



## Predictive Analytics

### 1. What is predictive analytics?

Predictive analytics is the use of statistics and mathematics to determine the probability of certain events occurring. Predictive models denote the relationship between multiple factors to assess probabilities.

### 2. Why use predictive analytics in individual life insurance?

In keeping with the industry, we decided to move towards predictive analytics to facilitate the underwriting process by limiting as much as possible the medical examinations to individuals with a greater insurance risk.

Predictive analytics allows us to offer many clients a faster process, without medical exams.

### 3. Will the premium rates change when predictive analytics begin on October 1, 2020?

No, there will be no premium rates change on this date.

### 4. Which clients benefit from predictive analytics?

Clients targeted are:

- Persons aged 16 to 45 for coverage amounts from \$500,000 up to \$1,000,000 (inclusive)
- Persons aged 46 to 50 for coverage amounts from \$250,000 up to \$1,000,000 (inclusive)
- Persons aged 51 to 55 for coverage amounts from \$100,000 to \$249,999 (inclusive)
- Persons aged 56 to 60 for coverage amounts up to \$249,999 (inclusive)
- Persons aged 61 to 70 for coverage amounts up to \$99,999 (inclusive)

To sum up, these are individuals for whom the temporary easing measures related to COVID-19 were implemented.

### 5. What products are predictive analytics applied to?

Predictive analytics applies to term life insurance, permanent life insurance and universal life insurance products.

Simplified life insurance, guaranteed issue life insurance and critical illness insurance products are excluded from the predictive analytics process.

### 6. What is our preferred risk underwriting criteria?

Preferred risk classes are available for term insurance products for coverage amounts starting from:

- \$500,000 for ages 51 and above
- \$1,000,001 for ages 18 and above.

## **7. How does predictive analytics work? How should I introduce the concept to my clients?**

Predictive analytics uses artificial intelligence to determine which clients must undergo a medical examination and which don't. In this regard, we estimate that one out of two individuals targeted by predictive analytics (refer to question No. 4) will not have to undergo medical examinations.

However, you may find it valuable to set clients' expectations appropriately and have them expect that medical exams may be required and then have them pleasantly surprised when they are not required.

## **8. When will these changes take effect?**

These new measures will apply to applications received as of October 1, 2020.

## **9. What are the transition rules?**

For applications received before October 1, 2020, the previously announced temporary relaxed measures in response to COVID-19 apply. For applications received as of October 1, 2020, the new evidence of insurability which include predictive analytics applies.

Please note that as of October 1, 2020, applications received for coverage amounts from \$500,000 to \$1,000,000 will no longer be eligible for preferred classes for the 18-50 age group, no exceptions will be allowed.

## **10. How will I know if underwriting requirements are required?**

This information will be provided via the external **LifeSuite** portal or via your general agent's internal system.

For general agents that haven't signed up for automatic notifications, we recommend you do so in order to receive alerts each time underwriting requirements need to be ordered.

## **11. Who orders the underwriting requirements when they are required?**

For electronic applications, SSQ Insurance will order the underwriting requirements.

For paper applications, we will inform you via the external **LifeSuite** portal or via your general agent's internal system so that you can order them.

## **12. How will my client be notified that underwriting requirements are required?**

A firm specialized in medical tests will contact your client within days of ordering the underwriting requirements. You will also be able to inform your client as the required underwriting requirements will be displayed in the external **LifeSuite** portal or via your general agent's internal system.

## **13. What happens if I order underwriting requirements that were not required?**

If you ordered tests by error, please check with the service provider to see if the order can be cancelled and inform us as quickly as possible via our new business email address: [infonewbusiness@ssqinsurance.ca](mailto:infonewbusiness@ssqinsurance.ca)

If the order cannot be cancelled, the underwriting team will wait for the results before making a decision.

**14. My client didn't report any medical conditions, yet medical examinations are still required. Why?**

Predictive analytics uses different information to assess client risk. In addition, a number of applications will be selected at random. Thus, medical examinations may be required even if the client declares no medical condition.

**15. Can my insurance application be denied due to predictive analytics?**

No. Predictive analytics serves only to determine if medical requirements are necessary or not. Only the underwriter can deny an application and justification is always provided.

**16. Are the changes visible in the illustration software?**

The changes will be integrated into the illustration software with the next update scheduled in October 2020.