

Manulife quadruples limit for term life policies without paramedical exams

In an effort to speed up the issuing process, younger clients between the ages of 18 and 40 will be able to apply for a term policy of up to \$1 million without biometric data

By Megan Harman | May 09, 2016 18:00

Toronto-based Manulife Financial Corp. has quadrupled the limit on term life insurance policies that it will underwrite without requiring a paramedical exam for eligible applicants, the insurer announced on Monday.

Manulife said it will now underwrite applications for term policies up to \$1 million for eligible applicants between the ages of 18 and 40 without requiring blood, urine and other biometric data. The previous limit was \$250,000.

The move is part of an effort to modernize the application process and speed up the process of issuing coverage to appeal to younger clients, according to Karen Cutler, vice president and chief underwriter with Manulife.

"It takes a long time to get applications through our processes," says Cutler, noting that it takes between 28 and 36 days, on average, for the industry to process life insurance applications. "Our goal here, for this population of 18 to 40 [year olds] with term products, is to really reduce the time that it takes to get an application out the door, and the number of touch points."

Under the accelerated underwriting process, Manulife says it will take less than a week to issue policies.

"I think it's something that especially is going to appeal to the millennial market who are starting to buy our products," Cutler says.

Clients who are eligible will be underwritten based on the information they disclose in the insurance application. For clients who have certain health conditions, Manulife will also review medical records as part of the underwriting process. In cases of some diagnosed conditions, such as heart disease or diabetes, full, traditional underwriting will be required.

As the accelerated underwriting process still involves a full insurance application, it takes longer than the process associated with the growing range of simplified issue life insurance policies available on the market, which can be issued in as little as one day. However eliminating the medical exam speeds up the process considerably compared with traditional underwriting.

The prospect of a faster and less intrusive application process will appeal to insurance agents and clients alike, according to Mark Halpern, certified financial planner, trust and estate practitioner, and president of WEALTHinsurance.com and illnessPROTECTION.com, in Markham, Ont. He says the prospect of providing blood and urine samples is very unsettling to some clients.

"It can be very invasive, and it might even turn somebody off from actually applying for insurance," says Halpern. "They could be completely uncovered for an insurance need that they have. So, the fact that [the insurance company is] not asking for bodily fluids is really going to help those clients."

The less rigorous underwriting process could make it easier for some clients to qualify for coverage, Halpern says. "There's a chance that there will be people who get coverage who may not have gotten coverage if it was fully underwritten," he says.

However, Manulife does not expect any impact on the proportion of applicants who qualify for coverage. "We really don't think it's going to change the level of qualification for clients," says Cutler.

Manulife is using data analytics to evaluate risks more accurately without the need for biometric data, she says.

"We recognized that we have a lot of data already, so what we did a little over a year ago was we started to spend time analyzing the data," Cutler explains. "It's the use of analytics that is allowing us to do this without taking on additional risk."