

# Underwriting the Future Starts with an Innovative Mindset

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As you look at the insurance industry, the pace of change is profound. Technology is continually redefining how everyone works; current risks are evolving while new risks emerge. Not surprisingly, the expectations customers have for their insurance carriers are evolving, too. Insurers are searching for solutions to address these challenges. In the first half of 2019 alone, insurance providers invested \$2.2 billion to support insurtech initiatives, according to a recent Deloitte study.<sup>3</sup>

These changes are nowhere more evident than in the world of underwriting. The qualities that have traditionally defined excellent underwriting remain: a thorough knowledge of risk selection, program structure and appropriate pricing that meet the specific needs of each customer. What has changed, however, is the enormous and growing amount of available data. Added to this is the emergence of new risks requiring innovative solutions — consider autonomous vehicles, the gig economy and climate change, to name just three.



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Identifying, understanding and measuring evolving and emerging risks is critical in meeting the changing needs of businesses. Insurance carriers and brokers are increasingly adopting digital technologies in response. A July 2018 Accenture study reported that more than half of insurers nationwide were already using intelligent solutions in one or more of their business processes.<sup>4</sup>

But what changes in underwriting make the most sense? On which underwriting technologies and digital transformation initiatives should the industry focus to better manage these changing risks and to create more efficient, profitable and responsive insurance solutions for customers?

## Investing in Data to Support and Empower Underwriters

We see great potential in harnessing the immense amount of data and transforming a variety of underwriting tasks. A focus on innovative predictive analytics technologies that enhance our ability to more accurately measure risk factors (e.g., historical performance, type of exposures and other quantifiable risks) will help address the challenges businesses will face in 2020 and the years beyond. Expanding the scope of data to include richer external and contextual data, as well as more timely sensory data (such as that available from wearables and other sensor-based technologies), will help underwriters better understand and quantify risks and exposures and, ultimately, develop more innovative solutions for customers.

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In addition, the potential to ease underwriters’ workloads using technologies like machine learning cannot be underestimated. Freeing underwriters from painstaking, time-consuming tasks such as keying in, rekeying and moving data – which, in fact, machines can do better – allows them to use their talents to solve customers’ unique risk needs and find greater job satisfaction.

Investment in underwriting for the future must support – not replace – the underwriter’s experience and creativity to provide the solutions that customers need. We believe it is critical for underwriting investment to reflect an understanding of the underwriter as an asset, and to help grow their technical capabilities and support their career development.

As a customer-led organization, we are relentlessly working to exceed our customers’ expectations, combining the intelligence we have and the information we collect to anticipate and be ready for the evolving marketplace. That, to us, defines innovation and the future of underwriting.