

Accelerated Underwriting Draft FAQ's
Comments from Missouri
Received April 24, 2024

I don't know if you have received any feedback yet. I don't believe I have seen any emails yet. I will provide some feedback here and hope that if anyone has responded, I'm not duplicating efforts.

I think this is a great start and answers some questions for companies who are trying to report appropriately. However, when I read this, I come away with more questions.

1. We use the term "analyze" or "analysis" of data or information in the response to the second and third questions. There is no definition of what is meant by analysis but it's used to describe what is and is not AU.
2. What is meant by traditional and non-traditional data or information?
3. Should we use definitions of machine learning, artificial intelligence, and big data from a respected source?
4. I think we should set out what the acronyms AUW, AI, and ML stand for even though I'm sure everyone knows what they mean.

We may think we all know what we are talking about when we say some of these terms but I think we might need a bit more clarification just to make sure everyone is on the same page.

I may be overthinking this so if no one else has questions, maybe we just disregard my questions. Maybe I'm getting too into the weeds so I thought I would send it to you first.

Thank you.

Kind Regards,

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Why is the term “big data” not included in the MCAS definition of Accelerated Underwriting?

The term “big data” was used in the NAIC’s Accelerated Underwriting (AU) Educational Report but was intentionally removed from the MCAS definition of Accelerated Underwriting. By doing so, the MCAS excludes any processes intended solely to speed up or automate the underwriting process. For example, on MCAS filings, even if the data you use includes such data as criminal history, consumer credit or motor vehicle report data it would not be considered accelerated underwriting for MCAS reporting purposes *if* those data are used in stand-alone rules, such as declining coverage if there is a prior conviction of insurance fraud, a recent bankruptcy or multiple speeding violations. If, however, the data is run through an algorithm that will, at points in the process, choose from multiple possible decisions, it is considered accelerated underwriting under the MCAS definition.

How would the company determine if its processes are considered accelerated underwriting?

Elements that must be present to meet the MCAS AUW reporting requirements:

- 1) AI/ML: Predictive models and machine learning algorithms are used to analyze applicant data.
- 2) Data: FCRA Compliant non-medical third-party data and/or Other non-medical third-party data is used. This can include traditional and non-traditional data – if only traditional data is used it doesn’t meet the definition.
- 3) Decision: Life Insurance is underwritten by predicting an insurance outcome.

Commented [KT1]: In what way? What does the analysis need to trigger for it to be considered accelerated underwriting?

Commented [KT2]: What is the difference between traditional and non-traditional data?

Can you provide examples of what would not be included as accelerated underwriting?

For the purposes of MCAS reporting, AUW does not include:

- Simply automating analysis of traditional, medical information. (does not meet elements #1 or #2, above)
- Using insurance claims or motor vehicle violation data in a stand-alone underwriting rule such as declining coverage for a driving under the influence conviction. (does not meet element #1, above)
- Use of medical data only in an algorithm. (does not meet element #2, above)

How is “predictive modeling” defined?

Applying predictive modeling (AI/ML) means non-medical information is used by itself or in combination with other medical or non-medical data in an algorithm to predict an insurance outcome, such as mortality, likelihood of lapse or likelihood of fraud.