

MINING SOCIAL NETWORKS: USEFUL, OR A WASTE OF TIME?



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The Internet is full of information that is increasingly useful for underwriters seeking to confirm and verify personal information such as addresses, personal and business financials, and avocation details. With the development of social networks and personal blogs, a question exists as to how and if this information can or should be used to evaluate an individual's life risk.

People post detailed personal information about themselves, which could be fact or fiction. With life insurance underwriting, such information could raise more questions about the evaluation of the risk. In past years, the usefulness of the Internet's social networks as a supplemental research tool became a popular debate topic for insurance underwriters. This article suggests how such information may help underwriters gather information that will help them assess risks associated with avocations.

The Internet, like an inspection report or a non-medical questionnaire, is just a tool—a tool that can help underwriters discover as much information as possible about an applicant or claimant. Frequently, after reviewing previously underwritten cases, insurers and reinsurers are finding that additional information discovered on the Internet, if known prior to the final decision, would have required additional details from the applicant. Many reporting agencies exist to help underwriters uncover financial information, MVR (motor vehicle report) details, verify Social Security numbers and so forth. However, these agencies are unable to provide the underwriter with independent information about aviation and avocation activities. A quick and simple Internet search can open a door for more details. If the applicant has a unique name, the search is much faster and confirmatory than a more common name. It is essential that information uncovered be verified as pertaining to the applicant. This can frequently be done via an e-mail address or

Executive Summary *The use of information from social networks has been a frequently debated topic in the insurance industry. Underwriters are asking, with increasing frequency, whether the Internet's vast reach now makes it a valid information resource for applicants' vocations, vacations and avocations. According to underwriter Mary Hanson of RGA Reinsurance Company, the Internet is a helpful tool, but its utility must be measured case by case, and weighed against the underwriter's experienced judgment.*

other individual identifiers.

Once an underwriter has verified that the information uncovered on the Internet does pertain to the applicant, how should the information be used? This depends on the site where the information is found. Is the site reputable—such as a news site or government agency site—or is it a social networking site? Can the information be verified by a reputable source? These are questions the underwriter or the insurance company should answer before using information uncovered by an Internet search. If the information cannot be verified via reputable means, then further questioning of the applicant for additional information might be necessary.

Fortunately, hobbyists love to talk about their hobbies. When applicants are asked for more details about their avocation or aviation interests, underwriters generally receive more information than required. This can be good for the underwriter, but can sometimes be worse for the client. Social networking sites let people exaggerate or brag to peers about their avocations and accomplishments. Social networking sites do not have security for preventing visitors from making posts on someone's page. In addition, some applicants might post videos of themselves

participating in their avocation which may help the underwriters understand the activity.

Sanctioned activities typically post event activities on their websites. For example, vehicle racing competitions will post information about the winners of a particular race, and will include speeds obtained, horsepower of the vehicles and point standings. This information can be very useful to an underwriter seeking to understand the extent of an applicant's racing activity, and can help to generate a more accurate assessment of the activity's risk.

Mountain climbing is another activity for which information may be posted on the Internet. If, for example, an applicant has attempted to climb Mt. Everest, the person's name and details about the climb will most likely be found on lists kept by climbing guides, who frequently post on the website of a climbing shop. Questions about an applicant's avocations will generally arise when evidence of the applicant's participation in an activity turns up on the Internet, and the applicant either didn't admit to the activity or provided incomplete details. In such cases, what should an underwriter do? The information should not be the decision-maker for the application. More questions may need to be asked of the applicant. If needed, once the additional information is received, the application may need to be amended.

In November 2009, RGA conducted a limited post-approval study to test the Internet's usefulness as a supplementary underwriting tool. We reviewed 50 cases (25 avocation cases and 25 aviation cases). Initial findings showed pertinent additional information was uncovered for 10% of the files reviewed, so a more in-depth study was recommended and undertaken. The in-depth study reviewed a total of 144 cases with avocation and aviation activity. An Internet search yielded salient additional information for 18% of those cases. Listed below are a few examples.

1. An applicant listed his occupation on the application as gas station owner. He admitted recreational scuba diving activity, with a significant number of dives at significant depths. No specialty dives were listed.

An Internet search found the applicant's name on a business site advertising wreck diving excursions. The information was verified as his by the e-mail address on the application, which was the same as the e-mail address on the business website. Further investigation turned up the detail that he is the dive captain of a ship that takes people on wreck diving tours featuring dives of up to 150 ft.

The information on the Internet was found prior to final approval for this case. The insurance company underwriting the applicant was notified about the discovery and additional questions were asked, which confirmed the information that was discovered on the Internet.

2. An applicant admitted travel to Nepal and India, and answered "no" to avocation questions on the application (mountain climbing was included as an example in the avocation question). Due to age/amount requirements, the applicant's medical records were ordered, and the records referred to the applicant's plan to climb Mt. Everest.

An Internet search discovered a newspaper article stating that the applicant was given a Certificate of Recognition from his state senator because he climbed Mt. Kilimanjaro at an older age.

This information indicated a high likelihood that this applicant is traveling around the world to climb mountains, not just to participate in trekking. Although his medical records indicated he was planning to travel to Mt. Everest (itself a red flag), the Internet search showed that this was not an isolated climb. Therefore, the applicant's response to the avocation question constituted material misrepresentation.

3. An applicant admitted aviation, sky diving and scuba diving as avocations.

An Internet search discovered his social media page, which listed the following as his interests: "Flying, scuba, sky diving, rock climbing, photography and beer." It also indicated he had lived in Colorado and Amsterdam.

Since this applicant did admit to aviation as well as other avocations, the decision to insure him may or may not have changed if his rock climbing avocation had been known prior to final approval. However, the applicant should have been re-questioned so that further details would have been known.

4. An applicant admitted rock climbing on his application. He also indicated he is a member of the Mountain Guides Association, is Avalanche Level II certified and is a Wilderness First Responder.

A blog entry from the applicant, however, made his penchant for risk-taking crystal clear. In it, he is an adventurer who enjoys skiing, rafting, mountain biking, ice climbing, vintage motorcycle racing, pub times and sea kayaking. He also states he is always up for a challenge as a mountain guide, and is ready

to climb any summit.

The blog entry included far more detailed information than was noted in his application, and indicates that this applicant is clearly a thrill-seeker. Although additional details may not have changed his rating, it certainly indicates the applicant is likely to continue with his various activities and possibly explore new challenges.

The information gathered in just these four examples suggests that a quick search on the Internet can benefit an underwriter's evaluation of avocation and aviation risks.

Underwriters need to use sound judgment when finding information on the Internet. The information should be confirmed by the applicant before an adverse decision is made. The Internet can be a useful tool when used appropriately.

Even though hobbyists like to talk about themselves, should the information they post publicly on the Internet be used to assess life insurance risk? Right now, there's no hard and fast answer. Each insurance company will need to answer this question on its own, and should do so in consultation with its legal counsel.

Search engines can be a useful source of information about your customers. Have you searched your own name? You may be surprised at what you find.

Try these Internet sites:

www.flickr.com
www.twitter.com
www.facebook.com
www.myspace.com
www.bing.com
www.google.com

About the Author

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