

Questions and answers: Accelerated underwriting and preferred rates for life insurance

As of May 2022

[Accelerated underwriting Q&As](#)

[New: Preferred rates Q&As](#)

Accelerated underwriting Q&As

1. What is accelerated underwriting?

Accelerated underwriting uses predictive models to assist in risk assessment. It fast-tracks the underwriting process by reducing the number of clients who need to provide medical evidence. In particular, it eliminates age and amount medical evidence as a requirement and allows the predictive models and underwriter discretion to determine when medical evidence will be required.

2. How does this help my client?

We're balancing informed underwriting with client experience. Our goal is to order medical evidence in cases where we reasonably expect it will influence the underwriting decision based on a combination of sampling methods and underwriter discretion.

Through this process, we limit the number of clients who are required to provide medical evidence while maintaining competitive pricing. By ordering evidence in a strategic manner, we avoid the higher pricing that would typically be associated with simplified issue products.

3. How will I know if my client is eligible for accelerated underwriting?

All life insurance products are eligible. Non-fluid underwriting has expanded for:

- Age nearest 18-45 from \$2 million to \$5 million
- Age nearest 46-50 from \$1 million to \$3 million
- Age nearest 51-55 from \$250,000 to \$1 million
- Age nearest 56-60 from \$100,000 to \$1 million

For all other ages and amounts, please refer to the [Life insurance underwriting requirements \(age and amount\)](#).

4. Why was my client contacted for labs when they're eligible for accelerated underwriting?

If your client is eligible for accelerated underwriting and has been asked to submit labs, it means they've been selected for random sampling, targeted sampling, or discretionary evidence by the underwriter.

5. What is random sampling?

Random sampling means we select some applicants on a purely random basis to provide more evidence. As accelerated underwriting no longer requires medical evidence automatically, random sampling ensures we

continue to obtain an unbiased picture of our risk profile over time. This helps us understand the effectiveness of our program and will allow us to make improvements that benefit your future clients.

6. **What is targeted sampling, sometimes also referred to as a predictive model?**

With targeted sampling, our predictive models select some clients to provide more evidence. Predictive models use historical information to understand the complex relationships between client disclosures and key risk factors. This allows us to order evidence in cases where we reasonably expect it will influence the underwriting decision.

7. **What is discretionary evidence?**

In addition to random and targeted sampling, underwriters will use their judgment to order evidence they deem necessary to support their decisions. It is also referred to as evidence for cause.

8. **How often should I expect my clients to be selected for additional evidence?**

We take a risk-based approach to defining our sampling rates. This means we'll request additional evidence more often for higher ages and higher coverage amounts. Targeted sampling is based on specific disclosures, so your experience may vary. Up to half of our accelerated underwriting-eligible clients may be selected for additional evidence combining the three possible sources: random, targeted, and underwriter discretion.

New: Preferred rates Q&As

9. **Who is eligible for preferred rates?**

Preferred rates may be applied for, where:

- The application is for any Canada Life My Term™ or term riders,
- The proposed life insured is ages 18+,
- Coverage amount applied for is \$250,000+, and
- Labs and vitals are completed.

10. **Where do advisors elect to apply for preferred rates in the WebApp and SimpleProtect app?**

A button appears when an eligible My Term product or term rider is selected, which requires a Yes or No response to proceed. To apply for preferred rates, we require the completion of labs and vitals. See question 12 for details on requesting fluids for your client and question 14 for important information about providing medical evidence for preferred rates.

11. **How do advisors apply for preferred rates on the paper application?**

The advisor should add a note in the Advisor's report section of the application if their client wishes to apply for preferred rates.

12. **How do I request fluids for my client?**

To request fluids through either of our digital applications (New business or SimpleProtect™), you simply select the Yes button to the new "Option to provide fluids" question found on the Products/Benefits and riders screen. If

you are completing a paper application, you can write your request in either the special remarks section or the Advisor's report section of the application.

13. Does requesting or providing fluids mean my client will get preferred rates?

It doesn't guarantee that they'll receive preferred rates.

14. What should my client be aware of before providing medical evidence for preferred rates consideration?

- If your client is eligible for accelerated underwriting, they have an option to provide additional medical evidence for preferred rate consideration.
 - Your client may not be eligible for preferred rates based on their personal history, medical history or lab results.
 - **By choosing to provide medical evidence, your client will not be eligible for accelerated underwriting. If the results are unfavourable, they may not be eligible for standard rates or for the requested coverage.**
 - **Do not order medical evidence until your client's application has been reviewed.** A preliminary review may reveal that they are not eligible for preferred rates and that there is no reason to provide medical evidence.
- To apply for preferred rates:
 - In SimpleProtect and the Webapp, a button will appear when an eligible My Term product or term rider is selected, which will require a Yes or No response to proceed. We will also require the completion of labs and vitals. Refer to the Q&As for more details.
 - On a paper application, the advisor should add a note in the Advisor's report section of the application if your client wishes to apply for preferred rates.
- If your client is eligible for accelerated underwriting and chooses not to provide medical evidence, they won't be considered for preferred rates.
- If our random or targeted sampling requires medical evidence, Canada Life will review eligibility for preferred rates.