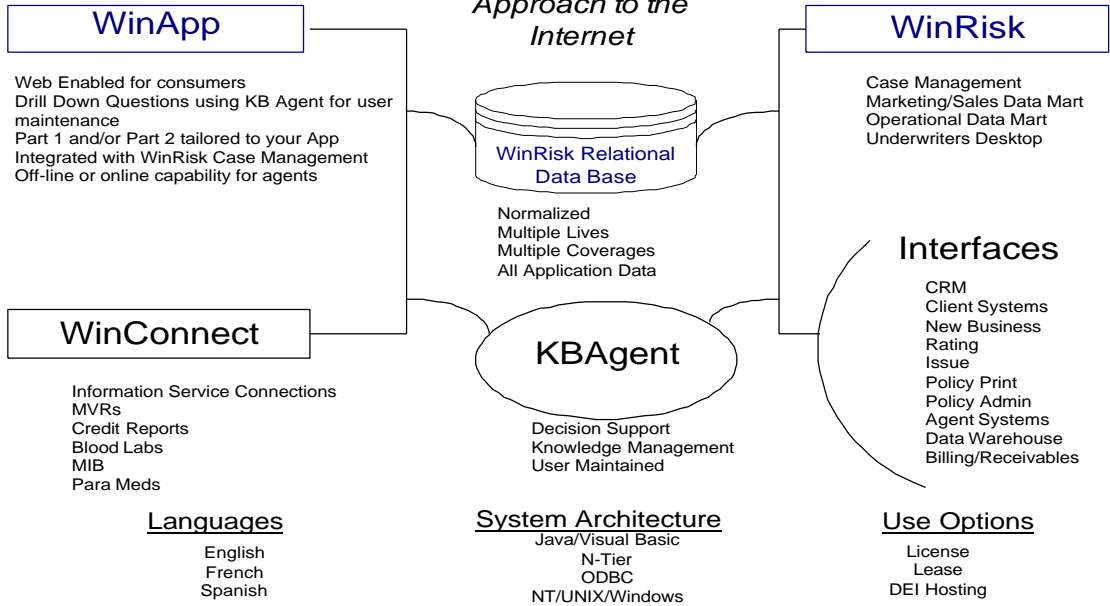
# Internet

- Underwriters

- Imaging
- Looking up proposed insured via the internet
- Sending information on substandard and excess face amounts via the internet to reinsurers
  - Agorare
  - Swiss Re
- Cell phones
- Laptop computer
- Electronic information system such as DEI

# DEI's Life Insurance E-Commerce Solutions

*An Integrated Approach to the Internet*



# INSURANCE COMPANIES

- Start the sales process on-line
- Looking at potential buyers
  - Elderly (over 70)
    - because of increased longevity
  - Baby boomers (1946-1964)

# BABY BOOMERS

- Future opportunities for large amounts of insurance coverage
  - Have millions of dollars in pensions and savings
  - Will inherit trillions
  - Will have 30+ years of retirement
- Demand hotter products
- Demand faster service
- Demand instant results
- Are familiar with the internet
- Shop on the internet

# SALES ON THE INTERNET

- So far, really just quote sites
- Age 65 and over, only 15% use the Web (up from 12% last year)
- Good news – you get price information faster
- Bad news – prices vary by 160%

# Selling on the Internet is Difficult

- Consumers have not yet embraced most financial services on line
  - Travel services 50%
  - Insurance 5%

# Dissatisfaction 72% of Time

- 29% Inconvenience/amount of time it takes
- 24% Price
- 9% Dislike interaction with agent
- 9% Misc.

Some  
Companies  
are  
Changing



# To Increase Sales

- Simplified product
- Highly rated companies
- Good value with consistent price quoting
- Easy, personalized process
- Application on-line
- Automatic underwriting

# INVIVA

- AUTOMATIC LINKS BETWEEN ALL KEY SYSTEMS
- UNDERWRITING
- POLICY ADMINISTRATION
- ACCOUNT
- REINSURANCE
- 3<sup>RD</sup> PARTY DATA
- PAYMENT PROCESSING

# Electronic Signatures

- March 1, 2001
- Electronic Signatures in Global & National Commerce Act passed
- Must be able to reassemble original information
- Records must be maintained
- On demand, paper copy or readable electronic copy must be available
- All Privacy Laws are applicable

# THE FUTURE IS NOW!

- Credit Reports
- Drug databases are emerging
- Pre-selected populations
- Claims & dividend payments on your credit card
- Wireless technology
- Voice recognition

# WE NEED TO CONTINUE TO STRIVE FOR.....

- Competitive products
- Faster services
- Instant results