



Jonathan Porter (Canada)



Reinsurance Services to Grow and Optimize Protection Business

Jonathan Porter, FSA, FCIA

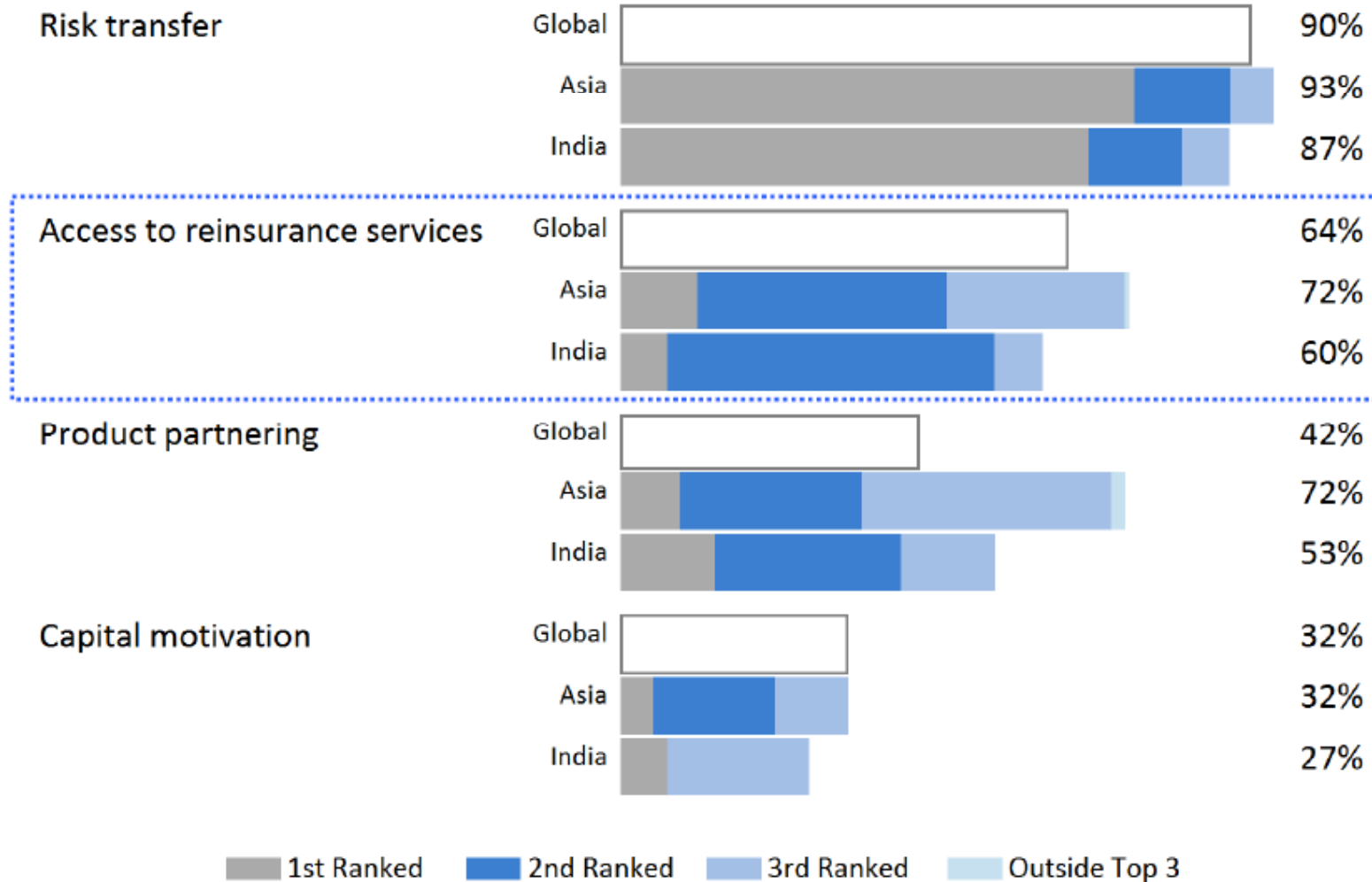
SVP & Chief Pricing Actuary, International Markets, RGA

Waves of Reforms...Oceans of Opportunities

2013 AGFA & 15th Global Conference of Actuaries

17th – 19th Feb, 2013 | Mumbai,
India

Motivation for Reinsurance



*Source: NMG Consulting, Sep 2012 – Key Decision Makers in Asia

Reinsurance Services

- Audit
 - Ensure compliance with internal standards
- Claims Support
 - Case management, 2nd opinions
 - Electronic claims management
- Research & Development
 - Industry studies, research papers



Reinurance Services

- Business Review & Analysis
 - Product development
 - Experience analysis
 - Competitive benchmarking
- Risk Evaluation
 - Facultative case and underwriting support
 - Electronic underwriting
- Training & Education
 - Underwriting manual and training
 - Seminars, secondments, publications

Case Study

Case Study

Case Study

The Reinsurer “Value”

- Broad knowledge across both local and global markets
- Technical expertise across various disciplines
- Additional resources and capital
- Timeliness – already developed solutions
- Partnership and risk/reward sharing



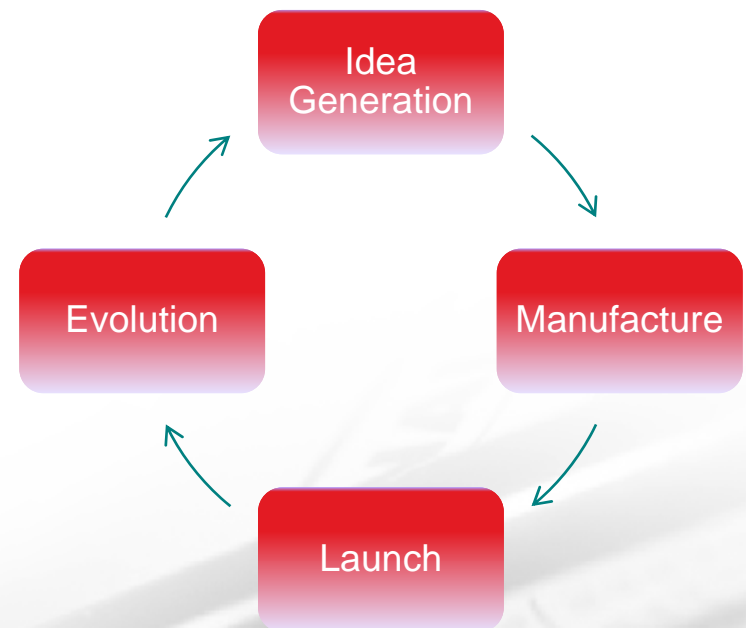
Product Development

Idea Generation

- End user surveys of clients, distributors
- Benchmarking and product portfolio review
- Product development workshops with distributors & life insurance companies

Manufacturing of the Product

- Pricing of products including assistance in regulatory filing documents
- Development of underwriting and claims forms, guidelines & policy documents in partnership with our clients
- Sharing of RGA pricing methodology and information to assist regional chief actuaries in product sign-off when pricing relies on reinsurer pricing or risk management decisions
- Development of up-sell and cross-sell programs to improve the success of product launches



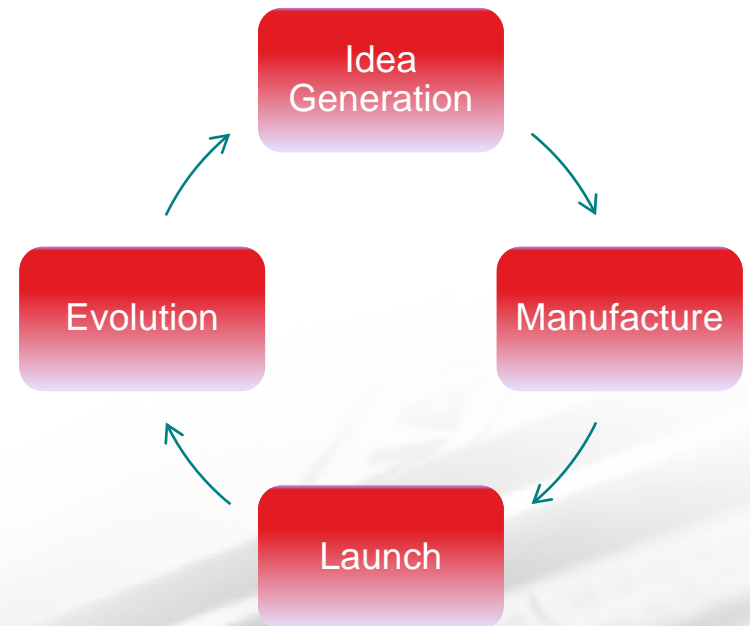
Product Development

Launching of the Product

- Presentation to agents and other distributors at sales launch & training sessions
- Payment of and hosting of sales competitions to best selling branches

Evolution of the Product

- Presentation of market studies and analysis
- Refining the products next generation and provision of market data



Product Development

- RGA has a strong track record in helping bring new products to market in Asia
 - The first Limited Pay Critical Illness products in Hong Kong (Hang Seng Life 2006)
 - First HNW product in Asia (2000)
 - First Permanent Health Insurance Product in Asia
 - The first Critical Illness product in Korea (2005 with Samsung)
 - First SME product in Asia (Siam Commercial Life in Thailand 2008)
 - First Advantage program in Asia (2000 – CMG HK)
 - First fully simplified issue product in Asia (HSBC Life – 2008)
 - The first Bancassurance Long term Care product in Japan (2012)
 - First Guaranteed issue Ladies, Cancer, Critical illness, Surgical Products in HK (2006)
 - First Guaranteed Issue Whole Life in Thailand (2009)
 - First Online Term Products in India (2009)
 - First Guaranteed Issue Critical Illness Product in Indonesia (2012)
 - First Simplified Issue Early CI Product in Indonesia (2012)



Product Development

- Case study challenge
 - Limited pay critical illness product
 - Interest rates dropped, re-pricing needed for long term product with material investment risks

Case Study



Product Development

- **Solution**

- New product features to “disguise” re-pricing exercise from agents / consumer’s perspective
 - 10 year booster benefit
 - Catastrophic Critical illness
- Innovative Reinsurance structure to enable direct company:
 - Relief of capital / reserve strain (on a HK statutory basis)
 - Price more aggressively despite working within a market consistent pricing framework (ie; improved pricing on a European basis)
- Reinsurance rate guarantee to enable pricing of limited pay (gross premium) products
- Simplified issue / Guaranteed issue campaign to existing customer to enable up-sell and cross-sell

Case Study



Product Development

- Results

- Number one product and NBEV driver for this company in Hong Kong and a product mentioned by the Global CEO in recent analyst briefing
- Sold 6,000 policies in the first month due to tailored up-sell and cross-sell initiatives
- Won Best-in-Class Critical Insurance product award at the Hong Kong BENCHMARK Wealth Management Awards 2012

Case Study



Experience Analysis

- Reinsurers like RGA have significant expertise in analyzing data and identifying actionable information
- Tools, methods and resources that facilitate accurate and speedy analysis
- Can apply insights from comparisons to:
 - Own reinsurance block
 - Other companies (across markets)
 - Industry studies and other R&D efforts



Experience Analysis

- Case study challenge
 - A client asked RGA to perform an experience analysis on a block of medical reimbursement business to answer the following questions
1. Is there any difference in claims experience between the manually and automatically underwritten businesses?
 2. Are our substandard loadings reasonable?
 3. The underwriting was done branch offices until 4 years ago at which time these operations were moved to the head office. Did this impact claims experience?
 4. Is there a good way to identify the agents with poor experience to assist underwriters?
 5. Can RGA provide us with the ability to break out attributes for each branch and/or city?
 6. Can RGA provide us with the ability to analyze Length of Stay and Average Cost by Hospital?

Case Study



Experience Analysis

- **Solution**

- Received data from client covering 760,000 policies and 150,000 claims
- Deployed global RGA resources to perform analysis
 - Joint effort between experience study experts and local office representatives
 - Worked with client to scrub data and ensure accuracy
 - Calculated results using RGA experience study system
 - Reviewed client questions and additional findings
- Translated results to clients native language and presented findings

Case Study



Experience Analysis

- Results

- Client extremely happy with work product
- Provided in depth experience analysis report
- Answered all of the client questions
- Provided additional insights to better manage their business

1. Female claims are for higher average amounts than males
2. Split of length of stay in hospital by cause of claim
3. Occupation rating has a material impact on claims experience
4. Experience has been improving over time directly related to improved claims management and underwriting practices
5. Isolated average claim size over time to provide indication of inflation cost

Case Study



Why Electronic Underwriting?

Increased Sales

- Decisions moved closer to POS
- Simplify process to a transaction

Improved Analytics

- Virtuous cycle of rule development
- Target market and branding

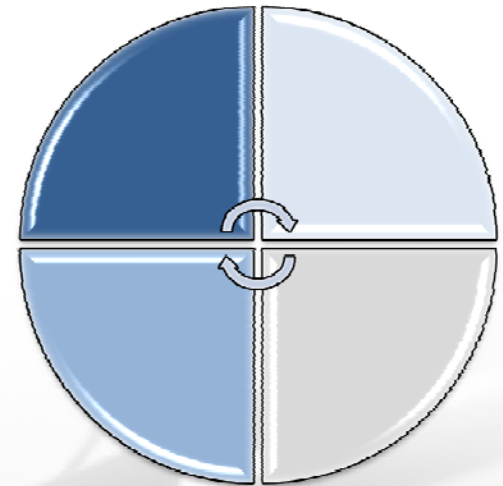
More Efficient Processing

- Growth with base line staff
- Quicker time to market for decisions

Underwriting

- More predictable decisions
- Use of ratings and exclusions
- Manage scarce resources

Competitive Proposition



Electronic Underwriting

- Case study challenge
 - A virtual company that provides insurance solutions for mortgage brokers and non-bank mortgage lenders across Canada
 - Too many applications were held up in underwriting waiting for the information to be received from the applicants or the doctors
 - On average it was taking 20+ days to process any application that required underwriting

Case Study



Electronic Underwriting

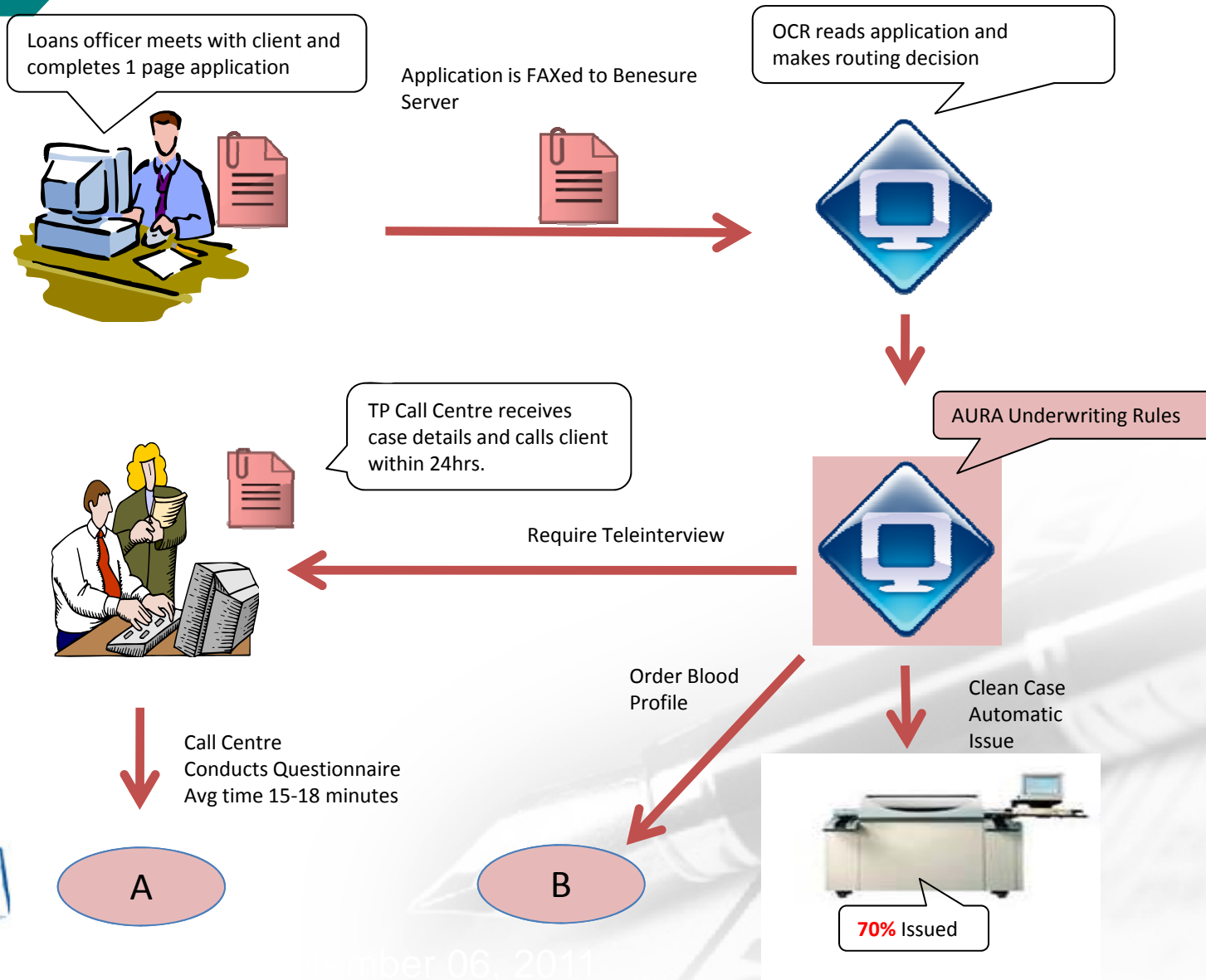
- **Solution**

- A business case that eliminates declines and improves Not Proceeded With rates to reduce the underwriting time and decrease third party medical expenses
- Built straight through processing with automated underwriting process with AURA
- Uses AURA for tele-underwriting for cases that require additional information
- Uses AURA to automatically underwrite electronic laboratory results for clients

Case Study



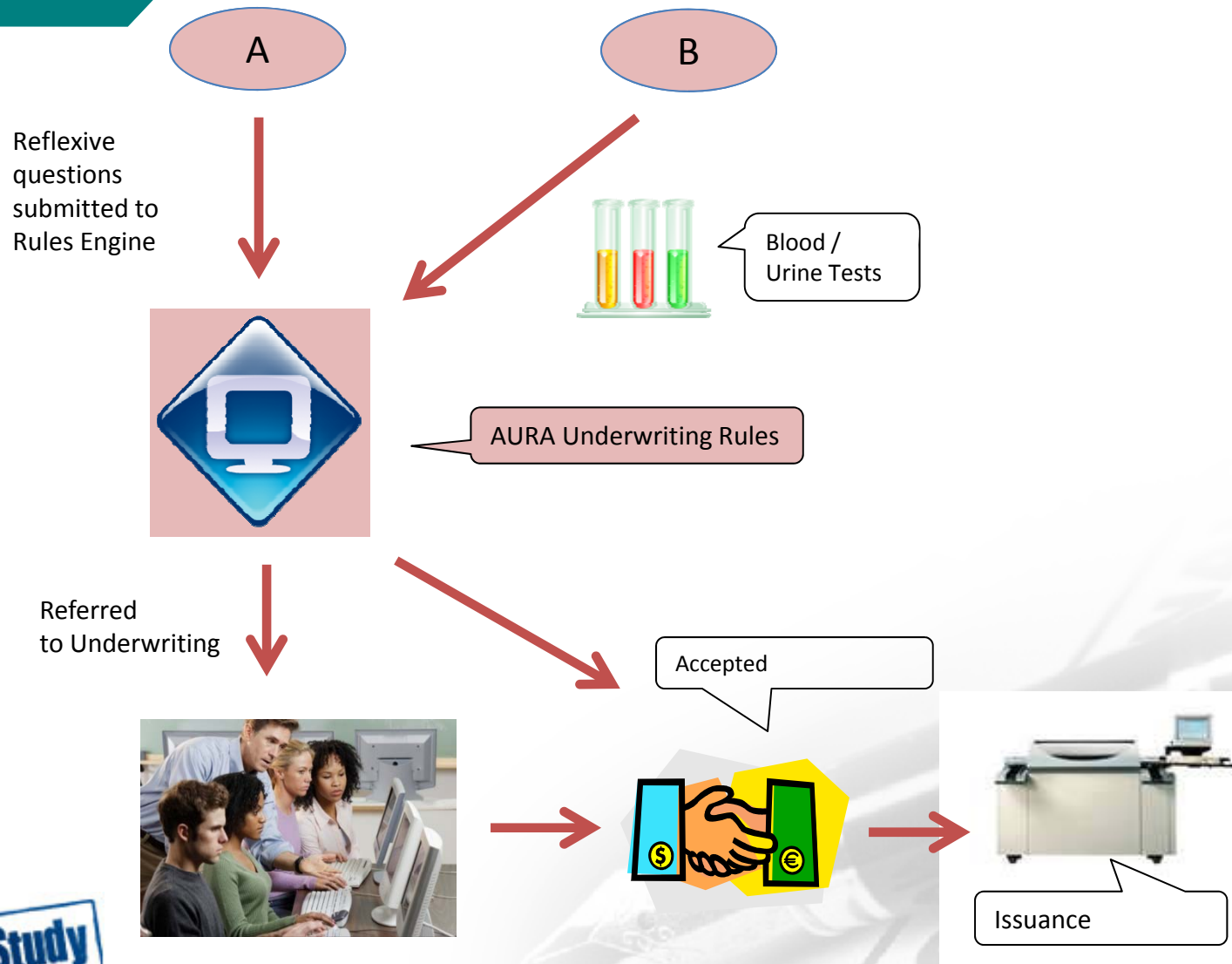
Electronic Underwriting



Case Study

ber 06, 2011

Electronic Underwriting



Case Study

Electronic Underwriting

- **Results**

- 70% issued without further underwriting
- 85% of remainder issued after tele-underwriting
- Average time to issue declined from 18 to 4 days
- Third Party Medical expenses declined by 60%
- Ability to offer ratings and exclusions means more accepted cases
- Issuing an accident only policy to declines means everyone is offered a product
- Mortality experience has been better than expected
- Sales up from 10,000 per year to 40,000 in 3 years

Case Study



Conclusions

- Access to services is a key motivation for using reinsurance, notably in Asia
- Reinsurers add value through:
 - Their global view within and across markets
 - Technical expertise
 - Additional resources and ideas
 - Risk sharing partnership
- Services cover broad areas related to:
 - Controls and back office support
 - Risk evaluation
 - Portfolio optimization through product development, experience analytics
 - R&D
 - Training & education

