

# Digital strategy through the underwriting lens

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*Re|think the Future of Risk Assessment*  
A Munich Re North America Life Webinar Series

**NOT IF, BUT HOW**

# Digital strategy through the underwriting lens

How can life insurers use data and predictive models to improve the underwriting process for themselves and their clients?

Presented by Adnan Haque, Assistant Vice President, Integrated Analytics and Dave Goehrke, Assistant Vice President, Underwriting, Biometric Research and Accelerated Underwriting Services.

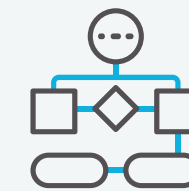
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## Employing a digital strategy to balance risk management and the customer experience

From a (re)insurer's perspective, the optimal underwriting process would be to have clinical screening, detailed financial documents, and personal lifestyle information, in addition to the traditional underwriting information

collected. On the other hand, from an applicant's perspective, buying insurance should be fast, painless, and easy – preferably with no underwriting. Neither of these views are practical. However, we can have a satisficing (satisfy + suffice) experience for both parties by applying a digital strategy.

### Optimizing vs Satisficing



#### Optimizing

A method of decision making or process strategy that evaluates options until the best or most effective possible solution is select



#### Satisficing

Satisfy + Suffice = Satisficing  
A method of decision making or process strategy that evaluates options until an acceptable threshold is met

## Digital strategy transforms unstructured data to a structured format

Digitizing data can be a time-consuming and resource-intensive process. But doing so can prove substantial insights. Optical Character Recognition (OCR) and Natural Language Processing (NLP) technologies can leverage new and historic non-structured data to empower decision-making. In addition to accessing a wealth of data, having a digital strategy puts insurers in a

position to respond quickly to a changing environment. For example, carriers with an existing digital strategy were better equipped to continue underwriting life insurance during the COVID-19 pandemic, through their infrastructure, technology and analytics.

## Predictive analytics is about associations

Predictive models explore three different levels of causation: seeing, doing, and imagining.



### Seeing

Detects associations between variables. How would seeing X change my belief in Y?



### Doing

Predicts the effects of a deliberate alteration. What would Y be if I do X?



### Imagining

Models a historic situation that never existed. Was it X that caused Y? What if X had not occurred?

\*The Book of Why: The New Science of Cause and Effect, Judea Pearl, 2018

## A digital approach can lead to more effective underwriting

Combining structured data, models, and an overall willingness to embrace innovation and new technology enables carriers to find the right balance between the applicant's insurance purchase journey and managing a robust underwriting and risk management approach.

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### About the authors

**Adnan Haque** is Assistant Vice President for Munich Re's North American Integrated Analytics team. Since joining the company, he has applied data science and machine learning techniques to a variety of Munich Re and client projects. His area of expertise includes smoker predictor models, mortality models, and triage models. He has also researched relationship validation between data collected from wearables and mortality. His current focus is on providing risk assessment as a service to our clients, particularly through predictive models used at the point of sale. Adnan has held a mix of actuarial and data science roles.

**Dave Goehrke** is Assistant Vice President, Underwriting, Biometric Research and Accelerated Underwriting Services at Munich Re Life US. He leads a team supporting clients in developing Accelerated Underwriting (AUW) programs and assessing its effectiveness. His team is also involved in research and development of AUW tools and operations. He has been with Munich Re for 20 years and has managed facultative underwriting, been part of Underwriting Risk Management, lead COLI/BOLI underwriting, and supported business development by bringing underwriting innovation to the market.