On August 9, 2011, SCOR SE, a global reinsurer with offices in more than 31 countries, acquired substantially all of the life reinsurance business, operations and staff of Transamerica Reinsurance, the life reinsurance division of the AEGON companies. The business of Transamerica Reinsurance will now be conducted through the SCOR Global Life companies, and Transamerica Reinsurance is no longer affiliated with the AEGON companies.

While articles, treaties and some historic materials may continue to bear the name Transamerica, AEGON is no longer producing new reinsurance business.

Archive Materials

Underwriting Individual Life Insurance Products by Telephone
Reprinted from the November 2009 Messenger newsletter

By Colin Kearney, Chief Underwriter, Transamerica Reinsurance Europe

As French life insurers look to grow their retail business, they are considering techniques used in other markets to streamline new business acquisition processes and to improve the competitiveness of their products. One of the techniques which is gaining attention is tele-interviewing/tele-underwriting.

Tele-Interviewing and Tele-Underwriting Defined
Tele-interviewing (TI) uses trained professionals – often nurses – to gather specific medical history information from applicants over the telephone. While approaches vary, the tele-interviewers generally capture responses electronically and send the information to the insurance company for review by its underwriters.

Sometimes underwriters conduct the phone interview. This subset of TI, called tele-underwriting (TU), may allow underwriters to approve the application over the phone. Either approach can help companies reduce costs and turnaround time while improving the quality of information used to underwrite the business.

Ideal for Bancassurance
These risk selection techniques are especially effective for underwriting relatively small, simple and high volume life products. In France, where mortgage insurance constitutes most of the individual life market, the bancassurance channel is well-suited for TI and TU.

Underwriting mortgage insurance usually involves asking a few brief questions and applying standard rates. However, a number of applications require a physician’s statement of health, which can add up to four or five weeks to both the insurance and the loan approval process. As demonstrated in other markets, the information captured by TI and TU professionals reduces the need for physicians’ statements.

Transamerica Reinsurance Europe has teamed up with Medicals Direct Group (MDG) to conduct a series of industry seminars on TI and TU services. MDG is the largest third party provider of tele-interviewing services in the U.K. with thousands of experts on call.
TI and TU were introduced to the U.K. market approximately eight years ago. Today, these techniques are used in some form by 70 percent of all insurers, enabling companies to achieve the same or higher quality of underwriting as traditional processes deliver but at lower cost and, in most cases, within 48 hours.

A Comfortable Customer Experience
One of the key advantages of TI is that it offers a positive customer experience. Life insurance applicants tend to be more comfortable discussing their personal medical history over the telephone with a professional interviewer than in a bank or office setting. Instead of filling out paper forms with the agent, the TI call facilitates the application process.

The interview can be arranged in two ways: either the customer calls a toll-free number during the sales appointment or the customer is called at a later time at his or her convenience. Once the interview is underway, the nurse or underwriter covers a standard list of medical questions appropriate to the age and risk classification of the applicant. If the policy contains additional features such as disability coverage, questions of this nature can be included in the interview as well. The answers are entered as electronic data to expedite processing of the case.

Fast Underwriting Decisions
Drill-down questions designed to extract meaningful, detailed responses allow the interviewer to create a robust picture of an applicant’s health history and determine if there is need to request more information, such as a physician’s statement of health. However, insurers in other countries have reported significant reduction in the need for additional information.

In the United States, companies reported that in 80 percent of cases, no further evidence was needed to process the application. In the United Kingdom, 85 percent of cases are decided based on the interview call.

When the questionnaire is completed, the applicant is reminded that the call is being recorded, asked if all answers are true to the best of the applicant’s ability and requested to give his or her voice or electronic signature to this statement. The knowledge that the call is being recorded further encourages customers to give more accurate and complete responses.

Significant Productivity Gains
Insurers obtain many benefits from TI. With fewer nondisclosures and false statements on the applications, life insurers are able to improve their risk selection and pricing and reduce mortality expenses down the line. Some companies in other markets have reduced premiums due to lower acquisition costs and improved underwriting. And the time savings are substantial; many applicants are approved within hours of the call if not on the call itself.

Both inside and outside the bank channel, TI offers convenience and productivity gains. Experience in other countries demonstrates that companies can process applications faster and at lower cost while gathering meaningful medical information that can enhance the quality of underwriting. With TI, producers can spend less time filling out forms and following up on missing or incomplete answers and more time doing what they do best – writing policies and, in the case of bancassurers, writing loans.

Want to Learn More?
Currently in France, TI and TU are in the embryonic stage. In the U.K. these services are widely available. Third-party providers such as Medicals Direct Group offer the full range of services from application to approval set to the client’s underwriting guidelines. A number of French companies are looking to provide TI services as well.

As an innovator with experience in product development and risk management, Transamerica Reinsurance Europe, in partnership with MDG, is presenting TI and TU concepts for the consideration of our clients as they grow their retail markets. If you are interested in learning more about TI and TU opportunities, please contact your Sales representative.