



# 2021 P&C Underwriting Survey

October 2021



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# KEY HIGHLIGHTS

- Limited automation and incipient use of AI/ML, NLP, and RPA on core and non-core activities
- Up to 40% of time spent on non-core and administrative activities
- Working with ageing systems and inefficient processes
- The introduction of new technology has not helped to decrease workload
- Talent management identified as key issue (talent gap, recruiting, training, skills development, knowledge transfer, retention)

# KEY HIGHLIGHTS

## PERSONAL LINES

76

Personal lines-focused  
underwriters interviewed

### Underwriting Efficiency

~45% of personal lines underwriters time is spent on tasks that are not core to the underwriter's role. The top three reasons for this are redundant inputs/manual processes (70%); outdated/inflexible systems (50%); and insufficient training and time for talent development (43%).

### Underwriting Quality

Only 40% of personal underwriters believe their underwriting processes and tools are superior. In particular, only 42% consider their pricing strategy superior compared to 51% of commercial lines underwriters, but 41% mentioned their tools and systems are superior vs 32% of commercial lines peers.

### Underwriting Investments

The top 2 factors driving investments in underwriting were in **improving underwriting quality (risk/pricing outcomes) and the ease of doing business** for customers/producers signaling a renewed focus on profitability and growth.

### Underwriting Technology

While underwriters believe technology changes have improved underwriting performance, ~55% of personal lines underwriters say that their workload has **increased or has had no change with technology investments**, driven by inefficient systems and the lack of data integration.

### Underwriting Talent

~25% of personal lines underwriters view their company's talent management programs as deficient, with deficient rates going up to 41% in talent retention, 37% in succession planning, 33% in training, and 30% in recruiting

# KEY HIGHLIGHTS

## COMMERCIAL LINES

295

Commercial lines-focused  
underwriters interviewed

### Underwriting Efficiency

~**40% of commercial lines underwriters time is spent on tasks that are not core** to the underwriter's role. The top three reasons for this are redundant inputs/manual processes (71%); outdated/inflexible systems (40%); and a lack of information/analytics at the point of need (36%).

### Underwriting Quality

Overall, **underwriting quality processes and tools are at their lowest point** since we first did this survey in 2008. Only 46% of commercial lines underwriters believe their frontline underwriting practices are superior, which is down 17% from 2013.

### Underwriting Investments

The top 2 factors driving investments in underwriting were in **improving underwriting quality (risk/pricing outcomes) and the ease of doing business** for customers/producers signaling a renewed focus on profitability and growth.

### Underwriting Technology

While underwriters believe technology changes have improved underwriting performance, **~65% of commercial lines underwriters say that their workload has increased or has had no change with technology investments**, driven by inefficient systems and the lack of data integration.

### Underwriting Talent

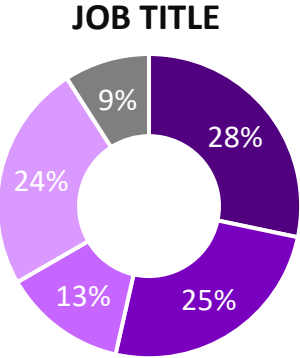
The number of underwriting organizations that were viewed as having superior **talent management capabilities for underwriting has dropped 50% since 2013** across almost every measure of performance aspects we evaluated. Training, recruiting, and retention planning had some of the biggest drops.

# 1. METHODOLOGY AND SAMPLE

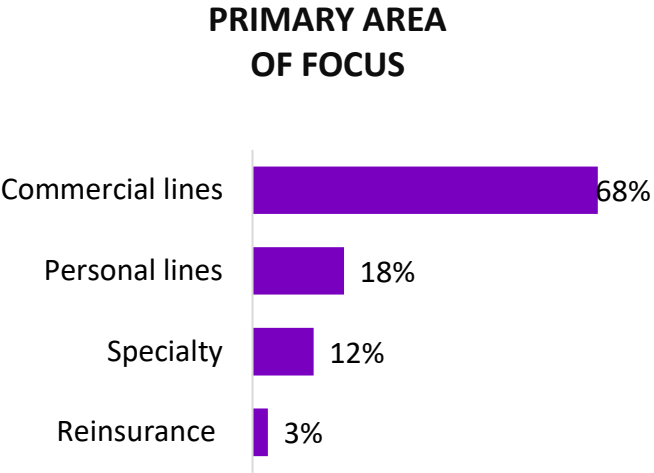


# RESPONDENTS' PROFILE

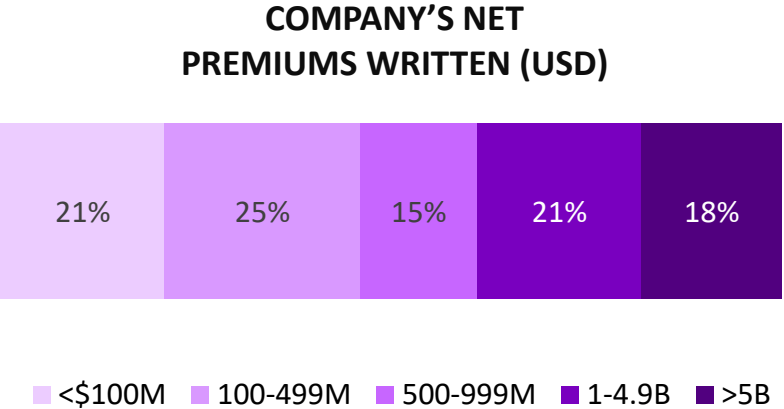
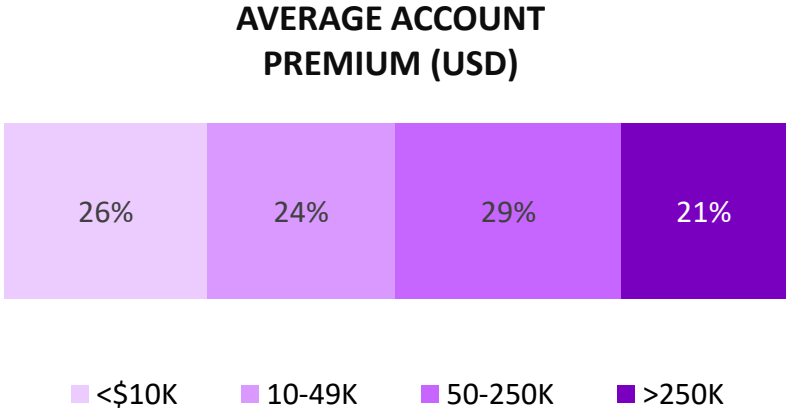
- Methodology**
- Computer Assisted Web Interviewing (CAWI)
  - Field completed between **August 9-30th**
  - Sampling frame = list of **US-based underwriters from entry level to executive/senior management** members of The Institutes, supplemented with sample list from Risk & Insurance Group
  - Responses = **434** out of 12,741 e-mails sent (3.4% response rate)



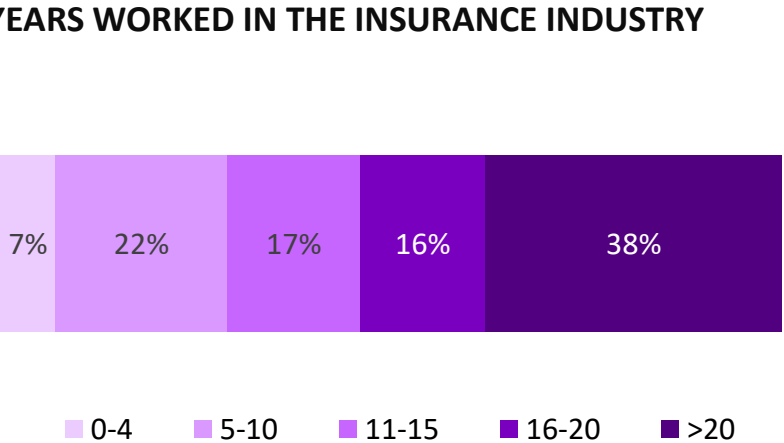
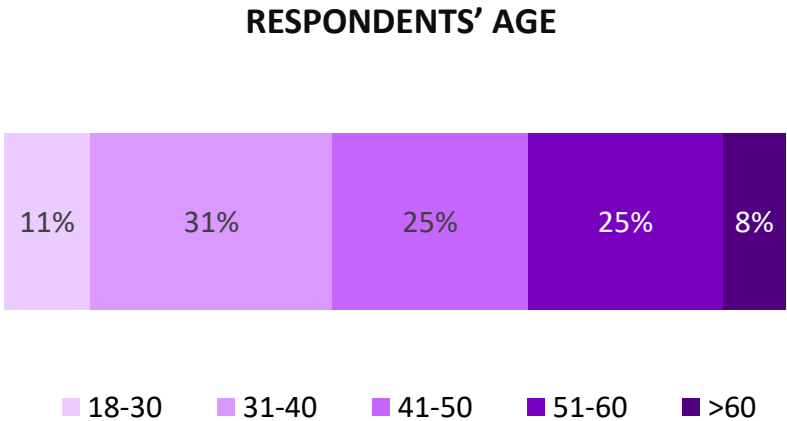
- Underwriter
- Senior Underwriter
- Product Manager
- Other Executive
- Other role



Source: 2021 P&C Underwriting Survey



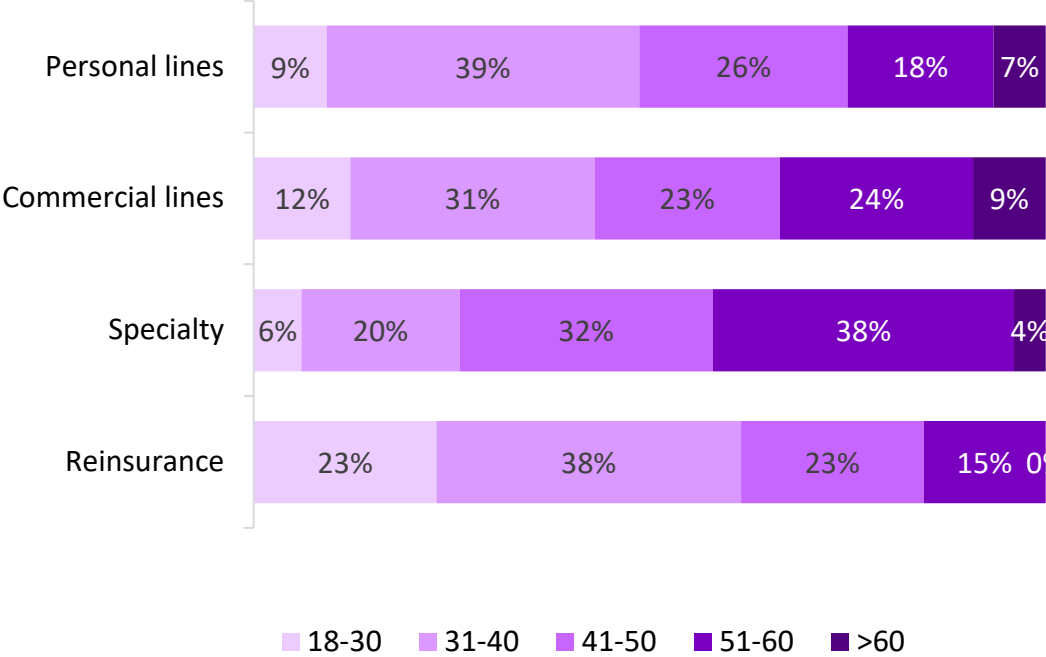
Balanced split across company and account sizes



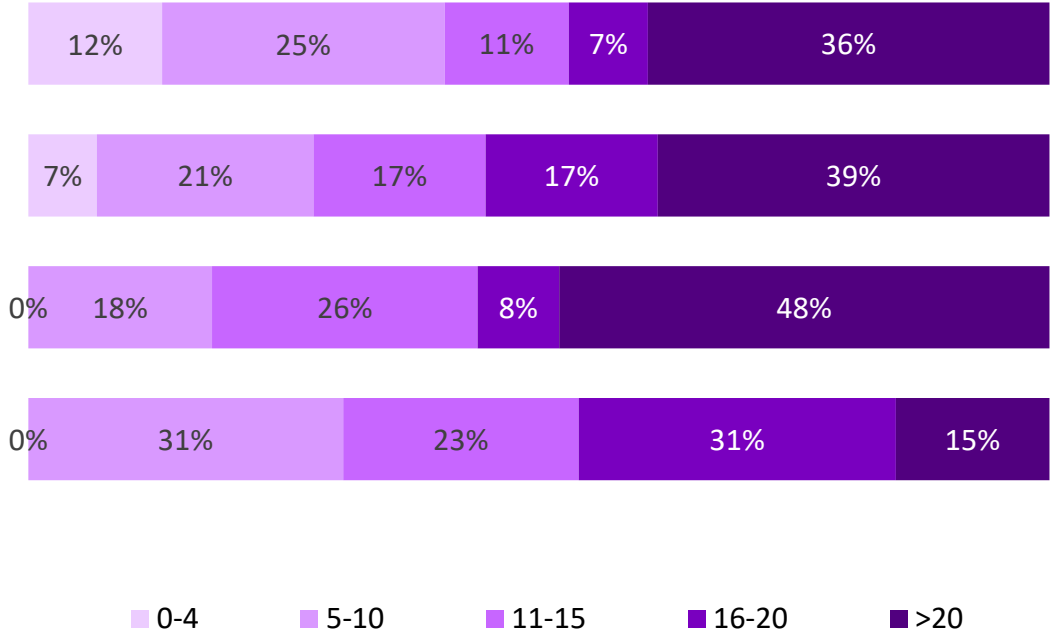
# RESPONDENTS' PROFILE

## BY LINE OF BUSINESS

RESPONDENTS' AGE



YEARS WORKED IN THE INSURANCE INDUSTRY



Remarks

- 1. A somewhat more aged workforce in specialty lines
- 2. The industry tenure in specialty lines is greater than in consumer and commercial lines

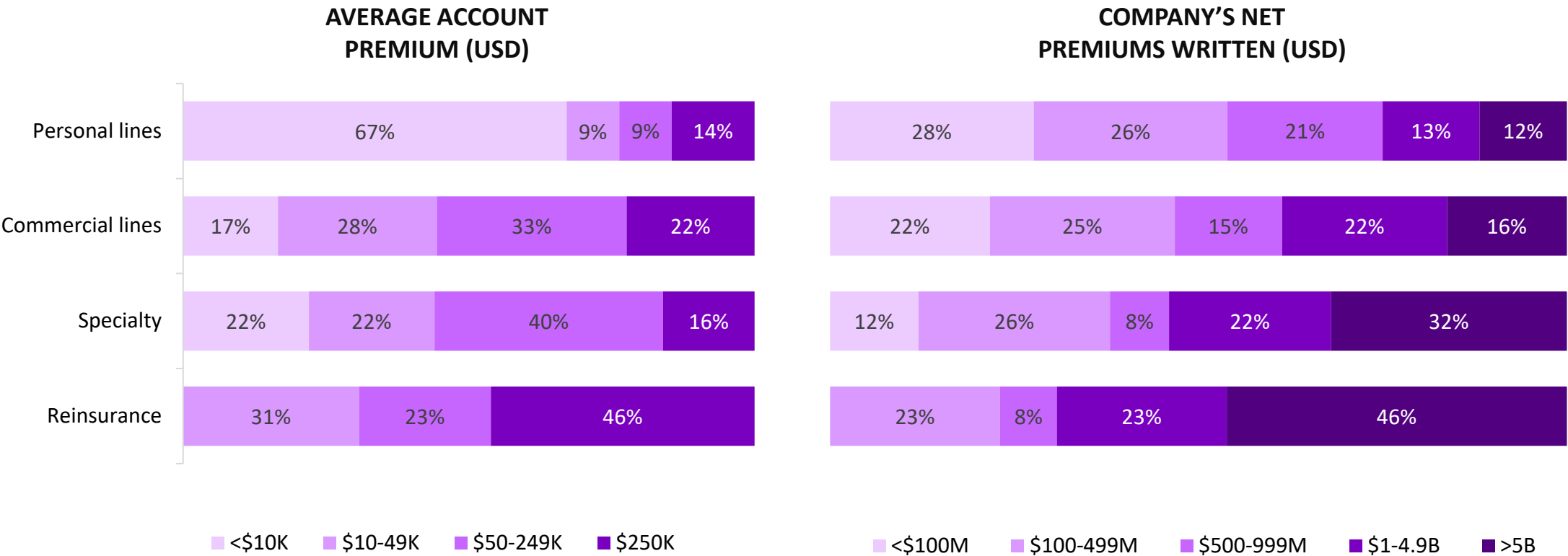
Total responses = 434

- Personal lines = 76
- Commercial lines = 295
- Specialty = 50
- Reinsurance = 13



# RESPONDENTS' PROFILE

## BY LINE OF BUSINESS



Remarks

1.

Close to 70% of personal lines underwriters interviewed are focused on account <\$10K in premiums
2.

Reinsurance underwriters interviewed work at large companies and focused generally on large accounts

**Total responses = 434**

- Personal lines = 76
- Commercial lines = 295
- Specialty = 50
- Reinsurance = 13

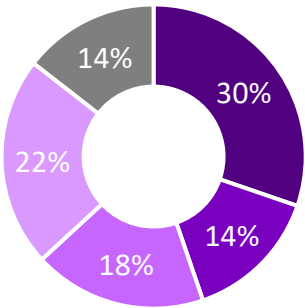
# RESPONDENTS' PROFILE

PERSONAL LINES

76

Personal lines-focused underwriters interviewed

JOB TITLE



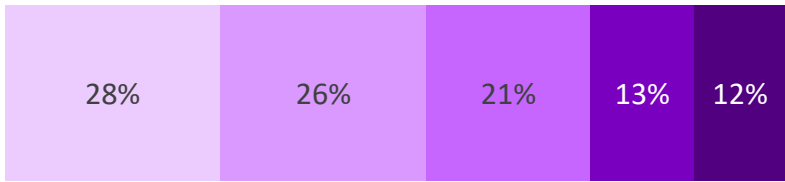
- Underwriter
- Senior Underwriter
- Product Manager
- Other Executive
- Other role

AVERAGE ACCOUNT PREMIUM (USD)



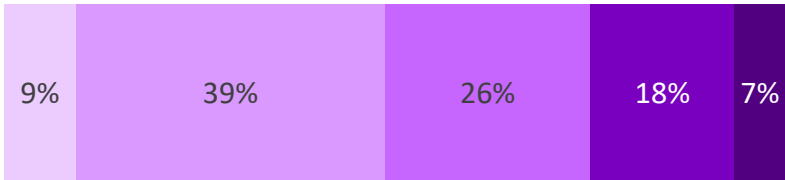
- <\$10K
- 10-49K
- 50-250K
- >250K

COMPANY'S NET PREMIUMS WRITTEN (USD)



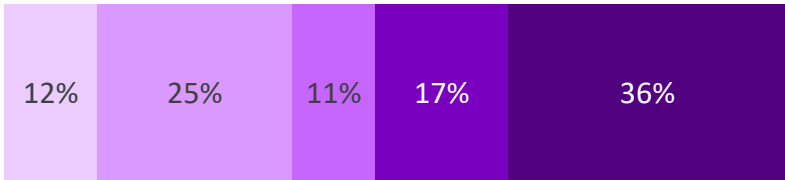
- <\$100M
- 100-499M
- 500-999M
- 1-4.9B
- >5B

RESPONDENTS' AGE



- 18-30
- 31-40
- 41-50
- 51-60
- >60

YEARS WORKED IN THE INSURANCE INDUSTRY



- 0-4
- 5-10
- 11-15
- 16-20
- >20

Source: 2021 P&C Underwriting Survey

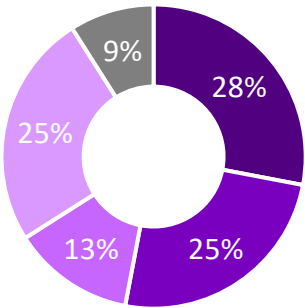
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COMMERCIAL LINES

295

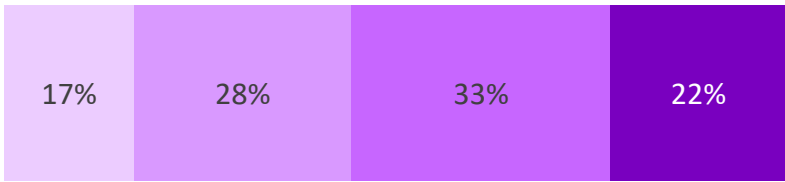
Commercial lines-focused underwriters interviewed

JOB TITLE



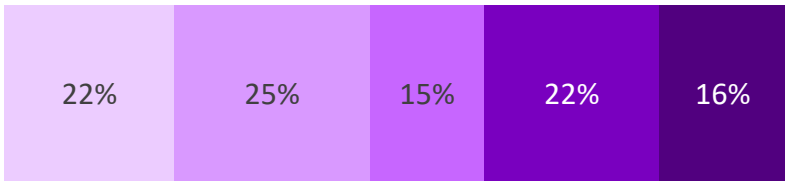
- Underwriter
- Senior Underwriter
- Product Manager
- Other Executive
- Other role

AVERAGE ACCOUNT PREMIUM (USD)



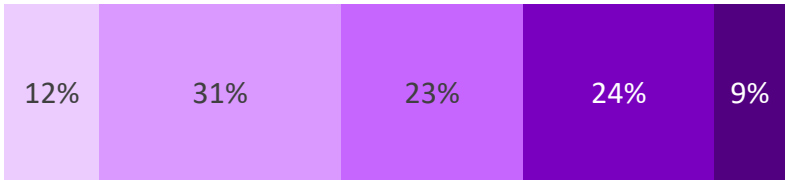
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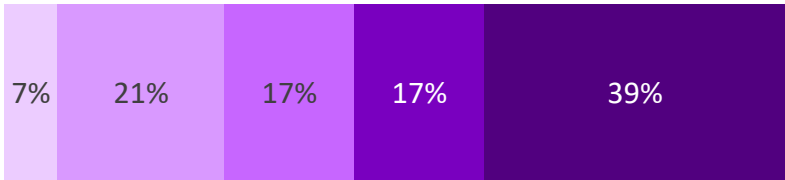
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YEARS WORKED IN THE INSURANCE INDUSTRY



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- 11-15
- 16-20
- >20

Source: 2021 P&C Underwriting Survey

## 2. ROLE OF THE UNDERWRITER

# ROLE OF THE UNDERWRITER

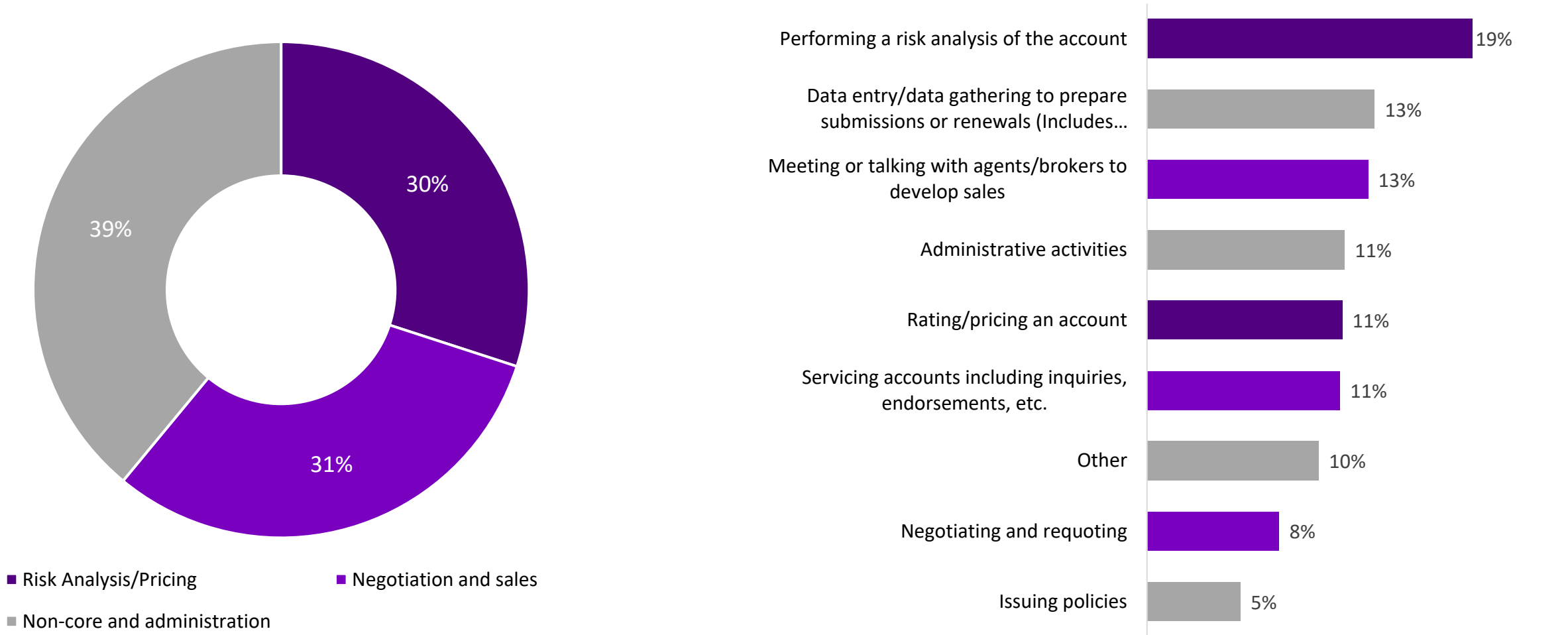
## SUMMARY

- **Underwriters spend a large share of their time on non-core activities**
  - P&C underwriters spend on average ~40% of their time on non-core and administrative tasks, while risk analysis/pricing, and negotiation and sales support take ~30% each
- **Inefficient processes (71% of resp.) and outdated systems (43% of resp.) are the top 2 challenges faced by P&C underwriters**
  - Other top 5 challenges are: lack of information/analytics at the point of need (39%); poor access or organization of underwriting information (32%); insufficient focus on training/talent development (30%)
- **There is a renewed focus on improving underwriting quality**
  - The top 2 factors driving investments in underwriting are “improving underwriting quality (risk/pricing outcomes)” and “the ease of doing business for customers/producers”
- **Factors expected to have an increased impact on the underwriting function over the next 3 years**
  1. Demand for new services, speed and better customer experiences
  2. New technologies
  3. Retaining and developing talent
  4. Pressure for growth
  5. New products and distribution channels

# TIME ALLOCATION BY TYPE OF ACTIVITY

Q1: **How much time** do you spend each month on the following activities?

## Averages

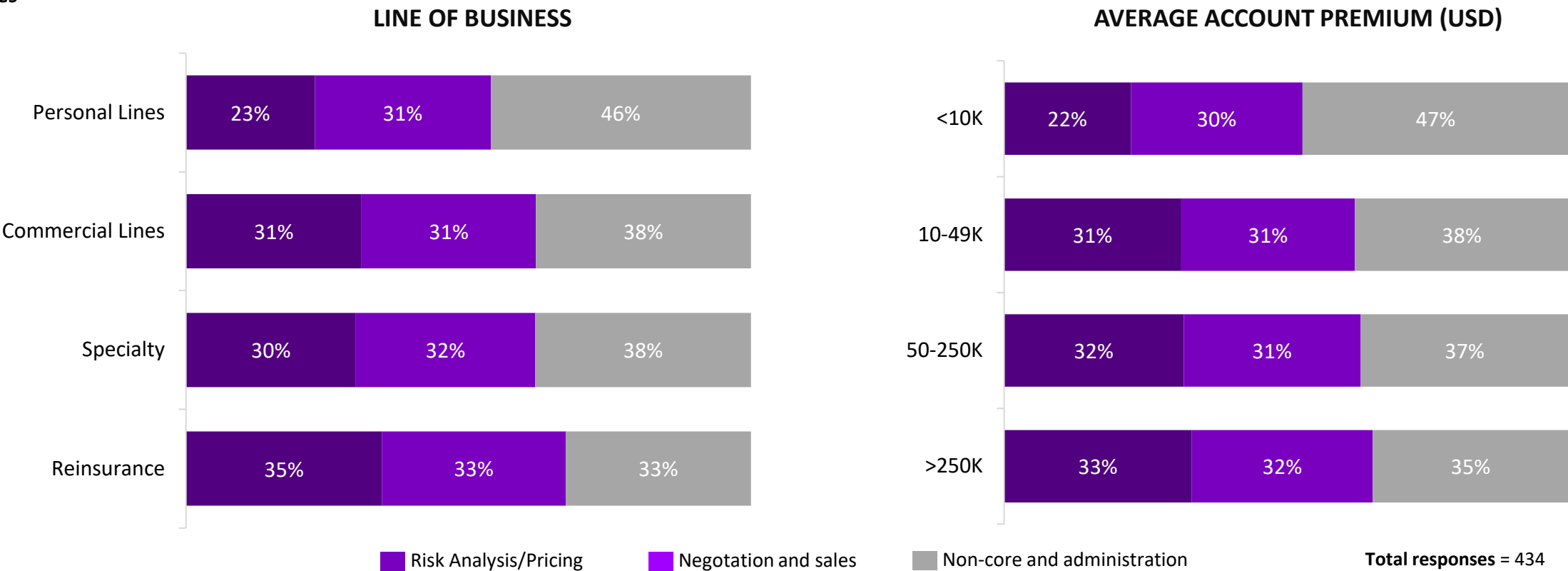




# TIME ALLOCATION BY TYPE OF ACTIVITY

Q1: What **percentage of your time do you spend** each month on the following activities?

Averages



Remarks

- Personal lines underwriters spend less time on core activities than commercial lines underwriters
- Driven by the incidence of personal lines, underwriters working on smaller accounts spend less time on core activities than commercial lines underwriters

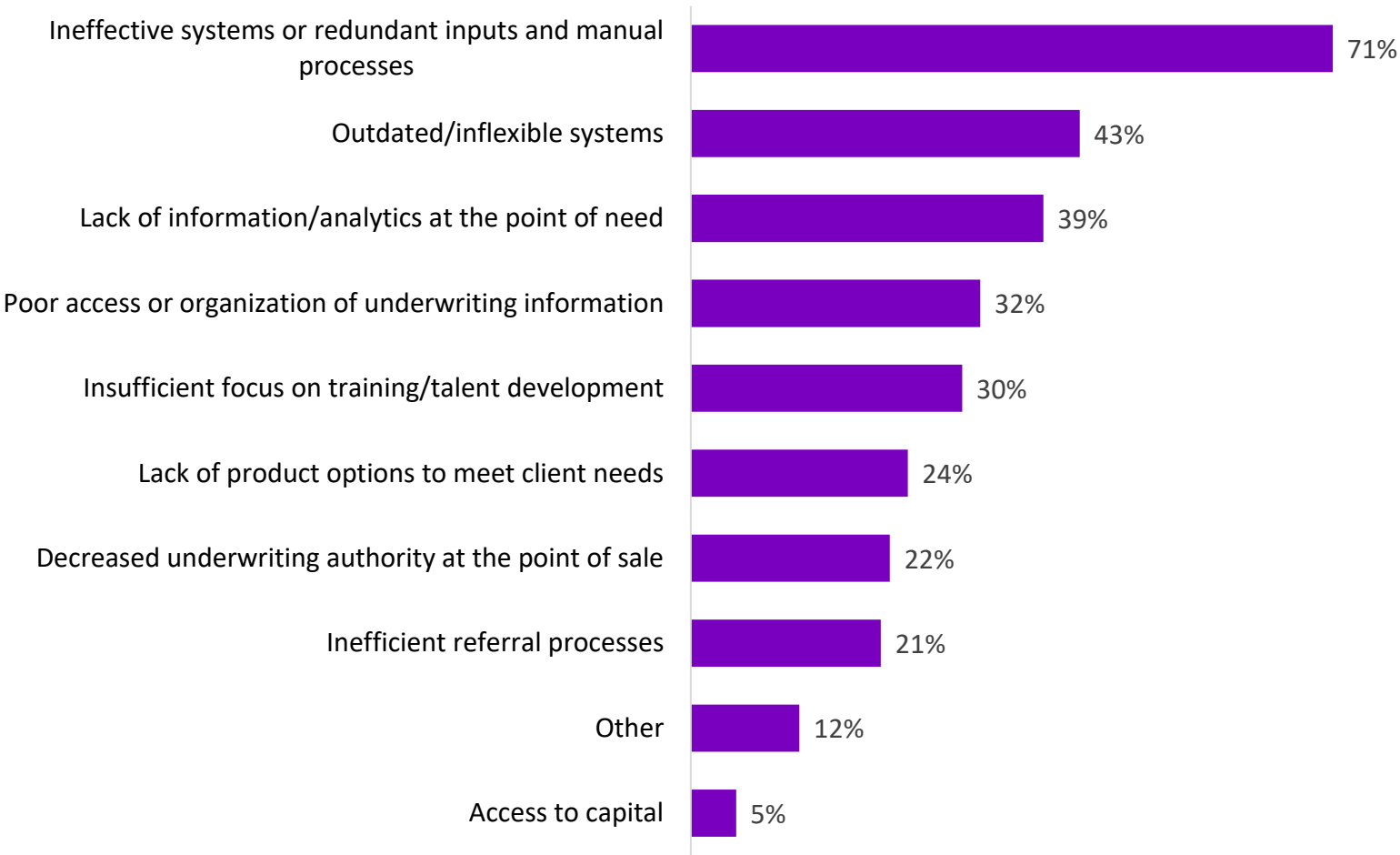
- Total responses = 434**
- Personal lines = 76
  - Commercial lines = 295
  - Specialty = 50
  - Reinsurance = 13
  - <\$10K = 111
  - \$10-49K = 104
  - \$50-249K = 128
  - +\$250K = 91

# CHALLENGES IMPACTING UNDERWRITERS

Q2: What are the **main challenges** within your underwriting function that impact your ability to achieve your business objectives? *Please select top 3*

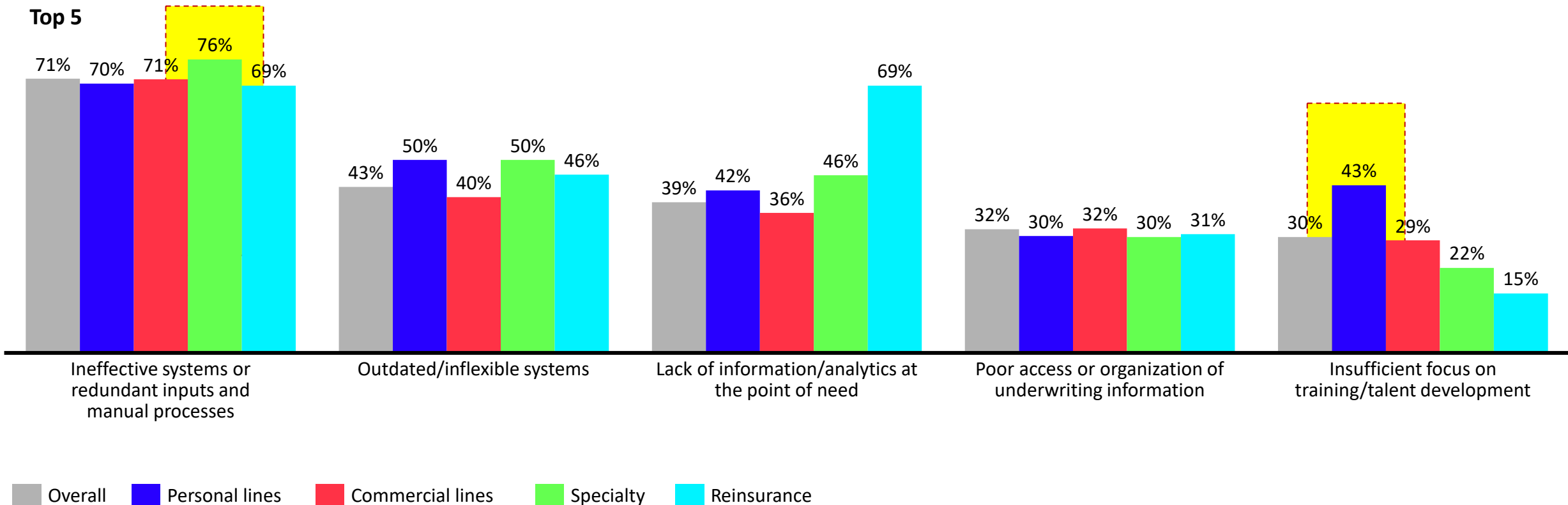
## TOP CHALLENGES:

- 1. Ineffective and outdated systems
- 2. Lack of information/analytics at the point of need
- 3. Poor access or organization of underwriting information
- 4. Insufficient focus on training/talent development
- 5. Lack of product options



# TOP 5 CHALLENGES

Q2: What are the **main challenges** within your underwriting function that impact your ability to achieve your business objectives? *Please select top 3*



## Remarks

- Specialty underwriters are facing systems inefficiencies and manual processes to a larger extent than their personal and commercial lines peers
- Personal lines underwriters mention insufficient training as a particular challenge within their organizations

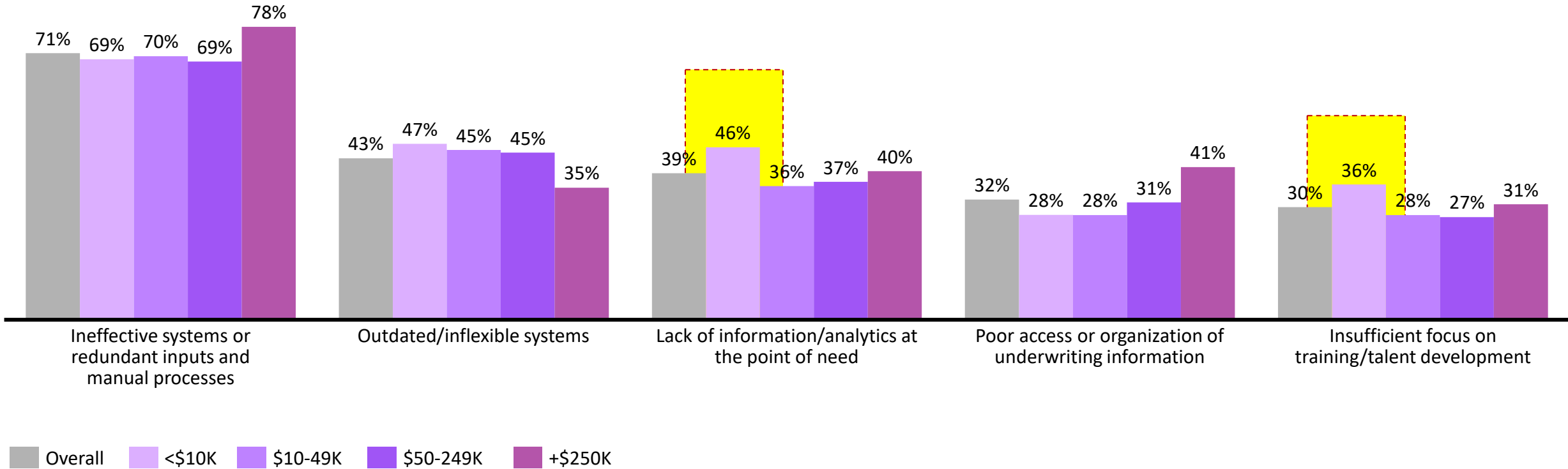
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# TOP 5 CHALLENGES

Q2: What are the **main challenges** within your underwriting function that impact your ability to achieve your business objectives? *Please select top 3*

## Top 5



### Remarks

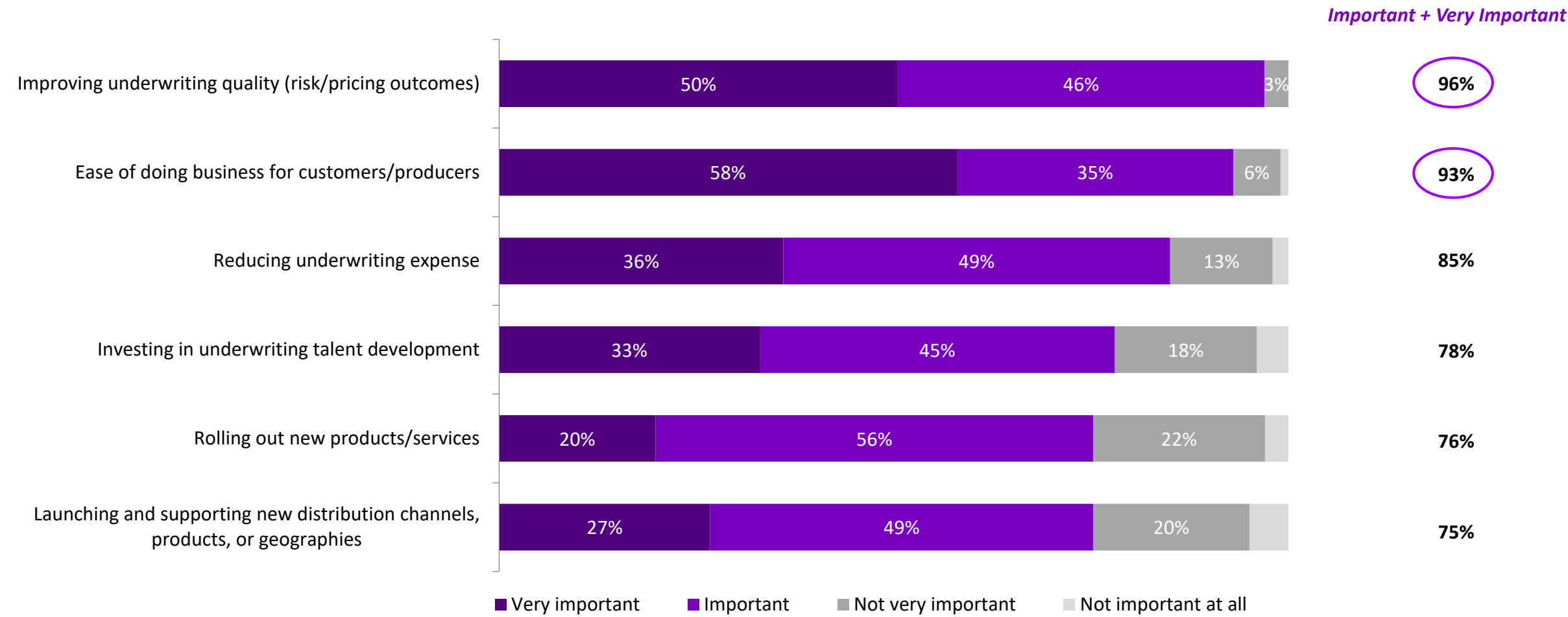
- Underwriters focused on smaller accounts highlight the lack of data analytics at the point of need and insufficient training as particularly challenging to a greater extent than underwriters of accounts >\$10K

**Total responses = 434**

- >\$10K = 111
- \$10-49K = 104
- \$50-249K = 128
- +\$250K = 91

# FACTORS DRIVING INVESTMENT IN UNDERWRITING

Q3: How important are the following **factors in driving your company's investment** in underwriting capabilities?

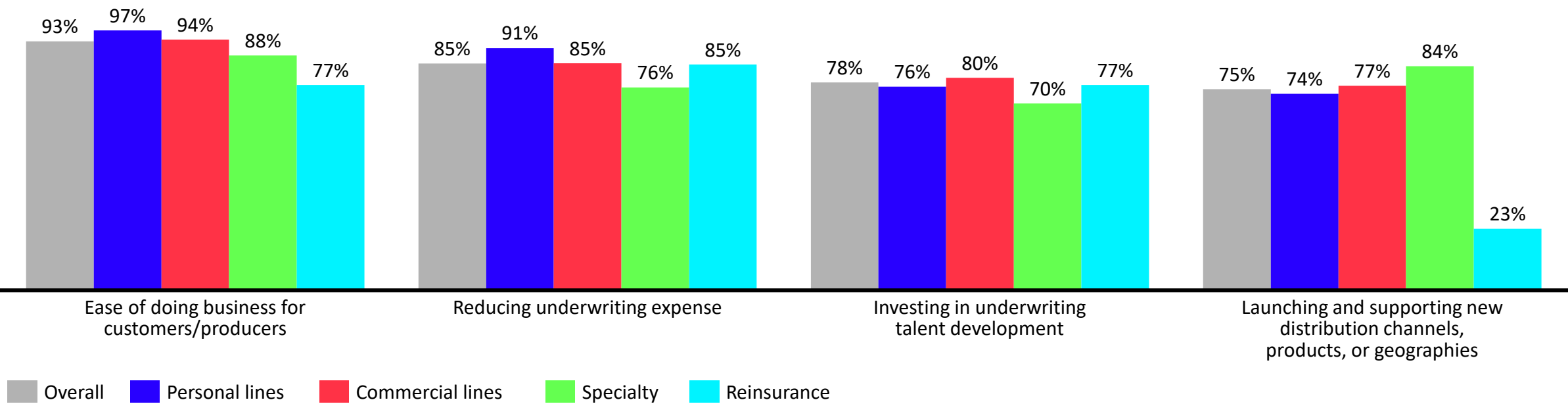


# FACTORS DRIVING INVESTMENT IN UNDERWRITING

Q3: How important are the following **factors in driving your company's investment** in underwriting capabilities?

## Factors with largest differences among lines of business

Important + Very Important



Remarks

1.

Ease-of-doing business for customers and reducing expenses is a more common factor among personal lines

2.

Launching new products and supporting new channels/products/geographies are highlighted by more specialty underwriters

**Total responses = 434**

- Personal lines = 76
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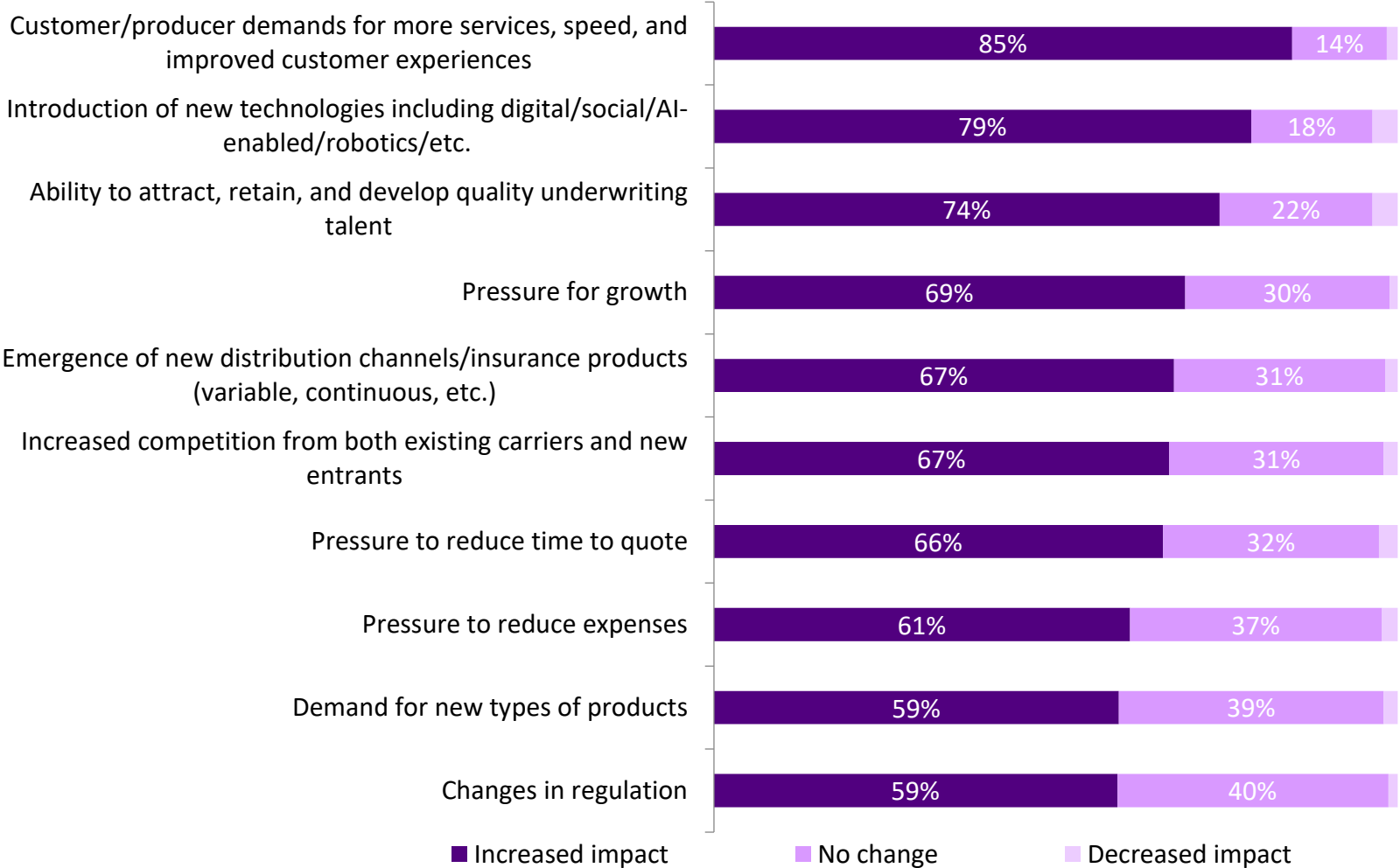
# FACTORS IMPACTING UNDERWRITING OVER NEXT 3 YEARS

Q4: How will the following factors impact insurance underwriting over the next 3 years?

## TOP FACTORS THAT WILL INCREASE THEIR IMPACT:

- 1. Demand for new services, speed and better customer experiences
- 2. New technologies
- 3. Retaining and developing talent
- 4. Pressure for growth
- 5. New products and distribution channels

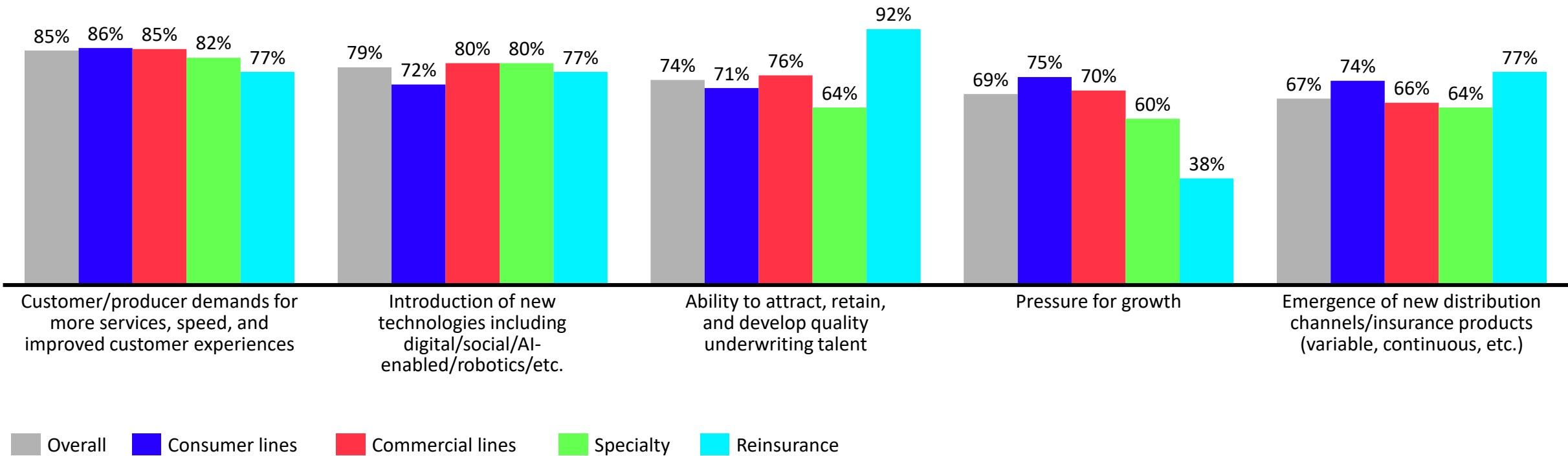
Source: 2021 P&C Underwriting Survey



# FACTORS IMPACTING UNDERWRITING OVER NEXT 3 YEARS

Q4: How will the following factors impact insurance underwriting over the next 3 years?

## Top 5 factors with increased impact



Remarks

1.

Pressure for growth is mentioned by a significantly larger % of personal lines underwriters

2.

The introduction of new technologies is mentioned particularly by commercial lines underwriters

Total responses = 434

- Personal lines = 76
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## 3. QUALITY OF UNDERWRITING

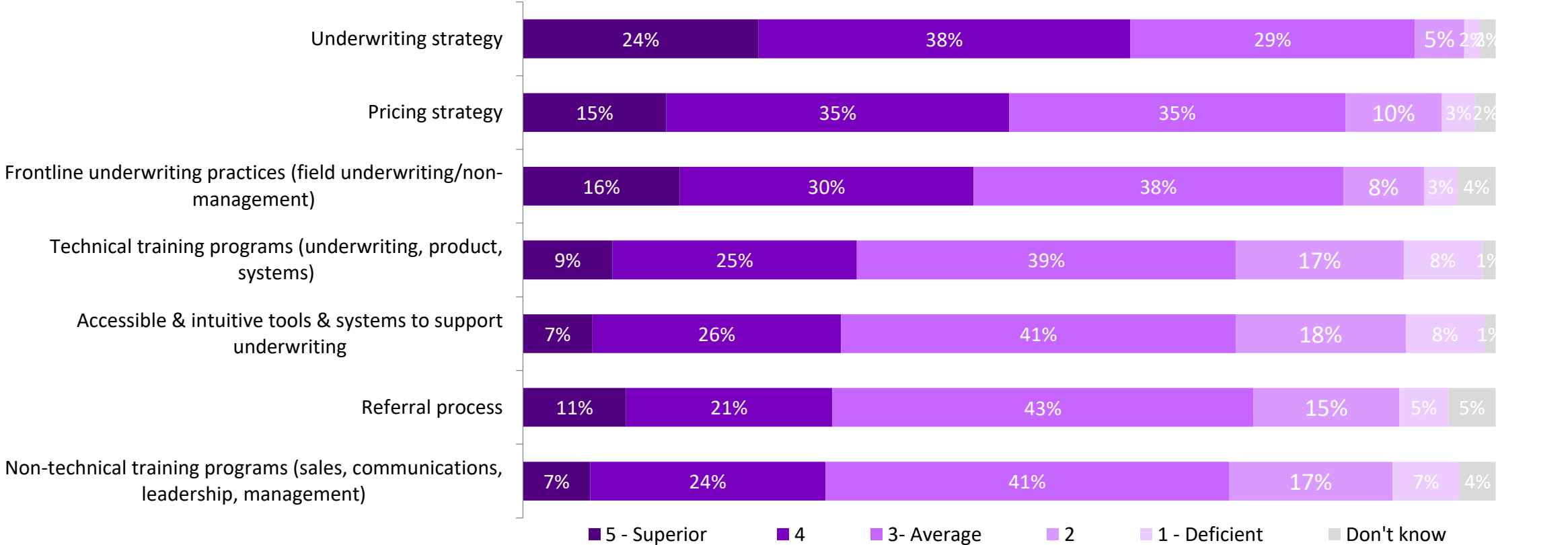
# QUALITY OF UNDERWRITING

## SUMMARY

- **The percentage of underwriters rating the quality of their underwriting processes and tools 'superior' has decreased considerably compared to the 2013 survey.**
- ~60% of underwriters consider today that there are improvements to make around the quality of their organizations' processes and tools
- **Top 3 areas with 'superior' (4-5) quality**
  - Underwriting strategy (62%)
  - Pricing strategy (50%)
  - Frontline underwriting practices (46%)
- **Priority areas/dimensions for improving the quality of underwriting**
  - Better data and analytics
  - Improving training and skills development
  - Better tools for rating and pricing
  - Elimination of non-core tasks

# QUALITY OF THE UNDERWRITING PROCESS

Q5: How would you rate the **current quality of the underwriting processes and tools** within your underwriting division?



Number of responses = 434

~60% of underwriters consider there are improvements to make around the quality of processes and tools

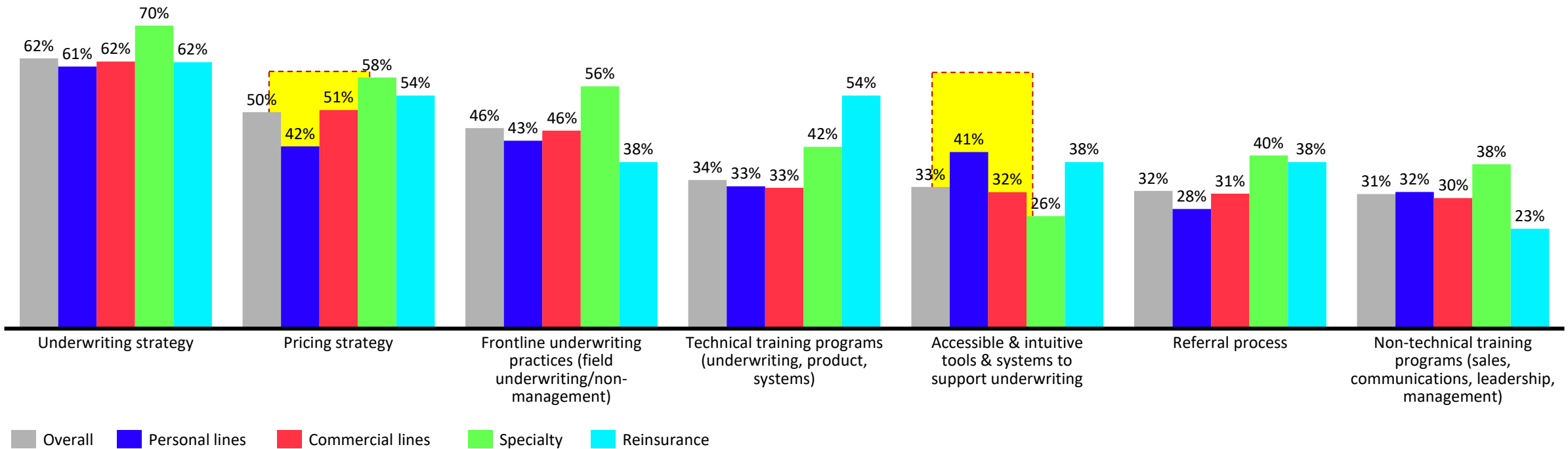
Top 3 with superior quality (+40% Superior 4-5)

- 1. Underwriting strategy
- 2. Pricing strategy
- 3. Frontline underwriting practices

# QUALITY OF THE UNDERWRITING PROCESS

Q5: How would you rate the **current quality of the underwriting processes and tools** within your underwriting division?

% of superior rating (4-5)



## Remarks

- 51% of commercial lines underwriters consider their pricing strategy superior compared with only 42% of personal lines underwriters
- On the contrary, a higher percentage of personal lines underwriters (41%) consider their tools and systems superior

**Total responses = 434**

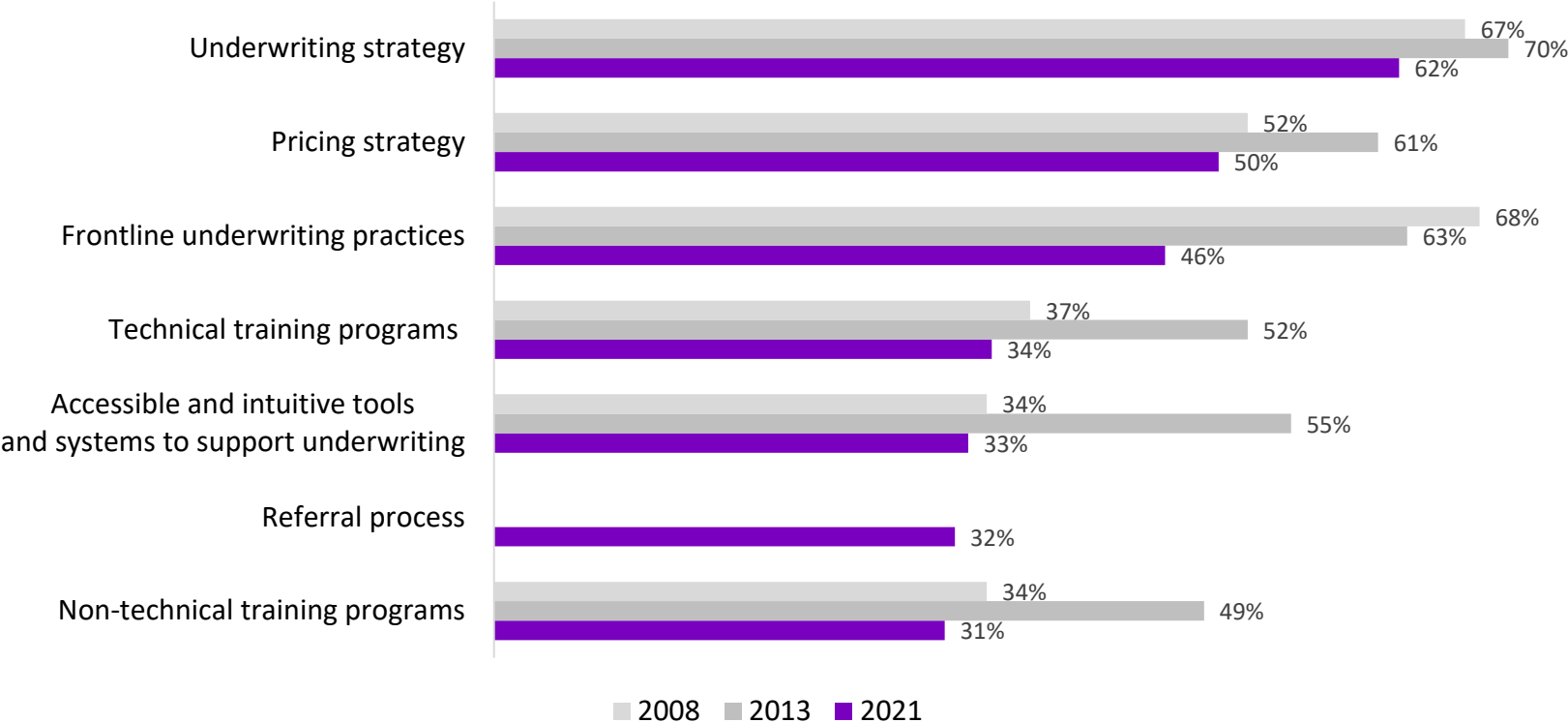
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# QUALITY OF THE UNDERWRITING PROCESS

Q5: How would you rate the **current quality of the underwriting processes and tools** within your underwriting division?

*% of superior rating (4-5)*



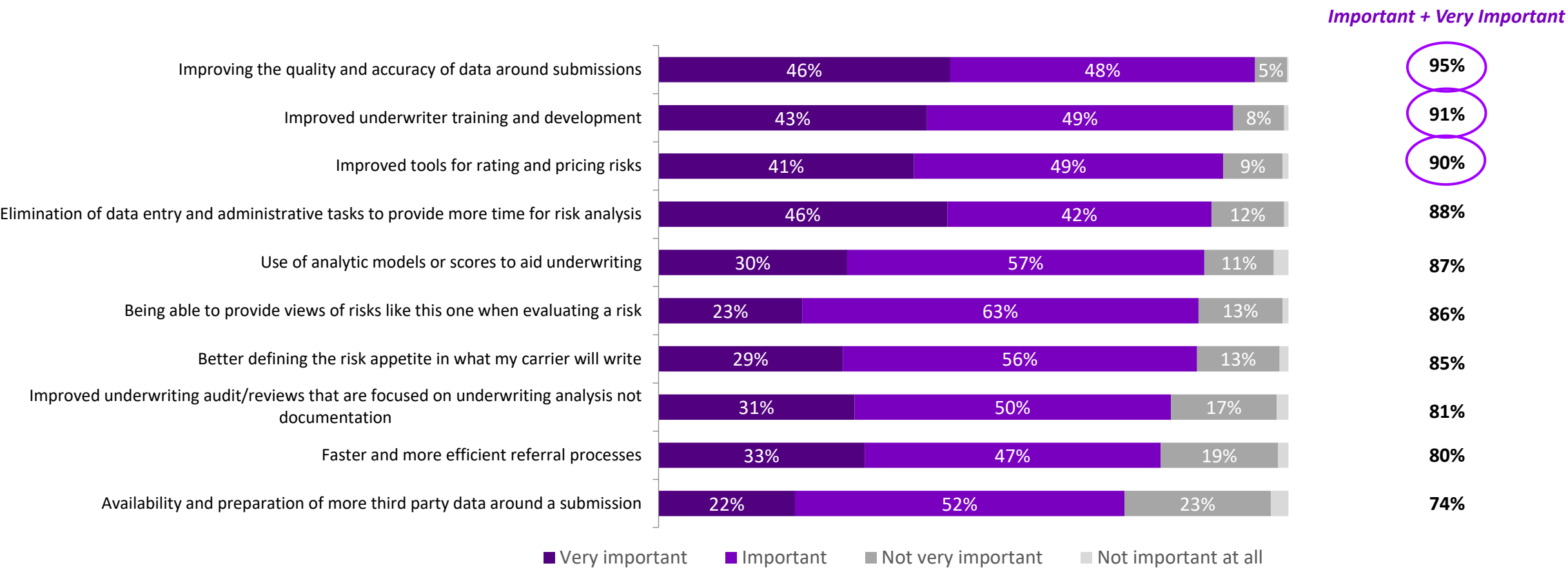
**Remarks**

- The percentage of underwriters rating the quality of their underwriting processes and tools as superior has decreased considerably compared to the 2013 survey

**Number of responses**

- 2008 = 115
- 2013 = 559
- 2021 = 434

Q6: When considering how to **improve the quality of your organization's underwriting**, how would you rate the importance of each of the following areas?

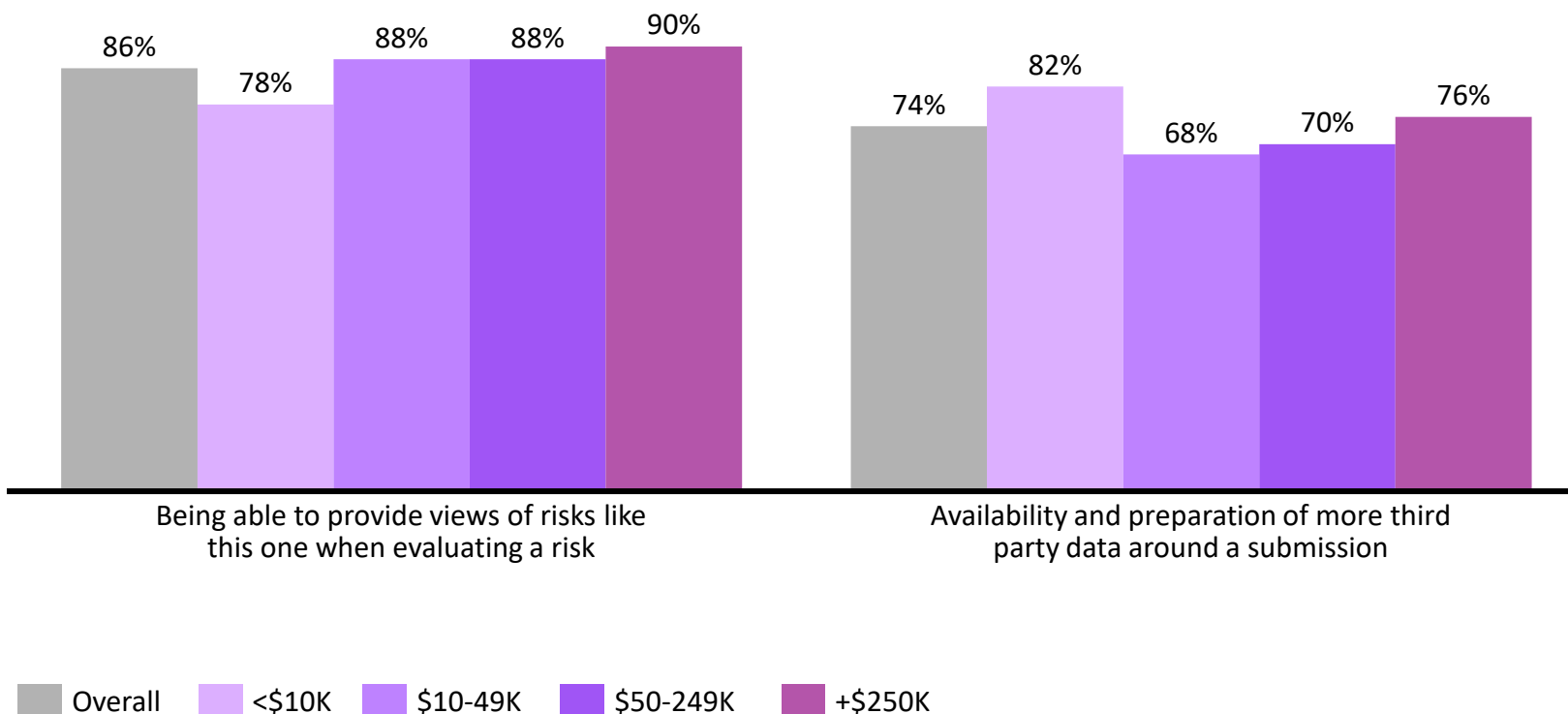


**Priority areas**

- 1. Better data and analytics
- 2. Improving training and skills development
- 3. Better tools for rating and pricing
- 4. Elimination of non-core tasks

# IMPORTANCE BY AREA

Q6: When considering how to **improve the quality of your organization's underwriting**, how would you rate the importance of each of the following areas?



- Showing areas with greatest differences among account sizes
- No significant differences identified by line of business

## Remarks

1. A lower percentage of small accounts underwriters consider risks comparison analytics as important or very important, but a higher percentage see the availability of third-party data as important or very important

**Total responses = 434**

- >\$10K = 111
- \$10-49K = 104
- \$50-249K = 128
- +\$250K = 91

## 4. EFFICIENCY OF UNDERWRITING

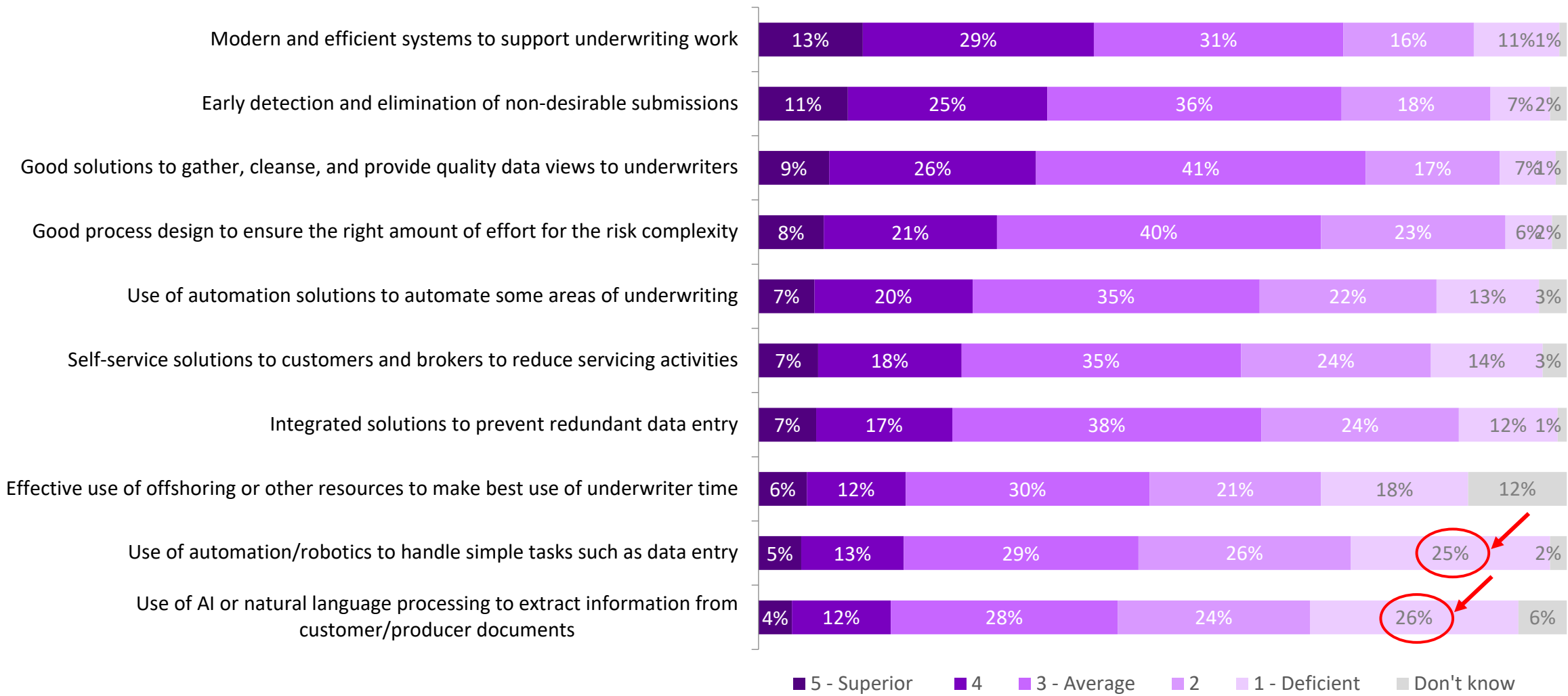
# EFFICIENCY OF UNDERWRITING

## SUMMARY

- **Big gap in the use of the technology for improving the efficiency of underwriting**
  - Only ~25% of P&C underwriters see their organizations 'superior' when it comes to the use of tools and technologies for making the underwriting work more efficient, while the remainder see them as either 'average' or 'deficient'
- **Little or limited automation**
  - Only ~25% of P&C underwriters mentioned that at least 50% of the underwriting process is automated
  - The implementation of RPA and NLP are seen as particularly deficient.
  - Automation is lower in larger accounts and in specialty lines and reinsurance
  - A higher percentage of personal lines underwriters (32%) consider their organizations' use of AI, robotics and NLP to be superior when compared to commercial lines (16%) and specialty underwriters (10%)
- **Top priority investments over the next three years**
  - Predictive analytics (71%)
  - New underwriting platforms (67%)
  - Business intelligence and reporting tools (67%)
  - Use of customer/broker portals (66%) and self-service solutions (63%)

# USE OF SOLUTIONS TODAY

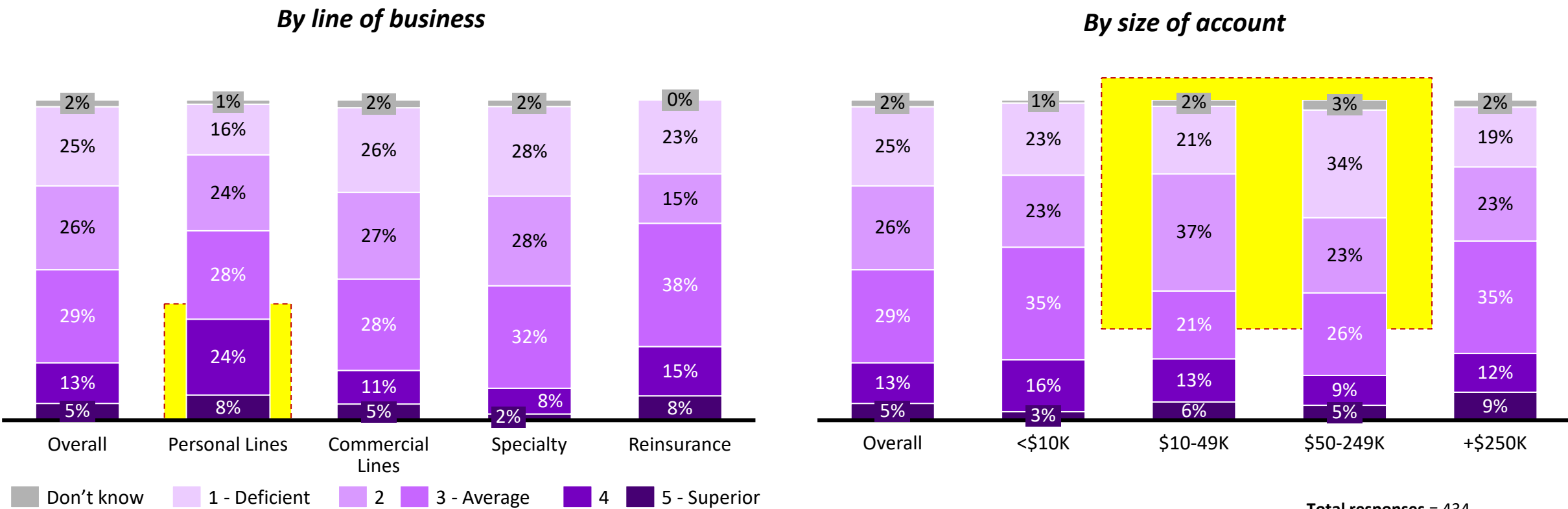
Q7: How would you rate your **organization's use of these solutions today** to improve the efficiency of the underwriting process?





# USE OF AUTOMATION/ROBOTICS FOR SIMPLE TASKS

Q7: How would you rate your organization's use of **automation/robotics for simple tasks** today to improve the efficiency of the underwriting process?



## Remarks

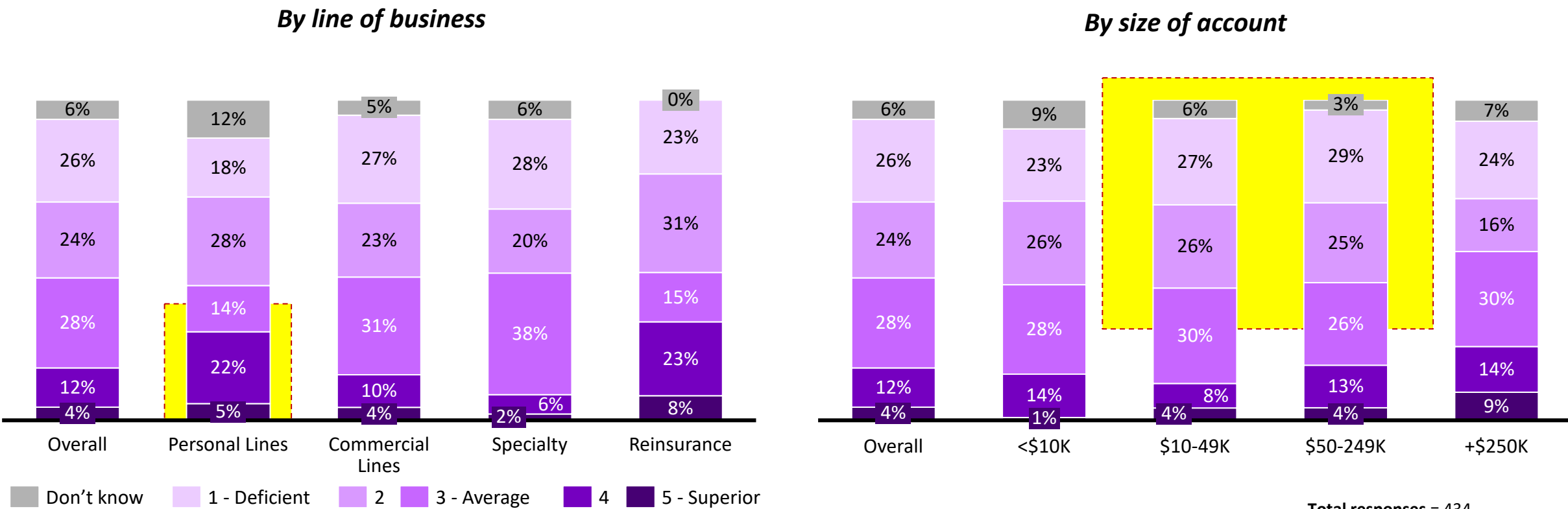
1. A higher percentage of personal lines underwriters consider the use of automation and robotics for simple tasks to be superior, than underwriters focused on commercial lines
2. Underwriters focused on mid-size to large accounts (\$10-250K) consider their organizations' use of automation and robotics for simple tasks is deficient to a greater extent than underwriters of other account sizes

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# USE OF AI OR NLP TO EXTRACT INFORMATION FROM DOCUMENTS

Q7: How would you rate your organization's use of AI or NLP to extract information from documents today to improve the efficiency of the underwriting process?



## Remarks

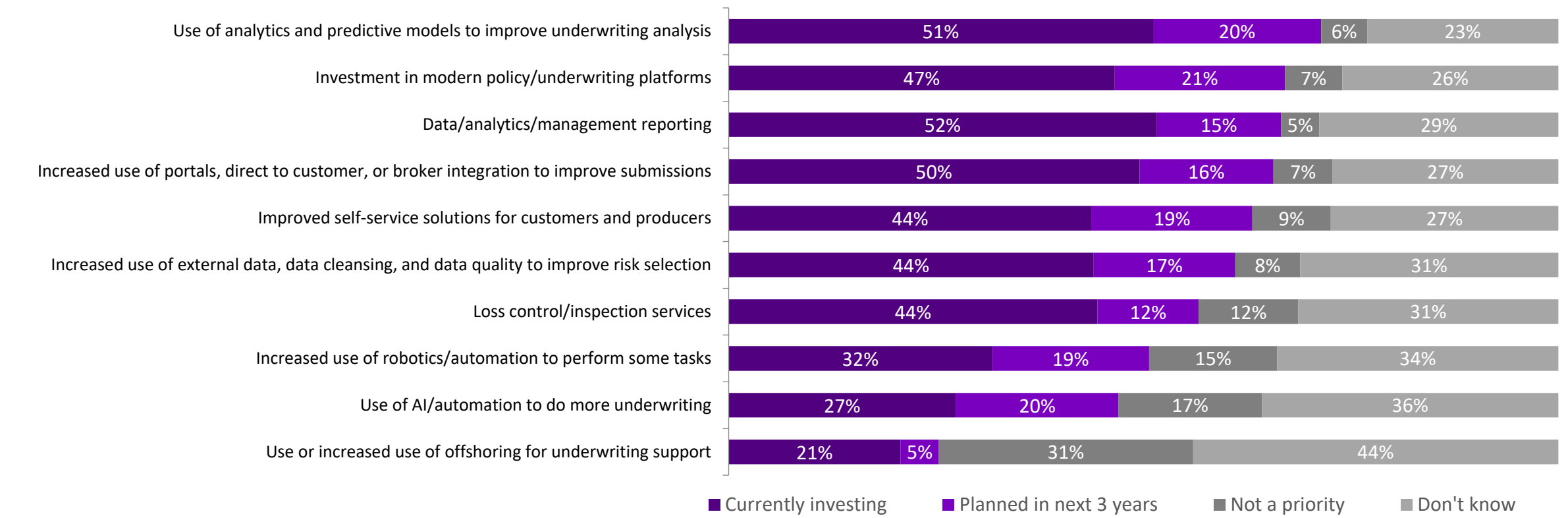
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# INVESTMENTS TODAY AND OVER THE NEXT 3 YEARS

Q8: Where is your company **currently investing or planning to invest over the next 3 years**, to improve the efficiency of its underwriting organization?



**Comments**

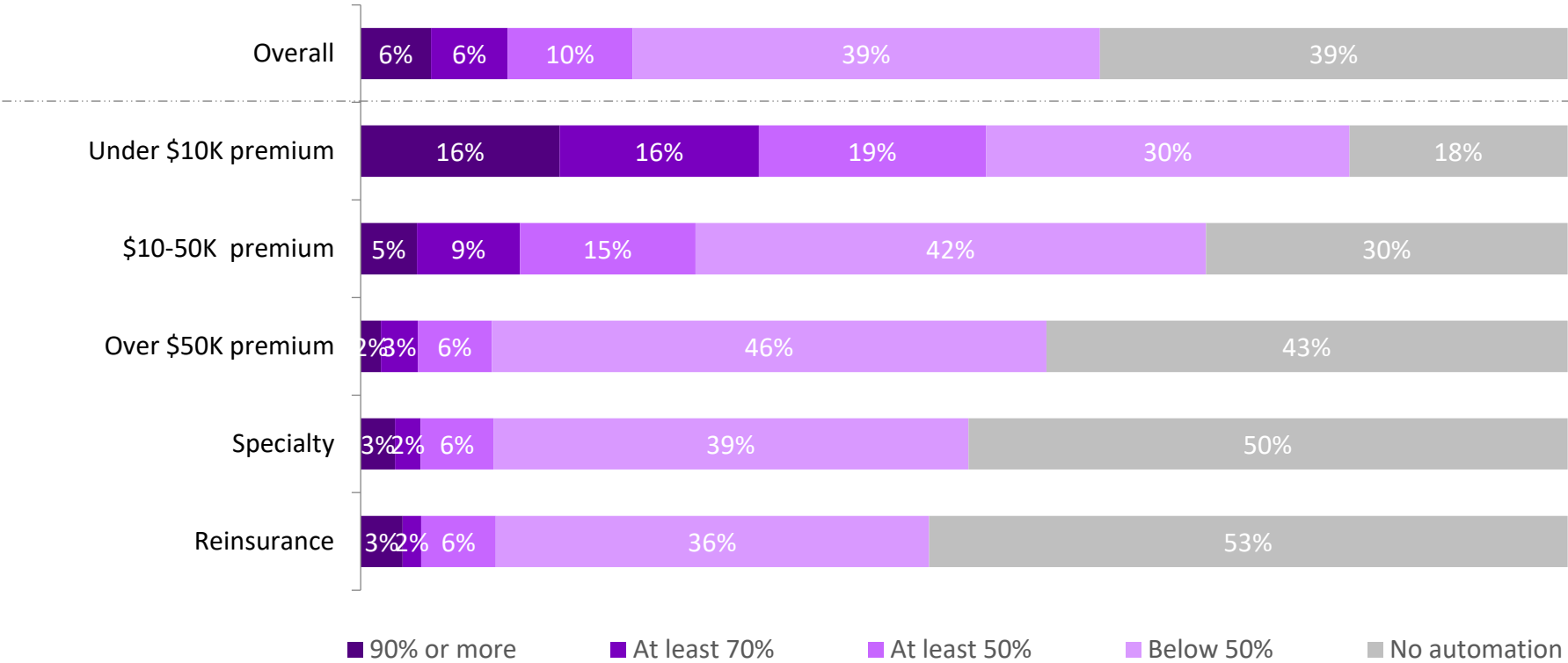
- High levels of “don’t knows” (+25%)
- Use or increased use of offshoring for underwriting support: 30% not a priority

**Top 5 priority investments** *Currently investing or planned in the next 3 years*

1. Use of predictive analytics
2. Investment in new UW platforms
3. Business intelligence and reporting
4. Use of customer/broker portals
5. Use of customer/brokers self-service solutions

# AUTOMATION

Q9: For the following premium (USD) segments, **what percentage of the underwriting process is automated?**

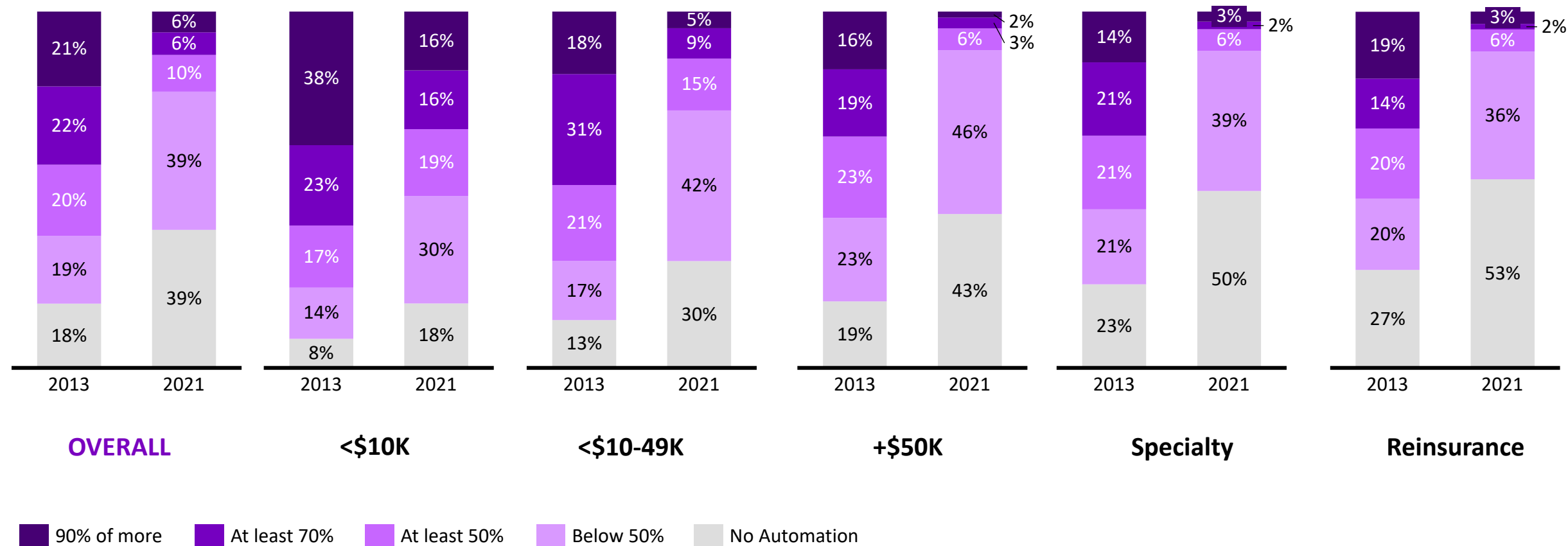


**Remarks**

- Partial to low levels of automation
- Automation is lower the larger the account, and is lower in specialty lines and reinsurance

# AUTOMATION

Q9: For the following premium (USD) segments, **what percentage of the underwriting process is automated?**



OVERALL

<\$10K

<\$10-49K

+\$50K

Specialty

Reinsurance

Source: 2021 P&C Underwriting Survey

Number of responses  
• 2013 = 559  
• 2021 = 434 (rebased to exclude N.A.)

## 5. USE OF TECHNOLOGY

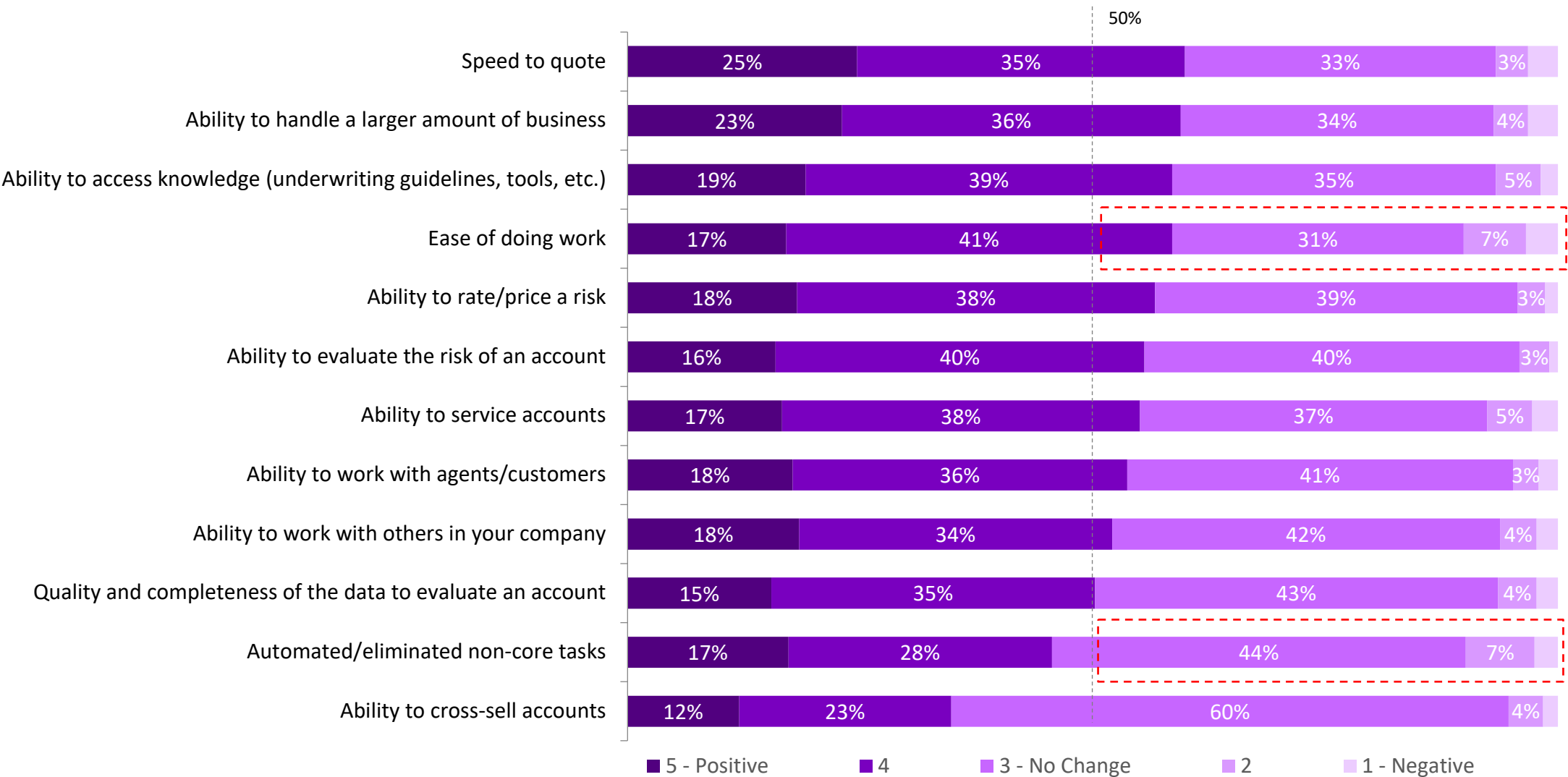
# USE OF TECHNOLOGY

## SUMMARY

- **Overall positive impact of technology**
  - The use of technology is seen as having had a positive impact on quoting and selling, evaluating risk and pricing, and servicing accounts.
  - But has had reduced impact on the automation/elimination of non-core and administration tasks.
- **Technology still considered ineffective in reducing underwriters' workload**
  - 64% say their workload has increased (26%) or had no change (38%).
  - Inefficient systems and the lack of integration of data and with other systems requiring manual work are seen top reasons for this.
  - However, the percentage of underwriters who express that technology has increased their workload is at a historical minimum compared to previous surveys, down 28 percentage points vs. the 2013 survey, to 26%
- **Technology maturity**
  - Most matured tech is seen around agent portals and tools
  - Technology for data and analytics (except geo-coding) is seen as less matured
  - Collaboration and systems/workflow tools have mixed maturity levels
  - Incipient use of AI/ML across, especially for cross-sell, NLP, and data cleansing. Some uses for enablement of underwriters' core functions

# EFFECT OF TECHNOLOGY ON UNDERWRITING PERFORMANCE

Q10: How have **technology changes** in your organization **affected your underwriting performance**?

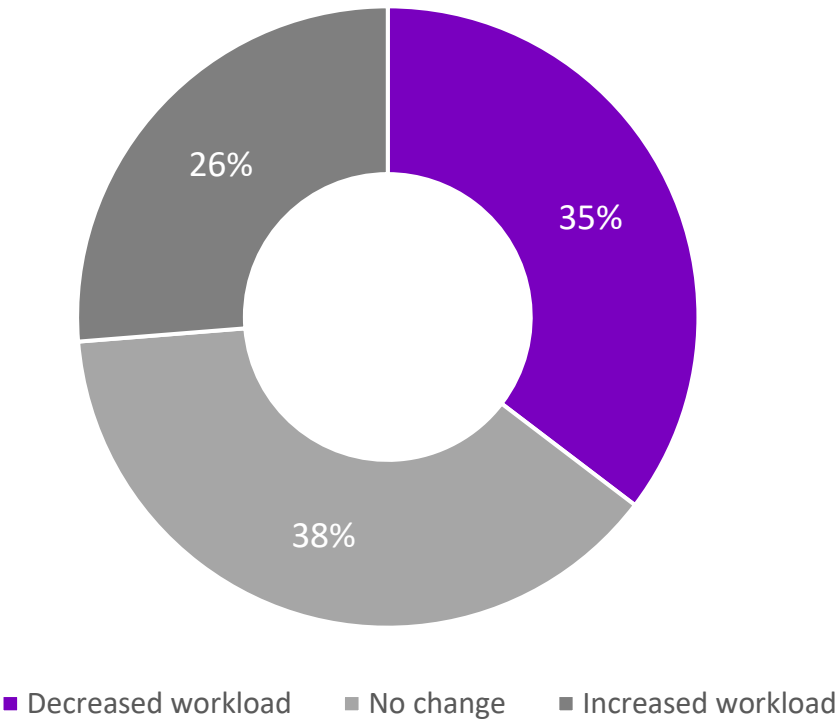


Source: 2021 P&C Underwriting Survey



# EFFECT OF TECHNOLOGY ON UNDERWRITERS' WORKLOAD

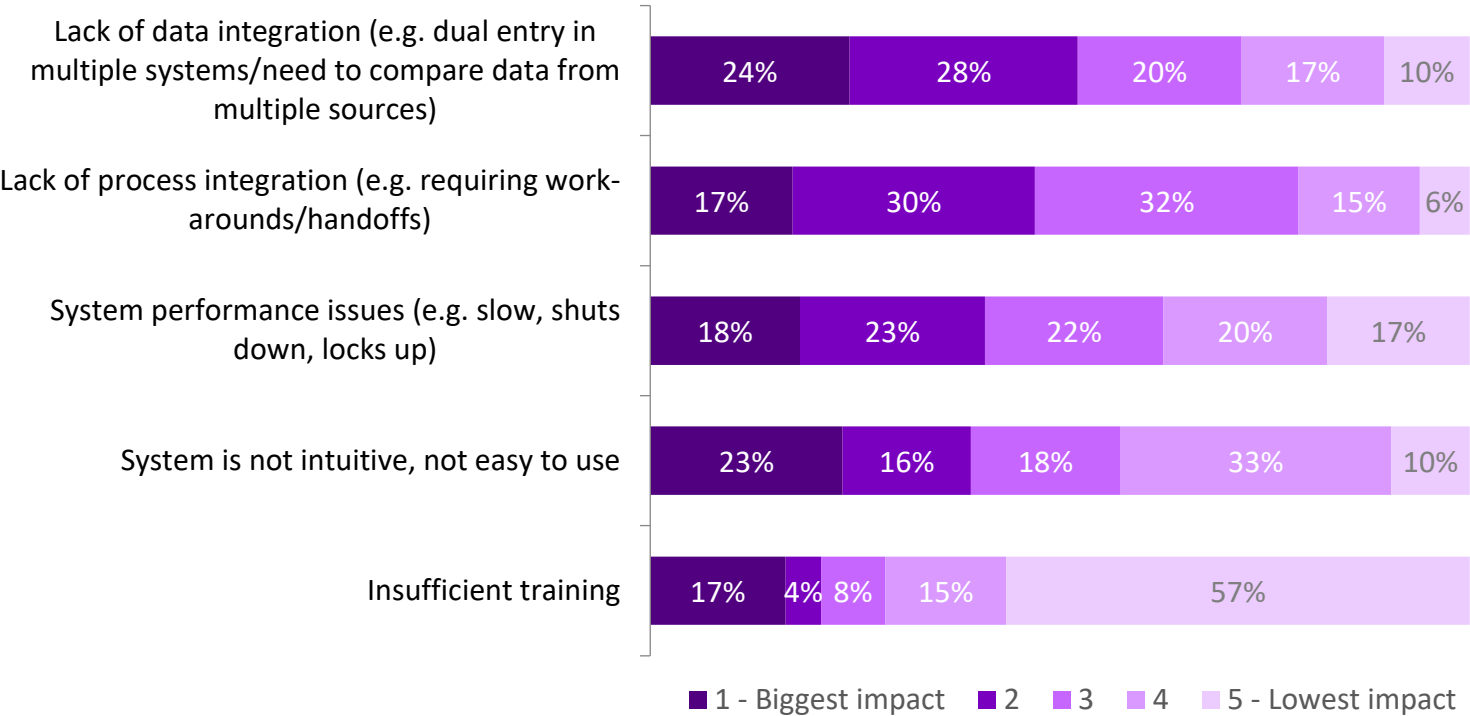
Q11: Overall, **technology** has:



Number of responses = 434

- The use of technology in underwriting has been ineffective in reducing underwriters' workload
- **64%** say workload increased or had no change

Q12: Please rank from 1 – 5 the **reasons why technology has impacted your workload**

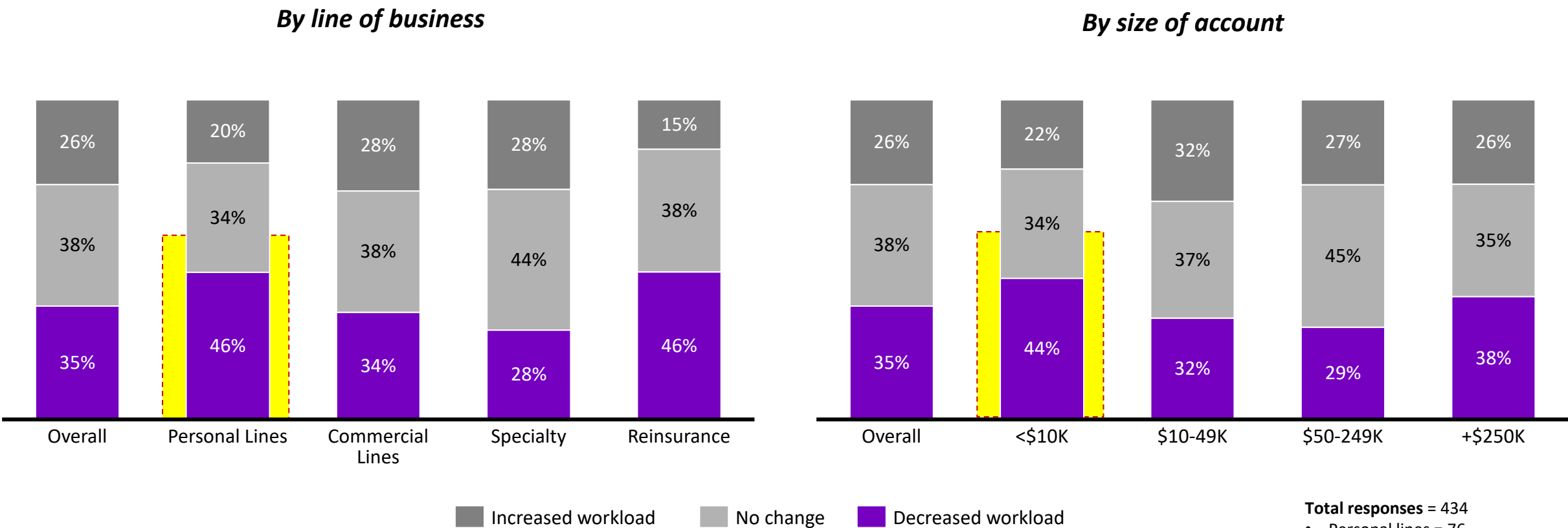


Number of responses = 115

- Top reasons**
- Inefficient systems
  - Lack of integration of data and with other systems, requiring manual work

# EFFECT OF TECHNOLOGY ON UNDERWRITERS' WORKLOAD

Q11: Overall, technology has:



**Remarks**

1. A higher percentage of personal lines underwriters considers that the use of technology has helped in reducing their workload compared to commercial and specialty lines underwriters

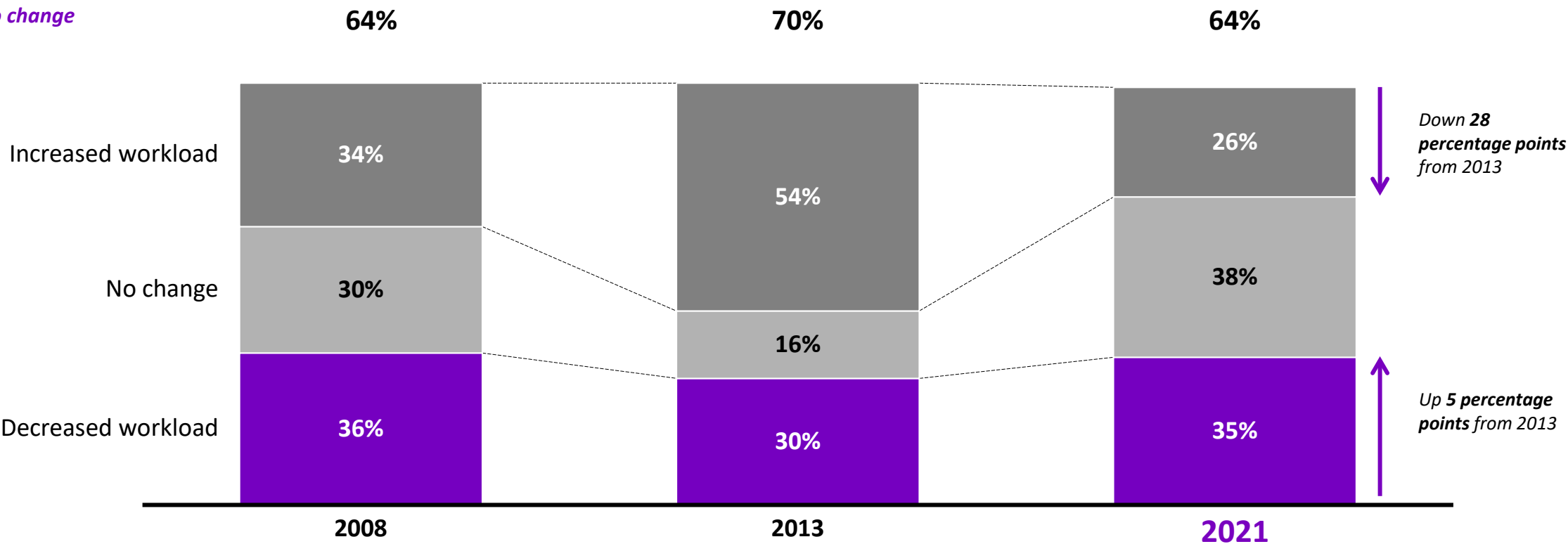
**Total responses = 434**

- Personal lines = 76
- Commercial lines = 295
- Specialty = 50
- Reinsurance = 13
- <\$10K = 111
- \$10-49K = 104
- \$50-249K = 128
- +\$250K = 91

# EFFECT OF TECHNOLOGY ON UNDERWRITERS' WORKLOAD

Q11: Overall, **technology** has:

*Increased + No change*



**Remarks**

- The percentage of underwriters who express that technology has increased their workload is at a historical minimum compared to previous surveys
- However, the effectiveness of technology on workload remains low at 35%, up 5 percentage points from the 2013 survey

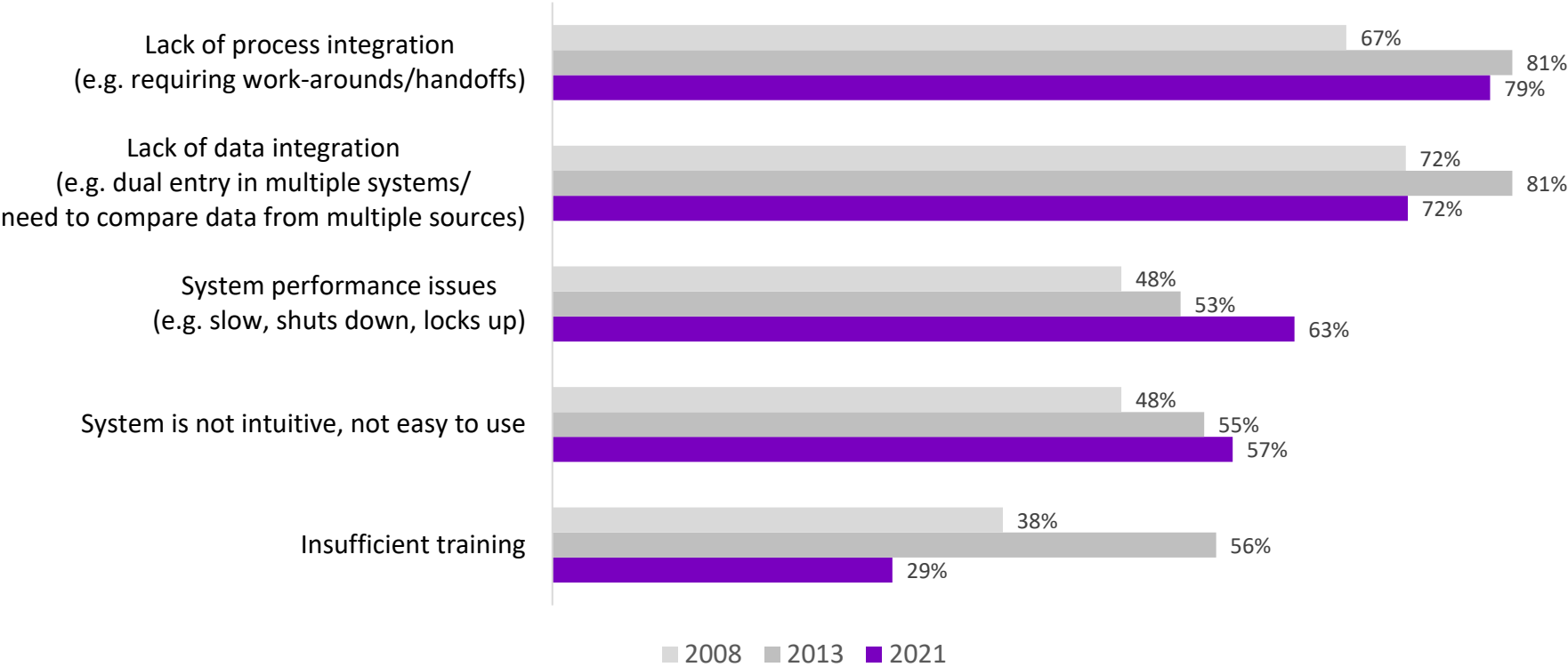
**Number of responses**

- 2008 = 115
- 2013 = 559
- 2021 = 434

# EFFECT OF TECHNOLOGY ON UNDERWRITERS' WORKLOAD

Q12: Please rank from 1 – 5 the reasons why technology has impacted your workload:

Top 3 reasons (1 = biggest impact)



Remarks

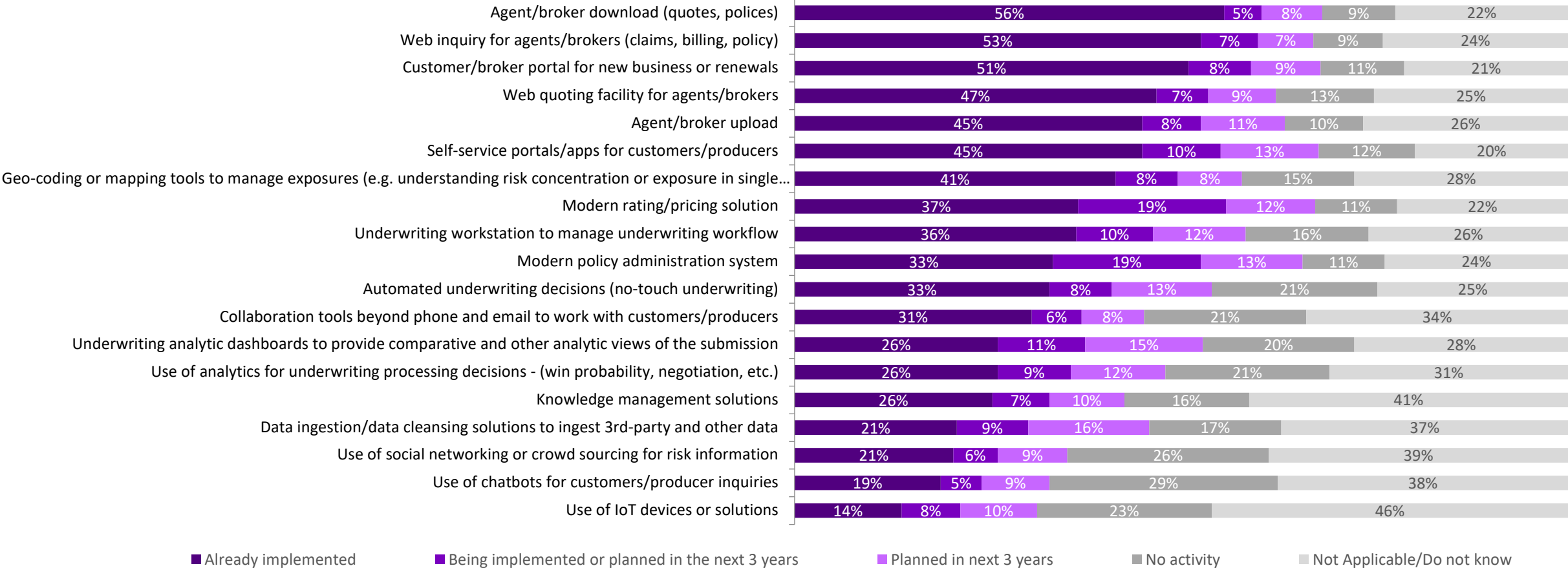
- Lack of process integration is still identified as the top reason for technology increasing workload
- Data integration has decreased 9 percentage points since 2013 but remains as the top 2 reason
- Systems performance issues has increased 10 percentage points, while systems' lack of intuition has continued rising
- Training on the use of technology by underwriters has improved considerably

Number of responses

- 2008 = 47
- 2013 = 305
- 2021 = 115

# STATUS OF TECHNOLOGY IMPLEMENTATION

Q13: Within your underwriting division, what is the **status of the following technologies?**

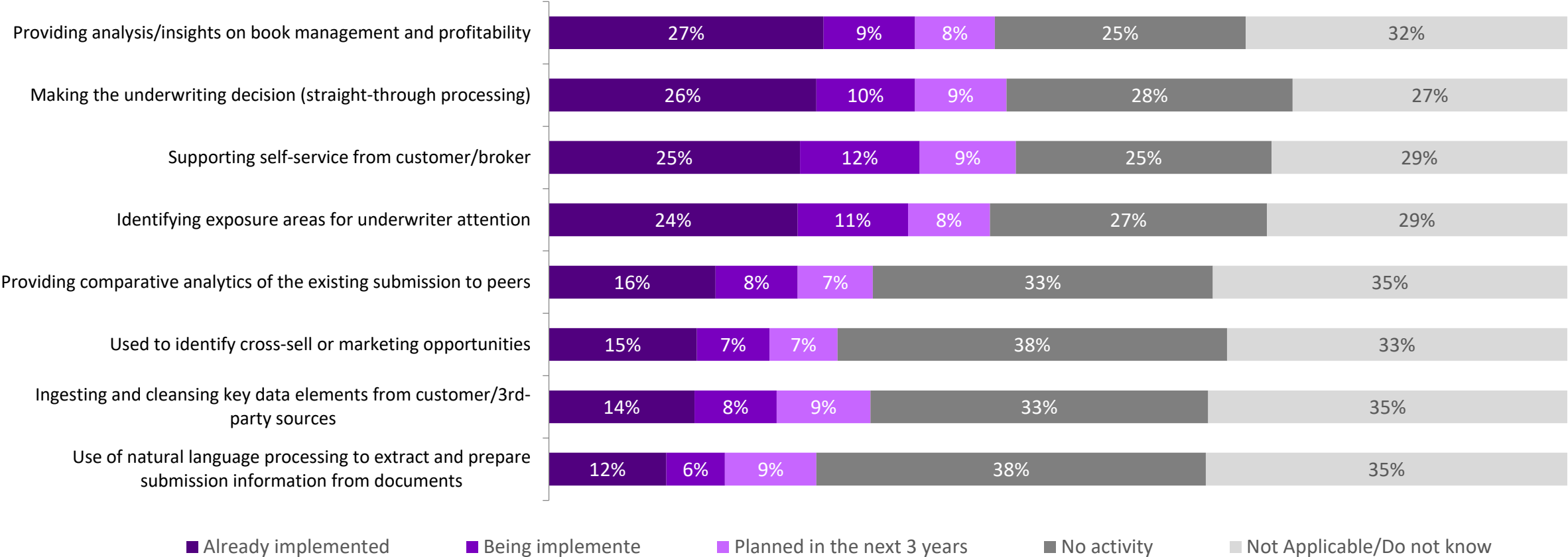


**Remarks**

- Large levels of “don’t knows”: +25%
- Most matured: agent portals and tools
- Less maturity in: data and analytics (except geo-coding)
- Mixed: collaboration tools and systems/workflow tools

# USE OF ARTIFICIAL INTELLIGENCE

Q14: Within your underwriting division, what is the **use of artificial intelligence in underwriting**?



## Remarks

- Large levels of “don’t knows”: +25%
- Incipient use of AI/ML across, specially for cross-sell, NLP, and data cleansing
- Some uses for enablement of underwriters’ core functions

## 6. TALENT MANAGEMENT

# TALENT AND TALENT MANAGEMENT

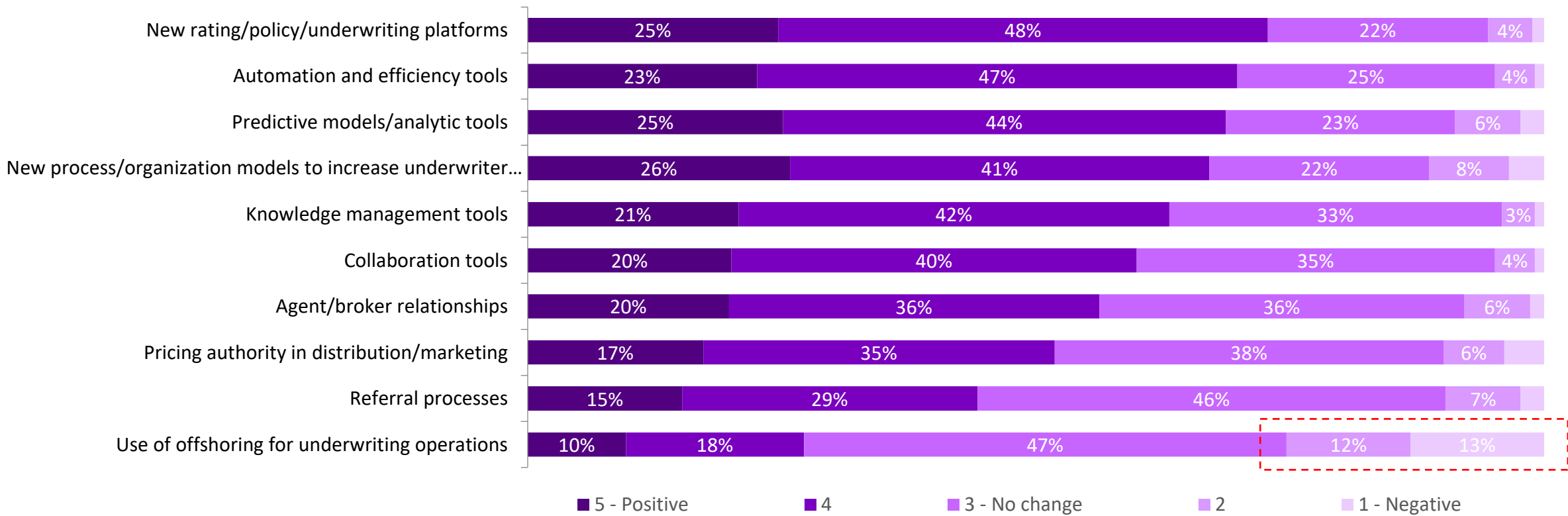
## SUMMARY

- **P&C underwriters feel underwriting has overall improved over the last 5-10 years, but there are still gaps**
  - New platforms, automation tools, and predictive models have had the most positive impact.
- **Offshoring has had a negative impact**
  - The use of offshoring is identified as something that has had somewhat of a negative impact with 25% of P&C underwriters considering that the use of offshoring for underwriting operations has impacted them negatively
- **Talent management is seen as deficient**
  - All the aspects related to talent management have worsened compared to the 2013 survey in terms of the percentage of underwriters that rate their organizations' talent management performance as 'superior'
  - Training, recruiting and retention planning had some of the biggest drops. While performance improvements have occurred via technology adoption, it does appear to come at the expense of training and retaining underwriting talent.



# ELEMENTS IMPACTING UNDERWRITERS

Q15: How do you feel the following elements have impacted underwriters over the past 5-10 years?

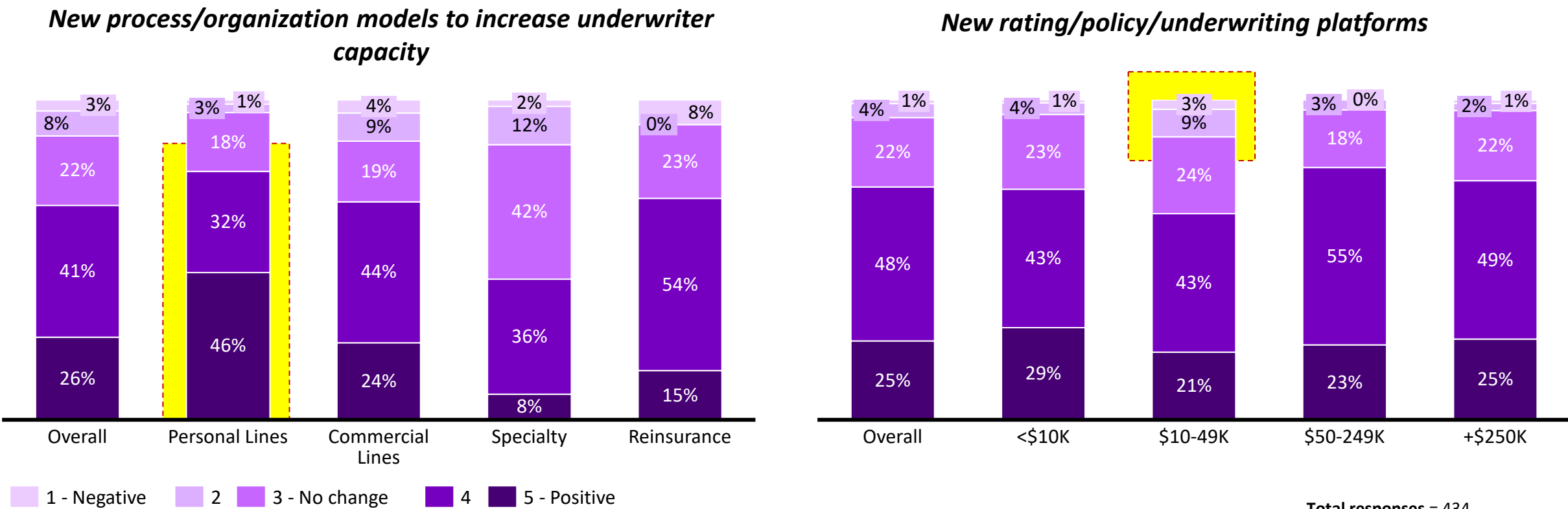


Remarks

- Most areas have had a positive impact on the underwriter compared to 5-10 years ago, but there are still gaps as suggested by previous questions
- New platforms, automation tools, and predictive models have seen the most positive impact
- Use of offshoring is identified as something that has had somewhat of a negative impact

# ELEMENTS IMPACTING UNDERWRITERS

Q15: How do you feel the following elements have impacted underwriters over the past 5-10 years?



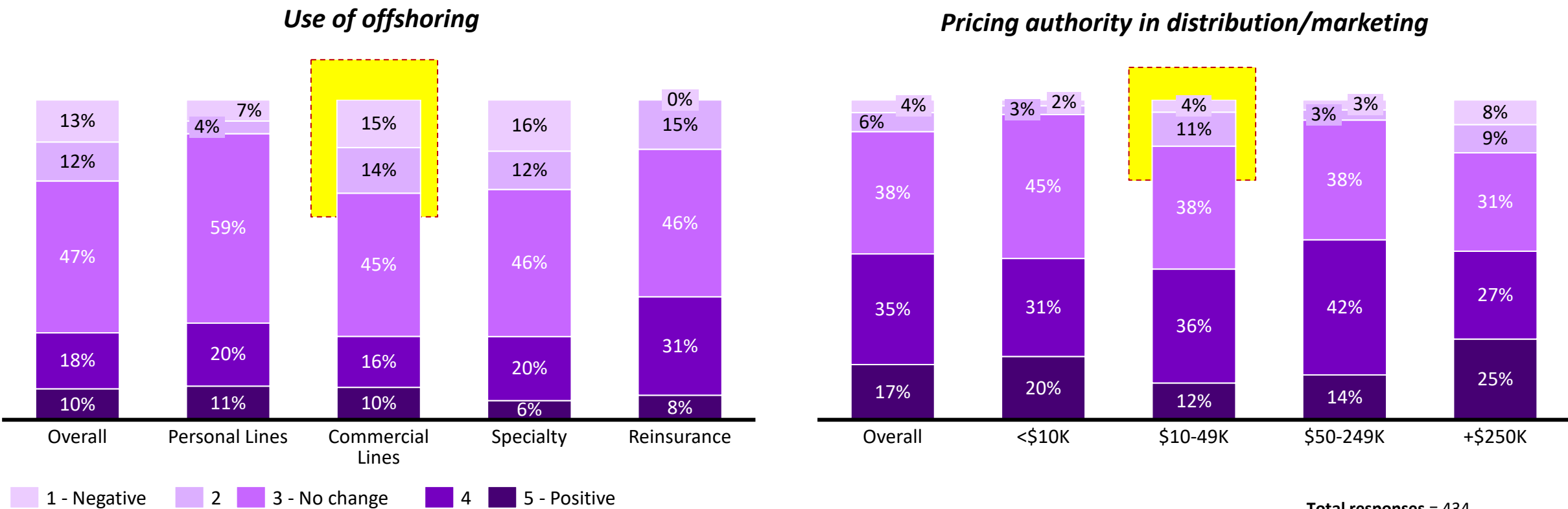
**Remarks**

- Personal lines underwriters mention “new processes impacting positively their capacity to execute their job” to a greater extent than commercial lines underwriters
- \$10-50K accounts underwriters consider “new rating platforms” to have had a more negative impact than on other account sizes

- Total responses = 434**
- Personal lines = 76
  - Commercial lines = 295
  - Specialty = 50
  - Reinsurance = 13
  - <\$10K = 111
  - \$10-49K = 104
  - \$50-249K = 128
  - +\$250K = 91

# ELEMENTS IMPACTING UNDERWRITERS

Q15: How do you feel the following elements have impacted underwriters over the past 5-10 years?



**Remarks**

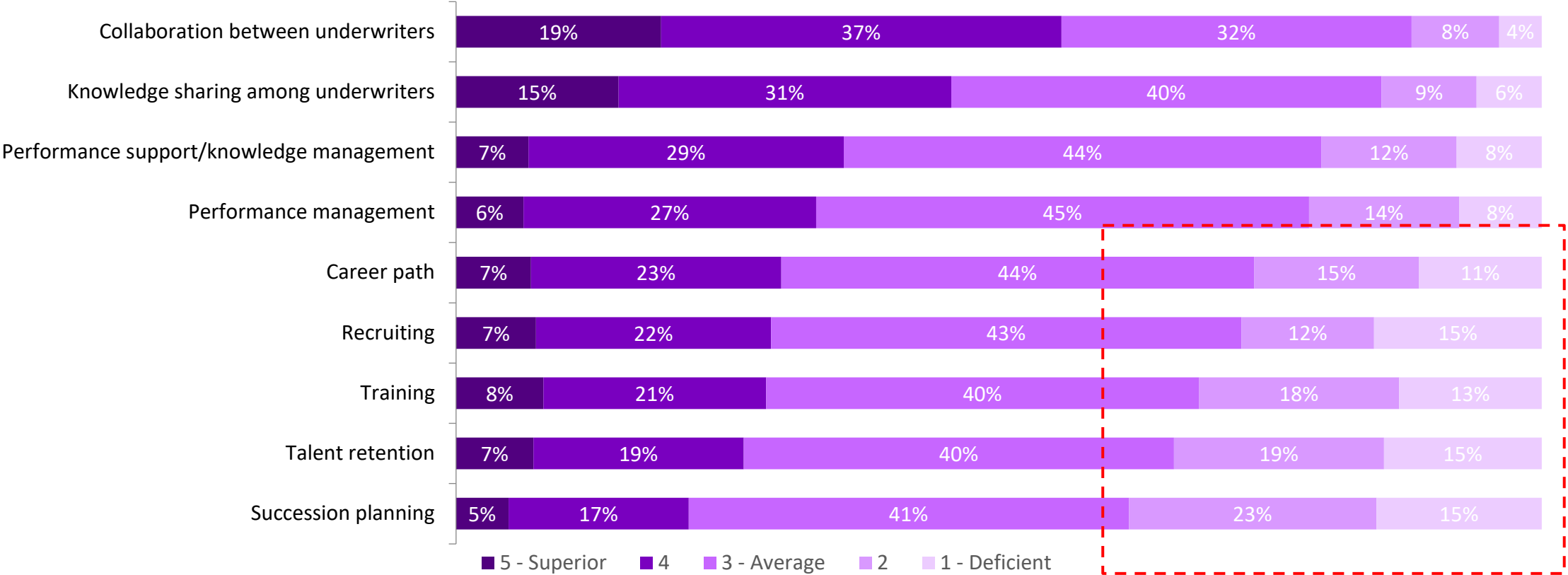
- The use of offshoring is mentioned by commercial lines underwriters as having had a more negative impact than on personal lines underwriters
- Pricing authority is mentioned as having had a greater negative impact on \$10-50K accounts than on the rest

**Total responses = 434**

- Personal lines = 76
- Commercial lines = 295
- Specialty = 50
- Reinsurance = 13
- <\$10K = 111
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- \$50-249K = 128
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# TALENT MANAGEMENT

Q16: How would you rate the **performance** of your organization in terms of **managing underwriting talent**?



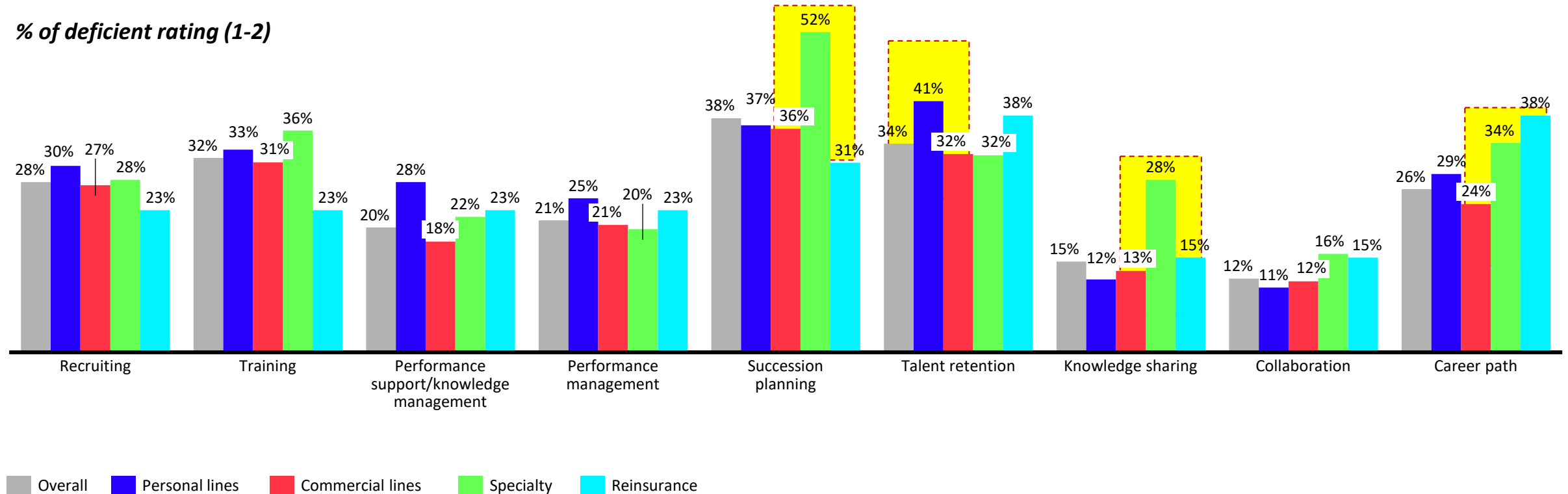
**Remarks**

- Succession planning, retention, training, recruiting, and career path are most problematic

# TALENT MANAGEMENT

Q16: How would you rate the **performance** of your organization in terms of **managing underwriting talent**?

**% of deficient rating (1-2)**



## Remarks

1. Talent retention is mentioned by personal lines underwriters as deficient to a greater extent than their commercial lines peers
2. Succession planning, knowledge sharing, and career path are mentioned as deficient by a greater proportion of specialty lines underwriters

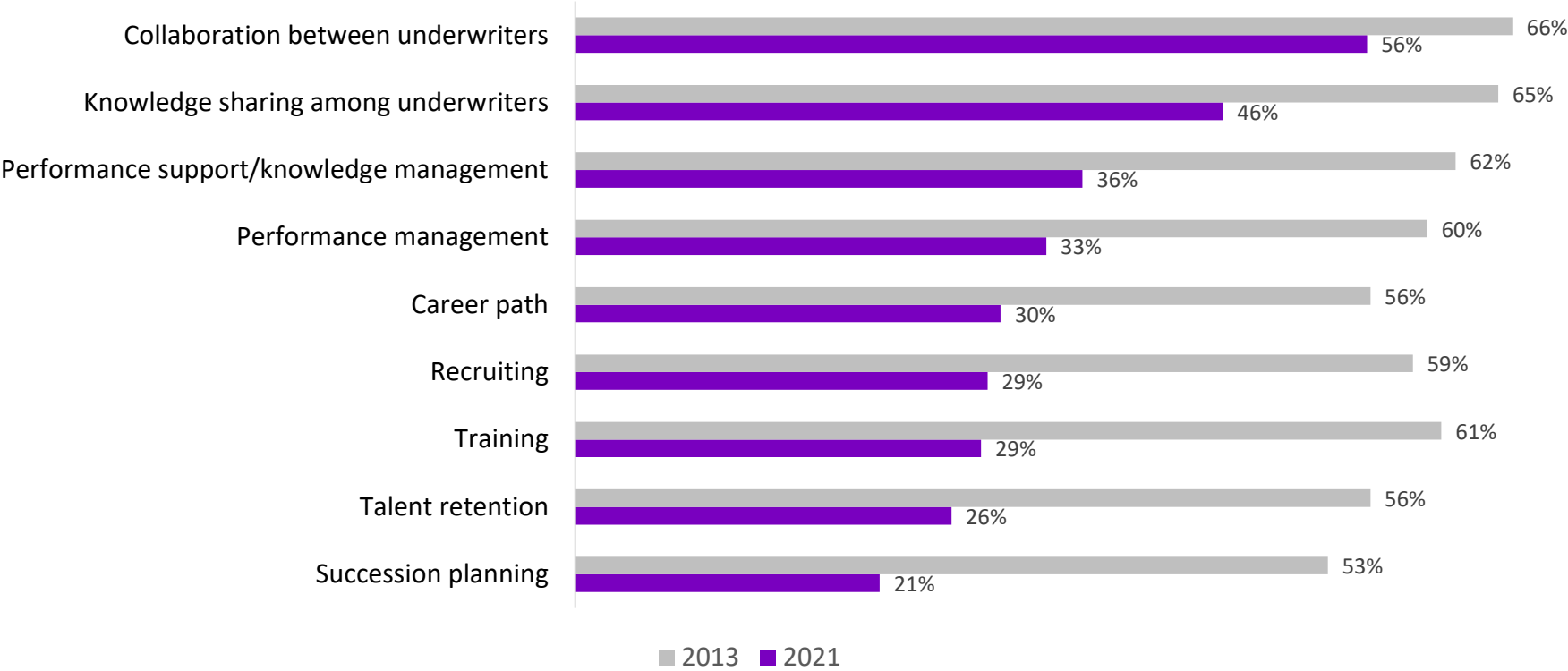
**Total responses = 434**

- Personal lines = 76
- Commercial lines = 295
- Specialty = 50
- Reinsurance = 13

# TALENT MANAGEMENT

Q16: How would you rate the **performance** of your organization in terms of **managing underwriting talent**?

*% of superior rating (4-5)*



**Remarks**

- All the aspects related to talent management have worsened compared to the 2013 survey in terms of the percentage of underwriters that rate their organizations’ talent management performance as superior

**Number of responses**







- 2013 = 559
- 2021 = 434

## 7. OPEN-END QUESTIONS

# KEY TOPICS RAISED IN OPEN-END QUESTIONS

Q: As an underwriter, what are you **most excited** about regarding your role, company or the industry in the upcoming 3-5 years?



-  **New products and servicies**
-  **Automation and the use of AI for improving underwriting performance**
-  **New data sources**
-  **ESG consideration**
-  **Retirement** 

Q: Conversely, what are you **most concerned** about?



-  **Impact of technology/AI on jobs**
-  **Inefficient systems and workload**
-  **Talent gap and training**
-  **Role of the underwriter**
-  **Climate change**
-  **Regulation**



# WHAT ARE UNDERWRITERS MOST ENTHUSIASTIC ABOUT?

## QUOTES



### New products and services

#### *An ever-changing industry and the ability to create new products and services*

*“Working in a niche market, the changes happening in the 'real world' will generate the need for constantly changing products, coverage solutions, and underwriting strategies.”*

*“The insurance industry is ever-changing. My excitement stems from these changes as my day-to-day, although ultimately the same, will never become mastered. My learning curve has exponential room for growth, always.”*

*“Changing paradigms for risk financing such as parametric insurance. Game changers that can be matched with traditional insurance.”*



### Automation and the use of AI

#### *Work automation and the use of technology and AI to improve underwriting and make it more efficient*

*“Using technology to make us more efficient and to rate risks better”*

*“I am hoping that technology has the ability to decrease the amount of input required from a submission allowing us to focus more clearly on the risk analysis portion of the role.”*

*“Risk analysis done by AI will help underwriters a lot and will change the industry”*

*“The use of AI and other technologies to examine risks more thoroughly.”*



### ESG considerations

#### *The opportunity for the insurance industry to advocate a socially responsible agenda*

*“I also look forward to a more progressive insurance industry that embraces its role as a facilitator of economic risk taking that supports creative destruction that is necessary for a healthy and vibrant economy. This would also require the insurance industry to abandon its occasional support for zombie companies. The insurance industry should lean into its historical role as a both a first line and back stop for a political economy that is equitable, ethical, and mobile. The industry should lead on issues like climate change and common sense gun policy where our ethical and financial values are in perfect alignment.”*



### New data sources

#### *The use of new data and data sources enabling to improve underwriting accuracy*

*“The increased use of multiple data collection points to create a more complete view of potential risks.”*

*“Further data integration freeing up capacity to better select and analyze quality risks. On the company level, we have many untapped markets that create a tremendous growth upside.”*

# WHAT ARE UNDERWRITERS MOST CONCERNED ABOUT?

## QUOTES



### Impact of technology/AI on jobs

#### **Automation and the obsolesence of the underwriter**

*"Somewhat concerned that automation will replace underwriters, or at least reduce opportunities for people with our skill set."*

#### **Missing human touch**

*"Our company does not use predictive modeling or automated submission review tools as we feel this is too black and white. We prefer our method as there are a lot of variables to consider in trucking insurance."*

*"Companies overvaluing the science (data) of underwriting relative to the art (human aspect) of underwriting, thus diminishing the role of underwriters performing analysis."*



### Talent gap and training

#### **Talent gap, recruiting, knowledge transfer, and retention**

*"The lack of knowledge transfer from older to younger underwriters, particularly about coverage."*

*"The severe knowledge drain that is going to hit the industry. Many are nearing retirement age and it is difficult to get high-quality replacements that want to stay in the industry."*

*"I am deeply concerned about the talent gap facing our industry. The entry-point for an underwriting professional is becoming quite steep, and may be daunting. Challenges such as overcoming legacy systems, navigating the complexity of new products, regulation, technology may steer talented professionals to other disciplines or industries."*

#### **Little training**

*"There is very little underwriting training n the past ten years. Companies have focused on AI and analytics, and have not invested in human growth or the development of underwriting talent."*



### Inefficient systems and workload

#### **Insufficient/lack of technology investments**

*"I'm most concerned about the general lack of interest companies have about improving their systems. To them, it is much easier and less expensive to maintain the old systems instead of making the needed investment in a newer system. I feel that this approach will not be sustainable and companies will just end up paying more later on when they have to replace the systems."*

#### **Technology increasing workload**

*"Adding new systems which require too much data to be entered by staff and correcting data for the system has pages of how to do it. Entering a new business file can take up to 30 minutes to be ready for company download."*

*"I am most concerned that the technology will not be all-encompassing and will require further documentation to adjust for any gaps that the technology did not account for."*

*"I think one thing that was missed is the misconception that technology has made it easier for more workloads. It helps with better decision making, but it adds time for each submission to open and use all the new tools."*



### Climate change and regulation

#### **Climate change**

*"Climate change will continue pushing more drastic natural disasters, which will lead to tighter reinsurance markets and less competition. While this is a natural part of the UW cycle, I'm concerned about the sustainability of the insurance market when climate conditions don't show signs of alleviation."*

#### **Regulation**

*"Concerned with potential for larger federal government regulatory oversight, which will lead to significant increase in cost of compliance (with new regulations), and significant slow-down of product innovation."*



### Role of the underwriter

#### **Role of the underwriter**

*"The lack of underwriter knowledge of technical aspects of rating and exposure analysis has reached critical levels. Underwriting risks is a process of matching the premium to the exposure, not an insurance marketing exercise that matches competing quotes regardless of the premium deficiency. Underwriters have been turned into marketing executives instead of underwriting executives."*

*"Industry-wide emphasis on making a sale at the expense of underwriting evaluation."*

*"I'm concerned with the role of the Underwriter. In many companies, I believe the Underwriter is also seen as the Marketing person and therefore, has to be concerned with how much they write and retain. This focus on the numbers seems to take precedence over actually underwriting the risk."*

#### **Offshoring**

*"I am very concerned with insurance companies' increasing reliance on using off shore personnel to handle tasks that are considered basic or "data entry". I see companies using this group for more than just the basic tasks and most often, this group is not trained appropriately to handle even some of the basic tasks. It's a shame that insurance companies utilize off shore personnel just to save on expenses. I only hope that the role of Underwriter doesn't become a "basic" position and also gets shipped to offshore!"*