

Instantly Available Underwriting Decisions: The New Norm?

A question and answer interview with Al Mele, SVP
SCOR Velogica, amele@scor.com, conducted by SCORviews

SCORviews: Velogica was one of—if not the—first point of sale life underwriting system. What’s the biggest surprise in the way this has played out?



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Al: I thought the adoption of automated underwriting would rise more quickly and that the availability of instant sources of data to bring into that process would increase at a faster pace. I think the industry has hit the tipping point on both...the information available now, along with the innovative ways of analyzing and applying it to the underwriting process will make instantly available underwriting decisions the new normal.

SCORviews: What are some unexpected challenges and benefits?

Al: Everyone has learned so much about these programs since their inception that what was unexpected initially seems obvious now. Two things stand out.

On the challenge side, the degree to which distribution may attempt to manipulate an underwriting process was unexpected. As the volume of business picked up we were able to identify that manipulation by analyzing the patterns of business and implement sentinel controls to protect against it.

From the benefit side, we underestimated the value of consistency in underwriting decisions. If you give a lengthy, complex profile to 10 underwriters you might get 5 different opinions. With an automated system you’ll get the same answer for the same demographics and data profile every time.

SCORviews: What are some recent and planned upgrades for Velogica?

Al: Upgrades range from the relatively minor (enhancing scoring templates to incorporate additional applicant information as rule criteria) to the purely technical (migrating our back-end database platform) to major enhancements of underwriting requirements for use in fully underwritten programs.

From our customers’ perspective, the most notable are:

- Criminal history has been added as a new data source within Velogica.
- Rewritten logic supporting our reflexive questionnaire.
- Added ability for traditional evidence (e.g., blood and urine lab results, APS summaries and electronic inspection reports) to be submitted to Velogica for correlation with the instantly available evidence. This facilitates “triage” decisions, avoiding expensive and lengthy evidence for cases that cannot be offered at the desired premium class.

Changes in progress now include support for clinical lab histories and credit-based mortality scores.

SCORviews: How do you test the effectiveness of the Velogica algorithm?

Al: Existing programs are evaluated with an experience study just like a traditionally underwritten program. An advantage of an automated program is that you can identify and implement rule changes early in the process without waiting for mortality to emerge.

For changes to underwriting rules we have an extensive quality process with more than 30 quality checks ranging from requirements review at the start of a new change to a post-release audit at the end. The most protective of these is “retrospective rescore” that we perform—typically on a 6-month block of business—for the release that touches the underwriting logic. Results are compared to production, and variances are examined. Unexpected variances are investigated and resolved prior to release. It may sound like a slow process, but we’ve gotten the rescore process down to just a few days.

(For the full version of this interview, please visit www.scorgloballifeamericas.com/

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12 24.305 Mg Magnesium						
20 40.078 Ca Calcium	25 54.938 Mn Manganese	26 55.933 Fe Iron	27 58.933 Co Cobalt	28 58.693 Ni Nickel	29 63.546 Cu Copper	31 69.732 Ga Gallium
38 87.62 Sr Strontium	43 98.907 Tc Technetium	2015 AA- Stable Outlook Standard & Poor's	2015 AA- Stable Outlook Fitch Ratings	46 106.42 Pd Palladium	47 107.868 Ag Silver	49 114.818 In Indium
56 137.327 Ba Barium	75 186.207 Re Rhenium	76 190.23 Os Osmium	2016 Aa3 Stable Outlook Moody's	2017 A+ Stable Outlook AM Best	79 196.967 Au Gold	81 204.383 Tl Thallium
88 226.025 Ra Radium	107 264 Bh Bohrium	108 269 Hs Hassium	109 268 Mt Meitnerium	110 269 Ds Darmstadtium	111 272 Rg Roentgenium	113 unknown Uut Ununtrium

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Denis Kessler
Chairman & Chief Executive Officer