



Simplified Issue in Asia: Five Keys to Effective Screening Questions

Recent years have seen a significant shift in underwriting methodology, with the demand for simplified issue (SI) insurance increasing for all types of risk, from life to disability products. The ideal SI product balances streamlined processes that drive sales volume with the ability to manage risk.

Simplified issue has many definitions globally. In the U.S., for example, SI generally refers to the process of determining coverage using a full application, but without medical examinations or bodily fluid tests.

In Asia, SI most commonly describes an initial screening process using 3-5 yes/no questions to determine whether an applicant continues to straight-through processing (STP), is subject to further underwriting, or is declined coverage. With such important outcomes based on so few questions, the information requested, the language used, and the way the questions are presented deserve meticulous attention.

Use clear language

Questions with complex medical terms can lead to erroneous responses or failure to complete the application. Substitute with common language wherever possible.

- arrhythmia = irregular heartbeat
- myocardial infarction = heart attack
- cerebrovascular accident = stroke

Be concise – avoid too many *ands* and *ors*

Overly complex questions may cause an applicant to answer “no” by mistake. The result: substandard cases moving on to STP – and potential legal challenges from confused applicants should the insurer rescind coverage due to lack of disclosure.

Don't do this:

Have you been advised to be hospitalized for treatment of a medical condition or scheduled for a surgical operation which has not been performed, or had any accident or sickness necessitating you being under medication or drug for more than 14 days, or undergone any surgical operation at a hospital or clinic, or undergone any diagnostic test or investigations (including X-rays, ECGs, blood tests, biopsies), or been under observation?

Do this:

In the last 5 years, have you been hospitalised or received any treatment or medication for a continuous period of more than 7 days?

Clarify questions to avoid asking about trivial information

We all experience health issues such as the common cold, the flu, or temporary physical discomfort from time to time. These ailments have no significance from an underwriting point of view. Incorporating clarifications can reduce the chances of applicants answering “yes” to vague questions, thus unnecessarily eliminating themselves from coverage.



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Don't do this:

Have you visited a doctor in the past year?

Do this:

Have you visited a doctor in the past year other than for a routine checkup, vaccination, or treatment of the common cold or flu?

Customize questions to capture only relevant risks

Don't do this:

Have you ever had, been told you had, or been treated for high blood pressure, stroke, chest pain, heart disease, kidney disease, diabetes, respiratory disorder, thyroid disease, nervous system or mental disease, urogenital disease, digestive problems, liver problems, blood disease, cancer, AIDS, or any other diseases not mentioned above?

This list of conditions is staggering enough, but the far-reaching nature of the body's systems makes this question particularly confounding. For example, "digestive problems" could include a relatively trivial condition such as mild gastritis or food poisoning, and "any other diseases" opens the question up to all less serious, non-life-threatening conditions.

Also, the phrase "have you ever had" is open-ended and will test the memory of the applicant. This may be appropriate for significant conditions, but for others, consider adding a defined time limit or using a well-designed catch-all question.

Do this:

Have you ever had cancer, heart disease, or a stroke?

In the last 2 years, have you been hospitalised for 'x' number of days or more?

Engage the customer

How customers are presented with questions can influence the manner in which they respond. There are numerous distribution channels for SI products where an underwriter may wish to modify key phrases, including:

- online
- over a telephone with a supported script
- e-application with built-in reflexive questions
- over the counter by a bank employee, untrained in medical terminology

Of course, bringing an SI product to market requires more than a few good questions. Insurers must analyze benefits covered, pricing assumptions, term of the product, use of exclusions, demographics, distribution, and competing products, among other considerations. Nevertheless, knowing what to ask and how to ask it can be the key to a successful product.

Contact pjones@rgare.com to learn more.