



ACADEMY OF LIFE
UNDERWRITING

UNDERWRITING INTERNATIONAL RISKS

**Highlights from ALU Underwriting
International Risks Survey**

Kristin Ringland





- **Goals of the survey**
 - Determine how International business is being evaluated
 - Identify common industry practices so you can benchmark your own program
 - Further industry insights and knowledge
- The survey includes life business in both direct and reinsurance markets.
- OTR article to follow later this year.
- **Survey group members:**
 - Carol Flanagan, John Hancock
 - Roberta Scott, Woodmen Life
 - Donna Melfi, Mass Mutual
 - Kristin Ringland, SCOR Global Life Americas





Who responded?

- 67 companies from Canada and the U.S. (one response per company)
 - 88 % direct carriers
 - 10% reinsurers
 - 1.5% retrocessionaire (1 response)
- Number of underwriters in each responding company
 - fewer than 10 31%
 - 11 to 50 53%
 - more than 50 16%



Survey Questions

- Does your company insure International Risks?
 - Yes: 49%
 - No: 51%

**All questions after this point were answered by companies that insure International Risks.

- Products/Riders Available?
 - Term 78%
 - Perm 100%
 - Joint 48%
 - ADB 22%
 - WP 28%
 - LTC 0
 - CI 14%
 - Living Benefits/Terminal Illness 19%
 - Guaranteed Insurability Rider 3%
 - Other 6%



Survey Questions

• Maximum Age Allowed:

• A Countries

- Age 70 46%
- Age 75 27%
- Age 80 19%
- Age 90 8%

• B Countries

- Age 65 4%
- Age 70 38%
- Age 75 27%
- Age 80 15%
- Age 85 4%
- Age 90 4%

• C Countries

- Age 60 4%
- Age 70 38%
- Age 75 15%
- Age 80 19%

• Maximum Rate Class Allowed

• A Countries

- Preferred or Best Class 19%
- Standard 7%
- Table 4/D 31%
- Higher than T4/D 12%

• B Countries

- Preferred or Best Class 15%
- Standard 4%
- Table 4/D 31%
- Higher than Table 4/D 27%

• C Countries

- Preferred or Best Class 0%
- Standard 15%
- Table 4/D 27%
- Higher Than Table 4/D 23%

**Other: Flat extra, as filed or case by case.

Survey Questions

- **Maximum Jumbo Limit allowed for International Risks?**
 - \$0-\$5,000,000 23%
 - \$5,000,001 to \$20,000,000 19%
 - \$20,000,001 to \$35,000,000 42%
 - \$35,000,001 to \$45,000,000 4%
 - \$45,000,001 to \$50,000,000 0
 - > \$50 million 12%

- **Does your company auto bind or shop facultatively your international risks?**
 - Auto Bind 42%
 - Facultative 27%
 - Fully retain 35%
 - Combination 42%

- **Does your company have a separate reinsurance pool to cover International Risks?**
 - Yes 48%
 - No 52%



Survey Questions

- If you have an accelerated underwriting (AU) program are International Risks eligible?
 - Yes 8%
 - No 56%
 - No AU program 36%

- What percentage of your business is International Risk?
 - <1% 29%
 - 1-2% 17%
 - 3-4% 17%
 - 5% or more 13%
 - Do not track 25%

- Would your company consider aviation activity on International Risks?
 - Yes, with Flat Extra 8%
 - Yes, with exclusions 20%
 - Yes 32%
 - No 40%

Survey Questions

- What is the placement rate of your International Risks?

• <10%	8%
• 10-25%	4%
• 26-50%	21%
• >50%	21%
• Do not track	46%

- What is the 2 year lapse rate of your International Risk business?

• <10%	21%
• 10-25%	8%
• >26%	0
• Do not track	71%

- What is your claims experience as measured relative to actual to expected (A/E) mortality on International Risks?

• < A/E	12%
• Meets A/E	17%
• > A/E	0
• Unknown:	71%

Summary

- Based on the survey:
 - Many companies do not participate in International Risks
 - Max age/max assessed rate varies significantly
 - Half the responding companies have special International Risk pools
 - Few companies track the business from a placement/lapse/claims perspective
 - Outside of age/amount requirements, some companies require very different documentation to underwrite International Risk cases
 - Some companies have International Risk teams or approval processes

Donna Melfi has written an article summarizing the results of the survey. The article will be in the September issue of On the Risk. Her article details many of the other aspects of underwriting International Risks included in the survey.



Thank you!

Thank you to everyone who participated in the survey!

Your participation allows the ALU Survey Committee to compile and share information on relevant underwriting topics within the industry. The annual survey wouldn't be possible without your participation. We really appreciate your support!

We are putting together the 2019 survey and welcome any suggestions on survey topics. Please send your suggestions to Kristin Ringland: kringland@scor.com

