ForMotiv

Improving Loss Ratios with ForMotiv's Non-Disclosure Solution

The growth of digital-first applications has completely transformed the life insurance industry, cutting purchase cycles from weeks or months down to hours with near-instant decisions and no medical exams. This has, however, introduced new risks to insurers – most notably, the increased likelihood of medical non-disclosure on applications.

This led a Top-5 Life Carrier to seek out ForMotiv's Non-Disclosure Solution.

Data Captured by Traditional Analytics Tools

Starts Quote 9:30pm → Answers 'No' to Alcohol Use / Answers 'No' to Tobacco Use → Enters 'Healthy' BMI Range / Submits Quote 9:56pm → Risk Score: Low → Accelerate Underwriting

A few years ago, this Carrier accelerated roughly 10% of underwritten policies. Today that number is closer to 70%, and will rise to 90% by 2025. They spend as much as $250 to underwrite a single application using up to 13 different 3rd-Party data sources. Scaling their AUW profitably necessitated a better way to fast-track ideal applicants and flag risky applicants for further qualification in their consumer-completed medical questionnaires.

The Carrier randomly sampled and mandated medical exams for applicants from a population who would have otherwise been eligible for accelerated underwriting. They were then grouped into underwriting risk classes before and after the exam. On average, 12.9% of the sampled applicants had their post-exam risk class downgraded.

LIFE INSURANCE FAST FACTS

47%
of smokers misrepresent tobacco usage on life insurance applications

91%
of insurers are using or plan to use Automated Underwriting techniques

$3.4B
est. annual premium leakage due to tobacco nondisclosure

After implementing ForMotiv's Non-Disclosure Solution, the carrier identified the top 20% of applicants who were 9 times less likely to be downgraded. They could fasttrack these users through accelerated underwriting, offering instant fluidless decisions while minimizing the cost of additional 3rd-party data checks.

ForMotiv's non-disclosure prediction models also identified 20% of applicants who were more than twice as likely to be downgraded or declined. The models were further bolstered by ForMotiv's deterministic Signals, identifying exactly which behaviors triggered the elevated risk score, enabling the carrier to dynamically and selectively employ specific 3rd-party data validation or paramedical exams.

ForMotiv finds the applicants who might not be telling you *everything*

Risk Indicator	Downgrade Rate	Likelihood of Downgrade
Alcohol	31%	2.4x more likely
Tobacco	39%	3.0x more likely
Weight	32%	2.5x more likely
Avocation	28%	2.2x more likely

Overall downgrade rate: 12.9%

Applicants triggering the tobacco use propensity Signal were 200% more likely to be downgraded post-medical exam than the average user; those triggering the weight risk Signal were 150% more likely to be downgraded after their medical exam.

Behavioral Data with ForMotiv
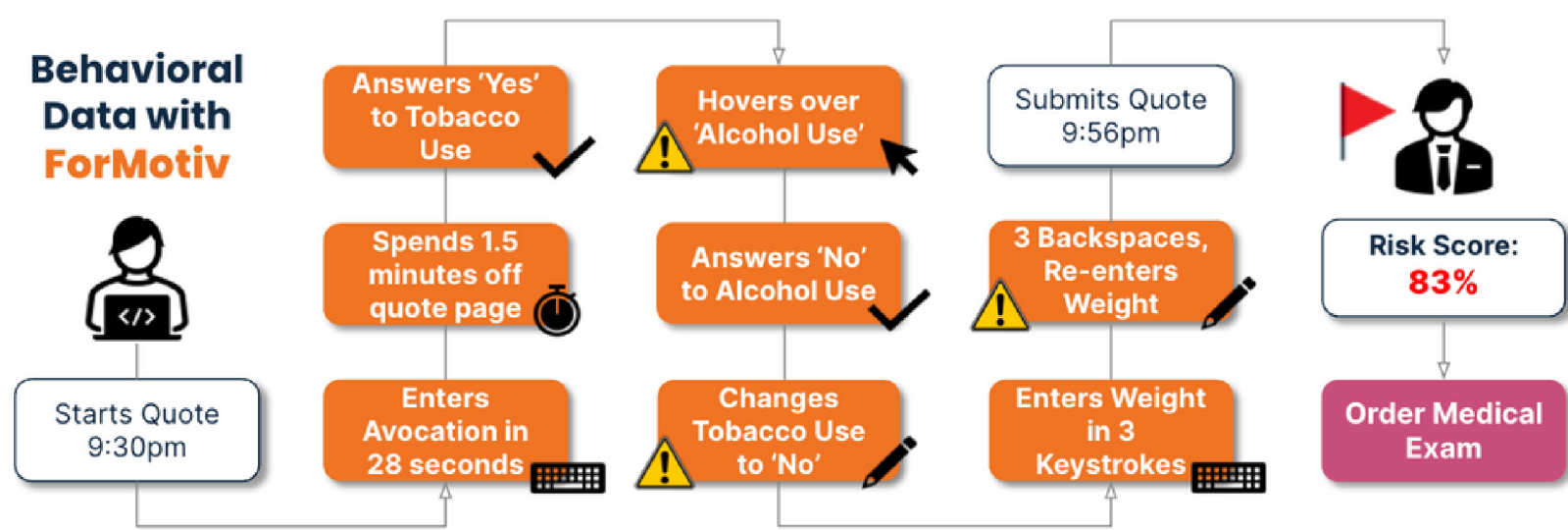
ForMotiv's Non-Disclosure Solution flagged an incremental 2.5% cases of non-disclosure that were not identified by any other 3P data set. Integrating ForMotiv Behavioral Intent data into their existing demographic and 3rd-party data sets has achieved an 8-figure ROI for the Carrier by declining to accelerate underwriting for high-risk applicants, driving down mortality and improving loss ratios without adding friction to the user experience.

About ForMotiv

ForMotiv helps leading insurance carriers understand the truthfulness and intent of their applicants and agents by analyzing their digital body language as they fill out digital applications in real-time.

Ready to learn more? Book a demo today!