

## COMMENT: AI will help insurers reach underserved markets

30 September 2020

**Published in:** Risk, Conduct risk, Regulation, US - Canada - Bermuda, People, USA focus

**Companies:** American Council of Life Insurers, ACLI, Life Insurance Council of New York, LICONY

Leah Walters and Diane Stuto respond to plans by New York regulator Linda Lacewell to address innovation and diversity risks

Many of the rapid changes under way in the insurance industry that New York Department of Financial Services Superintendent Linda Lacewell alluded to in “Linda Lacewell: New York’s no-nonsense reformer” are under discussion now at the National Association of Insurance Commissioners’ (NAIC) Industry Diversity & Inclusion Subcommittee.

My Chi To, Executive Deputy Superintendent of the Insurance Division at DFS, was appointed as Co-Chair of that Subcommittee, a move life insurers applaud.

The issues under discussion at the NAIC also will be discussed early next year during an online webinar series hosted by the American Council of Life Insurers (ACLI), the Life Insurance Council of New York (LICONY) and the American Property Casualty Insurance Association (APCIA). These messages will build on the many initiatives that life insurance companies are already implementing in New York and around the country.

The way life insurers see the issue, innovation is key to bringing financial protection to underserved consumers and those seeking industry products during the Covid-19 pandemic. The use of artificial intelligence (AI) in the underwriting process will play a major role in this effort. AI makes the process quicker and less invasive.

It has been essential this year.

With the onset of the Covid-19 pandemic, life insurers witnessed a significant and increased interest in life insurance as many consumers began to realise how financially stressed their families could become upon death or disability of a key family member.

Yet emergency shelter in place orders issued by public authorities significantly limited life insurers’ ability to obtain medical information directly from applicants.

To meet this consumer demand, many insurers began to rely more heavily on alternative ways to gather information needed to appropriately assess risk and issue policies online. If nothing else, the pandemic clearly demonstrated that innovation and technology are key to sustained consumer access to guarantees and financial protection that only insurers have to offer.

As life insurers look at whether they are reaching Americans across the socioeconomic spectrum, AI can bring efficiencies that will help reach underserved markets in ways never before possible.

At a time when life insurance ownership is on the decline and the social safety net is increasingly strained, the need is great for smart regulation and public policies that expand viable private market opportunities for financial protection and security.

*Leah Walters is vice president and chief deputy, state relations, ACLI; Diane Stuto is managing director for legislative and regulatory affairs, LICONY.*

© Field Gibson Media Ltd 2020