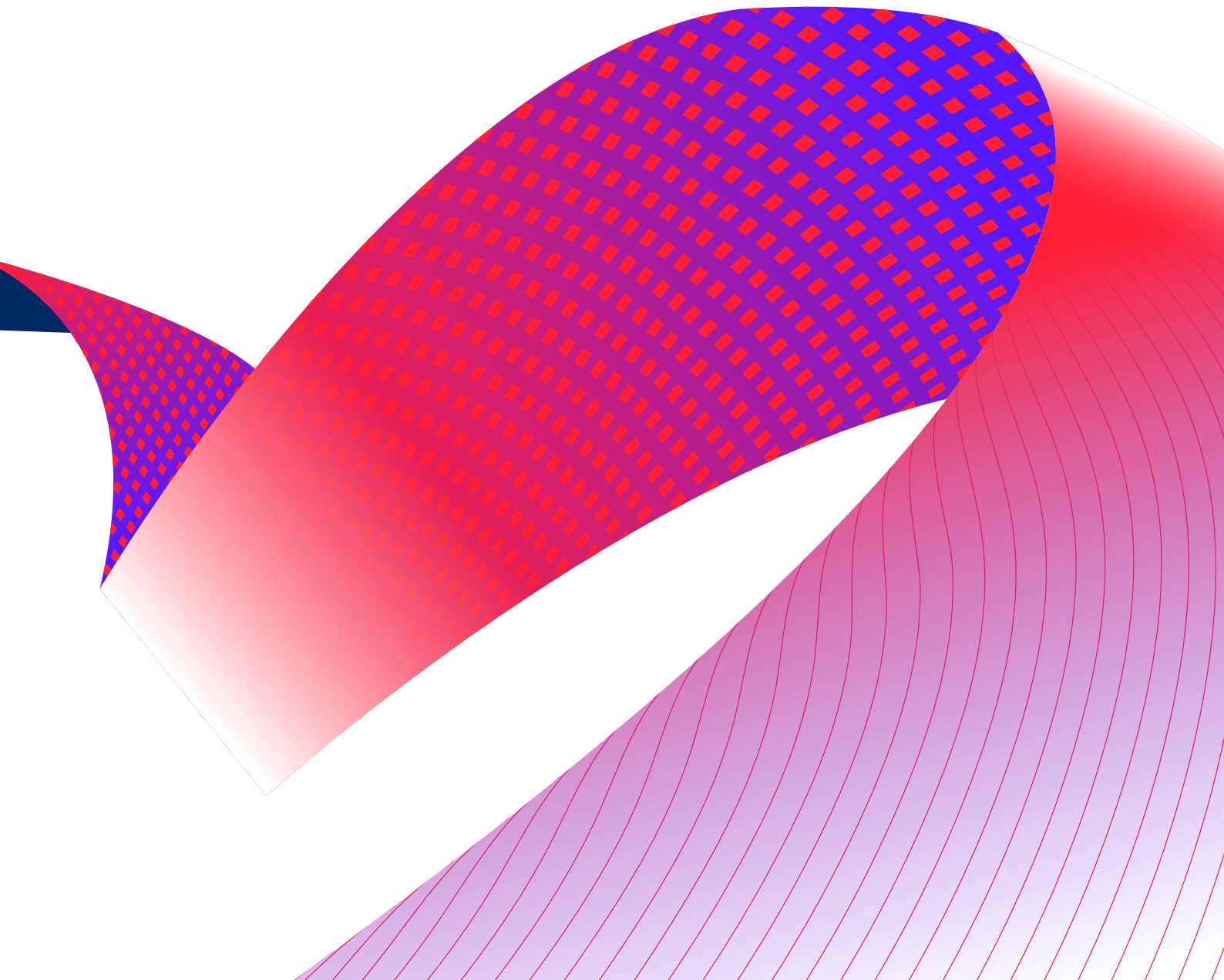ABBYY

Insurance POST

# Adapting and Evolving to Maximize the Potential of Automation in Underwriting

Automation is a growing reality in every corner of an insurance business. Tim Evershed explores the impact it is having on underwriting and how staff are acquiring the skills to maximize its potential benefits here.

Underwriting is a key part of any insurance company, but the skills required to master the discipline are changing fast as automation becomes increasingly important to the role. Underwriters need to adapt and evolve to realize the potential of automation, including artificial intelligence (AI) and machine learning. Insurers must now create cultures that accept automation, while educating and upskilling their underwriting teams so they can benefit from the opportunities the new technology brings. So, carriers must factor the future skills requirements for the business into their processes now.

However, building a culture that is favorable to these technologies and the positives they might bring is itself a challenging process. Effective staff communication, legacy mindsets, the battle to attract new talent, and ensuring that staff can upskill to use the relevant tools can all create obstacles.
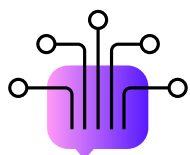
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Music to our ears

Nick Kitchen, personal lines underwriting director at RSA, says: "Awareness of automation has been around a long time, but the speed of implementation is now offering a big challenge, especially in larger organizations where this kind of activity has to be sequenced. For example, RSA and the industry have been trying to achieve single keying for several years now. It is a continual journey for us in that sense."

"It is always a good test to ask which parts of the underwriting process customers would pay for and which parts they would question the value of. Multiple keying is clearly not a good use of underwriters' time, and it has been a challenge especially where legacy IT platforms are involved. As underwriters, anything that reduces the amount of processing we have to do is music to our ears. Anything that gives us more granular information about customers, without having to go back and ask more questions, is again music to our ears. Some insurers are now looking at hybrid digital tools that allow users to get more than a pure underwriting viewpoint. These can enable and mobilize across distribution, operations, and underwriting for end-to-end business results. It also supports what we do next and enables us to make improvements for customers and brokers."

Harriet Conway, head of digital deployment and proposition at Zurich UK, says: "One of those strategies is the hub model, taking underwriters out of the business on a first call basis and really trying to focus them on delivering at pace. We need to look at what makes their lives better and what makes the lives of customers better. In the past we have focussed on the technicalities of underwriting, but we made a difference this time in the round, bringing it together in the end-to-end journey that you can see. Through that hybrid view of technology, we can think in terms of what it can do, what can't it do, and how to navigate our way through the best user cases for that. The worst thing we can do is come up with a solution and then try going back to the problem. We have to ask ourselves what the pain points are for our customers and our brokers and how to facilitate that change, not just through machine learning and AI, but a whole host of other things that make our world better."
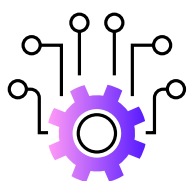
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Accepting culture

Perhaps the biggest challenge for insurers is creating a culture that changes to accept new technologies. Removing the fear that underwriting roles will be replaced by the technology is the first step in that process. Instead, underwriting teams are shown that the technology can make their jobs more effective and enable them to focus on risk selection and underwriting, rather than spending too much time on processing. Tim Smyth, CEO at UK General, says: "The biggest benefit of automation to our underwriting team, as with many others, is that it will allow us to refocus our team members away from repetitive administration tasks and enable them to focus on more technical and analytical data

management. By applying pre-set models and identification markers to data, this will provide them the ability to identify emerging trends and potential future opportunities—rather than simply assessing performance already in the rear-view mirror."

"This step away from the traditional underwriting role will also bring about a faster and more interesting pace of work. By creating these pre-set and process-driven data outputs, we can make sense of a wider range of variables and create greater consistency in a much shorter timeframe. Communication plays a critical role in preparing underwriters for automation, with clear communications at every milestone considered vital to the success of technological change."

Jason Chambers, head of underwriting automation at Aviva, says: "There is nothing wrong with a bit of repetition when you have a great story to tell, as not everyone will take on board what you are saying at the same time. Clear and consistent communication is vital as people don't like ambiguity. They want to understand and ideally see what is happening with their work and where and how it will be different and why it's better for customers. Many underwriters have a healthy scepticism regarding process change and automation, which is why strategic communication is key, alongside high levels of advocacy from the top and into the underwriting teams."

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Upskilling and recruiting

A key element of introducing automated systems is ensuring that underwriters have the required skills to maximize the potential benefits. This means that existing staff must be given the chance to upskill, while recruitment of new staff must factor these skills into job requirements. Chambers adds: "There are a number of simple things insurers can do to upskill existing staff. They can include new technological forward-thinking content into induction programs with newer underwriters. And they can create dedicated training sessions on the future of underwriting or weave content into ongoing technical training programs, showing how AI for example can support the underwriting better."

"By having forward-thinking recruitment and an underwriting leadership that gets the value of underwriters going bionic, you begin to make technology part of your DNA. Certainly, we are seeing an increase in demand by having an attractive place for new kinds of talent that want to focus on new ways of working."

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