

# UNDERWRITING PERSPECTIVE

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## **Ease of Doing Business**

Many companies are trying to gain a competitive advantage with respect to “Ease of Doing Business”. What does this actually mean? Does it mean quicker turnaround, transparency in processes, competitive underwriting decisions, reinsurance capacity, competitive rates,, special quotes or some other service standard?.

## **Every customer is valuable and uniquely different**

A company’s ability to differentiate customer needs and segment their market is key. As an extension, the impact on managing field expectations and relating all of these variables to the advisor and to the consumer is what differentiates a company from their peers. Delivering on service standards is what creates and embeds the perceived value and more importantly consistency. Consistency builds loyalty- even if only for a niche market.

## **Most Underwriting Managers monitor turn around time in some form**

An internal benchmark is usually set by the insurer and is affected by processes, technology, people and customer expectations. So, what is a superior turnaround time? Advisors will suggest that it depends on the market they serve and what element of service is important to them. In a commodity term market for income replacement and other simple insurance needs, one might argue that ‘quicker is better’. On the other hand, in the large case market, transparency and communication are key and the relationship between the Underwriter and the advisor takes precedence i.e., it’s not about putting their business in the “factory’s production line”.

## **Time service, from an Underwriting perspective, should not be measured by face amount**

The natural inference is that it should take less time to underwrite a \$100,000 Term policy than it would to underwrite a \$10,000,000 UL policy. That’s the perception and not necessarily reality!

For example, consider a 75 male smoker with peripheral vascular disease, slightly abnormal blood profile and borderline finances. If the life insurance application contains a minimum amount of information and the age and amount requirements are minimal, this can prove to be more challenging for the Underwriter and extend expected turnaround times.

Compare this to a 35 Male non-smoker applying for an amount of insurance with more stringent medical requirements of insurability, which could easily provide evidence of a healthy profile. If the application also includes a good cover memo and complete financial statements, turnaround times can be expedited.

To the Underwriter, the assessment is solely dependent on the risk profile of the individual, whether they need \$100,000 or \$10,000,000 of coverage.

## **To an MGA or advisor, the clock starts ticking the minute they submit the application**

It’s critical to have systems and processes aligned with technology to help with transparency. Communicating with the MGA/advisor after the Underwriter’s initial review of an application is crucial. Awareness of both pending and received requirements helps manage expectations. It’s also a good time for any new or unexpected requirements to be explained and ordered to avoid processing delays. At BMO Insurance, our MGA’s and advisors are able to track each requirement through our self serve Sales Tracking system. This fosters transparency and provides the tools to know the status of each requirement i.e. whether or not it’s been received in head office, when the Underwriter received it, the date the underwriter reviewed the evidence, etc. These tools enable the MGA and advisor to manage expectations with their clients and understand cycle times for various types of medical requirements.

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**At BMO Insurance we have three distinct underwriting units.**

Cases are handled by one of three Underwriting teams: *Express* Team, *Prestige* Team and *Elite* Team, each with a specific area of focus.

The *Express* Team's focus is faster, more efficient turnaround on smaller cases with an underwriting decision expected within 24 hours. Information regarding specific cases can be found on the Sales Tracking system.

The *Prestige* Team also focuses on productivity, but Underwriters are also available to directly answer underwriting-related questions.

On the other hand, for large, more complex cases, the *Elite* Team ensures that Underwriters provide a more hands on approach to evaluating cases and are accessible by phone to answer any questions regarding a specific case.

. Refer to the chart below for more details on the objectives of each of these teams.

	<i>Express</i> Team	<i>Prestige</i> Team	<i>Elite</i> Team
<b>Face Amount</b>	Life – up to \$150,000 CI – up to \$150,000	Life - \$150,001 up to \$5,000,000 CI- \$150,001 up to \$500,000	Life – greater than \$5,000,000 CI – greater than \$500,000
<b>Objective</b>	The Express team will be focused on quick turn around time, offering little or no interaction with the field. This will maximize productivity on the lower face amount cases. Since we are usually competing for a “first in best offer”, our focus will be on faster approval time	The Prestige Team will also be focused on productivity, however, underwriters will be available to answer any <i>underwriting related</i> questions that cannot be obtained through Sales Tracking	The Elite Team will be based on a high touch, hands on approach. The underwriters will be accessible to take telephone calls directly and will work together with the MGA/advisor, reinsurers, actuarial and management in order to resolve any complex issues and get these large cases placed
<b>Communication</b>	The underwriters on this team will not be taking telephone calls or answering field enquiries. If a status is required, advisors are encouraged to check the status on Sales Tracking.	In an effort to develop and foster trust and loyalty with new and existing advisors, the underwriters will be available to answer questions related to underwriting directly at either the MGA or advisor level.	The MGA/advisor will be offered direct access to the underwriter in order to foster a “one on one” relationship to help them package a case and provide assistance from initial review to final decision.