

# RESULTS FROM THE 2020 ACADEMY OF LIFE UNDERWRITING (ALU) SURVEY



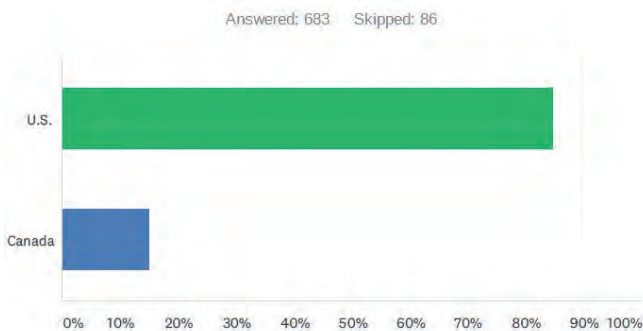
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We extend a special thanks to the ALU Survey Group: Suzanne Grover – MassMutual, Norm Leblond – Sun Life Financial, Donna Melfi, Chair – MassMutual, and Roberta Scott – Woodmen Life.

We like to begin our surveys by getting to know our respondents. Similar to most years, direct carriers constituted the majority of our respondents, followed by reinsurers, then others (TPAs, brokers and agencies) and four retrocessionnaires.

Answer Choices	Responses	
Direct Carrier	80.75%	621
Reinsurer	12.35%	95
Retrocessionnaire	0.52%	4
Other (please specify)	6.37%	49
Total		769

## Is Your Company Based in the US or Canada?

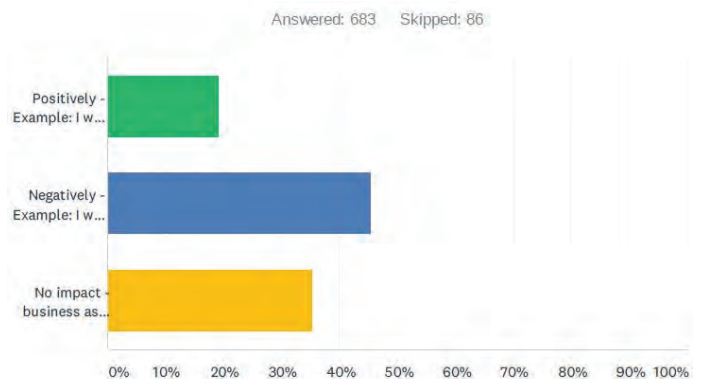


Of our respondents, 85% were based in the US, with the remaining 15% in Canada. However, there were free-form answers from Malta and China later in the survey, so we will evaluate how this question is asked in the future.

**Executive Summary** In 2020, we had an opportunity to address an unprecedented issue confronting this industry – the COVID-19 pandemic. The 2020 Life Underwriter COVID-19 Survey was conducted in February 2021, and addressed a variety of topics surrounding the life insurance industry’s COVID-19 challenges, including workforce, applicant risk, and the inability to obtain age/amount requirements. As we head into a (hopefully) more stable year, this survey looks back on how we responded to a global pandemic, as an industry and as individuals.

Above all else, it is PEOPLE who make up our industry. We wanted to know how COVID-19 had impacted individuals.

## How Has COVID-19 Impacted Your General/Mental Health?



The most common answer was that COVID-19 negatively impacted us. More positively, over one-third of respondents indicated no impact to their general/mental health, and 19% stated COVID-19 has positively impacted their health! We hope that any positive habits and silver linings our respondents created over the pandemic will continue into this year and beyond.

Our next question concerned connection to an individual's underwriting team as we headed home to work remotely. We learned:

- 55% felt the same level of connection.
- 29% felt less connected in the current environment.
- 16% felt more connected in the current environment.

For those who felt less connected, the most common responses were: working from home, online meetings are different from face-to-face, and lack of travel – all contributing to less personal interaction. One respondent summed it up beautifully, *“The energy and thought processes are different when you are in the office and directly connected. Online does not feel that connected.”*

These responses aren't surprising when we consider that 65% of us worked in an office at least some of the time prior to COVID-19, but that dropped to 15% during the pandemic.

#### Prior to COVID-19, Where Did You Work?

Answer Choices	Responses	
Company office 100% of the time	38.81%	255
Home office 100% of the time	35.46%	233
Both company and home office	25.72%	169
Total		657

#### At the Present Time, Where Do You Work?

Answer Choices	Responses	
Company office 100% of the time	6.09%	40
Home office 100% of the time	85.24%	560
Both company and home office	8.68%	57
Total		657

Results were more mixed when asked if respondents started working from home for the first time due to COVID-19. This may be explained by the high number already working from home prior to the pandemic.

#### Did You Start Working From Home Due to COVID-19?

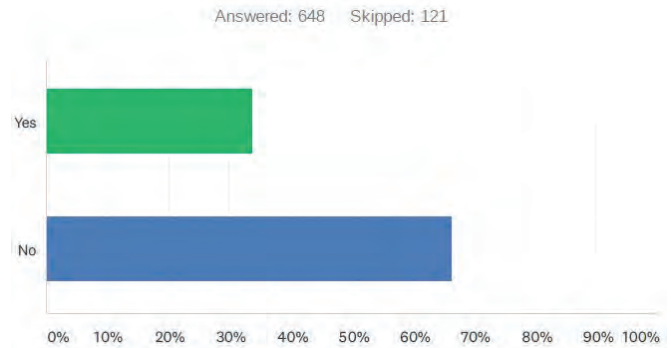
Answer Choices	Responses	
Yes	51.29%	337
No	48.71%	320
Total		657

However, the mass migration to home during 2020 provides interesting questions for individuals and organizations to tackle as the world reopens – will we go back to the office?

While pre-COVID, only 35% of us worked at home full-time, the survey results indicate a majority would

like to stay at home. How companies choose to address their employees' desires to remain working from home will be an interesting case study for our industry over the next several years. It is important to note that we did not ask whether those wishing to stay at home would want a hybrid option. We worded the question in absolute terms (fully home/fully office).

#### If Given the Option, Would You Go Back in an Office?



We expect one of the ways organizations will determine work-from-home options will be based on perceived productivity of their associates at home and at work. When asked how COVID-19 impacted productivity, nearly half (46%) indicated productivity had stayed the same, and an additional 40% indicated productivity gains at home (not equal to 100% due to rounding).

- My productivity increased significantly – 14%
- My productivity increased some – 26%
- My productivity stayed the same – 46%
- My productivity decreased some – 12%
- My productivity decreased significantly – 1%

Specifically, we learned that company and departmental meetings specific to COVID-19 did not have a large impact on individual productivity.

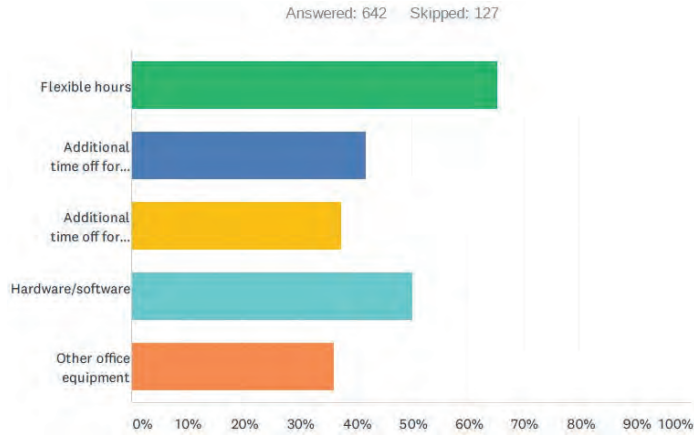
- 60% no impact to productivity
- 32% impacted productivity slightly
- 8% greatly impacted productivity

After exploring productivity, we moved to company support during COVID-19 and were pleased to find that 91% of respondents feel their company provided the support they needed in order to continue processing their work at the same levels of quality and quantity they did prior to the pandemic. An additional 5% did not feel they received the support they needed and 3% listed other. Other responses included:

- Workload increasing significantly (7 out of 22 free-form responses).
- Neutral to support, the support they needed would be impossible for a company to provide, or partial support (5 responses).
- Connectivity issues were a problem (2 responses).

Company support in response to working from home varied across the industry with the most frequent response for type of support being flexible hours (65%), followed by providing hardware/software needed to work remotely (50%). It appears companies responded across multiple support channels; the least indicated option was still chosen by 36% of respondents.

What Type of Support and Flexibility Has Your Company Granted in Order for You To Take Care of New Responsibilities at Home? Please select all that apply.



Answer Choices	Responses	
Flexible hours	65.26%	419
Additional time off for COVID-19 (sickness)	41.74%	268
Additional time off for COVID (such as: day care, elder care, mental health days)	37.38%	240
Hardware/software	50.16%	322
Other office equipment	36.14%	232
Total		642

We learned that companies did a good job communicating both overall company COVID policies and underwriting-specific COVID guidelines. There were 90% of companies rated excellent or good for communicating overall company COVID policies, and 84.5% rated similarly for underwriting-specific communications.

	Excellent	Good	Average	Fair	Poor	Total
Overall company COVID policies	56.78%	33.33%	7.34%	1.59%	0.96%	627
Underwriting specific COVID guidelines	45.93%	38.60%	11.16%	2.87%	1.44%	627

Companies also excelled at ensuring their associates had the right tools to perform their job duties in their current work environment – 92% of respondents answered YES to this question.

Next, we moved to ways companies had been flexible with working from home. We discovered companies had a variety of ways to help meet the needs of their associates unexpectedly working outside the office:

- Ability to bring office equipment home: 58%.
- Additional allowances: 22%.
- Internet service credits: 18%.
- Other: 10% (answers included time off for COVID-related concerns, computer paper and printer ink, monetary allowance to purchase office equipment, hot spots, flexible schedules, virtual employee parties and well-being webinars).
- 30% of respondents indicated no additional allowances were made during the move home.

In addition, the survey addressed what other steps companies had taken to increase productivity during the pandemic. Fifty-one percent of respondents indicated no changes had been made. The remaining 49% had a “select all” capability and chose:

Answer Choices	Responses	
Increased training	24.64%	153
Decreased administrative responsibilities for the underwriters	8.37%	52
Additional IT support/resources	25.12%	156
Additional compensation or incentives	14.49%	90
No changes have been made	51.21%	318
Other (please specify)	6.12%	38
Total		621

“Other” answers included:

- Company-hosted social networking and virtual group activities.
- “Turn off phone at 1:00 pm” policies.
- Increased mental health options; urged to take mental health days.
- Lower productivity benchmarks (conversely, there were increased productivity benchmarks noted, as well).
- Hiring additional employees.
- Paid portion of increased daycare costs.
- Increased AI/model-based decisions or assistance.

We are confident companies learned a substantial amount about employee productivity in a remote environment over the last 12-18 months. Our hope is that each organization capitalizes on its learnings moving forward.

The survey then moved on to the underwriting of applicants during COVID-19. There were a wide variety of responses to the handling of applicant risk in a pandemic. Here are our learnings on how companies tried to adjust to the introduction of a major industry disruptor:

#### How Has Your Company's Underwriting Department Changed Its Underwriting Guidelines During COVID-19?

	Significant Impact	Mild Impact	Minimal to No Impact	Unknown	Total
Age/amount requirements	36.16% 213	24.96% 147	32.60% 192	6.28% 37	589
Preferred underwriting guidelines	20.03% 118	22.41% 132	47.88% 282	9.68% 57	589
Foreign travel guidelines	52.46% 309	23.43% 138	17.66% 104	6.45% 38	589
Coverage on older age applicants	49.92% 294	24.79% 146	17.66% 104	7.64% 45	589
Coverage of juvenile applicants	3.90% 23	8.66% 51	76.06% 448	11.38% 67	589
Overall retention/capacity	14.09% 83	23.60% 139	44.31% 261	18.00% 106	589
Coverage for certain medical conditions and/or risk classes	48.39% 285	27.67% 163	16.47% 97	7.47% 44	589

Per the chart, the largest impacts to underwriting were to foreign guidelines (52%), followed closely by coverage on older applicants (50%) and coverage for certain medical conditions or risk classes (48%). Least impacted were juvenile applications (3%) and overall retention/capacity (14%).

Next, we addressed specifically the changes organizations experienced as a result of COVID-19.

**What Type of Changes Have Occurred to Business Due to COVID-19 and Social Distancing Guidelines?**

	Significantly Increased	Mildly Increased	Minimal to No Impact	Mildly Decreased	Significantly Decreased	Unknown Or N/A	Total
Overall volume of new business applications	29.88% 176	26.32% 155	11.04% 65	16.98% 100	7.98% 47	7.81% 46	589
Volume of non-face-to-face applications	46.35% 273	14.60% 86	6.11% 36	2.89% 17	5.43% 32	24.62% 145	589
Tele-interviews completed in lieu of advisor-collected application questions	30.73% 181	24.11% 142	16.30% 96	1.87% 11	0.17% 1	26.83% 158	589
Volume of paramedical services (blood, urine, vitals)	6.28% 37	9.00% 53	20.88% 123	27.50% 162	21.73% 128	14.60% 86	589
Medical records/doctor's reports	21.73% 128	29.20% 172	25.81% 152	7.46% 44	2.04% 12	13.75% 81	589

Respondents indicated that the pandemic greatly affected how life insurance was sold – 46% of responses stated volume of non-face-to-face applications significantly increased. The next largest impact was to requirements – 31% of respondents saw an increase in tele-interviews in lieu of advisor-collected application questions. Companies had to find a way to solve for differing requirements in an increased volume atmosphere – 30% of respondents saw overall new business applications significantly increase, with an additional 26% seeing a mild increase. With over half the respondents seeing increases to overall volumes, it is no surprise we saw companies getting creative

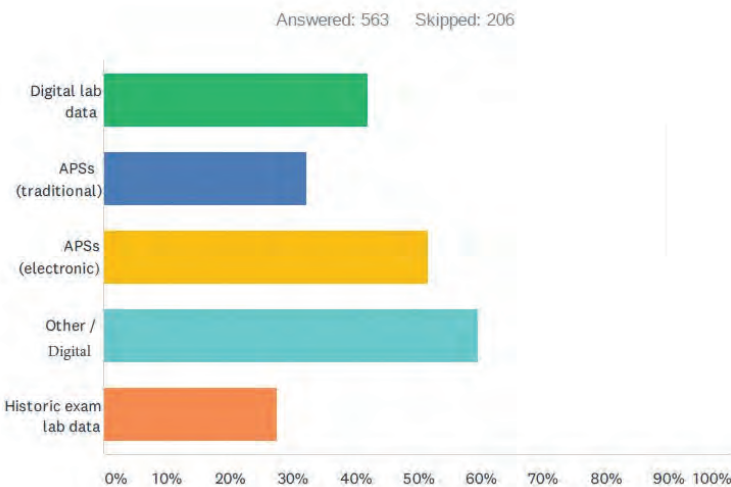
with how to get the work done. Lastly, we would be remiss in not calling out that 51% of our respondents saw an increase in medical records as well!

How did companies go about navigating new requirements with a higher application volume, in a lack of face-to-face requirement type of environment? Alternative sources of information were introduced or expanded. Again, the survey showed companies invested in using digital sources of information (dual prescription drug checks, medical claims, ID verification, etc.) the most frequently (60% of respondents), followed closely by digital medical records including patient portal information (52%).

It remains to be seen which of these companies will see their new pilots, programs and expansions become competitive advantages, but COVID-19 seems to have increased the timeline, for better or worse, on digital initiatives for our industry.

Companies also had to elicit different information regarding COVID-19 exposure. The most frequent approach was to add questions related to COVID-19 exposure at time of underwriting, issue or as delivery requirements on all cases (42%), but 26% of companies chose not to ask any different questions related to COVID-19. This was a question where we saw a lot of diversity of thought across the industry.

**What Type of Alternative Information Has Your Company Introduced or Expanded Due to COVID-19? (Note That This Does Not Refer to Regular Age/Amount Requirements.)**





Has Your Company Added Questions to Any Underwriting, Issue or Delivery Requirement Related to COVID-19 Exposure? Please select all that apply.

Answer Choices	Responses	
All cases	42.45%	239
High-risk cases	13.50%	76
Reinsured cases	6.57%	37
Individual consideration	24.33%	137
No	25.75%	145
Total		563

The survey then questioned the reaction of our reinsurance members and partners. It is important to note this question wasn't only asked of the respondents who work for reinsurers or retrocessionaires; thus, some of these answers are the perceived support received from reinsurers by the respondents.

Reinsurers, like direct carriers, used several tools to mitigate risk and support direct carriers through the pandemic. This was also a "select all that apply" question, and it is clear many reinsurers used several techniques to combat COVID-19 challenges.

How Have Reinsurers Changed Their Underwriting Guidelines or Support During COVID-19? Please select all that apply.

Answer Choices	Responses	
Foreign travel restrictions	46.89%	264
COVID-19 exposure restrictions (signs and symptoms)	47.07%	265
Decreased capacity	19.72%	111
Age restrictions	34.10%	192
Health/impairment restrictions	37.66%	212
Increased services (i.e., APS summaries)	9.59%	54
Increased communications (training, newsletters, etc.)	20.60%	116
N/A	33.57%	189
Total		563

Respondents were asked what other adjustments were made in their organizations, specifically around underwriting processes during COVID-19.

How Have Your Underwriting Processes Changed During COVID-19? Please select all that apply.

Answer Choices	Responses	
No change, we remained business as usual	16.82%	93
We offer/offered alternative requirement options	59.31%	328
We are underwriting some or all of our conditions differently	44.85%	248
We have offered additional time to complete underwriting	17.90%	99
We have expanded our fluid-less options	43.76%	242
We are changing the type or amount of business that is reinsured vs. retained	5.61%	31
We have made adjustments to maximum amounts applied for or benefits available	21.52%	119
Other (please specify)	4.16%	23
Total		553

Fifty-nine percent of respondents offered alternative requirements to traditional age and amount charts, which we saw alluded to the prior question regarding significant increases in the use of digital information. Other popular responses included underwriting some or all conditions differently (45%) and expansion of fluid-less options (44%). We also uncovered very few carriers (6%) chose to change how they chose to reinsure or retain business; that appears to be largely unaffected. Those who chose the “other” response indicated:

- E-apps by video conference and phone.
- Limiting offers to a particular risk level.
- Require more statements of good health on delivery or approval.
- Waiving at-home requirements for certain age/ amounts.
- Brokerages indicating more postpones and declines due to COVID restrictions.
- Changing Simplified Issue (SI) maximum face amounts at certain ages.

Yet another challenge companies faced was determining which conditions to consider “COVID co-morbidities” in a pandemic whose impact was being experienced in real-time. The most popular conditions considered as co-morbidities were:

- Respiratory conditions (65%).
- Cardiac conditions (60%).
- Diabetes (57%).
- Obesity (42%).

Of respondents, 18% indicated that they did not have defined COVID-19 co-morbidities that caused different underwriting, and an additional 21% indicated they did not define specific conditions, but did have certain debit or table limits implemented during COVID-19.

Other responses included:

- Limiting both specific co-morbidities and certain debit/table limits.
- Cancer history.
- Autoimmune disease.
- Immuno-compromising conditions.
- Sleep apnea.
- Kidney disease.
- Anxiety/depression.

How companies chose to define what constituted an increased risk and how to handle mitigating the increased risk came in all different flavors. As we see more applicants vaccinated or carrying COVID-19 antibodies, companies now have to shift their focus to reconsideration.

Answer Choices	Responses	
We do not have defined COVID-19 co-morbidities that cause different underwriting	18.30%	99
We do not define specific conditions, but a certain debit/table limit will affect our underwriting for COVID-19 at this time	20.52%	111
Respiratory conditions such as asthma and COPD	64.51%	349
Cardiovascular conditions to include coronary artery disease and high blood pressure	60.26%	326
Diabetes	57.12%	309
Inflammatory conditions such as rheumatoid arthritis or colitis	28.28%	153
Obesity	41.77%	226
Other (please specify)	7.95%	43
Total		541

**In What Time Period Will Your Company Allow Reconsideration to a Better Rating for Those Affected by Guidelines Changed Due to COVID-19? Please select all that apply.**

Answer Choices	Responses	
Not applicable – we did not change our guidelines/this does not affect my business	17.60%	94
No change to our normal reconsideration periods	26.59%	142
As COVID-19 guidelines change, we proactively assess approved files and adjust the decision	29.59%	158
If requested, we will assess approved files for a better offer at any time	20.97%	112
We have a limited time period that the applicants must come back for reconsideration	14.61%	78
Total		534

Of respondents, 30% are with companies that are taking a proactive approach to reconsidering files as guidelines change, with a similar 27% choosing no change to normal reconsideration periods. Of respondents, 2% work for companies that will reconsider upon request, and 15% have chosen to limit the reconsideration window for applicants. Again, this was a question with a lot of diversity in how companies are choosing to reconsider applicants for coverage or better decisions.

The next question was specifically around the time period for reconsideration. The most common answers:

- 30 days (presumably this is after COVID infection or exposure – not all responses indicated): 8 responses.
- 3 months: 6 responses.
- 6-12 months: 24 responses.
- Over 1 year up to 2 years: 2 responses.

*Note these reconsideration responses could be indicating a minimum time to reconsider, as in the 30-days responses, or the maximum amount of time an applicant has to come back for an offer or better rating.*

As we moved further into the pandemic, companies began seeing more COVID-positive test histories for applicants. We asked, “How does your company underwrite applicants with a prior COVID-19 positive test?” (Select all that apply).

Answer Choices	Responses	
Underwrite them as normal	8.54%	45
Apply a table rating or flat extra	1.33%	7
Postpone until a time period past resolution of all symptoms	69.45%	366
Postpone for a time period ONLY if hospitalized	20.11%	106
Individual consideration based on all medical factors	42.88%	226
Deny or limit benefits (ex: waiver)	2.85%	15
Other (please specify)	3.98%	21
Total		527

The overwhelmingly positive answer (69% of respondents) was: “Postpone until a time period past resolution of all symptoms.” Forty-three percent of respondents indicated they use individual consideration based on all medical factors. We noted denying or limiting benefits, such as waiver of premium or applying table ratings or flat extras, were not popular options.

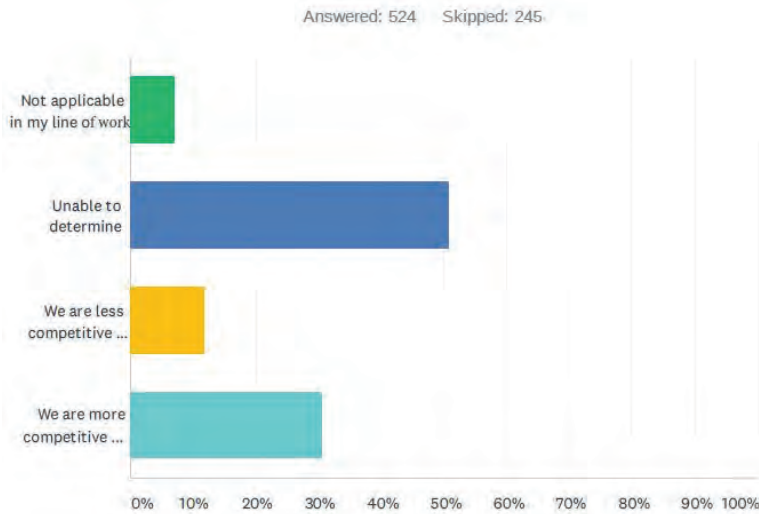
Other responses included:

- Requiring proof of a follow-up negative COVID-19 test.
- Following reinsurer instructions.
- Obtaining medical records to verify status and rule out residuals.

The survey then shifted to competitiveness. For the most part, we realized respondents are not able to determine if their organization is more or less competitive within the industry as a result of COVID-19 (51%), but 31% of respondents were optimistic they had become more competitive as a result of the pandemic. Make no mistake, there will be organizations that gain or lose advantages resulting from their reactions to COVID-19, but precisely which organizations remains to be seen.



**In Your Opinion, Is Your Company More or Less Competitive as a Result of COVID-19?**



As a follow-up question, we wanted to know specifically which factors were perceived as negative influences on competitiveness in our industry. Respondents believe conservative underwriting for co-morbidities negatively affects competitiveness. This belief was held by twice the number of respondents that selected the next most popular response (Conservative underwriting for all conditions due to COVID-19). Altogether, conservative underwriting was responsible for 84% of the answers regarding factors negatively impacting competitiveness.

**In Your Opinion, What Is the ONE Most Important Factor Making Your Organization LESS Competitive?**

Answer Choices	Responses	
Lack of fluid-less options and/or lack of alternative requirements	9.84%	6
Conservative underwriting for all conditions due to COVID-19	27.87%	17
Conservative underwriting for co-morbidities due to COVID-19	55.74%	34
Inability to retain business/reliance on reinsurer guidelines	3.28%	2
Other (please specify)	3.28%	2
Total		61

Conversely, when asked what the most important factor causing companies to be MORE competitive was, competitive underwriting was not a popular choice. Of the responses, 59% indicated the development of fluid-less options and/or alternative requirements to exams helped companies become more competitive.

In Your Opinion, What is the ONE Most Important Factor Making Your Organization MORE Competitive?

Answer Choices	Responses	
Development of fluid-less options and/or alternative requirements to exams	59.38%	95
Competitive underwriting for all conditions due to COVID-19	18.75%	30
Competitive underwriting for co-morbidities due to COVID-19	10.00%	16
Ability to retain business (i.e., less reliance or reinsurers)	6.25%	10
Other (please specify)	5.63%	9
Total		160

In addition, respondents perceive conservative underwriting as downward pressure to a company's competitiveness to a greater extent than competitive underwriting makes a company MORE competitive. We saw a similar story with fluid-less programs – it is perceived that development of fluid-less and alternative requirements had the capability to make a company more competitive, but the lack of this capability would not as significantly harm their competitiveness.

The last question we asked was intended to capture what was most important to our respondents during such a turbulent year. We left it broad to make sure we didn't limit anyone's response to a particular topic. There were 116 responses, ranging from work-from-home, to increased work, to specific company initiatives developed or expanded due to COVID-19.

- The most popular responses dealt with working from home and the impacts it had on them personally and professionally. The desire to stay home was thematic.  
*"COVID allowed all of us to work from home – a privilege we did not have. Because of this, I was able to take care of a parent who was in hospice care and continue to work."*

*"Being able to work from home has been wonderful. I have found myself more productive and have a better work-life balance."*

- The concept of burnout and high volumes/production was also prevalent.  
*"Impacted by causing more stress constantly changing and evaluating carriers' guidelines."*

*"We have had a significant increase to business, we have postponed several underwriting projects and taken an all hands on deck approach. We have worked essentially as hard as we can since June 2020."*

- Lastly, one we can all get behind.  
*"I want it to be over."*

In conclusion, this is the first opportunity we have had to assess the opinions of our survey respondents about the COVID-19 pandemic and we are privileged to have done so. We learned that despite a mass-migration to work-from-home, an increase in volume of work, changing company policies, and underwriting guidelines that still continue through the writing of this article, the industry and the people who work in it have been resilient and agile in a way we have never before observed. We have watched companies choose a variety of strategies to respond to a new challenge and the impacts, positive and negative, will be measured over the course of years. The first step in being able to develop winning strategies is information-gathering. Our hope is that this survey helps each of you and your companies do just that.

**About the Author**

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