

# RESULTS OF THE 2020 LIFE UNDERWRITING CENSUS



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The ALU Survey Group conducted its third underwriter census. This census was started in 2014. It has been conducted every 3 years in order to help us identify and better understand the demographics of the underwriting population in the US and Canada and how it is rapidly evolving.

Members of the ALU Survey Group are:

- Suzanne Grover – MassMutual
- Norm Leblond – Sun Life Financial
- Donna Melfi – MassMutual
- Roberta Scott – Woodmen Life

## Background

*When was the census completed?*

The census was open from February 18 to March 13, 2020.

*Scope:* The census included all those currently in life underwriting-related positions for companies located in the US and Canada.

*How did we reach our underwriting community?*

The census was distributed in numerous ways, including the initial kick-off email (directly from the ALU) to chief underwriters, as well as any active underwriters on the ALU database. Links were also posted on the ALU website and LinkedIn. Each member of the ALU Survey Group was asked to forward the link within each of their respective companies, and we also sent a reminder email for those who didn't initially open the link or complete the survey.

*Who completed the census?*

A total of 919 underwriting professionals participated in the 2020 census, compared to 1,541 in 2017 and 2,309 in the 2014 census.

## Results

We experienced another decrease in the number of underwriters participating in the survey – 60% of

**Executive Summary** *In 2014, we completed the first ALU Life Underwriting Census. We ran a comparative census in 2017 with the addition of questions related to automated underwriting. The 2020 Life Underwriter Census was completed in March of 2020. This survey contained the same questions from the two prior census surveys with the inclusion of a few new questions pertaining to education and work environment. There have been a number of exciting changes in underwriting in the last 3 years, but the demographics of the underwriting community have remained stable. We will summarize and compare the prior surveys in this article for you to see the changes over the past 6 years.*

the completion rate in 2017. We don't know the true amount of those currently involved in the underwriting field, but are confident the 40% drop in response is not due to that percentage of underwriters leaving the industry. We are not sure why the numbers continue to fall, but the reasons could be many, including underwriters not contacted or aware of the survey, lack of participation by some companies, underwriters not working in a traditional underwriting shop, or simply not interested in participating.

*Please note:* Some questions contained the option, "select all that apply," and for ease of reading the numbers in the census have been rounded. In some cases, the total may not add up to 100%. Most of the results have comparisons to the 2017 and 2014 results.

Here is what we learned about those who responded.

## Gender

The number of female underwriters remains steady at 69% vs. 31% males; this ratio has been stable since 2014. Interestingly, while females make up a higher percentage of the total underwriting population,

males account for a larger population of managers, auditors and chief underwriters (see Gender and Roles table below).

The topic of gender has evolved and continues to challenge and change us. As we were comparing prior census data, and our main goal was to be as accurate as possible with the statistical information, we left the question as it was – male and female options only. We have heard you and will explore our options for an appropriate third option prior to the next census. For all future surveys (non-census), a third option will be available.

#### Gender and Roles

Role	Male	Female
Underwriting cases	50%	63%
Management of underwriters	14%	9%
Chief underwriter	9%	6%
Second signatures and referrals on cases	5%	4%
Auditing underwriters	3%	3%
Consulting on cases for a sales associate	3%	1%
Training underwriters	2%	3%
Medical director	2%	1%

#### Age

Since the 2017 survey, the trend is what was expected – many underwriters have retired since the last survey (at least 4%), and the number of underwriters under age 40 has grown by 10% in a short 3 years. There has been an increase in younger underwriters compared to prior years, and this shows that underwriting continues to be a growing field. These age figures will account for the higher number of retirements from key leadership roles over the next 5 years.

#### Age Breakdown

Ages	2020	2017	2014
Under 30	7%	4%	5%
30 to 39	24%	17%	18%
40 to 49	30%	31%	29%
50 to 59	29%	33%	33%
60 or older	10%	14%	15%

#### Type of Employer

While the number of underwriters for direct carriers decreased by over 10%, there was a doubling of underwriters working for reinsurers or retrocessionaires in the past 3 years, to 16%.

*In your current role, which best describes your employer?*

	2020	2017	2014
Direct carrier	65%	76%	77%
Underwriting service provider	13%	12%	11%
Reinsurer or retrocessionaire	16%	8%	8%
Sales organization (BGA, MGA or wirehouse channel)	5%	3%	3%
Self-employed/ consultant	1%	1%	1%

Some new questions we added for further breakdown are as follows:

*How many underwriters in your company?*

Less than 10	15%
11-49	40%
50-75	14%
16-100	8%
Over 100	22%

*Of those underwriters, how many are:*

Number of Underwriters	Female	Male
25 or less	3%	34%
26-50	21%	58%
51-75	54%	7%
Over 76	22%	1%

**Professional Role**

*How would you define your current primary role?*

	2020	2017	2014
Underwriting cases	59%	71%	69%
Management of underwriters	10%	9%	9%
Chief underwriter	7%	7%	6%
Working on guidelines/research /projects	8%	5%	4%
Second signatures and referrals on cases	4%	3%	3%
Auditing underwriters	3%	2%	3%
Medical director	1%	2%	2%
Consulting on cases for a sales organization	2%	1%	1%
Training underwriters	2%	1%	1%

We noted earlier the shift in number of underwriters working for direct carriers and reinsurers. The shift trends down (over 10%) for the number of underwriters actively underwriting cases as their primary role. And not surprisingly, the percentage of underwriters working on projects, etc., has jumped by 3%. This correlates with the changing underwriting world of data analytics and recent developments in substitution or additional medical requirements (such as electronic health records, predictive modeling, etc.). As a result of the changing role of underwriters, different skill sets are being desired and required when hiring underwriters.

In line with the primary role, we also inquired as to how many underwriters participating in the census had actual approval authority.

- 87% have full authority
- 6% had previous authority but not currently
- 7% had no approval authority\*

\*This represented 65 participants, who were then asked to conclude the survey. The remainder of the results are based on 853 remaining participants.

When we break down the data by gender, we find 90% of males have approval authority compared to 85% of females.

We also asked about the actual amount of time spent on underwriting cases.

*What is the approximate percentage of your time spent assessing cases?*

25% or less	23%
26-50%	11%
51-75%	14%
Over 75%	52%

Of the 52% of underwriters who spend over 75% of their time assessing cases, 56% of them are female and only 45% are males. This appears to be consistent with higher number of females involved in underwriting cases compared to men, who have a higher percentage in leadership roles (management, chief underwriter, consulting and medical director).

**Riders and Products**

Since 2014, there has been an increase in underwriting knowledge across the board, for all riders.

*Do you have experience underwriting any other riders or products? (Select all that apply)*

	2020	2017	2014
Life insurance ONLY	26%	33%	35%
Disability insurance	37%	36%	36%
Long-term care	37%	29%	28%
Chronic illness	23%	17%	11%
Critical illness	38%	33%	28%
COLI	13%	13%	12%
Structured settlements	4%	5%	7%

**Experience**

The underwriting profession continues to have an experienced group, with 65% of underwriters having more than 10 years of experience.

There has been a slight decrease in years of involvement in underwriting across the board. Other than the 2% increase in the 6-10 years of experience, every other years' range has decreased from the prior census (\*\*years 16 to 20 was not an option in the prior surveys).

*How many years have you been involved in a life underwriting role?*

	2020	2017	2014
Less than 2 years	4%	6%	4%
2 to 5 years	15%	9%	10%
6 to 10 years	16%	14%	18%
11 to 15 years	18%	32%	30%
16 to 20 years	12%	**	**
21 to 30 years	22%	23%	22%
Over 30 years	13%	17%	16%

The 4% drop in the “over 30 years of experience” category appears to be consistent with the high numbers of retirement in leadership positions. The 2017 results had reflected that within the next 5 years, 43% of chief underwriters are planning to retire. Because of the experience level of chief underwriters, we can assume these positions represent a good portion of the “over 30 years of experience” category and have retired since the last census.

#### Change in Employment

The percentage of underwriters who have changed companies in the last 3 years is 22%, down from 30% in 2017. Of those, 21% were male and 23% were female.

#### Number of Companies Worked For

The number of underwriters who have worked for two or less companies has increased 8% since the last survey.

*How many companies have you worked for in a life underwriting role (not counting a company change due to merger, acquisition or company name change)?*

	2020	2017	2014
2 or less	66%	58%	64%
3 to 5	28%	35%	29%
6 to 10	6%	6%	7%
More than 10	< 1%	1%	1%

Consistent with the prior censuses, dissatisfaction with work environment and compensation continue to be the leading causes for underwriters leaving their last company. This year also saw a 6% increase in different role or type of work as a reason, as well to classify it as a main reason.

*What was your primary reason for leaving the role at your last company? (This referred to changing companies and not internal job changes.)* Of the 22% who have changed jobs, the reasons are as follows:

	2020	2017	2014
Dissatisfied with work environment	27%	19%	14%
Compensation	15%	10%	7%
Different role or type of work	15%	9%	11%
Involuntary	13%	10%	12%
Improved work hours or flexibility options (such as remote option)	11%	8%	8%
Increase in responsibility	9%	6%	6%
Personal reasons other than work	11%	6%	6%

This data can be further analyzed by looking at gender. When asked about the primary reason for leaving, only 6% of males selected improved work hours compared to 14% of females. Males reported 20% dissatisfaction with their compensation, whereas only 12% of females reported this reason.

Work environment continues to be the leading cause underwriters choose to look for other employment in the field. Based on the data, there is an increase of 8% from the last census.

Due to the 2017 results of work dissatisfaction, we asked a more detailed question:

What caused you to be displeased with the work environment? (Select all that apply)

Direct management	45%
Lack of developmental opportunities	42%
Level of appreciation/recognition for completion of work	40%
Company strategy	39%
Senior management	39%
Work/life balance	34%
Systems/tools to perform job/infrastructure	23%
Administrative/other responsibilities or duties	16%

The top reason underwriters were displeased with their work environments (thus, left their place of employment) was due to their direct manager.

**Continuing in an Underwriting Role**

There was a 3% increase of those in the underwriting field who plan to continue to work for more than 15 years. This is paired with a decrease in the plan to work less than 5 years, noted from the last census.

How long do you plan to continue working in a life underwriting related role?

	2020	2017	2014
Less than 2 years	5%	6%	6%
2 to 5 years	16%	16%	17%
6 to 10 years	21%	21%	22%
11 to 15 years	16%	18%	18%
More than 15 years	42%	39%	37%

**Location**

Of those who responded, 76% live in the US and 15% reside in Canada. The remaining 9% of participants (which equal approximately 80 individuals) live in other countries, including: Australia, Bahamas, Cambodia, China, Guyana, Ireland, India, Jamaica, Japan, Laos, Malaysia, New Zealand, Pakistan, Philippines, Singapore, Switzerland, Trinidad and Tobago, Dubai, United Arab Emirates, and Republic of Korea.

**Remote vs. Home Office**

In past years, there was a decrease (14%) from working at the office 100% of the time, and an increase (15%) in working from home 100% of the time. Both of these numbers have gone in the opposite direction

in 2020. Working from both the company office and virtually saw an increase of 7%.

At the time of this writing, many countries are currently working almost 100% remote due to the COVID-19 pandemic.

Where do you work?

	2020	2017	2014
Company office 100% of the time	26%	28%	42%
Home office 100% of the time	40%	46%	31%
Both company and home office	34%	27%	28%

If both company office and home, on average, how many days a week do you work from home?

	2020	2017	2014
1 Day	28%	25%	27%
2 Days	25%	27%	25%
3 Days	17%	17%	26%
4 Days	22%	24%	16%
5 Days	9%	7%	7%

In the last 3 years have you made a change in where you work?

Changed from company office 100% to home 100%	7%
Changed from company office 100% to BOTH company office AND home	14%
Changed from BOTH company office and office in-home to company office 100%	2%
Changed from BOTH company office and office in-home to home 100% of time	6%
Nothing changed	72%

Looking at how gender is factored into this data, 43% of females work from home 100% of the time compared to only 32% of males.

**Hours Worked**

*How many hours do you work per week on average?*

	2020	2017	2014
30 or less	2%	2%	3%
31 to 40	26%	26%	28%
41 to 50	55%	58%	53%
51 to 60	14%	12%	14%
Over 60	4%	2%	3%

*In the past year have you had a material change in the number of hours you worked?*

- Yes: 28%
- No: 72%

*What is the primary reason for the change in work hours?*

Staffing changes/workload	66%
Company emphasis on work/life balance	4%
Personal decision – work/life balance	10%
Technology changes/disruptions	3%
Addition of underwriting support (including jet underwriters)	3%
Projects/complexity of business	15%

**Automated Underwriting**

Questions about automated underwriting were added to the 2017 survey due to the relevance of the topic.

*In the last 3 years, has automated underwriting (automated processes handling end-to-end case reviews) within your company had an impact on your underwriting scope or role?*

	2020	2017
Yes	50%	44%
No	32%	31%
My company does not have an automated underwriting process in place	14%	20%
There has not been a new automated underwriting process initiated within the past 3 years	4%	5%

*For those with an automated system, how has underwriting automation (partially or fully) impacted your underwriting role?*

	2020	2017
Added complexity to the role	56%	25%
Simplified role	28%	11%
Time saver	38%	21%
Added consistency to role	16%	7%
No impact	5%	26%

Over 50% of participants expressed that automated underwriting has added complexity to their roles – this is up over 31% from 2017. With automation comes complexity behind the scenes, depending upon your products, your face amounts and your applicants medical histories. As the industry continues to use big data to automate many of our functions, we anticipate this percentage to be significantly decreased by the next census.

**Industry Education**

Not too long ago, the Academy of Life Underwriting introduced the Medical Risk Assessment Professional designation (MRAP). This designation program is a series of two exams which focus on medical topics/ aspects of risk assessment. When the 2017 survey went out, this was a new designation.

*Are you currently working toward or have you earned an MRAP (Medical Risk Assessment Professional) designation?*

	2020	2017
I am working toward	9%	2%
I have earned this designation	2%	N/A
No	69%	63%
No, I am not aware of this designation	20%	35%

Although more and more underwriters are aware of the MRAP designation available to them, 20% of this year’s participants still have no knowledge of this designation.

As most underwriters would agree, working toward your designations is very important. We asked about FALU in prior surveys, but decided to ask about all

other designations leading up to the FALU, due to their importance.

*Do you currently hold any of the following designations?*

	2020
ALU certificate	17%
AALU (if FALU not completed)	12%
FALU	37%
None	33%

Since 2017, there has been a 4% increase in participants who have their FALU.

*Are you working toward any of the following: ALU Certificate, AALU or FALU designation?*

- Yes: 68%
- No: 33%

*Which curriculum are you currently studying?*

ALU certificate	32%
AALU	22%
FALU	46%

*When do you anticipate completing the designation toward which you are currently working?*

1 year	35%
2 years	33%
3 years	18%
4 years	8%
5 or more years	6%

*What other industry education have you completed?*

	2020	2017	2014
CLU	9%	10%	11%
CHFC	2%	2%	2%
FLMI	50%	44%	46%
ALMI (if no FLMI)	20%	19%	13%
None of the above	30%	N/A	N/A

*What is the highest level of education you have completed?*

	2020	2017	2014
MD	2%	2%	3%
RN	2%	3%	3%
Postgraduate degree	4%	3%	3%
Graduate degree	9%	10%	9%
Bachelor's degree	56%	52%	53%
Associate degree	7%	10%	10%
Some college completed/no degree	14%	N/A	N/A
High school	5%	19%	19%

**Highest Level of Education by Gender**

	Male	Female
MD	4%	1%
RN	< 1%	3%
Postgraduate degree	5%	3%
Graduate degree	13%	8%
Bachelor's degree	65%	52%
Associate degree	3%	9%
Some college/no degree	6%	17%

Males have a larger percentage of higher levels of education compared to females.

**Continuing Education**

*Which continuing education activities have you participated in during the past 12 months for your professional development? (Select all that apply) See next page.*

	2020	2017	2014
Attended ALU webinars	54%	57%	54%
Worked on AALU/FALU designation	28%	23%	28%
Read <i>OTR</i> journal	48%	48%	49%
Attended local, regional or national underwriting meetings or insurance medicine meetings	62%	62%	64%
Attended other industry webinars	51%	47%	50%
Participated in training offered by my company	78%	75%	75%
Read other industry journals and publications	42%	40%	43%
Took college or business courses	7%	7%	8%
None of the above	3%	3%	3%

*For which area of medical underwriting would you most like to have more training? (Top five answers)*

	2020	2017	2014
Hematology (including interpretation of lab results)	34%	36%	38%
Cardiac	32%	36%	38%
Autoimmune	29%	N/A	N/A
EKG interpretation	26%	24%	28%
Cancer (including interpretation of pathology report, tumor markers, etc.)	25%	24%	28%

*For which area of non-medical underwriting would you most like to have more training? (Top five answers)*

	2020	2017	2014
Business valuation	39%	41%	40%
Interpretation of financial statements	33%	33%	36%
Non-US citizens/foreign travel and residence	27%	N/A	N/A
Pricing (includes completing mortality studies and linking to guidelines)	23%	18%	24%
Interpretation of tax returns	21%	17%	18%

The top five answers from years past remained consistent except for one area. Non-US citizens/foreign travel did not come close to a desired area of training in past years. Now it stands at No. 3. This could be due to the current global pandemic, as well as the complexity of cases regarding non-US citizens and extensive foreign travel.

#### What Is Important in a Role

When comparing these results to the question of why people left their company, only 11% of people claimed work hours were their reason for leaving. However, over half of the respondents chose this as one of the most important aspects in an underwriting role. Despite taking a small part in leaving a company, work hour flexibility/location of work is a vital factor for more than half of all underwriters who participated.

*What aspects in an underwriting role are most important to you? (Select up to three)*

	2020	2017	2014
Flexibility in work hours and location of work	51%	56%	47%
Compensation and benefits	43%	44%	42%
Reasonable expectations (work hours, workload)	32%	30%	30%
Interesting work or working on projects	31%	29%	33%
Working for a manager that I respect and like	31%	26%	26%
Job security	28%	33%	34%
Opportunity for promotion and increased signing authority	25%	19%	20%
Recognition for my work (feeling appreciated)	25%	21%	24%
Mentoring or training underwriters	13%	16%	16%
Co-workers I respect and like	11%	10%	10%
Management responsibilities	6%	7%	7%

#### Conclusion

We completed our first underwriting census in 2014, where we learned the underwriting profession was losing a significant number of experienced underwriters to retirement. Our current census revealed similar numbers, in that we will lose up to 16% of underwriters in the next 5 years. With 65% of participants in the



2020 survey having more than 10 years of experience, this will have a great impact in our talent pool.

However, as there has been a steady decline in participation of the census, the numbers may not show a true picture. What do we do to combat the steadily decreasing participation? We will certainly take this back and explore our options in an attempt to increase awareness and participation of future surveys.

We discovered that the upcoming loss of underwriters due to retirement is favorably offset by the growth in underwriters. There has been good growth in the number of underwriters under the age of 40, by 10%, since 2017.

We have a well-rounded, educated group of professionals. Approximately 73% of participants have a bachelor's degree or higher education. Additionally, 37% already have their FALUs, and close to half are currently working toward their FALU designation. More than 50% hold their FLMI, as well as attend ALU webinars. We also noted there has been an increase in roles other than underwriting cases – a 3% increase in research/project work, in addition to increases in experience with DI, LTC, chronic illness and critical illness across the board.

In terms of employee loyalty, we noted a drop in percentage of underwriters who changed companies (22%), down from 30% since 2017, and an increase in underwriters working for two or less companies (66%), up from 58% in 2017.

The changes in underwriting scope since the initial census in 2014 have been profound in terms of automated underwriting, data analytics, and how we conduct business with our customers. Surprisingly, 14% of participants indicated no automated underwriting at their company, and 4% noted no changes in the past 3 years. However, of the 82% of respondents who do have updated automated systems – more than half noted these systems added complexity to their current roles.

What is most important to underwriters? We know flexibility in work hours and location of work is the No. 1 priority for employees. Compensation and benefits are another high priority. Working remotely has been steadily increasing. Due to the recent work-at-home orders, relative to the COVID-19 pandemic, working virtually has added even more flexibility for underwriters.

Understanding the skill sets, education and experience is imperative in developing and growing a successful underwriting team of the future. We hope this current and comparative information will be helpful to you with your ongoing departmental needs. Thank you very much for your participation!

#### **About the Author**

Donna Melfi, FALU, FLMI, is an Underwriting Consultant at MassMutual. She began her underwriting career at Security Mutual Life of New York and has been in her current position at MassMutual since January 2018. Donna is Coordinator of the ALU Survey Group – part of the Academy of Life Underwriting.