



AUDIT FOCUS SHARPENING THE PICTURE OF RISK

RISK UNDERSTOOD

A lack of precision is dangerous especially when the margin for error is small.

Audit Focus provides unprecedented precision for evaluating mortality risk exposure.

Audit Focus with Lab Data Provides Unmatched Precision in Assessing Mortality Risk

Audit Focus is the industry's only diagnostic risk management tool that can review 100 percent of your new policies against the MIB database, and now select lab test results, so you can quickly determine if their mortality risk profile is consistent with the risk class in which they were issued. Integrated laboratory test data lets you identify excess mortality risk with even greater accuracy—particularly in preferred risk classes where the slightest deviation can have a considerable impact.

Audit Focus eliminates the need to try to extrapolate an accurate risk profile from auditing a random sample, and it lets you trend and monitor results over time using a consistent, unbiased metric from a trusted industry source—MIB. Audit Focus gives you a clear picture of excess mortality risk and lets you see “high-risk” cases and critical risk concentrations by risk class, age group, face amount, product type, underwriter or other diagnostic parameters you choose.

Companies using Audit Focus find that in addition to dramatically improving the effectiveness of their underwriting audit process, it provides management with a more complete picture of risk exposure that otherwise would not be possible. These insights help companies fine-tune underwriting rules and guidelines, deliver more focused underwriter training, and overall, lead to risk management decisions that have a profound impact on their bottom line.



LAB TEST RESULTS ARE HIGHLY QUANTIFIABLE—THEY EITHER MEET YOUR UNDERWRITING GUIDELINES OR THEY DON'T.

Audit Focus gives you an understanding of risk not available anywhere else

- Flags your “high-risk” cases using MIB codes and lab test results—those with the most complex medical profiles and those that may have been issued in a rate class unsupported by the underlying mortality risk.
- Identifies “severity bands” for commonly used lab tests, so you can see if a policyholder’s results are just slightly or severely out of bounds.
- Highlights challenging co-morbidities where lab test results or MIB codes are just slightly beyond limits, but taken together may be cause for concern.
- Identifies risk concentrations that otherwise would go unnoticed, impairment prevalence, dollars at risk analysis and other key indicators, so you can be more confident that the level of your actual risk is consistent with your risk tolerance.
- Provides customizable decision filters that let you flag cases with MIB codes that are prohibited from a risk class.

Audit Focus lets you see how many exceptions are being made to your underwriting guidelines, and to what degree these cases diverge from your underwriting standards.

Sharper Focus for Evaluating Risk in Preferred Classes

Preferred class underwriting poses unique risks and significant challenges—tolerances are small and margins are thin. These are the cases in which underwriting precision is most important and variances can have the greatest impact on a company’s financial performance. Audit Focus’ lab data provide a highly quantitative measure, giving a clear and definitive picture of deviations from underwriting guidelines across all risk classes, but particularly in preferred.

Underwriting managers diligently evaluate the quality of risk being accepted by their underwriters to ensure that practices adhere to company guidelines. Audit Focus with lab data lets you quickly spot deviations and determine whether these discrepancies are significant. This allows you to take immediate action, if necessary.

Common Lab Tests Can Provide Uncommon Benefits*

MIB Solutions can customize your Audit Focus analysis to include the lab test results you require. Among those tests most commonly used that can highlight possible causes of concern are:

- Blood pressure
- Cholesterol count
- Liver count
- Tobacco count
- Build count
- Triglyceride count
- A1C count

* Lab test results for Audit Focus cases may be available from an insurer’s lab vendor and not MIB.

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Audit Focus' severity analysis lets you see lab results by your chosen metrics to identify risk concentrations by degrees of divergence from your underwriting guidelines. The information is hyperlinked to the underlying case detail for a quick reference to actual case files.

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| | |
|-------------|-----------|
| Face Amount | (All) |
| Age Group | 40-49 |
| Product | Permanent |

HgbA1C Severity

| A1c Severity | Data | Risk Class | | | Grand Total |
|---------------------|---------------|----------------|----------------|----------|-------------|
| | | Preferred Plus | Preferred (NS) | Standard | |
| 1 | Sum of Counts | 24 | 0 | 43 | 67 |
| | Percent | 25.53% | 0.00% | 45.74% | 71.28% |
| 2 | Sum of Counts | 7 | 0 | 10 | 17 |
| | Percent | 7.45% | 0.00% | 10.64% | 18.09% |
| 3 | Sum of Counts | 0 | 6 | 4 | 10 |
| | Percent | 0.00% | 6.38% | 4.26% | 10.64% |
| Total Sum of Counts | | 31 | 6 | 57 | 94 |
| Total Percent | | 32.98% | 6.38% | 60.64% | 100.00% |

| Definition | A1C Levels |
|------------|--------------|
| 1 | 6- under 7.5 |
| 2 | 7.5- under 9 |
| 3 | 9 plus |

Audit Focus' pivot tables provide an easy-to-navigate risk concentration analysis by risk class, face amount, age group, product type and other selected metrics. Tables let you filter the frequency of high-risk cases by MIB codes, lab results, decision filters or any combination thereof.

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| | |
|---------------|-------|
| Quarter | (All) |
| Product Type | (All) |
| Age Group | (All) |
| Risk Category | (All) |

Face Amount by Risk Class Analysis

| | | Amount | | | | Grand Total |
|-------------------------|-------------------|-------------------|-------------------|---------------------|---------|-------------|
| | | \$100,001-250,000 | \$250,001-500,000 | \$500,001-1,000,000 | \$1Mil+ | |
| Counts | | 67 | 105 | 102 | 122 | 428 |
| % | | 2.69% | 6.72% | 4.95% | 5.75% | 3.87% |
| Preferred | | 2,489 | 1,563 | 2,062 | 2,123 | 11,057 |
| | High Risk | 15 | 90 | 144 | 113 | 126 |
| | Rate of High Risk | 0.61% | 4.20% | 6.99% | 5.15% | 6.97% |
| | Counts | 2,450 | 2,143 | 2,061 | 2,194 | 1,808 |
| Preferred Smoker | | 2,082 | 2,540 | 2,622 | 2,510 | 11,825 |
| | High Risk | 30 | 69 | 139 | 112 | 127 |
| | Rate of High Risk | 1.44% | 2.72% | 5.30% | 4.46% | 6.13% |
| | Counts | 2,082 | 2,540 | 2,622 | 2,510 | 2,071 |
| Standard | | 2,693 | 2,032 | 2,951 | 2,258 | 11,277 |
| | High Risk | 27 | 81 | 124 | 112 | 75 |
| | Rate of High Risk | 1.00% | 3.99% | 4.20% | 4.96% | 5.58% |
| | Counts | 2,693 | 2,032 | 2,951 | 2,258 | 1,343 |
| Substandard | | 1,965 | 1,881 | 2,012 | 2,282 | 9,748 |
| | High Risk | 29 | 71 | 107 | 110 | 140 |
| | Rate of High Risk | 1.48% | 3.77% | 5.32% | 4.82% | 8.71% |
| | Counts | 1,965 | 1,881 | 2,012 | 2,282 | 1,608 |
| Total High Risk | | 133 | 378 | 619 | 549 | 2,269 |
| Total Rate of High Risk | | 1.11% | 3.41% | 5.52% | 4.86% | 6.59% |
| Total Counts | | 12,010 | 11,085 | 11,209 | 11,306 | 8,953 |



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Audit Focus' unprecedented scope and depth improve your ability to manage your mortality risk effectively as they strengthen your underwriting audits and serve as a key risk indicator for underwriting.

Audit Focus relieves a great deal of the uncertainty inherent in managing risk, and lets you know whether the mortality risk you have is the risk you expected.

Consider these advantages companies experience with Audit Focus:

- Identify mortality risk concentrations that can significantly impact financial performance
- Adjust underwriting rules and guidelines to better reflect desired outcomes
- Deliver more focused underwriter training
- Monitor adjustments over time, track performance improvements or identify downturns quickly
- Get an early read on the mortality risk introduced by new products
- Reveal unintended high incidences of co-morbid impairments and lab tests that could negatively impact mortality risk.

Audit Focus is provided by MIB Solutions, Inc. exclusively to members of MIB Group, Inc. for assessing and managing their life underwriting risk and not to determine the eligibility of individuals for insurance or benefits. Audit Focus reports are only generated on recently issued policies for which applicants authorized the use of MIB, Inc.'s fraud detection service known as the "MIB Checking Service."

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