



Hannover Re can support clients in developing guidelines for EHRs

Medical Records & Today's Underwriting

Since the beginning of the accelerated underwriting era, underwriters have been using alternative underwriting tools to improve the risk selection process. It seems like yesterday when these new underwriting programs were introduced, but it has been over five years. In the past 12 months, as a result of the COVID-19 pandemic, the review of alternative underwriting requirements has increased significantly. Many applicants are turning to digital channels for their life insurance needs, and buyers' preferences are trending towards a seamless online process without the need for face-to-face contact with agents or life insurance examiners.

During the COVID-19 pandemic, the use of electronic health records (EHRs) has expanded as an alternative to traditional underwriting requirements. There are two approaches to using EHRs in life insurance underwriting. The first is an APS replacement and the second is a quick and easy replacement for a traditional insurance exam by obtaining key vitals and lab panels that have been completed during clinical visits. Hannover Re's position on acquiring medical records electronically in a matter of hours is that it has the potential to revolutionize the risk selection process. Recently, with the investment by a number of companies in this space, including Human API, MIB, Clareto, ExamOne and others, we have seen progress in obtaining records on a large number of applicants in a format that we can use efficiently.

The question has been how we use these records. As underwriters, we are looking to complete a picture of the applicant's medical and nonmedical history. The application is still the most valuable source for this information, but we use other underwriting requirements to validate their

disclosures. If an applicant has a large footprint, and we receive information regarding their prescription history, historical lab data, medical records billing information, electronic health report and additional nonmedical information from other sources, we can properly assess the risk. When we make the decision to substitute alternative information such as blood tests from health records, it is important to set guidelines on the minimum number of lab results you need to offset the requirement for current lab tests. For example, a guideline may be to have at least cholesterol, HDL, liver function and kidney function tests. The guidelines may vary based on the age of the applicant. Of course, depending on age and face amount, we still may need to ask for a current exam and fluids or complete medical records if we cannot obtain the appropriate risk selection requirements from third party information. Hannover Re's underwriting department is always available to assist with developing this guidance.

The following case examples demonstrate how EHRs could be used to assess applicants' risk in current underwriting processes.

Case examples

1. 35 year old | \$3 million life application

Application states that the applicant has visited a doctor in the past two years for a normal check-up, but no other medical history.

MIB is clear, RX check shows a history of some antibiotic use two years ago, medical records billing information has a history of sinus infection, LabPiQture provides blood test results that include a full panel including lipids, kidney, liver and a CBC. Health Check (labs and vitals data) from Human API is ordered and we receive vitals and fluid results from two years ago. Personal history shows no alcohol or tobacco use. A criminal records check comes back clean and the LexisNexis Risk Classifier score is within an acceptable range.

What are we missing to assess the risk? The most important thing that comes to mind is HIV status or verification of drug or tobacco use. Typically, EHR data often has data points that indicate alcohol or tobacco usage. Without current test results, this could cause some mortality slippage. However, for most cases with a complete picture like this applicant we would accept the risk at preferred rates. It may also depend on your applicant pool and the percentages of positive drug testing or non-admitted tobacco use. For cases where you have suspicion for positive results or a high use applicant pool, you may consider using alternative fluids such as a saliva test.

2. 50 year old | \$2 million life application

Application submitted states history of controlled blood pressure and high cholesterol.

MIB shows an application for insurance three years ago, blood pressure codes, RX check shows a history of one blood pressure medication for five years and a statin for three years with regular refills from a primary care doctor. Medical records billing information has a history of treatment for blood pressure and lipids. LabPiQture provides blood test results that include a full panel, including lipids, kidney, liver and a CBC. Health Check from Human API is ordered and we receive vitals and fluid results from five years of office visits. Personal history shows no alcohol or tobacco use. A criminal records check comes back clean and the LexisNexis Risk Classifier score is within an acceptable range.

What are we missing to assess the risk? Since this applicant has multiple medical histories, do you need additional information to assess the risk? One could argue that if the vitals and blood tests are greater than 12 months old, you may require current updates. If the results obtained are within 12 months, can you accept this risk? Would you look

to obtain a more complete EHR to offer best available rate? As with the previous risk assessment, you still may have some questions regarding drugs or tobacco, but the overall footprint of this applicant tells a consistent history. Therefore, it is an acceptable risk.

3. 52 year old | \$3 million life application

Application submitted states no history.

MIB, RX is clear, second RX check run and no history, no data from medical records billing, LabPiQture or Human API Health check. LexisNexis Risk Classifier score is in the acceptable range. Criminal records check is clean.

What are we missing to assess the risk? Though the applicant did not admit to medical history, the footprint of this applicant is not strong. We do not have a complete picture of the applicant's medical history and having no information on an applicant can be a negative indicator. We cannot order a complete EHR since they have no admitted doctor. If they had admitted to a doctor, or had evidence from one of the third party data sources, you could order EHRs first. Since this is not the case and the LexisNexis score is mid-range you may consider asking for current vitals and fluids.

As per these examples, the cases having a footprint from the alternative medical requirements allows for risk assessment without current vitals and fluids for a large number of applicants, with limited mortality slippage. While not all applicants will be able to go fluidless, the advancements of third party evidence including EHRs in the risk selection process continues to evolve. As a next step in the evolution of using EHRs in life underwriting, Hannover Re is developing automated underwriting rules to digest the structured data that we receive from these alternative sources. Rules include a hierarchy for fluids and vitals, and they consider how recent the information was collected and what information was collected. For example, does it include the typical information we receive from current testing such as lipids, kidney and liver functions? We also consider signals that may indicate tobacco or drug use. In cases, where there are multiple results for a test over time, we consider the longitudinal view that the information provides.

As underwriters, we have been taught for years to look at the entire picture of the applicant to determine if we are able to

issue on what we have or if we need to order additional information such as an APS or additional test. With the advent of new third party data sources such as EHRs that are available in digital formats, we now have even more tools to complete our underwriting assessments for certain applicants. It is important for the life insurance industry to focus on getting more comfortable using EHRs as their prevalence and the volume of information will only grow. Through our experience supporting over 25 accelerated underwriting programs, we have learned to assess new underwriting tools and deploy solutions for our clients that enhance their programs' efficiency and reduce costs. We remain committed to joining you on your journey as you look to optimize your underwriting process and create a better experience for your customers. Through that journey, there will undoubtedly be changes, new tools and company-specific considerations. At Hannover Re, our goal is to stay ahead with all the latest developments in order to be your trusted underwriting advisor as we revolutionize the underwriting process.

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