

November 2019

ReCent

Automated Underwriting News

somewhat
different



hr | ReFlex: developed in partnership with our clients

Automated Underwriting – a key to a fully digitalised new business process

hr | ReFlex

Underwriting automation

hr | ReFlex is a modular automated underwriting system that provides immediate and risk-adequate decisions directly at the point of sale. It supports all sales channels and leverages the full potential of an all-digital business process, increasing sales and profitability. Due to its unique flexibility, allowing new products or features to be integrated very easily, your future investments in product innovations are safe.

Hannover Re regularly hosts hr | ReFlex user group meetings for European clients – the EURUG – an interactive forum to promote dialogue, cooperation and the exchange of good practices and lessons learned between our clients and Hannover Re experts.

This year's EURUG took place in Hamburg and was hosted by Dr Uwe Thaden, Head of Life Systems & Processes, with 24 participants from 10 companies and 8 countries. The meeting was a welcome opportunity for our clients to learn first-hand more details about the broad scope of application scenarios. Participants were able to contribute directly to the future development of hr | ReFlex by addressing and discussing their user requirements. The Hannover Re team used this opportunity to present new business initiatives and product solutions, and to introduce clients to new system developments.



The EURUG participants 2019

“We’re extremely pleased to partner with an industry-leading innovator. We are deeply impressed by the quality of Hannover Re’s risk assessment, their hr | ReFlex underwriting technology platform and the spirit of partnership needed to delight the modern consumer.”

Jamie Hale, CEO & Co-Founder, Ladder

hannover re®

Business initiatives

Briefly outlined below are some examples of the broad scope of application scenarios of hr | ReFlex:

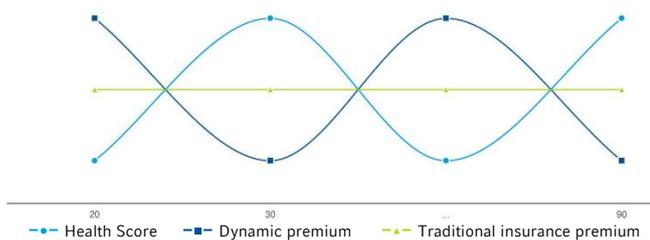
Pay-as-you-live concepts

Participants discussed the ins and outs of pay-as-you-live concepts. It seems the entire industry is currently on a mission to find smart solutions to chart relevant data easily and efficiently. As a provider of such a solution, insurers can improve their public perception dramatically: Instead of merely being in contact with their customers via yearly invoices, the insurer can now participate in the everyday life of the consumer and take on a consultative role. Vitality, dacadoo, Sureify or LifeQ, all active in the wellness and engagement space, have made similar observations concerning heightened consumer health awareness and improved brand perception.

The data gathered whilst providing advice can contribute to further cross- and upsell programs. Additional business can be generated by providing consumers with specific information that addresses their true insurance need. Even if the data does not contribute to an increase in sales, it can be the basis for a more detailed modelling of the in-force business and hence increase the quality of in-house projections.

Outlook: Pay-as-you-live products

Dynamic premium payments based on individual health (simplified)



In an agile partnership project with one of our key cedents, we developed an entire ecosystem for consumers – the Life Coach – that targets the social-media generation and consists of three primary components:

- Fin: Supports financial independence
- Fit: Health coaching, includes health tracking with the dacadoo app
- Fun: Social and gamification elements supporting a social lifestyle

Qinematic Posture Scan

Qinematic® Posture Scan scans and records a person's performance in 3D as they execute some basic movements depicted on a screen. During the EURUG meeting, Glenn Bilby from Qinematic® demonstrated the integration of hr | ReFlex into their web-service. By using objective measurements from Qinematic®, decisions from hr | ReFlex can be supported and/or redundant questions excluded as the answers are already known from Qinematic®. In the future, Qinematic® web-service could support the distribution of insurance products.

hr | ReFlex for P&C

In a close partnership with a P&C company, we have implemented our cloud-based collaboration platform to automate liability insurance for architects and civil engineers. Further P&C products will include cyber and fire as well as legal expenses.

Future system developments

Claims declaration and assessment tool

We are finalising a module for online claims submission as part of the hr | ReFlex package. A pilot project with a European client is scheduled for 2020. Initially, we plan to introduce simple high-frequency products such as hospital cash.

hr | ReFlex Health

In Southern Europe, and Latin America, we are in the midst of introducing a Health version. The focus is on standard health products in emerging markets. Our target clients generally lack in-house underwriting resources, which our solution however can compensate. We plan to present hr | ReFlex Health to clients in early 2020.

Underwriting Workbench

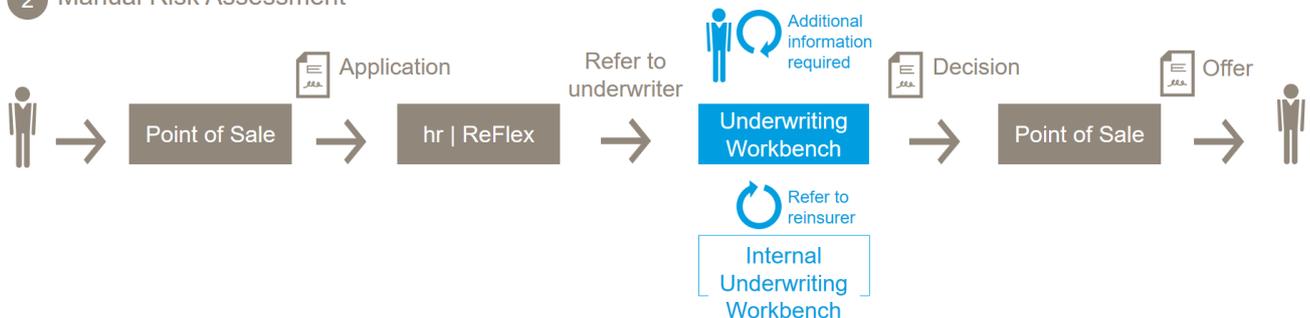
The underwriting workbench is a web-based user application, designed by underwriters for underwriters to accelerate and simplify underwriting of the more complex life application cases that are not underwritten automatically with hr | ReFlex, as well as cases that reach an underwriting team in a more traditional way e.g. as paper application. Workflow features and access rights allow for highly efficient collaboration within teams. Cases are easily referred to experts for a second opinion and in order to meet compliance standards e.g. the four-eye-principle.

Workflow: Underwriting Workbench

1 Automated Risk Assessment



2 Manual Risk Assessment



The system was introduced within the medical underwriter community of the Hannover Re Group and has been implemented at 11 different locations around the globe. So far, satisfaction has been very high, and an increase in efficiency in all underwriting processes was observed. The system is highly configurable and designed to accommodate diverse requirements, languages and currencies.

hr | ReFlex Stand-Alone Portal

Another innovative component of the hr | ReFlex System family is the hr | ReFlex Stand-Alone Portal (RSP). It offers a standardised front-end portal for the consumer with a lightweight integration into the application process.

As opposed to the more customisable Customer Experience Platform (CEP), which offers a choice of deeper integration scenarios, RSP offers a quick start into an online process. Highly attractive for start-ups, the RSP also targets the more traditional companies with complex IT landscapes.

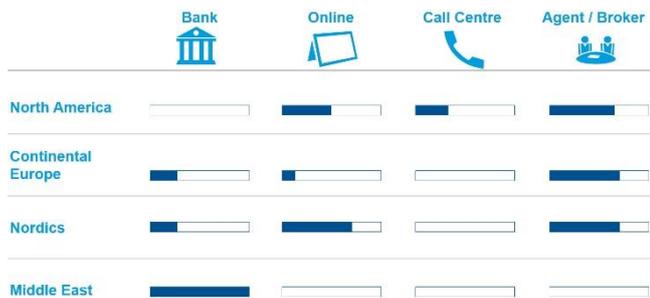
Key achievement of hr | ReFlex according to our EURUG clients

- Fully automated agile underwriting process
- Interactive personalised dialog
- Improved disclosures
- Highly efficient customer journey
- Up to 90% straight through processing

Current market developments

Over recent years, we have observed a high demand for automated underwriting systems and a strong focus on innovation in the life and health insurance industry. According to independent client surveys, underwriting automation is high on the agenda for most insurers in Northern Europe, a view shared by many of our clients. The average penetration rate of underwriting automation is close to 65% in selected European markets. Although reinsurers currently provide most of the underwriting systems, some are developed by technology providers or in-house.

Client distribution per channel and region



Outside of Europe, the US is one of Hannover Re's most successful hr | ReFlex markets. Market practice in the US dictates that insurance applicants submit fluids testing (e.g. blood, urine, vitals), introduced during the HIV crisis. However, as this approach is cumbersome and costly, so-called accelerated underwriting was established: new data sources are used to "categorically" or "selectively" waive fluids and other costly underwriting requirements and fast-track preferred risks. Third-party data sources, such as prescription drug history or driving records, are used in real-time. We have partnered with insurtechs such as Sureify to enable digital transformations for our insurance company clients in the US. We are also observing an increased interest in Latin America as well as in the Middle East.

Key benefits of hr | ReFlex

- Increased sales and higher conversion rates with less effort
- Lower unit cost per application
- Instant communication and purchase for consumers
- High satisfaction ratings in independent global client survey

For more information on hr | ReFlex, please visit:
hannover-re.com/hr-reflex

Client implementation projects

At Hannover Re a dedicated, agile and experienced project team, made up of product developers, underwriters and IT experts, is responsible for all implementation projects. We collaborate very closely with our clients and supply a new version of our underwriting rules every fortnight during implementation. Regular feedback sessions ensure that required changes are implemented as swiftly and efficiently as possible. We can achieve a very short time-to-market for our clients, varying from two to six months, depending on the number and complexity of the products, the experience of the client, number of changes to the knowledge base and the nature of the client's technical infrastructure. In our experience, the parallel development of a new product and a system implementation at the same time are the most challenging projects. This is much more time consuming than just a technical integration, which is often completed in a few weeks.

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