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EXECUTIVE SUMMARY

Winning Strategies to Transform Commercial Underwriting

Insurance is complex. But it doesn't have to be. With the right sophisticated technology in place, today's insurance carriers, MGAs and brokers can transform commercial underwriting to make it simple and insightful.

Too often faced with unstructured or semi-structured data, disparate legacy systems, and platforms that lack scalability, some insurers are struggling to maintain their competitive edge. Without the right tools and resources in place, they risk losing business due to delays in submissions, lack data quality and consistencies, and suffer from loss of productivity.

Looking to overcome these challenges, a growing number of insurers are taking a closer look at how innovative solutions can transform underwriting and future-proof their business.

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Digital Insurance

Tech Adoption, Challenges

Today's industry players — whether they are carriers, MGAs or brokers — are at different points in their journey toward automation adoption and technology transformation. The need, however, to safeguard their business as technology evolves and levels the playing is a reality for all industry leaders regardless of size and segment.

When looking at the levels of adoption and sophistication among carriers, MGAs and brokers, it is perhaps easiest to break it down into three groups or buckets.

Group #1: These are carriers, MGAs and brokers who are looking for a core transmission of their underwriting platform or distribution platform. This could mean they are replacing a system that previously existed but no longer fits their needs, or perhaps they are looking to consolidate disparate tools (i.e., rating or pricing tools, etc.) that are spread across their ecosystem.

Group #2: These are carriers, MGAs and brokers who are halfway through their transformation but have hit a roadblock. They are in need of a new, trusted technology partner who can help them successfully navigate and complete their transformation journey.

Group #3: Differing from the previous two groups, these carriers, MGAs and brokers are looking to enhance their current underwriting systems. Rather than replace or revamp their current systems, they are looking to add greater sophistication to drive better risk selection and prioritization. And, in some cases, they may be looking to change the culture of the organization. This could be shifting the focus away from pricing in favor of a greater emphasis on terms and conditions.

Further breaking it down and outlining some of the challenges that exist, Laila Beane, Chief Customer Officer of Intellect, the Insurtech of Intellect Design Arena Ltd., said some customers, especially smaller sized customers, are grappling with opportunity cost, or losses from missed opportunities. In other words, they cannot get to all 100 percent of submissions.

However, as Beane points out, it's not just about getting to all of the submissions. It's about leveraging advanced technologies, like artificial intelligence (AI) and machine learning, to funnel down those submissions, do quick declines, and prioritize and improve the quality of submissions.

"You're not just improving the quality, funneling down to the high-buying opportunities for that particular business segment or business type, whatever the carrier's appetite may be, in addition, now you're improving the underwriter's productivity," Beane said. "By doing this, and using these sophisticated technologies, you are also now allowing your new underwriters to function like your most experience ones very quickly."

Systems integration, and ensuring the security of personally identifiable information (PII), can also be hurdles facing today's carriers given that they often have multiple legacy systems in place.

"How can you architect your scale, not just for volume or business spikes, but also across geos? How much of your technology and AI-modeling can I reuse so that my time to implement for multiple lines is shortened?" Beane added.

Finding the Right Solution

In order to remain competitive, it is imperative that carriers, MGAs and brokers have the right underwriting solutions and automation in place. This means leveraging innovative, agile, and easy-to-deploy software that can adapt to their business model.

Take, for example, Intellect, which provides an end-to-end commercial underwriting solution powered by AI. Intellect's suite of offerings include:

Magic Submission: An AI-powered tool that contextually reads unstructured and structured documents across all lines of business much like humans do in 87 percent less time

Risk Analyst: This solution contextually searches, aggregates and triangulates risk data from hundreds of structured and unstructured sources to provide deep risk insights with risk scores and grades at an account, location and person level.

Xponent: This intelligent workbench utilizes big data and risk analysis frameworks to deliver a workflow orchestration to help alleviate the stress of the underwriting process.

"The set of capabilities that have been prebuilt, and can be customized and configured, runs in the hundreds because [Intellect is] an end-to-end player. So when we say that we have a fully cloud-native platform for end-to-end underwriting transformation, with the most modern tech stack that anyone could put together in today's day and age, we actually truly mean it. That is what this platform really is," said Sandeep Haridas, Chief Strategy and Products Officer at Intellect.

By leveraging AI, added Beane, Intellect can, "Simplify the user experience even in the most complex business scenario. This is more like humanizing technology so it independently makes judgment calls just like a human does but with much higher accuracy and consistency."

For example, its purpose-built AI models can read emails, unbundle complex combinations of ACORD forms, broker excels, custom forms, and other documents to convert extracted information into actionable data for underwriters. It can also identify document and data dependencies, contextualize, address dynamic business rules, and identify and handle PII data.

Haridas noted that it can deliver to clients a cost-effective solution that can be developed in just a matter of weeks.

“It still is a very tough marketplace and this combination of technology, talent and really deep domain expertise is what we use to help our customers,” Haridas said.

Best Practices

- **Change can be daunting.** There are, however, several best practices that carriers, MGAs and brokers can set into motion. These include:
- **Find the right solutions partner.** This means finding a trusted provider with a solid track record, and one who truly understands your business and possesses the deep expertise needed to help you achieve your goals.
- **Find a scalable tech platform.** This means implementing a solution that your business can grow into, and finding a solutions provider that can scale as your business scales.
- **Address change management.** Ensure that all of the stakeholders are aligned upfront and establish new operating procedures. Shift to an AI mindset versus the original way of measuring metrics in a current model or RPA model.
- Take a data-first approach. Keep in mind that, in order for AI to function at its best, 80 percent of the time upfront will be spent in data — analyzing data, collating data sets, and creating training, benchmark, and holdout data sets, etc.

Conclusion

Today’s market is challenging but with the right AI-powered solution in place, carriers, MGAs and brokers can transform commercial underwriting and effectively navigate the complexities.

By teaming up with the right solutions partner, like Intellect SEEC, industry leaders can future-proof their business and ensure they are on the path to success.