

**2022 SURVEYS ROUNDUP &**

# TRENDS TO WATCH

**RG&A**



RGA conducts surveys to answer our client's questions and better understand the latest trends and developments in the life and health insurance industry. Findings from RGA's 2022 surveys will help insurance leaders prepare as we head into 2023 and beyond.



**During 2022, RGA's surveys confirmed and uncovered the following:**

- The pandemic continues to shape the insurance industry – resulting in new product offerings, business opportunities, and underwriting adjustments to processes, guidelines, and risks. In addition, COVID-19 continues to have regional differences for insurance products, underwriting guidelines, and claims volumes.
- Technological developments such as photoplethysmography, have led to advances in biometric data collection. However, there are still perception challenges related to data transmission, accuracy, and integrity which vary by demographic group and region.
- Insurers in South Africa and Latin America are developing products leveraging bank data and are continuing digital customer engagement practices brought about by the pandemic. Consumers demand improved processing and application rates which is challenged by IT limitations.
- Data management and operating models for Health Insurance Ecosystems (HIEs) are considered game changers for Latin America. In order to make HIEs work, there are many opportunities to improve costs, health, and engagement through better data transmission and integration, fewer restrictions, and improved stakeholder inclusion.
- When it comes to underwriting manuals, users want fast response times, stability, and reliability, as well as easy-to-use medical, laboratory, and financial guidelines, as well as calculators to weigh risk. Users of claims manuals want quality content, with the right level of detail, usefulness, and relevance.



## PANDEMIC PIVOTS: CHANGES TO THE LIFE AND HEALTH INSURANCE INDUSTRY

It's no surprise that the pandemic is contributing to the transformation of the life and health insurance industry, including a sustained shift to remote sales, continued advances in underwriting and claims services, and changes in consumer needs. RGA surveyed 16 of its offices worldwide to identify several important ways the industry has changed since March 2020.

### New products to target emerging growth opportunities

The pandemic drove increased consumer awareness of the need for insurance protection, which created a short-term and longer-term impact on product innovation. For these emerging growth opportunities, new products such as coverages with hospital benefits in Asia were created. Insurers also introduced more affordable products to address consumer budget concerns and loss of income.

### Insurers adapt processes to onboard new customers

Due to the disruption of face-to-face sales and use of virtual interactions, insurers are continuing to adapt to digital journeys, electronic applications and signatures, and remote sales tools.

## ONE

### TRENDS TO WATCH

As the world continues to emerge from the pandemic, a new normal is developing in terms of product development, consumer acquisition, digital products, and underwriting processes and guidelines. However, risks associated with COVID-19 and how to price life and health products continues to create concern.



### **Lead generation initiatives engaged consumers in new ways**

New distribution channels and partnerships are crucial for lead generation. For instance, South African insurers forged new distribution relationships to gain access to client databases. Canadian carriers have expanded direct-to-consumer offerings and increased marketing efforts and partnerships. And Italy has shifted to fully digital lead generation using social media to market life and disability products.

### **Insurers fast-track digital product offerings**

Leveraging e-underwriting tools and insurtech collaborations, digital product development included COVID-19 benefits, hospital benefits, and more affordable coverage.

Digitalization in Asia led to the expanded use of e-underwriting tools and collaboration with insurtechs. American insurers invested in educating consumers online and enabling web-based applications for products. In South Africa, insurers offered some limited risk products, such as funeral expense coverage with waived exclusion periods for new policies. New product development for bancassurance and group life channels was executed in Italy to support consumer needs and build brand awareness and loyalty.

### **Underwriters adjust to new processes, new guidelines, and new risks**

Limited access to traditional underwriting evidence fast-tracked the use of accelerated underwriting solutions featuring e-applications and alternative data sources. Adjustments also needed to be made to new processes, guidelines, and risks.

Canadian insurers implemented temporary changes to age and amount limits and expanded the use of automated underwriting frameworks, making greater use of Attending Physician Statements (APSs). In the U.S., insurers gave applicants the choice to delay processing to wait for medical underwriting and a better rate. In the U.K., some companies waived certain evidence requirements. However, those companies who opted to carry on business as usual and asked for required evidence later fared better overall. Insurers in markets such as South Africa, Spain, Italy, and France introduced new questionnaires and forms to filter out high-risk applicants.



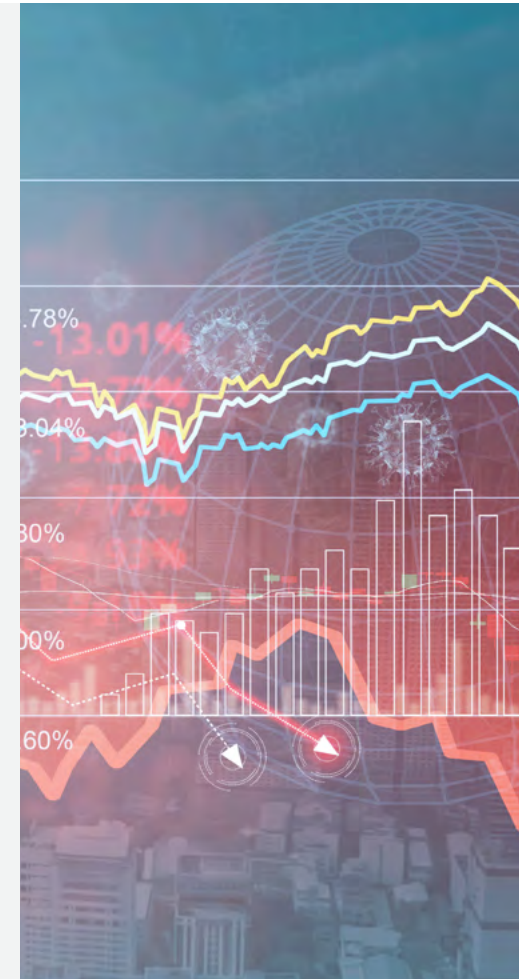
### Claims assessors adjusted to higher volumes and challenges with collection and verification

Increased claim volume, coupled with remote and hybrid work environments, made document verification and claims investigation particularly difficult. Insurers continue to seek solutions to these challenges, presenting an opportunity to innovate and leverage technology to improve claims management.

### The impact of COVID-19 on pricing remains a key concern for the industry

Agile pricing practices informed by ongoing business monitoring allowed insurers to make premium adjustments and support product sustainability. However, pricing remains a key concern for the insurance industry.

Source: <https://www.rgare.com/knowledge-center/media/articles/7-key-ways-insurers-pivoted-to-meet-consumer-demand-during-the-covid-19-pandemic>



## BIOMETRICS GETS A DEEPER LOOK

The insurance industry has expanded the use of wellness technology to improve consumer engagement and health outcomes. A global consumer sentiment survey of 875 employees conducted by RGA suggests an optical technology – photoplethysmography (PPG) – may have strong market potential. PPG is distinct from facial analytics, though both optical technologies rely on human skin analysis and are already in use in consumer electronics such as cameras and wearable devices.

Unlike facial recognition systems, the PPG scanners built into both consumer and clinical devices do not collect data based on physical features. PPG looks at what lies beneath, detecting minute volumetric shifts in the small blood vessels just under the surface of the skin, from fingers and wrists to ear lobes and faces, whereas facial scans rely on personal appearance to confirm or categorize identity or evaluate health status.

### New products to target emerging growth opportunities

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### Insurers adapt processes to onboard new customers

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## TWO

### TRENDS TO WATCH

The insurance industry will continue to grapple with advances in technology to collect biometric data and how it affects consumer engagement, health outcomes, and life and health insurance products. The industry will also need to consider different opinions of disclosures and privacy based on global region, age, and other demographic data.



**Additional survey results include:**

- Scanning for health – To monitor and maintain good general health, 62% of employees were moderately/very willing to use PPG technology to measure biometric data for personal use. Regional differences emerged, with Europeans most willing to use PPG technology while Americans shared greater skepticism.
- Eyeing underwriting advantage – Approximately half of respondents (47%) expressed interest in sharing biometric data to support underwriting of insurance. Younger people (18-30 years old) were most willing to share biometric data. Fifty-two percent of respondents wanted to see the accuracy of the data being collected within a 5% deviation (as good as standard medical devices) to support underwriting with PPG technology.
- Monitoring to sharing – Most survey participants indicated a willingness to share data to support wellness and rewards initiatives. This willingness to share biometric data in exchange for a reward did not vary by age of the respondent.
- Barriers to overcome – Eleven percent rejected the use of technology to monitor personal health, while 26% indicated a low level of willingness or refusal. Common reasons cited included lack of trust and data privacy and/or security concerns.
- Snapshot of health – 64% of respondents were very or moderately comfortable with the use of smartphone camera for a one-minute period to measure biometric data while 9% were firmly opposed.
- The findings suggest perception problems linger around technology and data accuracy but may be overcome through medical and/or industry validations as well as transparent data integrity policies.

Source: [https://www.rgare.com/knowledge-center/media/research/what-lies-beneath-photoplethysmography-\(ppg\)-solutions-for-insurance](https://www.rgare.com/knowledge-center/media/research/what-lies-beneath-photoplethysmography-(ppg)-solutions-for-insurance)



## DISTRIBUTION TRENDS IN SOUTH AFRICA AND LATIN AMERICA BANCASSURANCE

In South Africa, online (and telephone) bank insurance sales continue to grow, with an increased focus on distribution partnerships to diversify offerings or cater to large customer bases such as retailers, funeral homes, and fintech partners. In both South Africa and Latin America, respondents reported developing targeted product offers to customers leveraging bank data (e.g., transaction data, credit score, total deposits, home ownership, marital status, etc.).

### Other findings include:

- Digital solutions implemented due to the pandemic (with remote sales) continue to be enhanced (i.e., digital application processes, claims processes, ID verification, e-signatures, and e-underwriting) while insurers are focusing on new target markets through new partnerships and improved service.
- Top challenges for customer journeys include low straight-through processing rates, low customer traffic to online channels, and low application start and completion rates.
- South Africa product development is hindered by IT challenges – prioritizing digital transformation, data management, and dependence on external providers.

Source: These are high-level results presented to the market, and a public report will be posted February 2023.

## THREE

### TRENDS TO WATCH

In South Africa and Latin America, new products will develop based on transaction data, credit scores, home ownership, bank deposits, and other customer data. Also, the industry has been leveraging digital solutions to help improve applications and processing, as well as exploring new partnerships to expand reach to consumers.



## INNOVATIONS IN HEALTH INSURANCE ECOSYSTEMS (LATIN AMERICA)

RGA conducted a survey related to Health Insurance Ecosystems (HIEs) in Latin America. HIEs are networks of systems created by insurers to deliver health products and services to insured members. Broadly, an HIE consists of insurance platforms and basic digital services. More advanced HIEs have the capability to offer innovative digital health services (see the diagram on the next page for examples), guided by a comprehensive operating framework and data management strategy.

### Key survey findings include:

- In terms of implementation of HIEs, Latin America has a longer track record with five to 10 years experience, and 66% of respondents considering HIEs to be a “game changer.”
- When compared to other markets where RGA has surveyed insurers on HIE development, Latin American respondents rated “cost savings achieved” as the largest success measure. “Engagement,” which leads to improved health outcomes, was top ranked in the Southeast Asia (SEA) region and in the Italian market.
- Insurers develop HIEs to help consumers manage their health and reduce medical claims.

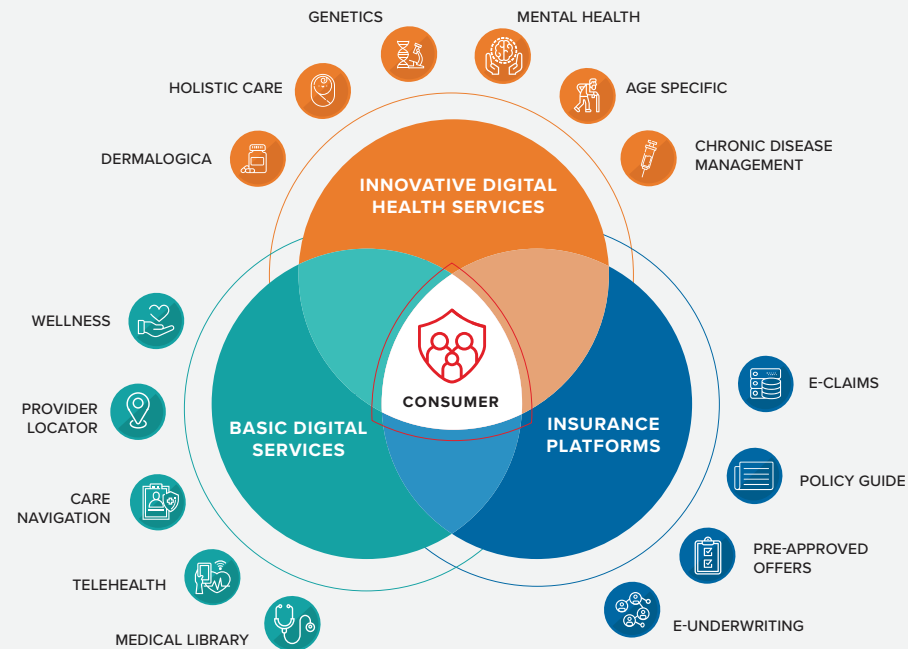
## FOUR

### TRENDS TO WATCH

HIEs will continue to gain importance in terms of providing digital health services based on operating and data management frameworks. HIEs also provide opportunities to further promote cost savings and improve consumer health.



- Basic digital health services and digital consumer application (i.e., mobile applications for insurance quotes) were the most developed in Latin America, with telehealth and e-prescriptions currently offered by 72%, provider locators (for doctors and hospitals) offered by 62%, and automated policy views/ updates available from 55%. RGA noted market differences with the SEA region and Italy.
- Insurers are developing more in-house solutions than outsourcing to external firms, perhaps due to lower cost, and as a result there is a speed-to-market challenge.
- Given rising healthcare costs and outdated legacy systems, the healthcare environment is ready for HIEs, but there are some hurdles with data sharing and budget or resource constraints.



Source: These are high-level results presented to the market, and a public report will be posted February 2023.

## GLOBAL UNDERWRITING MANUAL FEEDBACK

The 2022 RGA Global Underwriting Manual (GUM) Feedback Survey collected online responses from 1,261 global respondents to gather their input about the manual's functionality, features, guidelines, and calculators.

### Survey highlights include:

- Ninety percent of respondents are satisfied or very satisfied with using the RGA Global Underwriting Manual.
- The majority of users expressed that the speed of response times, ease of use, stability, and reliability were important.
- Medical Guidelines was the most important and used section in the manual. Calculators to determine risks related to underwriting guidelines were also important to survey respondents. RGA's Global Underwriting manual also includes sections on Non-Medical Guidelines (occupation, avocation, and/or foreign risk), Laboratory Guidelines, and Financial Guidelines.

Source: <https://www.rgare.com/products-and-services/underwriting/global-underwriting-manual>

## FIVE

### TRENDS TO WATCH

Users of underwriting manuals require fast response times, ease of use, stability, and reliability. Also important to users are medical, laboratory, and financial guidelines, but calculators to determine associated risks remain important.



In 2022, RGA developed a portfolio of surveys about the continuing impacts of the pandemic, evolving approaches to digitalization, distribution topics, health insurance ecosystems, regional and market specific product development initiatives, and user satisfaction with underwriting and claims manuals. Insights from our survey research helps RGA understand the insurance industry and the needs of our clients. If you have any questions or would like to continue a conversation about the information in this 2022 Surveys Roundup, please contact...



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**Sources:**

- <https://www.rgare.com/knowledge-center/media/articles/7-key-ways-insurers-pivoted-to-meet-consumer-demand-during-the-covid-19-pandemic>
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- <https://www.rgare.com/products-and-services/underwriting/global-underwriting-manual>

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