

CELENT

April 2011

Become a Player in the Commercial Lines Automation World

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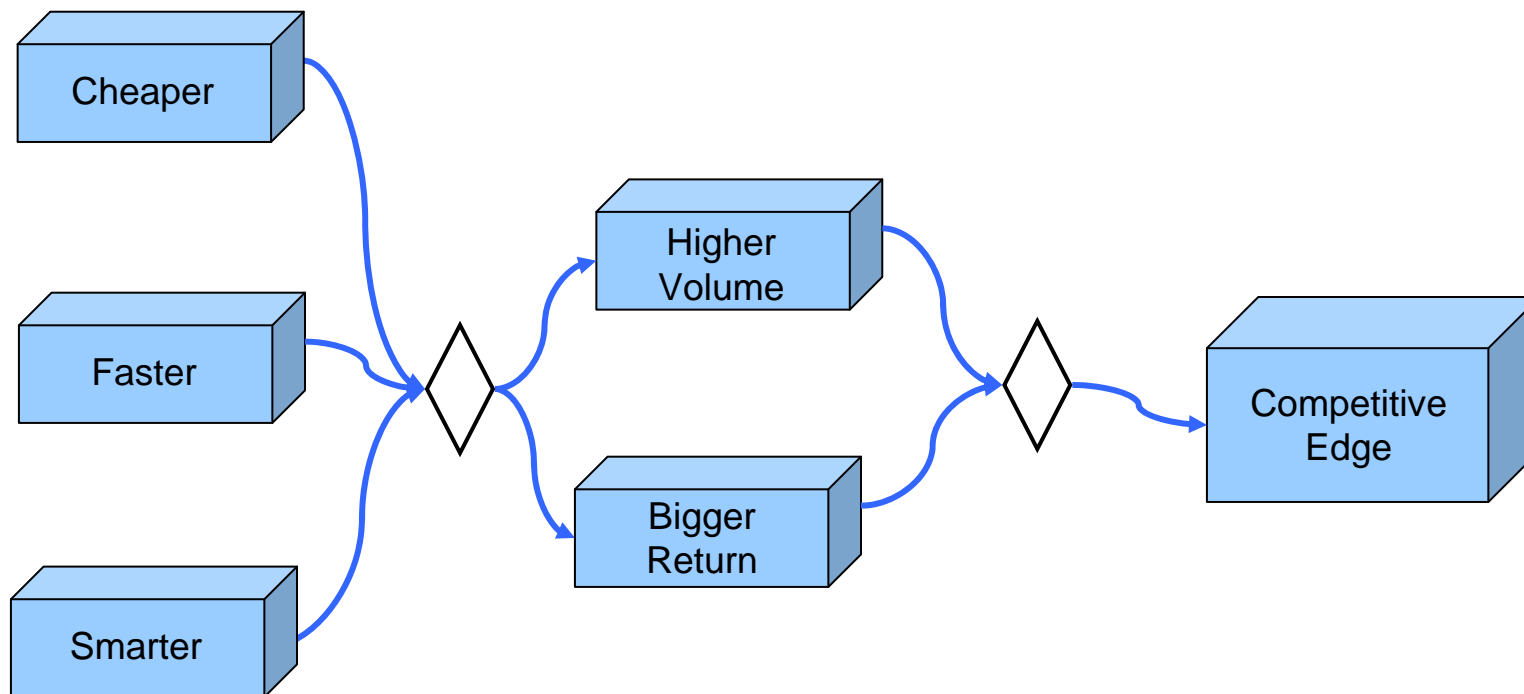
A member of the Oliver Wyman Group



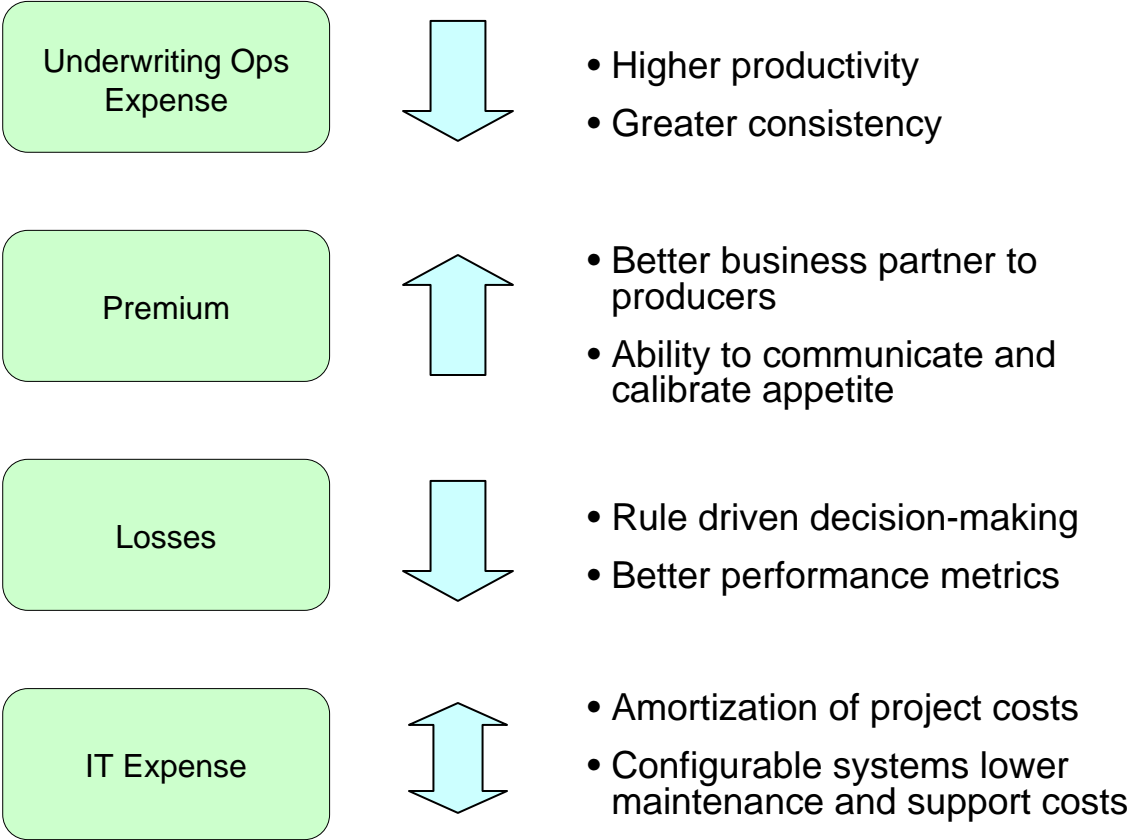
The Celent Insurance Practice

- The leading global insurance technology analyst practice
- A knowledge-based intermediary working with insurers, technology firms, consulting and financial organizations
- Offering
 - Research and analyst access
 - Technology Consulting: strategy, roadmaps, vendor selection, market assessment

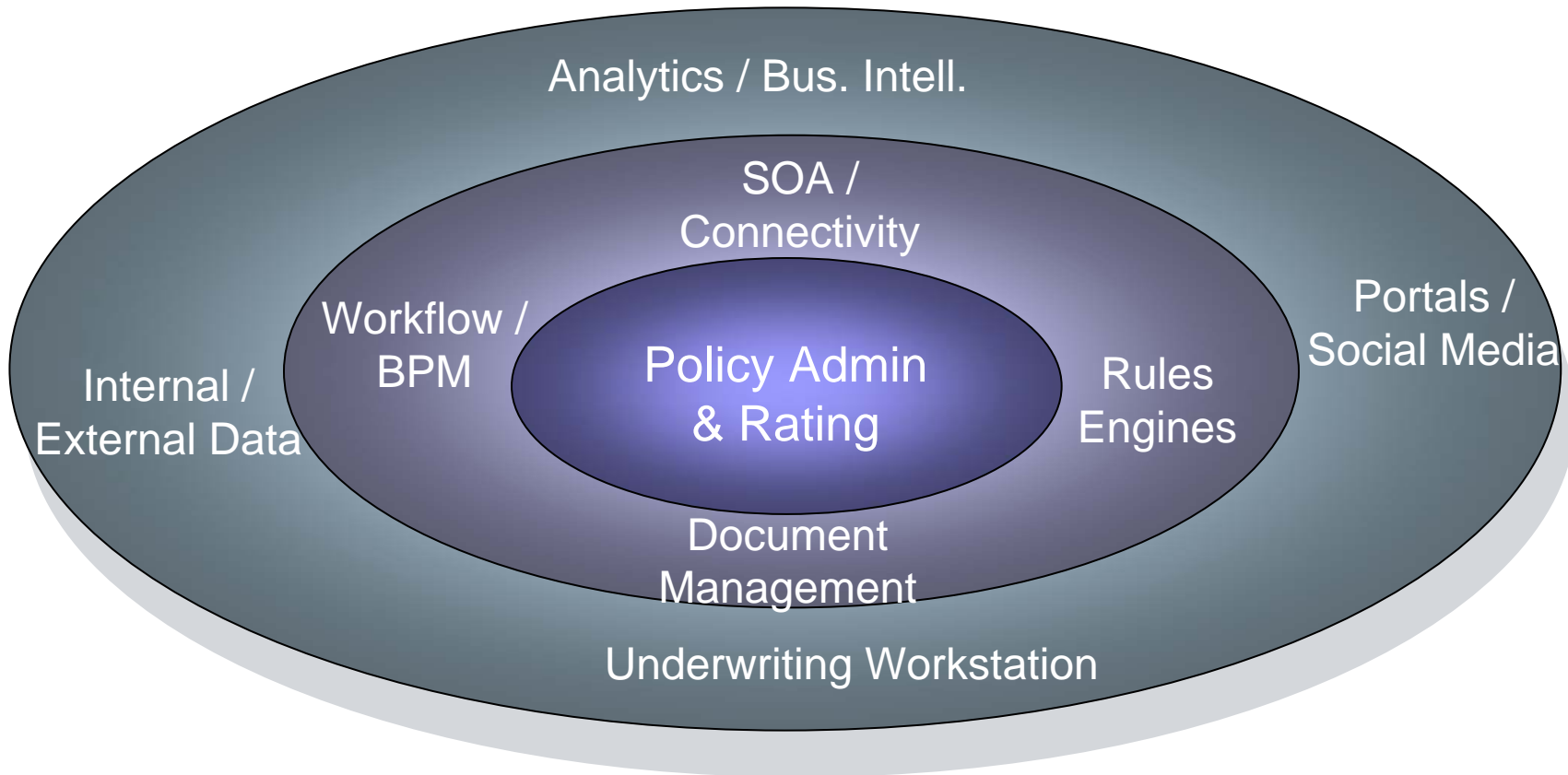
Why Automate Commercial Underwriting?



Building a Business Case for Commercial Lines Automation



Underwriting Automation Solution Spectrum



Choosing Lines of Business to Automate

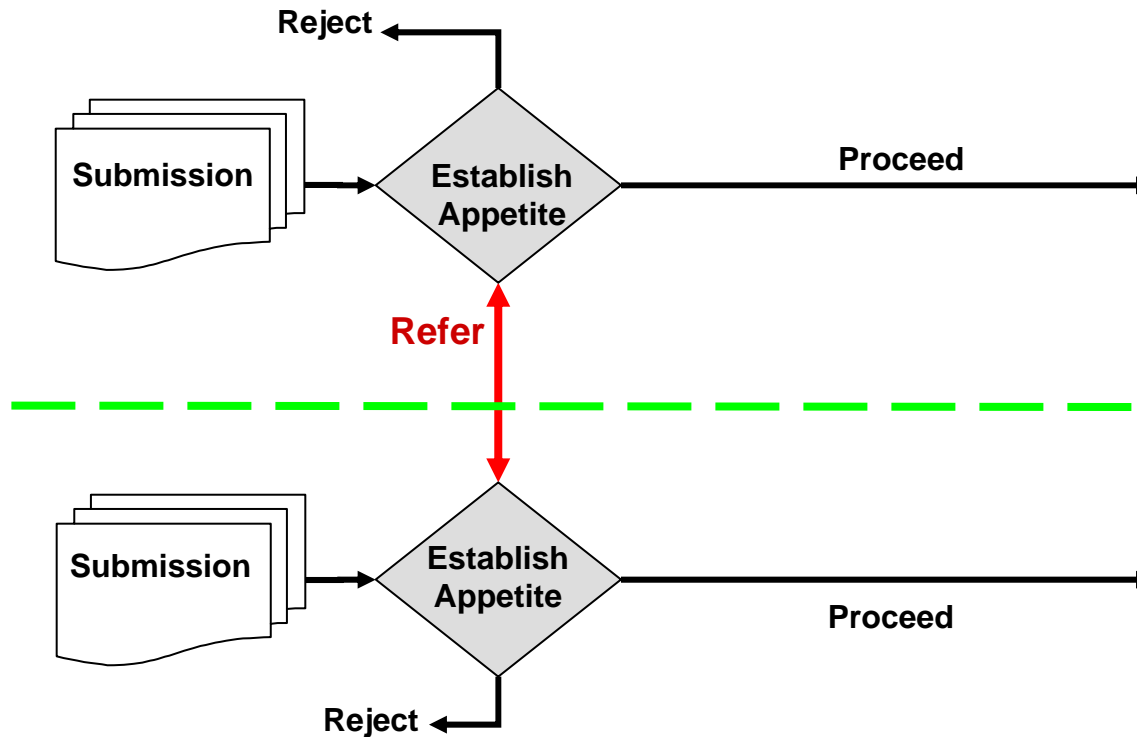
- ✓ Reliable risk selection criteria
- ✓ Total premium and profit justify IT investment
- ✓ Low to mid-level premium per policy
- ✓ Automated access to risk-specific, structured information
- ✓ Rating engine
- ✓ Underwriting scoring engine (preferred)

Six Modes for Commercial Underwriting Automation

- Automation methods
 - (True) STP
 - Task Automation
- Productivity methods
 - Underwriter Desktop
 - Case Management
- Portfolio Management
 - Producers
 - Books of business

A Closer Look at Task Automation

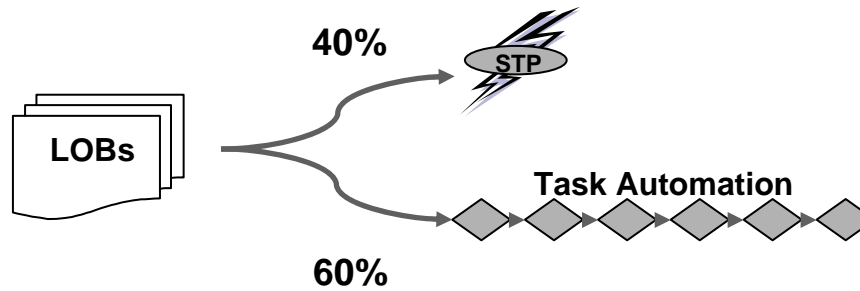
Automated Underwriting Task Flow



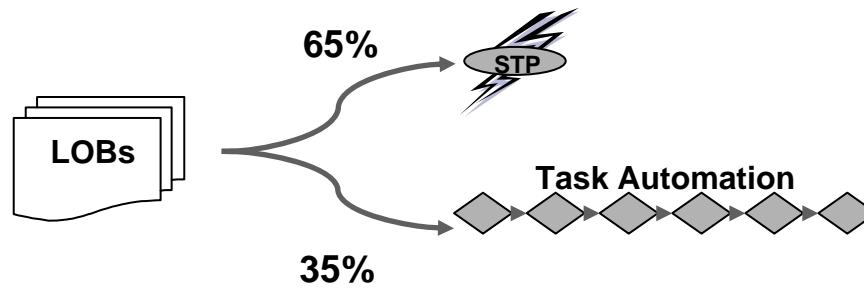
Manual Underwriting Task Flow

STP and Task Automation Roadmap

Year 1



Year 3



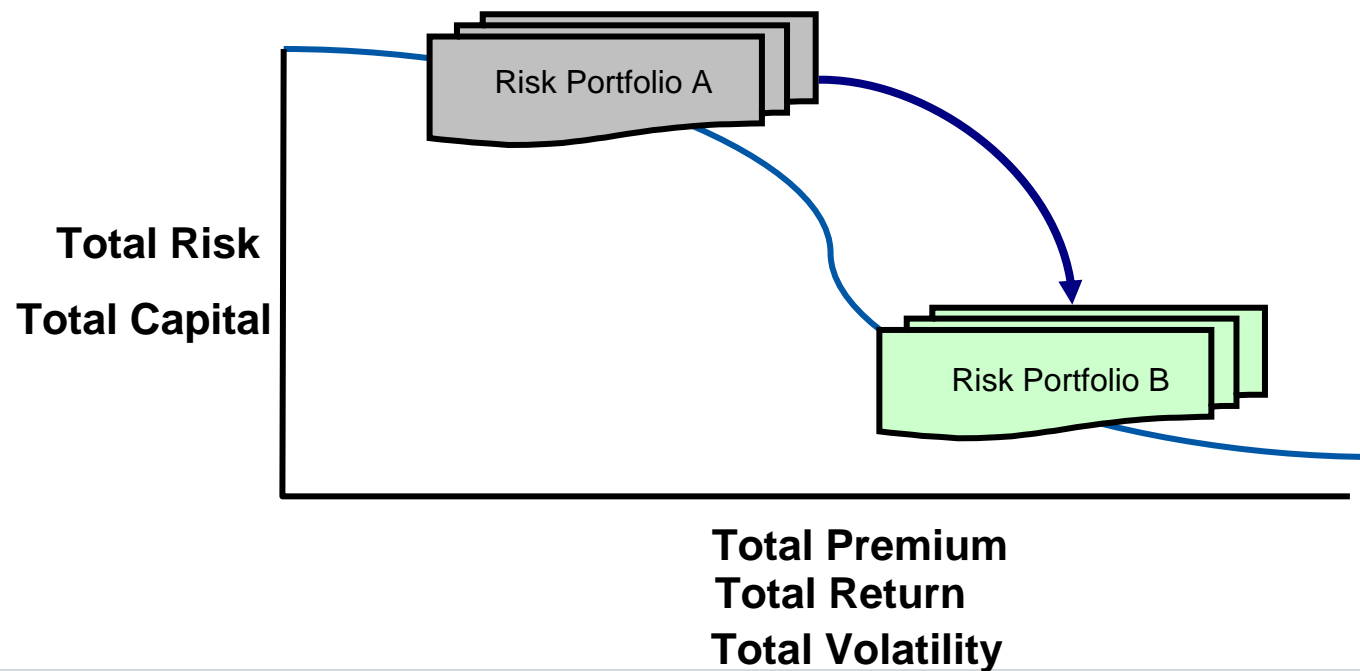
Technology's Impact on the Underwriting Organization

- Underwriting staffing mix
 - Senior and junior underwriters
 - Support staff
- The underwriter's job
 - Processing transactions
 - Managing a portfolio of producers, LOBs, territories
- The underwriting manager's job
 - Monitor flows
 - Redesign processes
 - Automate decisions

Transformation of the Underwriting Function

- Underwriters can take a portfolio view of risks
- Insurer can shift its risk/premium relationship

Risk Portfolio Management and Optimization



Case Study – STP in Equine Mortality Insurance

Company

- Large US surplus lines insurer with business through surplus lines brokers. Its annual premium is over US\$9 BN.
- Company writes equine mortality insurance (mortality insurance for horses) in London

Problem

- The London operation had a basic rating application, but little other technology.
- Equine mortality is a high volume, low average premium line of business with little margin for underwriting expenses.
- Policies have to be re-underwritten each year, using information from a new application and an annual veterinary examination

Solution

- Technology solution that would enable a broker or agent to go online, enter information, and have a policy rated, quoted, bound, issued, and set up for direct billing through an STP process

Benefit

- 90% of all submissions are now STP
- Efficient processing with very limited staff
- Policies produced and mailed the day following submission
- An ability to fine tune its risk appetite (increasing or decreasing the proportion of accepted applications) by reconfiguring how system evaluates the submission data

 **Q & A**

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