

Enabling the Exponential Underwriter™ through Business and Technology Advancements

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Over the past decade, many underwriting organizations recognized the need to transform their business operations to improve efficiency, increase sustainability, reduce cost, and meet evolving customer expectations. Underwriting, the backbone of all insurance businesses, is a key modernization focus area to meet broker needs, deliver on customer expectations, and generate profitable business portfolios. Leading insurers are dedicating capital and resource to transform their underwriting to be purpose-driven, enabled by enhanced business models and technology solutions.

Rise of the Exponential Underwriter

Driven by the need for efficiency and evolving customer expectations, most insurers have been moving steadily to greater levels of digitization. Underwriting has been an area of focus, with insurers adding advanced tools and data sources to their quiver. Those on this journey recognize that achieving meaningful transformation may not be easy or quick. True modernization will likely require insurers to change their operating model by rethinking traditional, siloed ways of working and integrating data and technology across the insurance value chain—becoming exponential underwriters¹.

This shift can free up underwriter bandwidth and augment their decision-making capabilities, allowing them to focus on value-generating activities. This evolved underwriting function can broadly align with the five personas of an exponential underwriter: Technology Trailblazer, Data Pioneer, Deal Maker, Portfolio Optimizer, and Risk Detective. Insurers can identify the unique mix of personas that their underwriting workforce will likely require based on their product mix, customer base, and distribution model.

The Five Personas of the Exponential Underwriter

In order to achieve the changing needs in Work, Workforce, and Workplace, a **mixture of five critical personas** will be required within underwriting. Depending on the needs of the business, there may be a **different balance of each persona required** across the different underwriting groups:

TECHNOLOGY TRAILBLAZER

Acts as the owner and supervisor of automation programs, tweaking them regularly to effectively support the business with optimizing performance and improving operational efficiency. Collaborates closely with information technology(IT) to refine underwriting platforms and accelerate time to market.

DATA PIONEER

Collaborates with data scientists to design, develop, and implement analytic and predictive models in order to improve underwriting and pricing accuracy. Monitors and evaluates emerging data sources for underwriting and incorporates new data models to enhance data-driven underwriting.



DEAL MAKER

Supports development of go-to market strategies for attractive risk segments, and can explain underwriting decisions to agents, brokers, and applicants. May also be tasked with cross- and up-selling activities alongside account managers.

PORTFOLIO OPTIMIZER

Utilizes market sensing capabilities and margin analysis tools to monitor business mix in real time, while supporting the product development and management life cycle.

RISK DETECTIVE

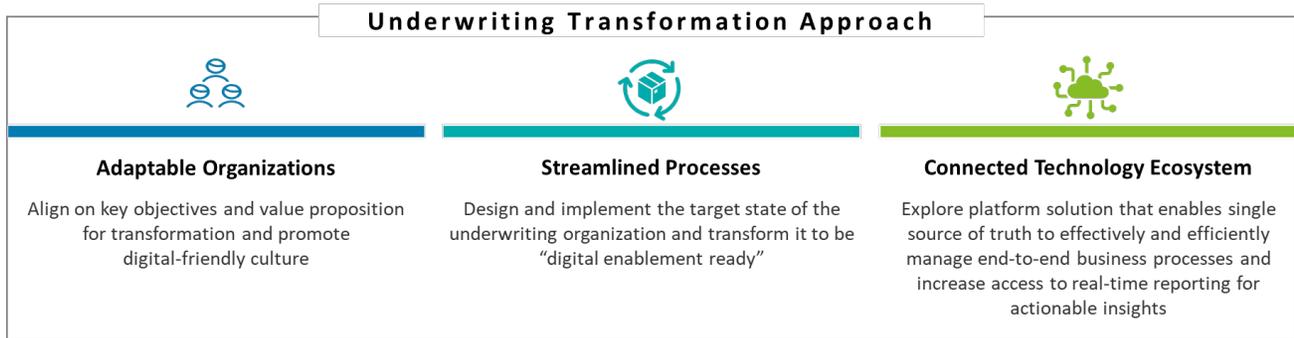
Assesses exposure probabilities in complex situations, forecasts risk exposure trends, identifies risk signals to avoid events, and supports knowledge transfer between experienced underwriters and the next generation of underwriters. Possesses deep business expertise, risk assessment skills and ability to communicate risks clearly.

¹ The rise of the exponential underwriter, Deloitte Center for Financial Services, February 2021

Accelerated Underwriting Transformation

With the rise in understanding of underwriting profiles and advancements needed to take the underwriting function into the next era, how and where can insurers accelerate the ability to deliver tangible value?

Focus on three pillars can help achieve business value by enabling an **adaptable organization**, designing **intelligent processes**, and developing a **connected technology ecosystem**. This balanced approach provides transparency and unified delivery and avoids one pillar being prioritized thereby hindering the success of the integrated transformation program.



Adaptable Organizations: Modernizing the underwriting workforce

The first pillar of the underwriting transformation approach is people alignment to establish clear objectives and vision incorporated with the company’s culture and values. This will foster adaptable organizations that enable enterprise agility and develop empowered networks of teams by incorporating a scaled agile approach with an ecosystem mindset through changes in strategy, governance, people, process, technology and operations.

People alignment can be facilitated by an organizational culture tuned for accepting changes, with mature change management processes and programs. However, alignment can be challenging if the organization is experiencing high levels of change fatigue driven by continuous restructuring and reorganizing. This transformation approach should include an understanding of the readiness of the current organization for digitalization, both leadership and employees, in order to assess the ability to adapt. Furthermore, this pillar will inform the most appropriate transformation execution method, such as a phased approach with tailored interventions based on identified alignment levels of cohorts in the organization.

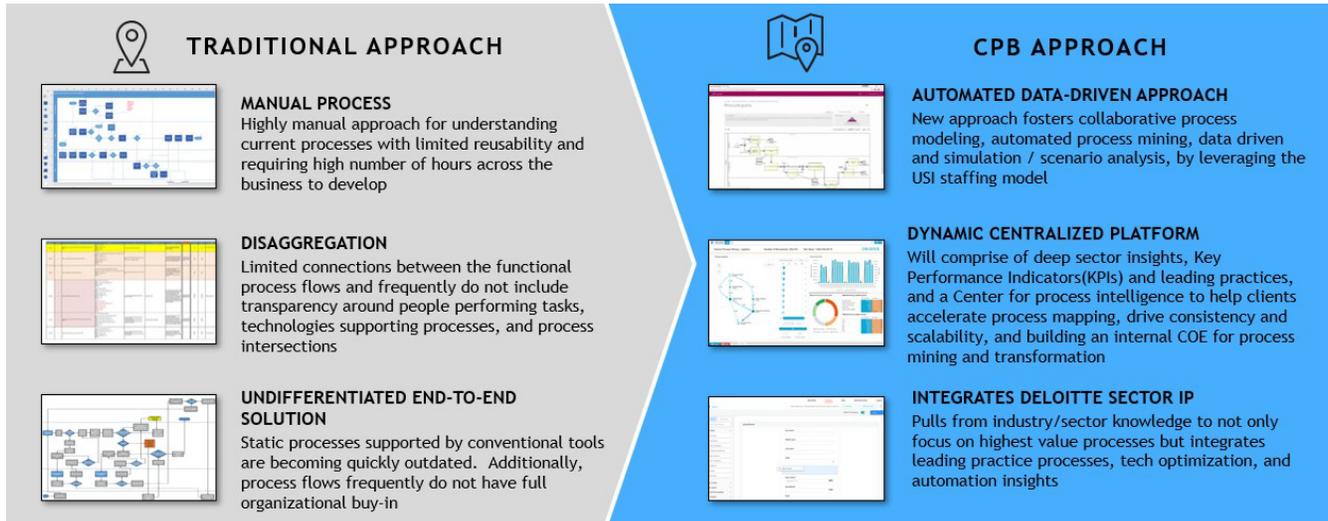


Intelligent Processes: Differentiate value through informed process ecosystems

The second pillar of the underwriting transformation approach is adopting frictionless processes that makes the organization digitally ready for modernization. The key is to establish a streamlined and virtuous ecosystem of multi-disciplinary teams (underwriting, data, actuarial, technology, claims, reinsurance, etc.) that are networked to empower underwriters to become “exponential.”

Industry-wide, there has been a tremendous effort in designing and implementing target state processes to enable efficiency and consistency. However, traditional process streamlining efforts are time consuming and highly manual, requiring significant investments in time and resources.

Unlike traditional static approaches for capturing processes and developing the target state, leading insurers are adopting a data-driven approach and next generation techniques to future proof processes and accelerate process readiness for digital enablement.



Using a combination of a bionics approach and industry expertise, insurers can achieve tangible and actionable insights in half the time based on our experience of working with leading insurers. Additionally, business involvement is leveraged more efficiently without siloed activities.

Connected Technology Ecosystem: Modernize underwriting powered by industry-leading platforms

The last pillar of the underwriting transformation approach is technology enablement. Current underwriting ways of working tend to involve significant manual processes and lackluster user experiences, often hopping across platforms. As data is increasingly leveraged to underwrite risks, there is a critical need for platforms and automation that facilitate the end-to-end processes and provide consistency during the underwriting lifecycle. An integrated platform not only provides a workplace for the underwriters to formulate and document underwriting decisions, but it also provides transparency between each process, either real time or an aggregated view, to promote collaborative efforts and cross functional synergy. A cloud-native solution developed with end-to-end digital workflow can create a more seamless experience for underwriters. Supported by a user-friendly underwriting workbench, these solutions offer a one-stop platform to access, merge, and generate insights from data drawn from multiple sources, which streamlines decision-making and boosts productivity.

We believe selecting the right platforms can be a critical success factor in enabling the transformation. Each vendor has a different set of capabilities with different highlighted features, so it is crucial to evaluate multiple vendors from various angles using criteria based on usability, functionality and comparability against the current IT environment and operating model.

The below diagram suggests an approach to a platform development at a high level and illustrates general processes and outcomes enabled by the platform solution.



Example Deloitte Solution: FS Connect

The **Underwriting Workbench** has evolved to become a viable, potentially game-changing underwriting capability. **FS Connect** (powered by Salesforce) is an example that illustrates how underwriting transformation is empowered via a platform solution.

Underwriting has historically been underserved by core insurance software, leading to several industry challenges such as multiple data sources, lack of data driven decisions and dysconnectivity between teams and systems. FS Connect addresses these common challenges by combining Salesforce with an integrated workflow to create “exponential underwriting” and, in turn, better top and bottom-line results.



FS Connect establishes a digital environment that promotes consistency, efficiency, collaboration, and transparency by leveraging and integrating data across the underwriting and pricing within a cohesive platform.

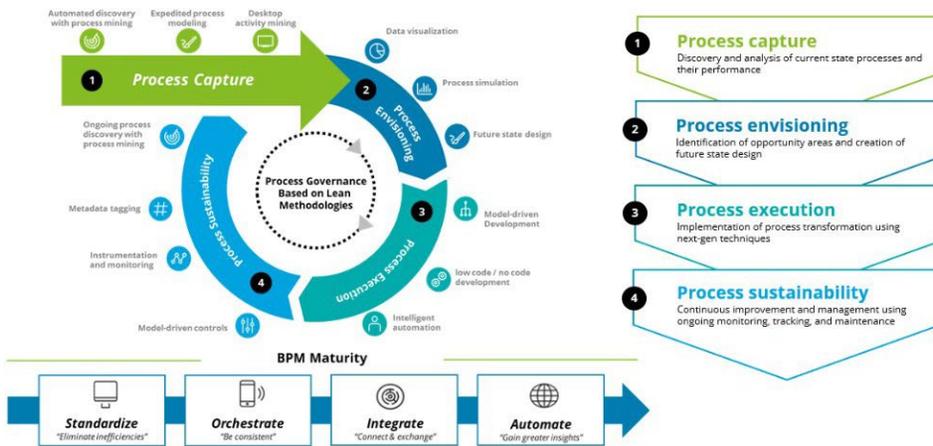
Example Deloitte Solution: Center for Process Bionics

Insurers are at different stages of their journey to optimize processes and therefore must consider the entire spectrum of process transformation to select the right methodology:

- 1. Process Modeling:** Interview-driven process modeling that is as much as 40%*² faster speed of delivery and provides business simulation capabilities
- 2. Process Mining:** Data-driven process mining led by hypothesis-based approach to deconstruct the process with simulation capabilities

² Based on Deloitte experience working with leading insurance carriers

3. **Digital Process Orchestration:** Connected ecosystem that identifies inefficiency and either removes it in real-time or flags for human intervention

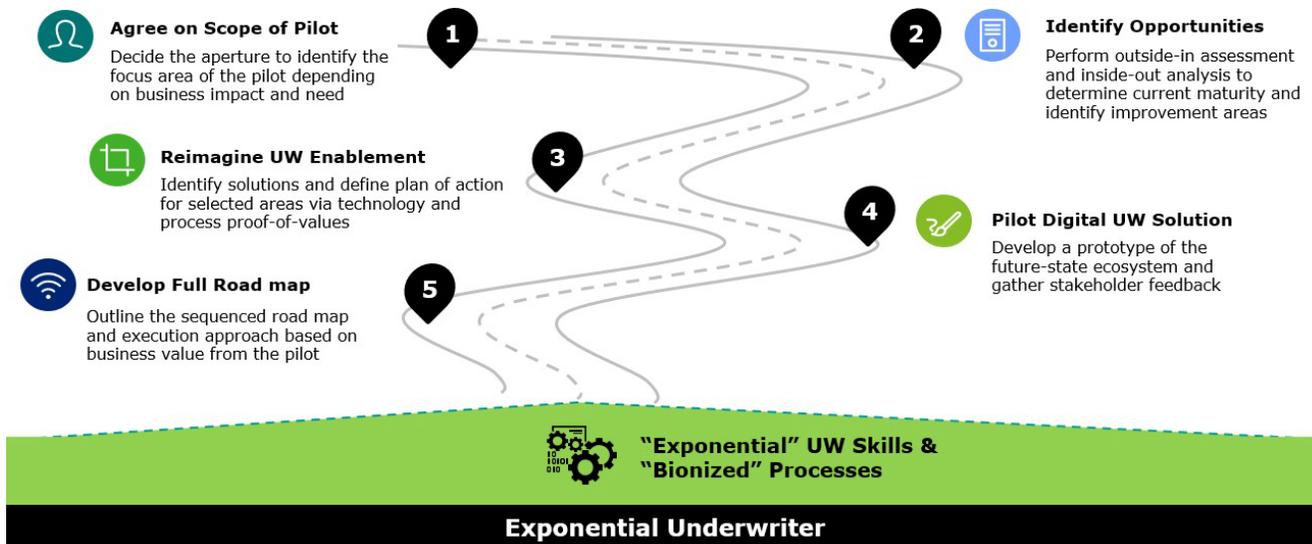


Deloitte’s Center for Process Bionics (CPB) accelerates and drives higher return on investment (ROI) on process transformation by identifying the right methodology and producing tangible business outcomes ranging from streamlined handoffs, FTE productivity, and standardization. Examples of the business value generated during CPB’s work with insurance clients:

- Reduced FTEs by 50%, reduced cycle time by ~90%, and increased throughput 21x through “quick win” process changes followed by an implementation of a full Artificial Intelligence / automation solution for new business intake processes
- Reduction of 510 resources and a 50% increase in throughput identified by improving processing time through uncovering a process variant where the transaction is unnecessarily redirected to another queue
- Reduced underwriter FTEs by 77% and quoting and binding cycle times by 66% through elimination of “human middleware” and aligning key roles with process task requirements

How to Start?

The steps to begin the underwriting transformation can be broken down into small scope components for an initial pilot of the solution before scaling more broadly across the enterprise. The below roadmap illustrates a path to modernizing an insurer’s underwriting function to enable exponential underwriter.



The underwriting transformation through business and technology will likely be a multiyear journey with several interconnected and interdependent parts. New data sources and advanced technologies will increasingly supplement and augment human underwriters. Insurers that invest in modernizing their underwriting function with new data and technology, while equipping their talent with “exponential” skills and “bionized” processes, could experience a virtuous cycle of sustained profitable business, loyal agents and customers, and an energized underwriting workforce—in short, a competitive advantage that is hard to emulate.

References:

[*The rise of the exponential underwriter*](#)
[*Process Bionics: Deloitte*](#)

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Helpful Resources:

[The rise of the exponential underwriter](#)

[Process Bionics: Deloitte](#)

[Modernizing the new business and underwriting function for life insurers Deloitte Financial Service - Insurance](#)



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