

A woman with long brown hair is looking at a tablet computer. She is wearing a dark blue or black patterned shirt. The background is a blurred city street at night with warm lights and bokeh effects. The overall mood is professional and modern.

EVIDEN
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Frictionless Underwriting

Moving from art to science

Frictionless Underwriting

It is now possible to file a tax return, book a holiday, or consult a doctor entirely online in real-time. However, the relatively simple task of applying for auto or home insurance is still, frequently, peppered with requests for further information and waiting for underwriting to complete the process. Insurers need to ask themselves, “Why?”

Just a few years ago the almost universal experience of insurance buyers was to talk to an agent, mail handwritten documents, send a fax or email paperwork, wait a few days, and then receive their insurance quote or certificate in the mail – at best a week later.

Things are changing rapidly in the world of insurance. Today, many personal lines insurance sales already happen through direct-online channels. Changing buyer demographics and technological advances are now driving a shift to direct channels in the commercial market as well. An August 2021 [Clearcover](#) survey found 96% of 475 independent insurance agents and brokers agreeing that their customers are looking for more digital tools and interactions than they were pre-pandemic. In fact, agents saw an 11% increase in customers making insurance purchases entirely online!

The time is now. To stay relevant, insurers must adopt an automated and simple customer acquisition process, not only improving the ability to understand risk, but also staying true to the fundamentals of underwriting (UW). The answer is a “Frictionless” UW process driven by the right mix of automation, AI, machine learning, and data science to improve accuracy and speed. Insurers need to transform UW from “witchcraft” to a hard and repeatable science.



From manual to modern underwriting

Underwriting exists so companies can balance risks with customers' needs. Insurance companies collect a variety of data – geospatial, firmographic, demographic, and more to understand trends and issues that affect how they identify and price risk. Data is applied to an individual risk to determine premiums and whether that risk is acceptable or not.

Where underwriting is still done manually, risk margins are conservative because the data considered for risk rating is very narrow by necessity – if not, each application takes too long to assess. When all underwriting was manual and speed to quote was not a factor, UW was not a differentiator, but with automation and the use of sophisticated analytical tools and data mining, insurers who exploit modern technology can underwrite faster and more accurately. Speed and accuracy in underwriting can now drive true differentiation.

Established insurance companies in many markets have taken note and have integrated new tools and processes to reduce friction within underwriting. Across the industry, we're seeing legacy modernization efforts driving a breakdown of internal data silos, but this is just table stakes. Leading insurers are now leveraging a rich combination of AI, machine learning, data enrichment, data mining, natural language processing, and data monetization become leaders in the underwriting process. These technologies benefit all parties involved, both insurers and customers who are looking to better understand their options. Insurers must continue to raise the bar to stay competitive.

Transformation is easier said than done

Some of the biggest obstacles insurers have in optimizing for frictionless underwriting are related to legacy technology debt and the related data silos they create. Upgrading technology and migrating data can be costly and risky. Cost is a constant concern for insurers and margins are often wafer thin.

From an infrastructure perspective, older technology that sits in silos prevents companies from mining data efficiently. It creates disparate sources of data which often require a "human in the loop" to decipher what data is required and from what legacy sources.

The skill required to accurately estimate risk is reliant on experience and personal knowledge in leveraging the underlying data sources.

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Focusing increasingly scarce, experienced underwriters on complex cases while automating the mundane is now a requirement if a carrier wants to remain competitive. The pandemic forced insurers to change processes very quickly, a shift that is now accelerating, further highlighting the need for true transformation of underwriting by addressing the inflexibility of legacy technologies.

The modern insurance experience

Leading insurers are investing in technologies that address not only the aggregation and mining of siloed internal data but also the mining of external data. These technology platforms sit on top, or between, legacy systems. This is often a safer option than replacing underwriting software. There are plenty of examples of where platform-based “rip and replace” underwriting transformation led to expensive delays, and even failures. Incremental change is often a better option, but it must be sustained over a long period while short-term budget cycles and attention spans can leave transformation half done.

To maximize benefits and minimize risk, insurers often turn to a trusted partner to help them navigate the transformation. An ideal partner:

- Has a deep understanding of the insurance industry and the underwriting value stream
- Leverages modern, value-driven business transformation/IT development practices
- Helps identify bottlenecks and prioritize key value drivers
- Helps develop strategies to resolve impediments or blockers
- Brings deep expertise in digital technologies
- Has a proven track record
- Brings change management into the transformation to help drive the culture change.



The imperative for decisive action

Insurance has always been a data-driven industry. Over the past few years, the amount of data both available, and required, for underwriting has become so vast that it is impossible for an underwriter to process manually. At the same time, customers expect instant online processing and will seek out seamless and easy ways to consume insurance products.

The transformation to frictionless underwriting must evolve out of necessity. While the process and outcomes have improved over the past decade, newer and smarter technologies are required to keep up with customer demand and changing market conditions. Legacy systems will inevitably be modernized, replaced, or relegated to being systems of record... this is table stakes. The biggest impact will be for the insurers that are able to fully automate the underwriting processes, leveraging the suite of digital technologies now available.

Why Eviden

- We utilize an industry-led, consultative approach to develop and modernize your underwriting environment that include keys components for improving efficiency, transparency, and productivity
- We developed a library of domain specific accelerators the shorten the delivery time and increase productivity
- Successful strategic partnerships with the leading InsurTechs, hyperscalers, low code-no code solution providers to provide new digital offerings
- We are a leader in developing hyper-automation solutions that utilize technologies such as: AI, ML, IoT, RPA, NPL, block chain, quantum computing, supercomputing, and complete cloud, and prem-based solutions for our financial clients

Outcomes

25% Improved underwriter efficiency

51% Error Improvement in insurance premium model as compared to the previous model

30% Improved customer experience

Delivering Excellence

UX and Data Consulting for Frictionless Underwriting

A Top 3 Global Ins Co. needed to re-design their underwriting platform to improve overall efficiency & usability, with better UX and data driven decisions.

Solution:

- Eviden created underwriting journeys, usable across any digital touchpoint for a consistent language, improved UX and reduced redundancy
- We defined levels of personalization to drive underwriter adoption & improve communication with brokers
- We provided a roadmap for process improvements, promoting self-service.

Straight through processing with Process re-engineering & Automation

For the same insurer, we implemented a major overhaul to reduce delays in processing policy transactions and to improve broker & underwriter satisfaction.

Solution:

- We enabled end-to-end policy delivery across 6 business functions
- Automated policy renewals (99.6% zero-touch) using our automation platform - SyntBots
- Baselined workflows & simplified process steps to handled 3500+ monthly requests with 400% productivity improvement.

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