UNDERWRITING IT RIGHT AND SAVING A MILLION

Abstract

COO for underwriting operations at a global insurance giant, Katy Shelvin had been mandated to grow the business significantly by 2025. What stood in her way though was the lack of efficiency in the company's underwriting operations, which severely impacted productivity, costs, and customer experience. In order to automate the underwriting infrastructure, Katy sought help from a new digital transformation partner, Infosys BPM. This case details how Infosys BPM revamped Katy's processes with an intelligent analytics platform, submission prioritisation system, and automation, saving underwriting effort worth over $1 Mn and increasing revenue by 5%-10%.

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Facing an underwriter's block

COO for North American operations at a global insurance giant, Katy Shelvin heads the underwriting department and ensures its efficiency. When she was taking charge of the underwriting operations, she was given the mandate to grow the business significantly by 2025.

To achieve this, she first had to deal with the operation's extensive fragmentation, manually intensive processes, and operating complexities that hampered her underwriting team's productivity. The lack of efficiency of the system led to escalated costs, high turnaround times (TAT), and a significant drop in customer satisfaction. The root cause of the problem originated from the pre-underwriting processes which lacked the necessary modernisation.

Thus, besides their general submission evaluations, the underwriters were burdened with the responsibility of manually organising and entering the applicant data from multiple unstructured sources. With the underwriters stuck with transactional activities and repetitive tasks, the evaluation of submissions and client-facing tasks took a hit. The inadequate business workflow was impacting the productivity of the underwriters, resulting in low bound ratios of less than 2%.

Apart from operating productivity, both broker experience as well as reporting were hit, and as a result Katy found it challenging to manage the situation due to a lack of proper visibility into business revenues, underwriter performance, and

submission pipelines. In short, Katy needed a complete restructuring and optimisation of her underwriting infrastructure aided by digital transformation.

Their earlier attempt to automation fell short of expectations. This made Katy cautious and diligent in her search for a new digital solutions provider. After a close evaluation of the bids, Infosys BPM emerged as the winner and soon Katy was in a meeting with Andy Lewis, the Infosys BPM point of contact. Not only did the complex nature of the system demand great underwriting expertise to get the transformation right, Katy and Andy would also have to deal with resistance coming from skeptical underwriters.

An inside-out automation approach

Andy's team of transformation experts already had the extensive domain expertise needed under their belts. He directed his team to adopt an automation approach that stepped into the underwriter's mindset and simulated their decision-making procedures, even while improving the overall process capabilities.

To achieve this, the team accordingly planned and mapped out a detailed strategy for stepwise automation and business process standardisation.

Approach summary

- ML model to simulate the underwriters' decision-making
- Responsive platform with analytics and allocation models
- Automated submission prioritisation system
- Power BI dashboard with a built-in pipeline management dashboard

The team kicked off the transformation by collating and migrating relevant data sets to a new platform for improved analytics and automation. The data captured, however, was unstructured and lacked quality. To mitigate this challenge, Andy initiated a series of discussions with the underwriters to understand the subjectivity of the complete process, especially that of the large and complex commercial and specialty side of the business which was largely broker-driven. The discussions revealed that typically a huge volume of data needed to be cross-checked and validated before any underwriting decision could be made. This helped the team convert the process into objective parameters and build a relevant minimum viable model for the machine learning solution. Subsequently, they undertook an iterative and incremental approach to make relevant improvements to the model.

Then, for improving submission reviews and prioritisation, Andy planned a smart, responsive solution with built-in prescriptive analytical models. Next, the team developed wrap-around automation models to enhance collaboration, improve reporting, and streamline the complete workflow.

To take forward the deployment, the team implemented the solutions utilising three interconnected components:

- The team built a centralised tracking and analytics platform to allow an intelligent workflow. The platform helped organise and allocate the incoming broker submissions to different teams following predefined queues.

- They developed a submission prioritisation system based on statistical models to determine the quality of cases received. This automated system captured the submission documents and data from emails, analysed them based on defined service level agreements (SLA), and directly rejected the entries that did not meet the criteria. It simplified and fast-tracked the underwriters' access to prioritised submissions, ready with all details.

- Lastly, the team integrated an interactive Power BI dashboard to offer actionable business insights on broker performance, submission volumes, and trend analysis. It also included a pipeline management dashboard to track the workload of the underwriters and allow an effective distribution of cases. The dashboard helped monitor the turnaround time (TAT) along the value chain across all lines of business (LOBs).

Throughout the automation process, Andy cautiously followed a rationalised implementation approach, ensuring that the SLAs and average handling time (AHTs) of the underwriters were not adversely affected. He steadily gained their and Katy's confidence as the project progressed along.
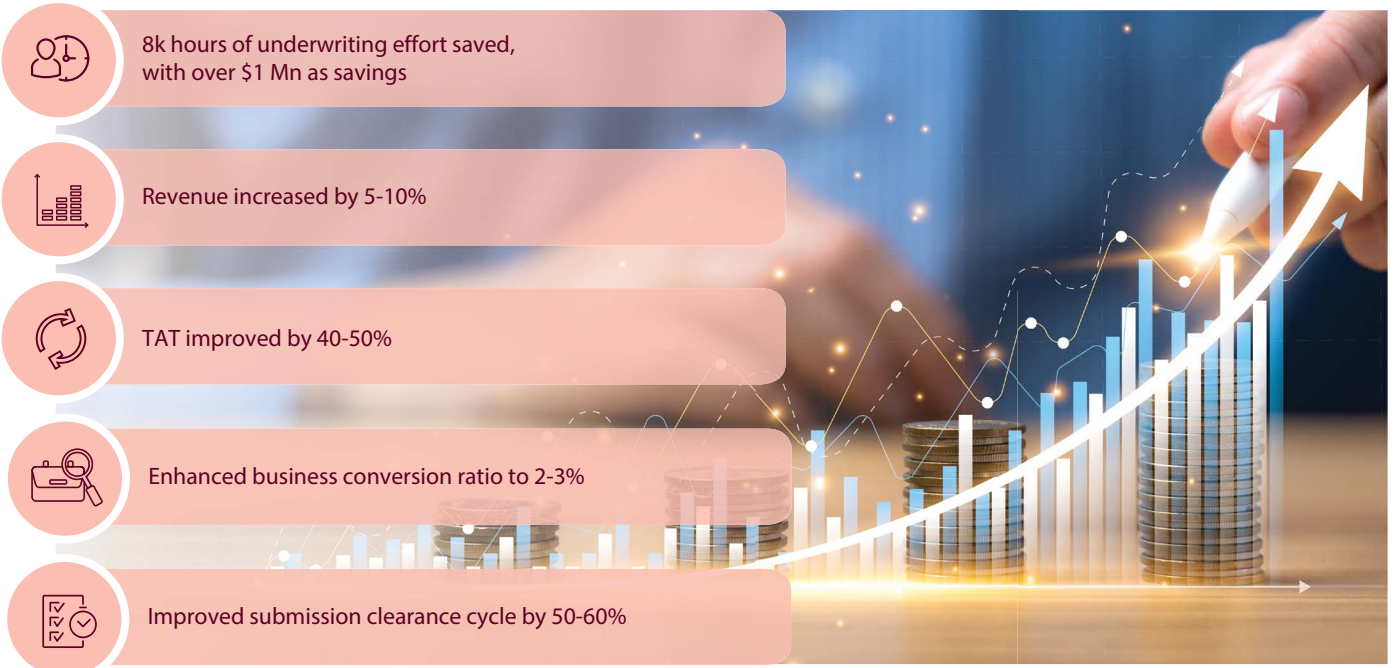
Overwhelming the underwriting

Even with the system complexities and the sensitivities involved, Katy and Andy proved immensely successful in implementing their holistic automation solution. Their well-planned automation instilled a new trust in digital and machine learning solutions amongst the previously skeptical underwriters

Key benefits

- 8k hours of underwriting effort saved, with over $1 Mn as savings
- Revenue increased by 5-10%
- TAT improved by 40-50%
- Enhanced business conversion ratio to 2-3%
- Improved submission clearance cycle by 50-60%

The end-to-end automation accelerated the underwriting process, allowing submission clearance in less than 1 day which previously spanned 10 days. In total, the solution saved 8k hours of underwriting effort, that led to $1 Mn in savings. The streamlined workflow and standardised processes also brought up the overall submission-to-bind ratio to 2%-3%, and substantially improved the TAT by 40%-50%.

Moreover, the live dashboards and analytics system offered underwriters a 360^0 view of the brokers' portfolios and clearly depicted the risk factors, helping them make smarter decisions and negotiate better terms. Thus, this new and improved system led to a 5-10% increase in revenue generated. This successful digital transformation set the insurance giant right on track for their goal to grow the business significantly by 2025.

Names have been altered to preserve the identities of the people involved.

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