The document presents a comprehensive exploration of how behavioral science can enhance the life insurance underwriting process, particularly through improved questionnaire design aimed at increasing disclosure rates among applicants. It emphasizes the critical role of full disclosure in the insurance application process, ensuring that both insurers and applicants have equal access to information regarding risks and benefits, which is essential for validating contracts and facilitating claims fulfillment. The study indicates that approximately one-third of organizations are interested in applying behavioral science to life insurance underwriting, although challenges such as a lack of expertise and concrete results persist. A randomized control trial assessed various question designs, revealing that separating health conditions by severity, removing negative framing, and implementing social norms significantly improved disclosure rates. For example, allowing applicants to indicate specific health conditions through separate checkboxes led to higher reporting rates, and framing questions to assume certain behaviors existed resulted in increased disclosures of tobacco and alcohol use.

The report also highlights the positive impact of including an honesty pledge at the beginning of the questionnaire, which was shown to enhance disclosure rates for sensitive topics like mental health and high-risk behaviors. An industry survey conducted in late October 2023 revealed that 34.5% of organizations globally utilize behavioral science in life insurance processes, with a higher percentage in the U.S. The survey indicated a strong desire among respondents to learn more about behavioral science applications, particularly in product design and underwriting processes, while also noting ethical concerns related to data privacy and potential discrimination.

The findings suggest that behaviorally-designed questions, which include additional response options, lead to higher disclosure rates. For instance, the study found that asking about one thing at a time significantly increased disclosures, particularly in the mental health section. The document discusses the effectiveness of different questionnaire formats, emphasizing that reflexive-style questions and confirmatory asks about high-risk medical conditions can reduce cognitive load and

encourage more deliberate responses, resulting in higher disclosure rates. It also notes that traditional approaches can overwhelm applicants, leading to skimming and omissions, and proposes a combination of experience questions and a shortened list of specific medical conditions to optimize disclosure.

Furthermore, the study emphasizes the importance of designing user-friendly application forms that meet both applicant and analyst needs. Recommendations include minimizing open-response boxes, using structured answer formats, and implementing well-designed error messages to prompt applicants to review suspicious entries. The report concludes by advocating for further testing of behavioral science principles in real-world settings to fully capture their impact on disclosure rates, while acknowledging the contributions of various researchers and outlining methodological considerations for data corrections. Overall, the research aims to provide a framework for improving life insurance application processes through evidence-based design changes that benefit both applicants and insurers.