

## Looking back and leaping forward

It wouldn't be January without a look back at 2015 and a look ahead at plans for 2016.

I'd like to thank you for your business in 2015. The cases you bring to Manulife often give us the opportunity to be creative in our underwriting approach and ensure we are keeping our underwriting philosophy up-to-date. We appreciate your business!

In 2015, we underwrote approximately 20% more lives than the previous year. This influx of business created a few bumps in our service; however, there were far fewer issues than in previous years because of changes we made to our underwriting practices designed to speed up the overall process. We spent a great deal of time making sure we were focused on the right things and ensuring we ordered additional underwriting evidence only when necessary.

One example was our focus on reducing Attending Physician's Statement (APS) volumes. An APS adds significantly to "cycle" time and in some cases does not really add value to the risk assessment.

**With that in mind, in 2015 we ordered APSs on 18.7% of lives submitted versus 25.2% in 2014. This 25% reduction in APS ordering resulted in more policies being issued faster, a better client experience and you being paid faster.**

We also updated our impairment-specific underwriting requirements on over 130 separate impairments in our proprietary underwriting manuals. While this may not be visible to you, we can assure you this resulted in fewer requests for additional information about your clients.

We also updated 18 major impairment sections for various lines of business based on new medical information which is tracked by our research team. Our manuals are under constant review and because we do our own research and our manuals are proprietary, we are often ahead of the industry on new approaches to specific impairments. **Watch for more updates on underwriting guidelines in the coming months.**

Other major improvements we made in 2015 were updates to our application and Signature Booklet to eliminate the need for a void cheque. Many of your clients don't have cheques anymore and we recognized how frustrating this was for them and for you. Now a cheque is not necessary.

As well, we also recognized clients tend to move around more than ever before. So, we created new guidelines to facilitate taking disability insurance applications on a non face-to-face basis.

In 2015, we also restructured our tele-interviews to get your clients through the process faster and ensure underwriters have the information they need without the extensive detail we asked for in the past in some circumstances. We follow medical advances and changes to treatment protocol and follow up to make sure our medical questions line up with your client's own experience with any given major or minor health issue.

As well, we focused on improving our "age and amount" evidence requirements. We increased our Stress Test and MD exam limits. ([Read more here.](#)) This makes it easier for your more affluent clients to buy insurance in a timely manner as it is sometimes difficult to find facilities to complete these requirements.

We negotiated industry-leading automatic binding limits with our reinsurers. This reflects the confidence our reinsurance partners have in our underwriting capabilities. We continue to have the largest retention in Canada, with \$30 million individual and \$35 million joint retention on our permanent plans. ([Read more here.](#))

We collaborated with our product managers to create our new *Quick Issue Term* product which provides you with a convenient online application with no fluids and fewer questions for your mid-market clients.

Our underwriting team completed many training courses this year which positively impacts their ability to manage tougher cases. Our "rules engine" handles about 20% of low-risk straight-forward cases we receive. As we take away the "easy pile", we're investing in our underwriters to ensure they have the tools and knowledge to turn the more challenging cases into the "easy pile." We also continued to cross-train more underwriters to handle more than one product line – increasing our efficiency in handling "combo" cases.

Finally, from an operations perspective, we developed improved reporting that enables our management team to better monitor the business and clear bottlenecks.

We introduced a new "co-sign" structure in the last few months. We are beginning to see huge improvements in this process. In our disability insurance business, the result has been a 15% reduction in overall "cycle" time in the last eight weeks of 2015. We expect to see even more improvement in the first quarter of 2016.

**As we hit the ground running in 2016, we want you to know we have a number of projects and plans in motion geared to making the insurance buying process easier for you and your clients. We're focusing our time on modernizing our business, developing better risk analysis tools and arming our underwriters with improved processes and an updated philosophy that reflects the risks we are accepting.**

**After all, it's 2016!**



**Insurance**