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FOR IMMEDIATE RELEASE

**Press Release**

## **Annual Milliman survey reveals gradual shifting from full underwriting of UL/IUL products to simplified issue and accelerated underwriting approaches**

**Survey participants report sales distribution of UL/IUL products by underwriting approach**

SEATTLE – JULY 9, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the results of its annual comprehensive study of universal life (UL) and indexed universal life (IUL) issues, which for the first time includes the reporting of sales by underwriting approach. The 11<sup>th</sup> annual Milliman study, "Universal Life and Indexed Universal Life Issues", focuses on current topics relative to universal life with secondary guarantees (ULSG), cash accumulation UL, current assumption UL, and the corresponding indexed UL (IUL) versions.

This year's report found that, between January 1, 2017 and September 30, 2017, the distribution of UL sales (on a premium basis) by underwriting approach was 29.8% simplified issue, 1.1% accelerated underwritten, and 69.2% fully underwritten. Comparing calendar year 2016 to the first three quarters of 2017, there was a 2.5% shift from fully underwritten sales to simplified issue and accelerated underwritten sales.

Similarly, between January 1, 2017 and September 30, 2017, the distribution of IUL sales by underwriting approach was 2.6% simplified issue, 16.8% accelerated underwritten, and 80.6% fully underwritten. Comparing sales in calendar year 2016 to the first three quarters of 2017, there was a 16.2% shift from fully underwritten sales to accelerated underwritten sales.

The life insurance industry has been moving away from full underwriting of life products to simplified approaches with fewer or different requirements and more timely responses, while still considering the implications of mortality cost. Nineteen of the 29 respondents reported using more than one underwriting approach. Of the 29, simplified issue underwriting is being used by nine participants, accelerated underwriting by 12 participants, and full underwriting by 28 participants. Eleven additional participants reported they will or may implement accelerated underwriting programs in the future.

"Carriers are focusing on improving the life underwriting process with the use of new technology, such as predictive analytics, the reduction of underwriting costs, and the shortening of the approval process. These improvements are possible when using an accelerated underwriting approach, which likely explains some of the shift we're seeing," says Sue Saip, consultant in Milliman's Chicago office.

In addition to underwriting information, the survey also indicates that sales of chronic illness riders and long-term care riders on UL/IUL policies continue to grow. During the first three quarters of 2017, sales of chronic illness riders as a percent of total sales were 8.7% for UL products and 38.5% for IUL products. During the same period, sales of policies with long-term care (LTC) riders as a percent of total sales (by premium)



were 33.2% for UL products and 10.9% for IUL products. Within 24 months, 83% of survey participants possibly will market either an LTC or chronic illness rider.

The 404 page “Universal Life and Indexed Universal Life Issues – Detailed Report” also includes detailed information on product and actuarial issues, such as sales, profit measures, target surplus, reserves, risk management, underwriting, product design, compensation, pricing, and illustrations. It is available for purchase by visiting the Milliman website at <http://www.milliman.com/insight/2018/Universal-life-and-indexed-universal-life-issues--2017/2018-survey/> or by calling Gina Ritchie at (312) 499-5605.

Participating companies receive a complimentary copy of the detailed report, as well as individual company responses reported on an anonymous basis.

#### **About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit [www.milliman.com](http://www.milliman.com).

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