

## **Obtaining Life Insurance in the Age of Big Data**

In the digital age, the drive to protect our loved ones remains as strong as ever, but the process is once again in transition. Insurance companies aren't far off from making underwriting decisions from the computer algorithms and vast databases that have transformed our modern lives. For anyone who wants new coverage—or to ensure that their existing policies are in order—the potential impact of the new technologies is worth understanding.

Here is what you can expect when obtaining life insurance in the 21st century.

### **The process is starting to get faster**

Long before Silicon Valley's algorithms and big data, insurance companies were inventing formulas to estimate life expectancy. They would deliver a price/ premium for a policy after inputting factors like age, weight, family history, medical condition and propensity to engage in risky behaviors. About five years ago, a select few insurance companies realized that their models were good enough to make some underwriting decisions without a medical exam. The firms offered speedy underwriting programs that required only an application (often online), a telephone interview, and permission for the company to gather electronic information about your health and lifestyle. These programs have become so popular today that many carriers are making them available to more customers with higher policy limits up to a \$1 Million. In the future, parts of the process may be even quicker with talks of insurance carriers analyzing your selfie to determine whether you qualify for the best rates!

### **You might want to hold off on that ancestry test**

While thus far scientists have only identified a few genes that indicate a heightened risk of certain medical conditions, it's ultimately the information stored in our DNA that can best predict longevity. While none of the insurance companies in the United States force people to take genetic tests, the carrier can consider those results for underwriting IF they are part of your medical record. (Canada and several European countries have banned this practice, and a few states are considering similar rules.) For now, you should be careful about voluntarily submitting to DNA testing through services like 23 and Me. At the very least make sure they will destroy the sample. Or even better, wait until after you've purchased your insurance policy before checking out whether grandpa's tales of Viking ancestry are true.

### **Carriers know more about your life**

Buying life insurance has always involved a privacy tradeoff: you allow an insurance company to ask your doctor questions and in exchange, you get to protect your family if there is an unexpected loss. Now the fine print on the insurance application also authorizes the underwriter to examine our digital personas. They are not only looking for signs of health and lifestyle risks, but they also want to double check that the information you put on your applications is accurate and complete.

These are the main types of data life insurance companies peruse, and how they might impact your application:

- **Past Insurance Applications.** Every time you apply for life insurance, some of that information is sent to an MIB (Medical Information Bureau) data clearinghouse. So if you get turned down for insurance from one company, don't think you can "forget" to mention your heart transplant when you apply to a different carrier— they will have access to other companies' notes.
- **Prescription Drug Records.** Underwriters can typically see all the drugs you've taken and the doctors that prescribed them. The files don't show what conditions the drugs were prescribed for, so this data often raises more questions than answers. Some of those questions can be quite pointed, however, especially, if the company sees you've been treated by doctors for conditions you left off of your application.
- **Social Networks and the Rest of the Internet.** Your insurance company knows how to use Google too. And there are a bunch of startups that scan publicly available information on social networks for evidence of risky behavior - so if you've posted pictures of yourself skydiving, your life insurance rates could be sky high as well. Don't forget that behavior and lifestyle are strong indicators of life expectancy!
- **State Motor Vehicle Records.** For people under 45, car accidents are the leading cause of death, so insurers look for any record of driving while intoxicated, reckless driving, or, increasingly, distracted driving. They even look for speeding tickets!

## Help is near

While the application process is utilizing big data and adapting to new technologies, the value of life insurance remains constant and irreplaceable. The good news is that data will not stop most applicants from obtaining a good policy. However, it can add complexity. We are available to help navigate this quickly-evolving digital landscape as it pertains to your life insurance coverage today and in the future.

Do you have questions about long-term care insurance, or other life insurance matters? Please contact American Business, at 212-359-4400 or email [agrad@americanbusiness.com](mailto:agrad@americanbusiness.com).