BEST'S REVIEW

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An underwriting system with new techniques can speed up the process and save insurers money.

# Triage in Teleunderwriting

In medical parlance, triage is what they do with patients, tending first to those deemed to benefit most from immediate attention and deferring the others for later. In teleunderwriting, we engage our own version of triage in risk appraisal, acting swiftly on the many and deferring the few.

Typically, an insurer will have three subsets of new business:

- "Clean" cases approvable via "the system," typically without underwriter intervention. The "jet" subset, if you will. These applications are predominantly at younger ages and relatively smaller face amounts. In many companies, 30% or more of new "fully underwritten" applications will qualify for jet processing.
- "Jumbos" and the more complex cases requiring extensive "hands on" by the underwriter.
- The rest.

It is in this third subset, usually representing 60% to 70% or more of all risks presented for assessment, where risk triage comes into play. In our model, the goal is to approve as many as possible, as fast as possible, with as few requirements as possible. In other words, the goal is to rapidly resolve the question: Do we have enough to act, or must we know more?

Tools accessible in these early years of the 21st century are delightfully accommodating of risk triage. As they are refined and enhanced through experience and insight, they will assure that triage will define mainstream risk management for all life and health products.

Risk triage lives and dies by the caliber of the telephone interview embellished by a drilldown of all significant "yes" answers to risk-related application questions. Make no mistake, the drilldown is the key. If it is well thought out, properly sequenced and competently executed, it is a virtual snapshot of the insured as a risk.

The other critical component of risk triage is checking Medical Information Bureau records. Every imaginable risk appraisal encounter—in life and health products alike—is logically enhanced by this precious resource.

Now we examine the optional elements. To accommodate our model, a triage-appropriate requirement must be quickly acquirable, highly informative and realistically affordable (beyond the bounds of merely cost vs. benefit). Four candidates come to mind in the U.S. market: motor vehicle reports, "alternative fluids," e-screens and pharmaceutical database resources.

The motor vehicle report is the granddaddy here. We have used reports on a case-by-case basis for years and somehow evolved a studied under-appreciation of their merit in the process. In triage, the MVR becomes routine (where accessible) at ages 16 to whatever.

"Alternative fluids" means collectible and assayable bodily liquids other than blood. Those, of course, would be urine or saliva, with the caveat that the specimen be collected at point of sale and sent winging for laboratory analysis. Saliva holds the pole position here, given relative ease of producer-facilitated collection. Bet that use of both fluids will increase exponentially.

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Ingenious providers have fashioned a range of "e-screen" resources. They acquire that which is relevant via electronic pathways. The information they provide accommodates rapid underwriter review and tends to be within bounds of affordability.

The last triage asset is one of the most alluring ever encountered in the history of underwriting. It involves accessing records of recent prescription pharmaceutical acquisitions by those having pharmacy benefit privileges via health insurance.

The prevailing proprietary prescription-database-access products, known as Scriptcheck and Medpoint respectively, provide (in theory) a list of prescription drugs acquired over the past several years, supported with (often highly significant) adjuvant details regarding dosage, identity of the prescribing physician and so on.

As a student of prescriptions regarding insurability, this underwriter is in awe of the potential afforded by this resource. As a practical risk manager, on the other hand, awe fades and enthusiasm wanes for lack of infrastructure. Without illumination and embellishment, such information becomes more albatross, if you will, than asset.

Some combination of these tools, anchored by the telephone interview with drilldown and the M.I.B check, allow underwriters to take actions on approvable cases once inexorably condemned to "do time" in purgatorial pending files.

What might this process accomplish? For starters, try a 50% reduction in the ordering of attending physicians' records within just six months of deployment in a properly customized teleunderwriting process. BR

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