

Predictive Analytics in Life Insurance

Iowa Actuaries Club Education Day

February 25, 2015

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“Life insurance is
sold, not bought”

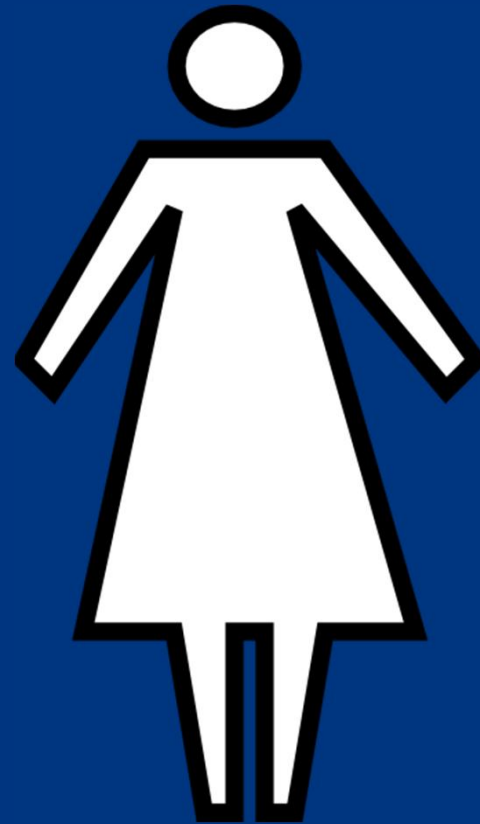
Traditional Underwriting

- Application data
- Medical questionnaire
- MIB records (previous insurance applications)
- Prescription history
- Motor vehicle records
- Blood sample
- Urine sample

EKG? Stress Test? MRI? Colonoscopy?

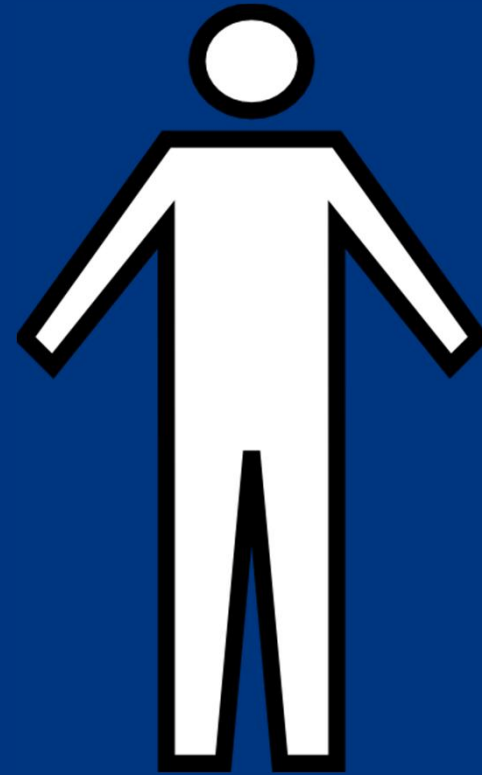
Sally

- Age 35
- Height: 5'4"
- Weight: 120 lbs
- Nonsmoker
- Mother
 - Alive age 62
 - No history of heart disease
- Father
 - Alive age 65
 - No history of heart disease



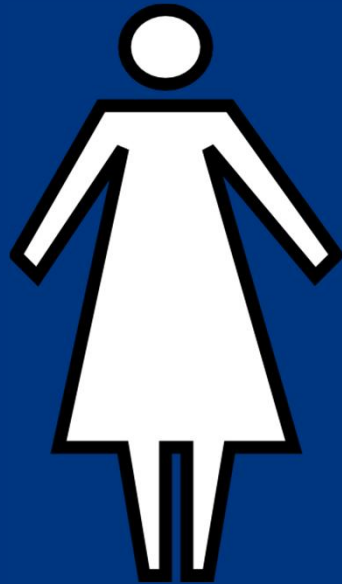
Robert

- Age 50
- Height: 6'0"
- Weight: 300 lbs
- Nonsmoker
- Mother
 - Alive age 76
 - High blood pressure
- Father
 - Died at age 59 of a heart attack

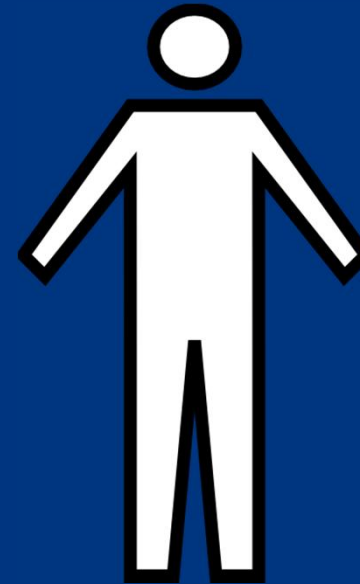


Who can skip the blood test?

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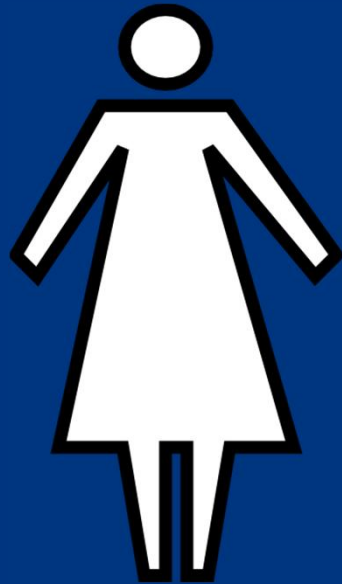


Lab Work: \$100

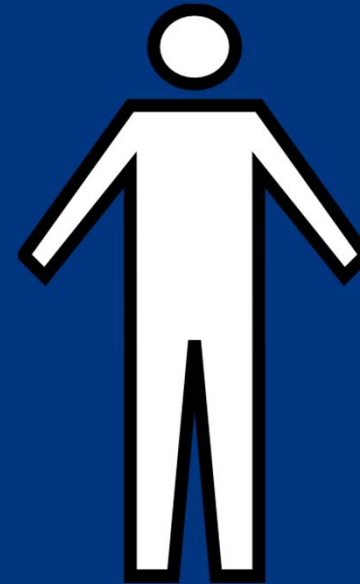
Cost of Error: \$300

Clean Labs?

90%



35%



Predictive Analytics

Other Uses

Life Insurance

- Lapse Prevention
- Cross Selling
- Workforce Management

Retirement

- Targeted Sales
- Asset Retention
- Effective Education