



**HANK
GEORGE**

FALU, CLU, FLMI is a consultant, writer and professional speaker. He is founder and editor-in-chief of "On The Risk" journal, as well as author of his own bimonthly newsletter, "JournalScan" and free monthly e-newsletter, "Hot Notes."

The founder and chair of LOMA's International Underwriting Congress, George also chairs five study groups devoted to life and health risk management. He has published over 100 articles and papers, and is co-author of "Getting It Issued," a book on underwriting for brokers. George is the only underwriter to have ever addressed the Million Dollar Round Table from the main platform, having done so in 1988 and again in 2000.

A frequent educational and motivational speaker, George travels the world from his home base in Milwaukee, WI. His web page is www.hankgeorge.com and he may be reached at hankgeorge@aol.com.

Teleunderwriting: A Tale Of Twenty-First Century Reality

Once upon a time, there was a big life insurance company that issued policies to hundreds of thousands of men and women every year.

One day, the people who saw to it that those policies were approved and issued had a meeting with the people who managed the company's agents and brokers.

Each group, as it turned out, had a major dilemma.

The people in charge of approval and issue wanted to speed up the process, so customers would not have to wait weeks and weeks to get their policies. When that happened (*and it was more the rule than the exception*), customers often decided not to purchase the insurance at all...or, worse, got frustrated and bought it from another carrier!

The people responsible for sales wanted their agents and brokers to sell more policies, because, after all, that was how the company derived the majority of its income!

Once they discussed their problems with one another, a radical (*yet very workable*) solution came into focus. What if, they mused, we took away many of the non-selling tasks traditionally downloaded on the backs of salesmen and gave those accountabilities to those who approve and issue the policies?

What if, at the same time, we changed many of the methods we have always used to approve and issue policies, so this essential process could become faster, smoother and more cost-effective?

They talked and thought, thought and talked, for days and weeks, until they saw clearly how to transform the approval and issue process and thereby jumpstart the sales process.

When they had finished, they coined a new word to describe their innovation. They called it *teleunderwriting*... because the key component was the telephone...and the historic name for the life insurance approval and issue process is *underwriting*. And, with that, risk appraisal would never be the same again.

Believe it! This underwriter directs four life underwriting study groups.

At each group's annual gathering in 2001, and predictably again this year, matters related to teleunderwriting dominated the agenda. It would seem as though nearly every life insurer has either adopted teleunderwriting or is studying it carefully at this writing.

And there are quite literally as many variations of teleunderwriting as there are companies that have embraced the basic concept.

So...what is teleunderwriting?

Simply stated, it is the reshaping of the essential task of underwriting and issuing policies in a way that greatly speeds up the process; reduces long term business acquisition costs; puts a (long overdue) customer-friendly face on underwriting; enhances the productivity of agents and brokers; and, ultimately, transforms the underwriter into a risk manager.

Not bad, eh?

What is the primary tool of teleunderwriting? The telephone interview, which—ultimately—merges the application-taking and risk-amplifying tasks into a single, seamless, fast, inexpensive and highly-dependable event.

Who conducts this interview? A professional caller, whose task is to gather—not assess—information.

How is this interview “risk-amplifying?” It incorporates “drill down” question sequences that deftly probe every risk-significant “yes” answer on

the Part I and Part II, ideally resulting in a virtual portrait of the proposed insured as a life insurance risk.

How does this speed up the risk appraisal process? The information gathered in on the telephone interview, along with other rapidly-accessible resources (oral fluid profile, MIB, motor vehicle report, prescription drug profile), should, in many but not all risk scenarios, allow the underwriter to make a decision without ordering reports from physicians and other slow, expensive requirements.

How does this serve the interests of the producer? First, he is spared much of the detail work involved in the life insurance sales process, so he may focus more and more of his energy on selling. Second, more policies, including many judged to be substandard (*which, in the minds of many, means anything not issued superpreferred*) are approved in a matter of days...not weeks or months. Which inevitably means a

higher percentage will be accepted and placed in force.

How does this serve the interests of the underwriter? The underwriting role expands under teleunderwriting to become a risk management function. In the past, the underwriter’s role was limited to assessing the risk. Now, as a risk manager, he assumes accountability for the transaction from inception of the decision to purchase insurance to delivery of the product.

Realistically, risk managers will be seen as bringing more value to the organization than underwriters. And, by all rights, they will enjoy all of the advantages that this perception of their value confers.

In August, this underwriter will expand upon the matter of teleunderwriting, looking closely at how this innovation has impacted our traditional risk appraisal process and how it will change things even more in the very near future. o