

Accelerated Underwriting FAQs

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Why is the term “big data” not included in the MCAS definition of Accelerated Underwriting?

The term “big data” was used in the NAIC’s Accelerated Underwriting (AU) Educational Report but was intentionally removed from the MCAS definition of Accelerated Underwriting for vagueness because it was an undefined term which could lead to inconsistency in MCAS reporting. The intent of the MCAS reporting is to exclude any processes intended solely to speed up or automate the underwriting process.

How would the company determine if its processes are considered accelerated underwriting?

All three elements below must be present to meet the MCAS AUW reporting requirements:

- 1) **AI/ML:** Predictive models and machine learning algorithms are used to analyze applicant data. A model or algorithm prediction is used to limit or replace a human decision. If the data is run through a predictive model or machine learning algorithm, it is considered accelerated underwriting under the MCAS definition.
For example, if the data is run through an algorithm that will, at points in the process, choose from multiple possible decisions, it is considered accelerated underwriting under the MCAS definition. However, even if the data you use includes such data as criminal history, consumer credit or motor vehicle report data it would not be considered accelerated underwriting for MCAS reporting purposes *if* those data are used in stand-alone rules, such as declining coverage if there is a prior conviction of insurance fraud, a recent bankruptcy or multiple speeding violations.
- 2) **Data:** **FCRA Compliant non-medical third-party data** and/or **Other non-medical third-party data** is used, including if it is used in conjunction with **Application data** and/or **Medical data**. If only **Application data** and/or **Medical data** is used, it does not meet the definition.
- 3) **Decision:** Life Insurance is underwritten by predicting an insurance outcome.

Can you provide examples of what would not be included as accelerated underwriting?

For the purposes of MCAS reporting, AUW does not include:

- Simply automating analysis of application and/or medical information. (does not meet elements #1 or #2, above)
- Using insurance claims or motor vehicle violation data in a stand-alone underwriting rule such as declining coverage for a driving under the influence conviction. (does not meet element #1, above)
- Use of medical data only in an algorithm. (does not meet element #2, above)