



Case Medical Risk Acceptance

How Monuta gained more customers, improved customer satisfaction and got the opportunity to open new markets



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Introduction

When customers search for funeral insurance, they want to know immediately whether they can take out a policy. Until recently, that was by no means self-evident; the processing time for an application could take up to two weeks. At Monuta, customers immediately know if they are eligible for insurance and what the premium will be. Avola Decision provides Monuta with the scalability to enter the German market this year.

Monuta is a funeral company. In addition, the company offers funeral insurance. The company is one of the largest of its kind in the Netherlands. Hans van Gerrevink is the innovation manager at Monuta, responsible for the implementation of the new risk acceptance model.

Challenge

Accept new applicants within minutes and stop inconsistent acceptance procedure

The medical risk acceptance process was the core of Monuta's challenge. Every insurance company has a specific set of rules to determine whether to accept or deny a new applicant. They also had a complex set of rules to determine the premium to be paid: Every case has a different risk combined with other factors such as age, gender and a combination of pathologies, which changes regularly. These rules are written down in procedures and are taught to the employees, who then interpret them to make the decisions.

"Six years ago we decided to improve the acceptance process for new customers," says Van Gerrevink. "Our customers don't easily talk about their medical history. Also, it is difficult for us to assess individual cases. Previously, we used all kinds of external factors and scientists to calculate the (over)probability of death within a certain period. Thereafter we looked at how much the premium should be in return. That sounds complicated, and it was. Sometimes a family member had to wait for an underwriting result, while the rest

of his family was immediately accepted. We wanted to change that."

As multiple employees needed to interpret these rules and make the decisions, this approach was very labour intensive. "We had a team of several medical underwriters to make and define the medical decisions for acceptance. That was labour intensive and time-consuming. The average throughput time for an application with potential insured customers with medical issues and the delivery of a quote to an applicant was two weeks. A period in which the potential customer could scope out other insurance companies as well."

The interpretation required by the decision process caused multiple issues. It made some decisions inconsistent. Two employees could receive the same medical information, yet come to a slightly different conclusion. A consistent approach is necessary and better to ensure the fair treatment of applicants.





Solution

Implementing a 100% straight-through solution

The company needed a direct translation of company policy and legislation. This can be achieved by putting all the rules and policies into a decision model, and using Avola Decision to power and automate the decision making. When someone applies for insurance now, they will receive an answer as to whether or not the insurance company accepts them within milliseconds. Avola Decision results give the right input to instantly calculate the premium to be paid. The risk-decision is based on an extensive set of rules regarding medical issues.

Hans van Gerrevink: "We first set up the medical underwriting model with our partner Acumen, a

consulting firm. Which questions had to be asked, what did and didn't we want to know about potential customers? What are the risks that come with certain illnesses? After a long search, Avola Decision Platform turned out to be the flexible partner for us to model this into a decision engine."

"24/7 availability is crucial. It is a critical sales tool for us. If it doesn't deliver, sales will stall. Fortunately, we never had any disruption. Implementing this solution took the company – after solid preparation – six weeks, and gave Monuta a fast and user-friendly way to make these decisions."

The image displays two screenshots of the Avola Decision Platform interface. The top screenshot shows the 'New Business data' configuration screen, where various data types are defined for business trip coverage options. The bottom screenshot shows the 'TRAVEL CLAIM AUTOMATION' results for 'TRAVEL DESTINATION COVERAGE'.

AC	Travel destination region	Travel destination circumstances	Worldwide coverage option	Travel destination coverage
1	is Homeland	is Good travel circumstances, Bad travel circumstances	is Worldwide coverage, No worldwide coverage	is Covered
2	is World/Europe	is Bad travel circumstances	is Worldwide coverage, No worldwide coverage	is Not covered
3	is Europe	is Good travel circumstances	is Worldwide coverage, No worldwide coverage	is Covered
4	is World	is Good travel circumstances	is Worldwide coverage	is Covered
5	is World	is Good travel circumstances	is No worldwide coverage	is Not covered

Advantages

Consistency, higher satisfaction, cost reduction and faster acceptance

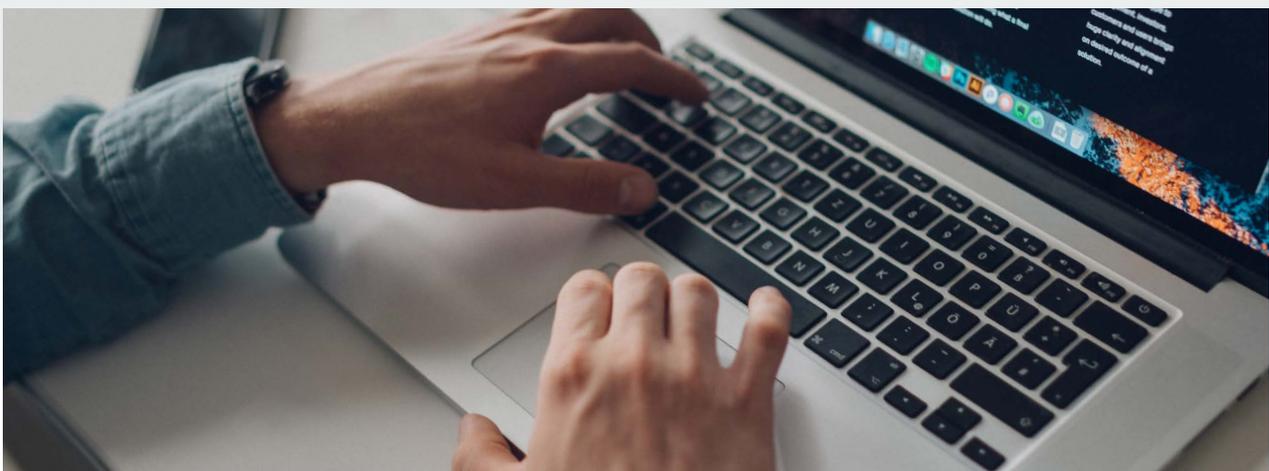
Consistent approach of new customers, higher customer satisfaction and acceptance processing time from two weeks to several minutes. And underwriting cost reduction of approximately 10%.

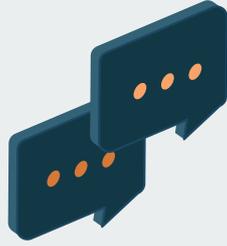
The decision-making is now completely automated. With one push of a button, the decision of whether to medically accept or decline an applicant is made. This new approach is much less labour intensive - Monuta saved several FTEs - and decisions are made real-time now. This enabled clear and consistent decision making because the personal interpretation was bypassed removing subjectivity.

Customer satisfaction levels have improved significantly. Potential customers now immediately know how and at what premium they can be insured. "About a quarter of potential new customers require further investigation. A substantial group which we can now help much faster", says Van Gerrevink. All resulted in a revenue increase as the potential customer got the offer for its insurance immediately and no longer chose the competition. Monuta now uses the same decision logic for four different front-end systems, which only need to be adjusted once if a change is required. The company has just finished migration to the improved cloud solution from Avola, which allows the company more features for evaluation of the business process.

The collaboration with Avola enables Monuta to disrupt other markets as well. Germany has a different insurance market and customer perception than the Netherlands, but Avola Decision will help the company overcome those barriers. Van Gerrevink: "In Germany, people are used to taking out life insurance without answering medical questions. As a result, every customer pays a higher premium and has a waiting period: In Germany, it's almost standard not to be insured during the first three years of subscription. We'd like to change that. By establishing our model of medical acceptance with the five main questions in Germany, we hope to conquer and change the German market."

Automating decision making allows the company to simulate with policy underwriting changes. What would happen to the conclusion of the decisions if they made certain changes in the rules and policy? How would it affect the applicants? How sensitive is a specific rule? All these questions can be answered by simulating scenarios in Avola Decision now. "We're really happy we can now provide 100% of our potential customers with a satisfying answer."





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Hans van Gerrevink, Innovation Manager at Monuta

Want to know more about this case? Contact us.

Are you ready to gain more control of your business with operational decision management? Perform a decision sprint to determine if your company can benefit from operational decision management.

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