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# LIFE & HEALTH – FUTURE OF LIFE UNDERWRITING



The emergence of new technology has the potential to change the way we underwrite our customers, distribute insurance products, collect data, and change consumer behaviour in the actual buying of insurance products. Dr Deepak Gandhi of Pacific Life Re Asia and Mr Rakesh Kaul of UnderwriteMe Technology Solutions Ltd say it will also fundamentally

change the role of the underwriter as we know it today.



Dr Deepak Gandhi

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Inderwriting has always been described as both an art and a science. In the future, however, it will be described as an art, science, and technology. The role of underwriting will then move from being a back-office function to a front-office function.

### Core risk assessment

In terms of the core risk assessment, not much has changed since the past few decades. Each case was assessed off a paper application form, with reports from doctors, medical examinations, laboratories, and other tests.

Fast forward to today, we are still observing the same types of evidence in roughly the same format. If you are to take an underwriter from the 1980s and place a case in front of him today, he would not have noticed much difference in what he needs to assess and how he assesses it.

#### **Quantum leap**

We are on the cusp of a quantum leap in how risk is assessed and the role an underwriter will perform within companies in the future.

We are already seeing the move from paper- to system-based, and straight through processing of more simple cases without human intervention. Electronic submission of medical records, examination reports, and laboratory test results is already happening, and rules are being built within underwriting engines to process these automatically.

From static reporting, analysis, and monitoring, we are moving to the smarter use of the vast amount of data out there. Things like predictive underwriting are already enabling us to build models that will give accurate predictions about future outcomes.

While the core risk assessment will stay the same, the risk assess-

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ment tools and types of evidence used will change. This is more likely to come from the customers via their own health platform on their mobile phones, tablets, or wearable devices. The new generation wearable devices allow for the monitoring of an individual's health in real-time. Risk management will then shift from being a static process using historical data, to a dynamic process that relies on a flow of real-time risk assessment data.

To add on to that, social media will also have an impact on underwriting. Large data aggregators are already mining online information, including from social networking sites. Underwriters will be asked to synthesise and analyse this information in order to identify important trends, new areas for analysis, emerging opportunities, and risks. Like monitoring an individual's health in real-time, the use of social media data will also enable insurers to shift underwriting to a dynamic process in real-time.

Availability of data and predictive modelling will enable customised, efficient, and real-time operational risk controls, making automated underwriting at point-of-sale more robust and convenient for both distributors and consumers.

### What is in it for the underwriters, distributors and consumers?

What will the Asian underwriter look like in the future where over 80% of decisions will be made by a machine, where predictive modelling will remove the need to underwrite at all in some cases, where new types of underwriting evidence will change how we assess risk and design products, and where there will be a wealth of data sources which need to be analysed and interpreted?

Underwriters will be freed up to focus on the more complex cases which will fully utilise their skills and expertise. They will be able to take on a more active and mainstream role in the actual business and their work would evolve over time from a purely transactional role to a much higher value work across the broad spectrum of the business.

The underwriters' understanding of the customers, their risks and behaviours will add real value to the sales "This change in role has to attract a different type of person. Rather than looking for people with science or medical backgrounds, the underwriter of the future needs to be experienced across a wide variety of disciplines."

process. The underwriter's role will be transformed from a risk manager to a holistic business manager, who would be able to add value throughout the product development cycle, sales process, and risk controls. This is in addition to providing quality input into marketing campaigns, sales materials or policy conditions.

The implementation of new underwriting technology and the analysis of vast data that it would generate will enable the distribution channels to better understand its customers' needs, preferences, and buying behaviours, thereby improving sales. Further, system-based predictability of consumer needs analysis at the point-of-sale will also enable the distribution to up-sell/ cross-sell to their customer base, thereby generating higher revenue for distributors.

The consumers will greatly benefit, owing to the convenience of the sales process and fewer underwriting requirements. Availability of data and smart analytics will also help design a much wider variety of products targeted at various classes of consumers, eg diabetics/hypertensives in line with their adherence to treatment protocol, real-time sugar/blood pressure monitoring, and for fitness addicts in line with their level of physical activity and endurance.

Charging of premiums in line with the individual's needs and the risk posed would be another step towards treating consumers fairly.

### Skill set of the new Asian underwriter

This change in role has to attract a different type of person. Rather than looking for people with science or medical backgrounds, the underwriter

of the future needs to be experienced across a wide variety of disciplines.

The underwriter of the future needs to be technologically competent in order to leverage the power of greater automation in order to seek out timely insights, and work out the most creative and effective use of the rules engine. A broad understanding of the business is also essential in order to see where this new technology fits in and adds greater value.

They will need the ability to synthesise and analyse a wide range of data and use new data sources and interfaces to identify important trends, new areas for analysis, and emerging opportunities and risks. They will also need to be able to connect the dots, take all these information and data, understand the implications for the business, and provide the right solutions.

Finally, the underwriter of the future needs to forge strong relationships with all the stakeholders in the business; from actuarial and product development to distributors and customers, and have the communication skills to engage with these stakeholders.

### Conclusion

The technology revolution will change the way we underwrite and what it means to be an underwriter. As an industry, we need to understand and embrace the impact of these changes, how to manage the transition for our existing underwriters, and how we recruit and train the underwriters of the future.

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