



GETTING THE BEST OUT OF NEW UNDERWRITING TECHNOLOGY AND HOW THIS WILL SHAPE THE FUTURE OF UNDERWRITING

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14 October 2015

BRAVE IN A WORLD OF RISK



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AGENDA



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- Common models of automated underwriting systems
- Must-have features of an expert underwriting system
- Running a successful project – things to look out for
- What to expect after implementation

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COMMON MODELS FOR AUTOMATED UNDERWRITING



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Back Office Processing

- Applications either manually entered or fed through OCR
- Majority needs to be reviewed by underwriters
- Process plagued by data errors and missing information

Data Capture via ePOS

- POS application captures data and sends back to a black box for underwriting outcome
- Basic rules running at POS device can accept some cases with disclosures but most referred for further underwriting

Reflexive Questions at POS

- All rules (medical, financial, existing history) moved upfront enabling a final decision via ePOS
- Drill down questions at POS allow acceptance on standard and amended terms

A COMPARISON OF MODELS

	Back office	Data capture	Reflexive Q's
Data errors	✗	✓	✓
Final decision at POS	✗	✗	✓
Consistency in decisions	✗	✓	✓
Improves efficiency	✗	✗	✓
Reduction in acquisition cost	✗	✗	✓
Flexibility for new channels/products	✗	✗	✓

WHAT MAKES A GOOD UNDERWRITING ENGINE?



NOT ALL UNDERWRITING ENGINES ARE THE SAME!



Self sufficiency without IT involvement

System capability

Functional features

Analytics

- Business users can change rules & configuration
- Add new products and extend to allow for new channels
- User friendly tools that don't require programming experience
- Ability to manage reflexive / drill down questions
- Ability to test and validate rules without deploying to environments

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NOT ALL UNDERWRITING ENGINES ARE THE SAME!



Self sufficiency without IT involvement

System capability

Functional features

Analytics

- Easy integration with multiple systems
- Works across multiple devices and platforms
- Ability to display reflexive questions in an offline environment
- Multilingual
- Tracking of cancelled disclosures
- Rules editor – role based access to multiple users

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NOT ALL UNDERWRITING ENGINES ARE THE SAME!



Self sufficiency without IT involvement

System capability

Functional features

Analytics

- Handling financial calculations and dates
- Co-morbidity: Launch a related rule from the impairment being disclosed
- Risk scoring – e.g. many parameters feed into the CV Risk
- Wrap up rules
- Indicative decisions / pre-underwriting and ability to link with the final application

NOT ALL UNDERWRITING ENGINES ARE THE SAME!



Self sufficiency without IT involvement

System capability

Functional features

Analytics

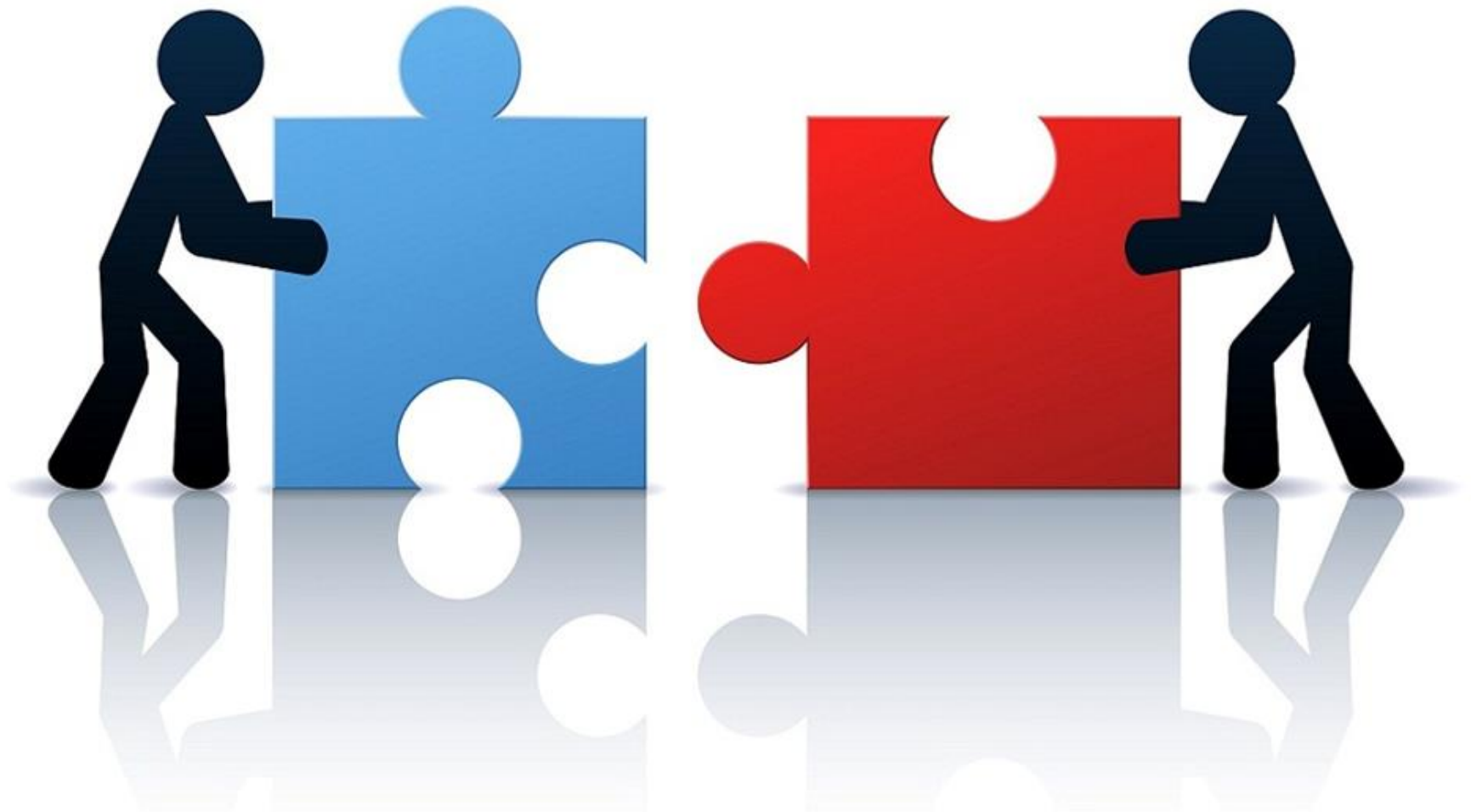
- Reports and dashboards for all key stakeholders
- Business users can create reports

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RUNNING THE PROJECT



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RUNNING THE PROJECT

Opportunity to make a
difference

Rules development and
staffing

Interfacing to other
systems

Testing

- Innovate, not renovate!
- Optimise the process. Challenge everything!
- Single most important aim is to provide a final decision at POS

RUNNING THE PROJECT



PACIFIC LIFE RE

Opportunity to make a difference

Rules development and staffing

Interfacing to other systems

Testing

- Establish success criteria – STA vs STP
- Rules coverage – 80/20 approach
- Levels of reflexive questioning
- Handling multiple re-insurer guidelines in rules
- Occupation handling and rules on co-morbidity
- Handling paper applications
- Best skills for the job – technical & analytical mind

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RUNNING THE PROJECT



Opportunity to make a difference

Rules development and staffing

Interfacing to other systems

Testing

- Existing cover, sub-standard decision, claims history
 - Final decision on aggregated cover
 - Opportunity to upsell / cross sell
- Premium recalculation for loaded cases
- Workflow integration for referred cases
- Define requirements early

RUNNING THE PROJECT



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Opportunity to make a difference

Rules development and staffing

Interfacing to other systems

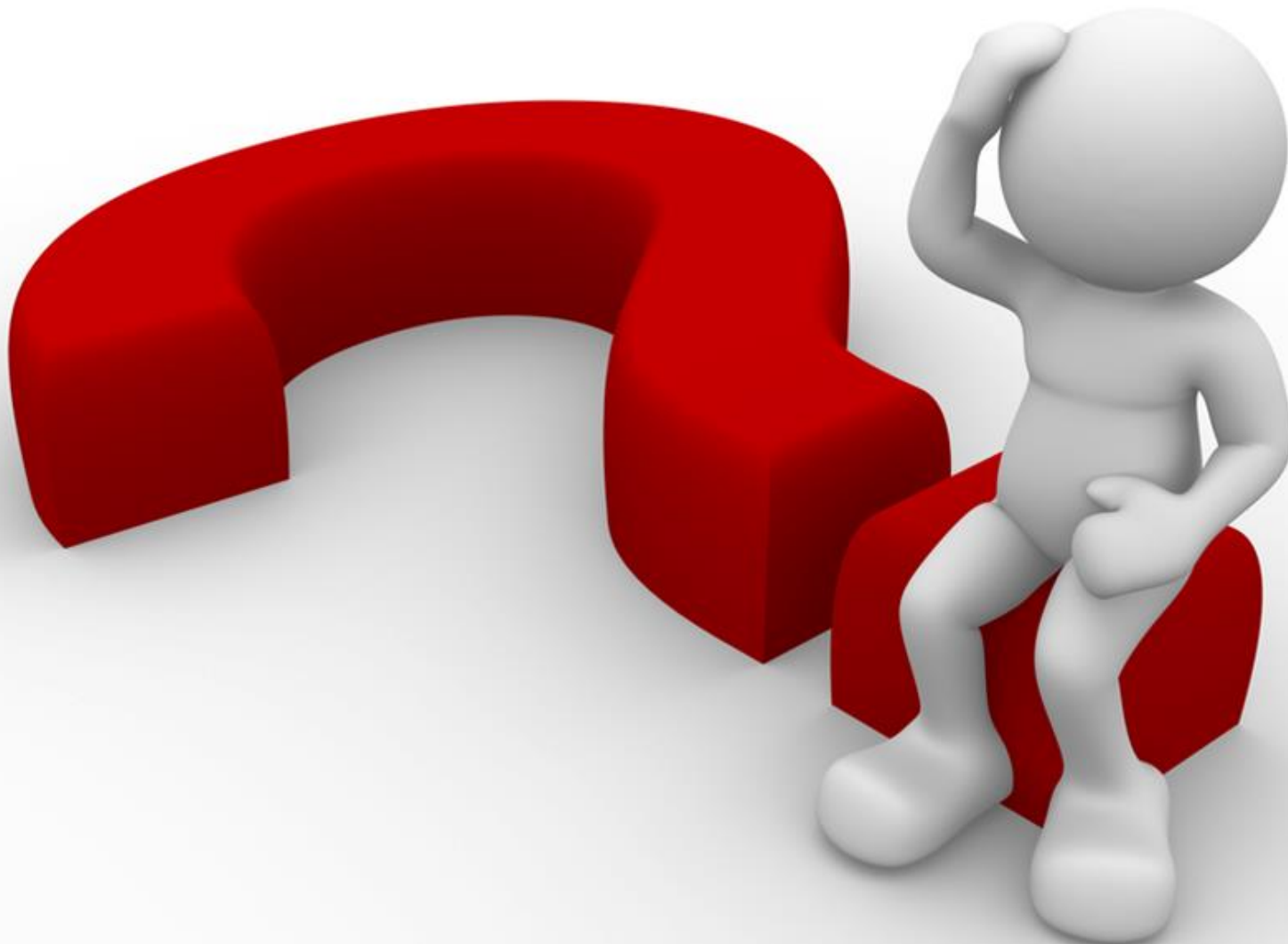
Testing

- Integration / Systems testing vs rules testing
- Defining a set of cases to be tested every release
- Automating test cases

WHAT HAPPENS NEXT?



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AFTER THE LAUNCH



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Appropriate resourcing

Building the organisational culture

- Budget to improve outcomes – at least two dedicated resources
- Managing expectations – we'll get 70% STP in 3 months
- Scheduled monthly releases of new rules and ongoing development
- Analytics will provide pointers on next actions

AFTER THE LAUNCH



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Appropriate resourcing

Building the organisational
culture

- Managing change – initial mistrust of the rules engine is common
- Continuous improvement process
- Positive impact on the workforce
- Knowledge sharing – various stakeholders need to be well-informed



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Simon Pepper (*Head of Underwriting & Claims*)

14 October 2015

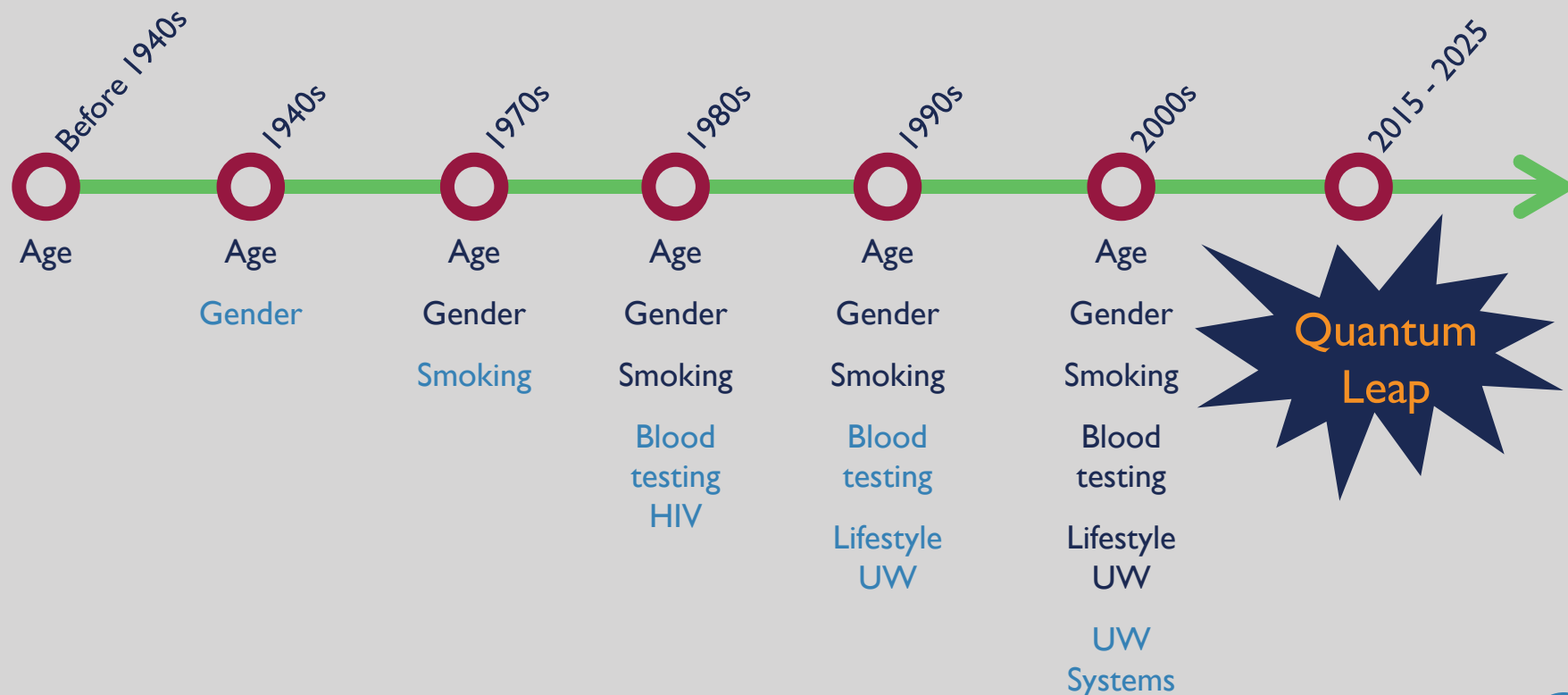
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RISK ASSESSMENT

Whilst the underwriting tools have evolved, the core risk assessment remains the same



AGENDA



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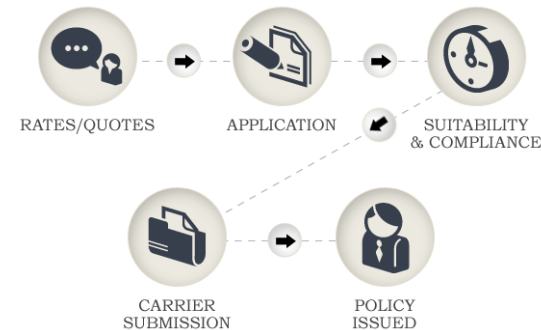
- Smart underwriting process
- Innovative underwriting evidence
- Transform the underwriter's profile
- Skills set of the future underwriters
- What is in it for the business partners
- What is in it for the organisation

SMART UNDERWRITING PROCESS

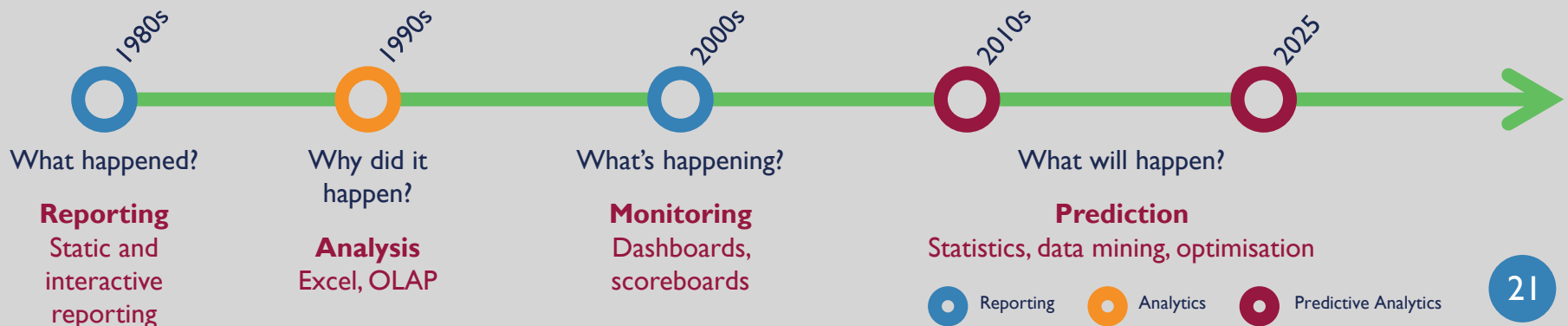
Paper-based to system-based



Straight-through processing of simple cases



Evolution of Predictive Analytics



SMART UNDERWRITING PROCESS

Efficient risk assessment of complex products & exposures



Greater coordination between actuaries, distribution & customers



Risk of drowning in data



From Art & Science to Art, Science & Technology



From back office to front office

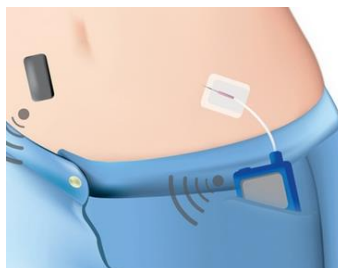


INNOVATIVE UNDERWRITING EVIDENCE

Fitbit – Measures steps, calories & sleep quality



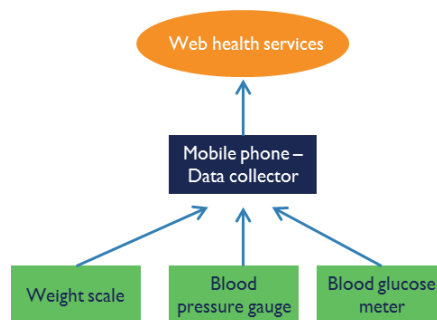
Continuous Glucose Monitoring (CGM)



Social Media Underwriting



Electronic submission of medical laboratory data



TRANSFORM THE UNDERWRITER'S PROFILE



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Transaction processing to higher value work



From assessing historical data to predicting the future



Data and analytics-driven approach



More enterprising underwriters



Products innovation



TRANSFORM THE UNDERWRITER'S PROFILE

Build the business - Sales executive owns the relations with the intermediaries



Company's face to the market



Risk assessor to holistic risk managers

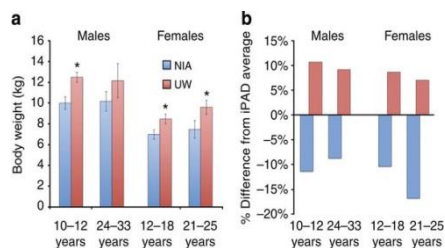


UW leader to strategic thought leader & influencer



SKILLS SET OF THE FUTURE UNDERWRITERS

Data analytics



Data modeling skills to model multiple variables simultaneously



Technologically competent



Broad understanding of business



SKILLS SET OF THE FUTURE UNDERWRITERS

Connecting the dots



Relationship managers



Communication skills



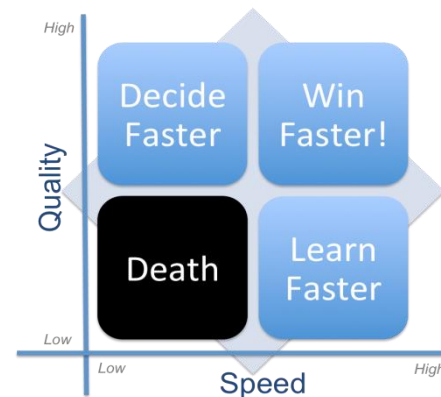
Business managers



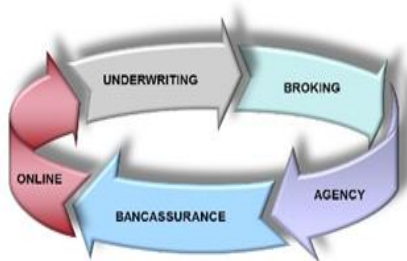
WHAT IS IN IT FOR DISTRIBUTIONS AND ORGANISATIONS



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Distribution and product specific underwriting



Accident Insurance	Dental	Vision Insurance	Short-Term Disability	Group Home & Auto
Cancer Insurance	Sickness Indemnity	Critical Illness (heart/stroke)	Long-Term Care	Legal Assistance
Hospital Indemnity	Hospital Intensive Care	Short-Term Care	Life Insurance	Long-Term Disability

FOR MORE INFORMATION PLEASE CONTACT:

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