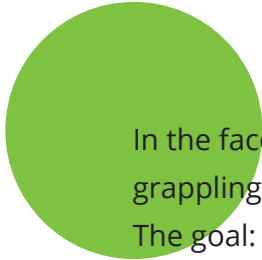


MODERN WORKFLOWS TRANSFORM
INSURANCE UNDERWRITING INTO

A SYSTEM OF ACTION

With the right tools, business rules, and processes in place, insurance underwriting systems can evolve from systems of “record” to systems of “action” to proactively improve business outcomes.





In the face of myriad competitive pressures, industry insurance players are grappling with how to modernize underwriting processes and platforms. The goal: Drive greater scale and efficiencies while fortifying the ability to capitalize on new growth opportunities.

The industry has been scrambling to grow and maintain profitability amid maturing markets and volatile economic conditions. What's more, the COVID-19 pandemic and resulting global shutdown has escalated the urgency to make critical changes and digitally transform key processes.

Traditionally, insurance firms have earmarked the bulk of IT spending for modernizing administrative systems. Although important, these programs did not fundamentally change the way business was conducted. In response to competitive pressure, budgets are slowly being shifted away from core administrative improvements to new digital investments in analytics, artificial intelligence (AI), and advanced workflow functionality that will enhance customer experience, promote development of more customized products, and streamline operations. At the same time, a shifting and complex regulatory climate necessitates investment and changes in the underwriting process as it relates to sales standards, accounting, tax policy, privacy, compliance, and cyber security, among other factors.

Exacerbating the pressure on insurance companies to digitally transform are increasingly higher market expectations. Customers and brokers are demanding quick turnarounds on insurance quotes along with a more modern, seamless experience. On the carrier side, there is heightened competition to be the first to bind a contract.

“ Insurance is an industry where legacy technology and legacy mindset have dominated, ”


says Deepak Dhal, senior manager at Deloitte. “Yet customer expectations are rising and demands are changing—they want mobile access, instant results, and consumption-based models. It’s a synthesis challenge whereby the legacy technologies and mindsets have to be integrated with a push for innovation in technologies, talent, and business results.”

Deloitte has been rapidly innovating with solution provider ServiceNow to address many of these challenges. The pair has developed the first-of-its-kind “platform of platforms” to seamlessly manage the underwriting process along with myriad other business functions. The solution takes aim at streamlining cross-functional processes, promoting seamless data sharing, and delivering enterprise-wide visibility that promises to transform underwriting from a system of record into a modern system of action.





The business challenge



Underwriting and related risk management analysis is a complex process involving multiple steps, spanning multiple users across different functional departments and external partners. Speed, agility, and accuracy are essential to a smooth-running underwriting operation, but the complexity of the workflows and the need to access data from a variety of sources make it difficult to consistently achieve those goals.

For example, underwriters need to tap into a wide array of internal and external data sets, including those that highlight risk exposure, prior loss data, and loss projections, to evaluate potential clients. A rigorous review process prior to finalizing a policy involves multiple business rules and approvals among stakeholders, many of whom are located in different departments or locations.

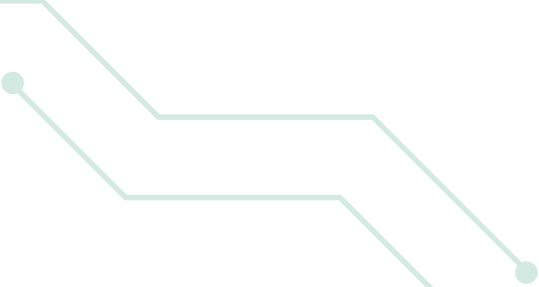
Data is another big issue. Most insurers sit on a bounty of data but have yet to formalize a strategy to operationalize analytics to get full value from their data to drive more intelligent decision making. As opposed to doing one-off analysis, companies need to integrate models directly into workflows to bolster efficiencies and foster better business insights.

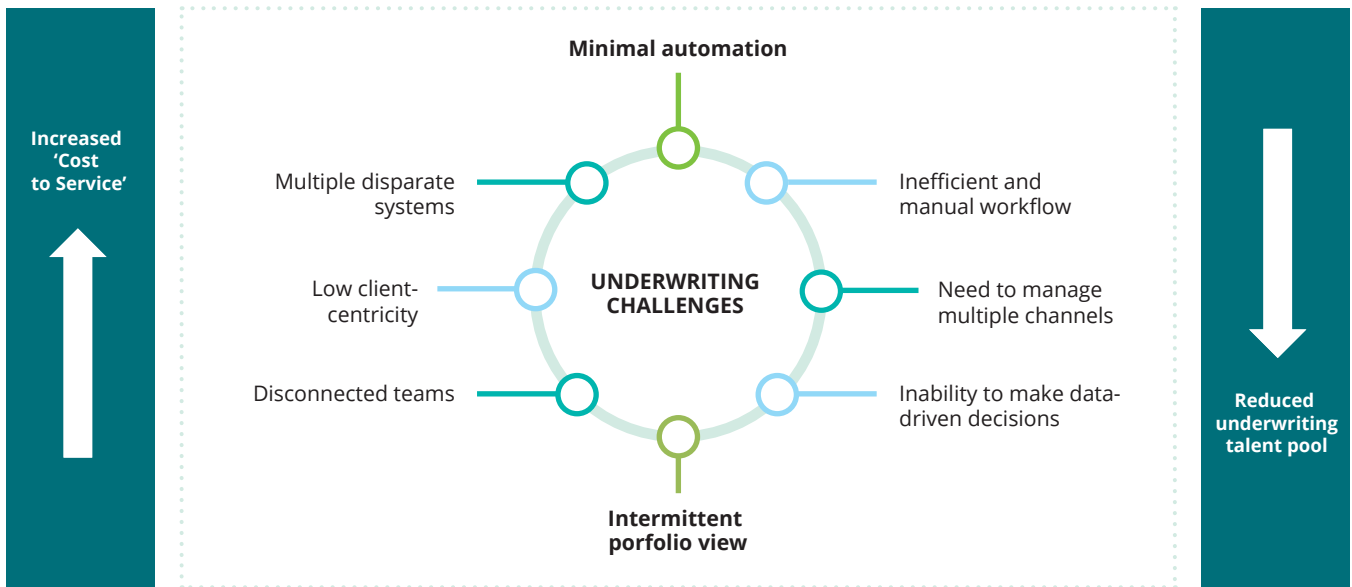


“ A lot of models and analytics tools are readily available, allowing people to see trends or evaluate good or bad risks, but the key is making those insights part of the work, ”

says Larry Danielson, principal, ServiceNow national insurance offering leader at Deloitte. “Insurers cannot continue to be reactive to business changes—they need to leverage data so they can act in a proactive manner by applying powerful analytical models to assess risk on whether you should underwrite, or not; or how to price a policy. They need to operationalize analytics into their workflows.”

Given the competitive climate and global economic uncertainty, the insurance underwriting industry, like most business sectors, is under constant pressure to do more with less. Every insurer and broker is tasked with producing more business at far less cost, with fewer people and resources.





The challenges of using technology to solve the problem

Despite the imperative for new digital solutions, legacy systems and applications continue to dominate the landscape in the insurance underwriting industry. The lack of integration between platforms increases reliance on manual processes, including email, which is inefficient and often error-prone. In this stovepiped landscape, a bounty of disconnected data points is not easily harvested into meaningful business insights.

The need for constant clarifications and additional documentation requests promotes an over-reliance on offline communications and untimely in-person discussions. These disconnected, one-off interactions adversely impact underwriting timelines, make it difficult to maintain transparency, and negatively impact internal and external performance.

Core legacy systems lack the integration of digital technologies like AI, machine learning, and analytics that can greatly enhance the omnichannel experience. These next-generation technologies are fast becoming essential tools for enhancing customer engagement and serve as a foundation for new insurance products and services.

Creating a path to cloud is an essential part of the road map for modernization. By ramping up cloud adoption, carriers and brokers gain added agility, flexibility, and scalability to meet future requirements. Cloud platforms, infused with digital workflows enabling advanced analytics technologies, are also key to generating significant operating cost efficiencies.



How tech can solve the problem

A cloud-based solution with AI and analytics-powered workflows can significantly enhance core underwriting applications by automating processes and operationalizing analytics. Such a platform helps streamline common tasks and multi-party communications, ensuring quick turnaround on quotes, optimizing the propensity to bind contracts, aiding in the prioritization of risks, and facilitating the path to next best actions.

With a modern solution that aggregates information from multiple systems, underwriters have a singular 360-degree view of a customer and the corresponding risks. This helps operationalize key processes and transactions, allowing underwriters to better prioritize assignments and cases. Predictive models used in the submission process help manage the iterative quote-rate-bind process more quickly and effectively by determining the propensity to bind as well as declination or acceptance of a policy.

A modern workflow solution also leverages analytics and AI to create and assign activities with predefined and dynamically adjustable service level agreements (SLAs). Resources and queues in a shared services environment can be assigned and allocated based on employee data, i.e. user roles, skill levels, and other parameters, ensuring the highest levels of productivity. In addition, digital insights can help with the renewal process by providing timely updates on rate actions and other changes; these can be used to facilitate growth and enhance customer service and engagement.



Brokers can also benefit from digital-ready solutions. Technologies like online chat and knowledge bots deliver touch points that are in high demand among consumers. Dashboard functionality can increase transparency and offer insights into the status of quotes in the underwriting queue, arming brokers with the information they need to complete the sales process. Other workflow dashboards can offer insights into revenue and profitability of customers based on policy-level details and exposure along with status updates on policy service requests, all with an eye toward improving customer service delivery.

“ Information is the new currency in the digitally connected marketplace, ”

says Ravi Tippabhotla, senior manager at Deloitte. “Access to the latest information at any moment helps brokers and underwriters collaborate in near-real time using various digital channels. It’s a win-win strategy.”

How tech connects the enterprise

A modern platform serves as a system of action to complement existing administrative systems of record. Workflows can extend to other internal functions such as policy administration, customer relationship managers, and third-party data providers, accelerating end-to-end processing time and reducing administrative overhead.

The ability to proactively monitor and make smarter business decisions based on timely SLAs enables complex and high-value quotes to be automatically assigned to more experienced underwriters. This results in higher throughput on the number and value of quotes, which aids in continuous improvement and increased sales. End-to-end workflows also eliminate manual handoffs and help connect data across ecosystems and automate business processes—a trifecta of benefits.

Modern workflow-enabled solutions built on an advanced technology foundation are also a key tool in attracting and retaining millennial and Gen X members of the workforce.

“ One of the key considerations is talent—a lot of people are retiring and younger people don’t want to be an underwriter using archaic technology, ”

says Danielson. A system built on AI and robotics not only appeals to newer employees, it also infuses institutional knowledge into the process. “Some of that is happening today, but most are not operationalizing it,” he adds.

Best practices for getting started

Before embarking on any modernization journey, carriers and brokers must take the time to do a rigorous review of their internal processes. Key to this exercise is identifying the most time-consuming and inefficient workflows that hamper underwriting activities and degrade productivity.

Once this critical review is accomplished, the next step is to work with key partners with the right industry, technology, and change management experience. Working together, it’s essential to identify, prioritize, and implement the workflows that have the most potential to plug the gaps and connect critical data sources.



The bottom line



Insurance underwriting is a complex process that remains far too reliant on legacy systems and inefficient workflows. Many insurance firms remain challenged to effectively leverage the information they have and transform it into action. By augmenting traditional systems of record with automated and smarter workflows, players can meet the demands of the digital era with new systems primed to drive optimal business outcomes.

For more about how Deloitte and ServiceNow can help drive efficiencies and free up resources for your insurance organization, visit

<https://www2.deloitte.com/us/en/pages/about-deloitte/solutions/servicenow.html>

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