Underwriting 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-
The underwriters’ understanding of the customers, their risks and behaviours will add real value to the sales 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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