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The 5 Underwriting Challenges Holding P&C Carriers Back

Leverage no-code to overcome common underwriting roadblocks and launch new, innovative products faster than ever before

Contents

TL;DR

- Cost performance for P&C carriers has not improved in 15 years due to the following underwriting barriers: poor data quality, time wasted on manual tasks, slow time-to-market with new products, dissatisfied customers, and disconnected processes

- Carriers can write better business, eliminate manual processes, rapidly launch products, improve customer satisfaction, and create a unified underwriting experience all with the power of no-code

- Unqork's P&C Product Launcher solution empowers carriers to rapidly launch new products in as little as 12 weeks, rather than the typical 12 to 18 months

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C ost performance for P&C insurance has not improved in 15 years, according to **McKinsey**. Slow time-to-market of new products has become a major barrier to profitability. **Deloitte** found that insurers typically require 12 to 18 months to create a new product, and three to six months to modify existing coverage.

Why is the underwriting process currently so burdensome? Typically, underwriters are forced to work with—or are otherwise overly reliant on—manual processes across multiple, disconnected legacy systems. Having to enter data multiple times in multiple places leads to high error rates, slow quote turnaround times, and a lack of visibility. Unfortunately, data intake isn't always consistent, so underwriters are left with a mess that they have to clean up—manually.

During the development process for new products, any misalignments between what the customer expects and what the engineer is building may be found too late. Since it takes up to a year and a half to develop a product, it may not even be what the client wants or needs anymore by the time it is ready.

To keep up with the volatility of climate change, pandemics, and other marketplace disruptions, P&C carriers must be able to rapidly develop innovative business models and products. Employee productivity is an indispensable differentiator among competing providers, and insurers must focus on increasing underwriter productivity while decreasing costs. When it comes to launching new products, there needs to be more collaboration between business and technology teams. However, the complexity of code and all of its required expertise does not allow for fast, iterative development.

To remain competitive, insurers must invest in digital transformation and overhaul their complex, manual processes. The same McKinsey analysis found that the most successful carriers leveraged the latest technologies to optimize their underwriting capabilities.

We will take a deeper dive into the five main underwriting challenges—and discuss how they can be solved with the power of no-code application development.

Challenge #1: Limited access to high-quality data

Insurers need access to better data to begin writing better business

In today's digital-everything world, all consumer activities create a data trail. Inconsistent data intake (and the various systems it is housed in) means that underwriters need to clean up and re-key vast amounts of information manually. Sometimes they even have to go back to the client to re-retrieve the data. Data intake is particularly frustrating when underwriters cannot incorporate third-party data sources into their outdated systems and processes.

Analyzing and leveraging data is a core part of an underwriter's responsibility. Imagine all the ways they can further benefit carriers if that data was better and easier to acquire. If underwriters are equipped with high-quality data, they could:

✔ Negotiate with brokers more effectively for better pricing and terms

✔ Incorporate new data sources that enable more informed risk selection

✔ Quickly react to changes in risk demographics (e.g., age, urban versus rural environments, virtual/gig economy workers, etc.)

✔ Leverage operational data to identify bottlenecks and guide continuous process improvements

✔ Eliminate unnecessary data entry to streamline the customer journey and increase underwriting capacity

Data quality is a persistent issue. Per Forrester, analysts can spend as much as 40% of their time validating data relevant to their analysis before any outcome can be used to make a decision. Even with all this time spent validating data, a Harvard Business Review study found that 97% of companies are using data that didn't meet their own data standards.

This falls in line with Accenture's findings that "most underwriting teams are not equipped to evaluate, select, and integrate the new data sources available." AI and automation tools can be helpful, but the core is having the right information at the right time.

Unqork is reimagining the application development process to help P&C firms digitize the rate, quote, bind, and issue processes—enabling faster speed to market. Creating cleaner data internally and leveraging other trusted third-party data sources will improve underwriters' trust in the data. This can be achieved by:

✔ **Eliminating manual data entry:** Seamless third-party integrations means no more time-consuming manual processes

✔ **Reducing human error:** All the data either comes directly from the customer themselves, or agencies are able to automatically ingest data from external sources at scale

✔ **Future-proofing:** Unqork provides the ability to not only seamlessly integrate with third-party services that provide greater access to data, but also to add new services and functionalities as soon as they become available

✔ **Normalization:** Data is kept clean and standardized to a common scale, without distorting any differences in the range of values

By tapping into the power of high-quality data culled from multiple sources, carriers are able to rapidly launch new products that will help them reduce processing times, cost, and administrative load by fully digitizing the customer lifecycle—from quote request to proposal generation.

With Unqork's enhanced ability to integrate with third-party services (such as Carpe Data and Groundspeed), P&C insurers can streamline the data collection and implement it into the Unqork platform that houses their completely digital underwriting application(s).

Challenge #2: Manual processes

Rather than writing better business faster, underwriters are forced to spend time on administrative, non-value added tasks. According to McKinsey's observations, "anywhere from 30 to 40 percent of underwriting's time is spent on administrative tasks, such as re-keying data or manually executing analyses."

Due to these inconveniences—and fueled by the need for digitization brought on by the pandemic—the tide is turning. According to insurers who responded to a mid-year 2021 Deloitte survey, the top two actions they are prioritizing to support financial and operational stability involve the implementation of new technology—first, to enhance efficiency (70%) and second, to improve customer experience (68%).

To increase underwriting productivity and manage costs, P&C carriers need to focus on automating activities that don't add value. McKinsey estimates that up to 40% of P&C carriers' expenses are locked up in their top 20 to 30 core end-to-end processes, like underwriting—costs that digitization can reduce, and in some cases, eliminate.

Replacing manual, repetitive tasks with Unqork's completely digital underwriting process provides the following benefits:

✔ **Accelerated underwriting:** Reduce processing times, cost, and administrative load by fully digitizing the customer lifecycle from quote request to proposal generation

✔ **Reduced data re-entry:** Mitigate human error and the need for human-in-the-loop intervention by automating manual processes, incorporating built-in approval controls, and maintaining an audit trail

✔ **Improved customer and agent satisfaction:** Enhance client, agent/broker, and underwriter experiences through modern UI and self-service capabilities

Challenge #3: Launching new products

When carriers are looking to launch new products, these are the roadblocks they typically face in development:

- Slow time-to-market: Dependence on inflexible and disconnected legacy systems makes it extremely time-consuming and expensive for carriers to launch new products and update existing ones

- Inflexible off-the-shelf solutions: Off-the-shelf solutions leave customers, brokers, and underwriters with a disconnected experience because they are not easily customized

- Misalignment between business & technology: Lack of visibility from legacy technology development patterns means the business teams cannot play an intimate part in the development process, often leading to solutions that don't meet the exact business or customer needs

As previously mentioned, insurers typically require 12 to 18 months to create a new product; even modifying existing coverage still takes three to six months. It is clear that code does not enable fast, iterative development.

Traditionally, developing a UW system forced carriers to choose between the expense and complexity of a custom internal build or the inflexibility of an off-the-shelf point solution. With **Unqork's P&C Product Launcher**, carriers no longer need to choose one or the other.

The P&C Product Launcher solution empowers carriers to rapidly launch new products in as little as 12 weeks and evaluate risk at scale via automation—without having to write or edit a single line of code. The completely visual application development platform enables carriers to transform and accelerate their underwriting process from intake to bind by combining a product manager, broker/customer portal, and underwriter workbench into one integrated platform.

Unqork allows carriers to take a modular approach to transformation—there's no need to rip-and-replace your entire technology stack because Unqork's P&C Product Launcher solution seamlessly integrates with legacy systems, databases and sector-specific third-party services. Carriers can reap the following benefits:

- ✔ **Accelerated speed-to-market:** Develop and launch new products in as little as 12 weeks with a drag-and-drop building interface

- ✔ **Improved flexibility:** Align your systems to fit your products and processes (not vice-versa)

- ✔ **Better business-tech alignment:** Allow business and technology users to quickly iterate as feedback is received, rapidly improving the client experience

Launching new products to diversify your offerings and appeal to a new customer base is by no means a new concept to P&C carriers. What is new is a way to finally accomplish this at the speed of business. With P&C Product Launcher in their arsenal, carriers can capitalize on new opportunities faster and easily integrate new products into their existing ecosystem. Launching products in 12-18 months is no longer the status quo.

Challenge #4: Low customer satisfaction

We discussed how the underwriting process is notorious for being manual and time-consuming with limited access to high-quality data. Since this can leave clients unsatisfied during one of the first interactions they have with the insurer, it comes as no surprise that 68% of insurers surveyed by **Deloitte** are prioritizing technology that improves the customer experience.

One insurer knows this all too well. Their underwriting process and policy administration system was rife with manually-intensive work, paper forms, and complexity. Intake processes, systems, and even customer questionnaires varied by channel (phone, web, agent, self-service), while limited upfront data validation and remediation meant going back to the customer for more information throughout the underwriting process.

The insurer sought to develop a robust paperless solution that would allow agents to independently perform submission, quote, bind, and issue processes regardless of region or product. A fully digitized underwriting and policy administration system would allow the provider to lower its administrative load, amplify agent productivity, and deliver a better overall experience—while also addressing the fast-changing coverage and high touch experience needs of its affluent clientele.

Unqork's no-code platform enabled the insurer to take complete control of the development of their end-to-end digital underwriting and policy administration system.
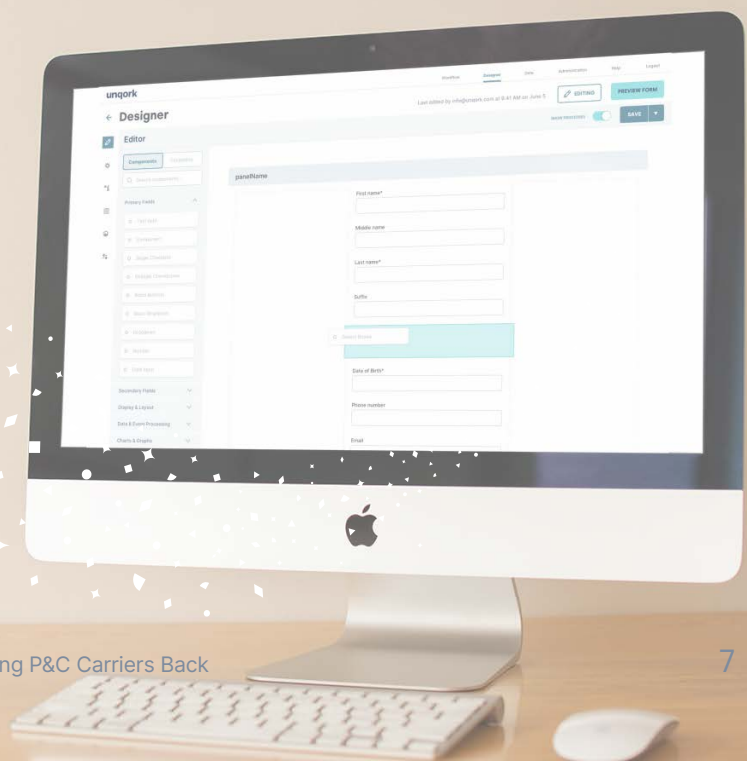
5 — Number of resources the full project required

10% — Increase in quote-to-bind ratio

73% — Number of resources the full project required

90% — Reduction in time to quote

6 — Months it took to deliver a highly-automated

100% — Paper-free processing

5 — Efficiency gain in binding/issuance agent-facing policy administration system

In record time, the insurer launched a digital solution that fully automated underwriter workflows. Mobile features added the capability for rapid responses and approvals. Iterations were also a breeze. Now, their technology team can easily add updates with daily enhancements to address the evolving needs and preferences of its agents and their customers.

By eliminating back-and-forth, the insurer saw a 73% efficiency gain in the quoting process and an 83% efficiency gain in binding/issuance, enabling them to more quickly service their customers. While this can be credited to the automated process, the increase in agent independence actively played a role as well. Previously, agents relied on the insurer's back office for most processes; this new application allows them to rapidly receive indicated rates and, in most cases, issue a policy themselves.

In fact, agents can lead customers from quote to bind to issue in a matter of minutes (a 90% reduction in time to quote), completely transforming the customer experience. Since implementing their digital policy administration system, the insurer has overall lowered the expense ratio and operational risk of their underwriting capabilities.

Challenge #5: Disconnected underwriting experience

Relying on a disjointed set of legacy systems to support the core brokerage process creates the following issues:

- **Time wasted on low-value tasks:** Brokers manually request, track, and aggregate placements, often resulting in process duplication, high error rates, and costly time spent on admin activities

- **Slow transaction processing:** Multiple checkpoints and human-in-the-loop intervention led to low UW productivity and low client satisfaction

- **Siloed data:** Inability to consolidate and analyze their data across programs made it difficult to enable informed risk selection and decision making

Seeking to create a richer UW experience and digitize intake-bind operations, one P&C carrier was looking to reimagine their own expensive and high-touch rate-quote-bind process. They used Unqork to develop an end-to-end digital solution for their specialty products. They sought to build a modern intake-to-bind process with an underwriting workbench to ultimately enable next-generation workstation capabilities, streamline onboarding & maintenance, and improve scalability of back-office capabilities.

Without Unqork, it was estimated that this project would take 9 months to a year. Here is what happened instead.

A TOP-20 P&C SPECIALTY CARRIER BUILT A MODERN INTAKE-TO-BIND PROCESS WITH AN UNDERWRITING WORKBENCH IN ONLY 14 WEEKS

10 Lines of business with a flexible solution that links together the entire brokerage process

2 Weeks it took to train the client team to take over product backlog development

78% Reduction in processing time

80% Reduction in manual re-keying

12 Number of integrations with internal and external systems (e.g., Dun & Bradstreet, Okta, Docusign, VIN lookups)

80% Less development resources required compared to traditional code-based processes

This underwriter-led intake flow needed to fit their process, products, and legacy systems. They needed something that was flexible enough to work well with their existing IT infrastructure while also providing a modern user interface; after reviewing a few point solutions, the carrier deemed they weren't flexible enough for these needs.

Using Unqork's no-code platform, the insurer was able to completely unify their UW experience by combining a product manager, broker/customer portal, and underwriter workbench into one integrated platform. To leverage what they already built (i.e., their legacy systems) and not be forced to overhaul everything, they integrated against their current document management, policy admin, general ledger, and rating systems. To make it easier to understand their reinsurance exposures, they even improved their property exposure mappings with a custom configuration done by Unqork via the Google API.

The Future State of Underwriting

At the recent Unqork Create conference, Ari Libarikian (Senior Partner & Global Leader, Leap by McKinsey) & Bassam Chaptini (CTO, Unqork) discussed how leading enterprises leverage business building to innovate and stay ahead of competitors. Ari is seeing product development "done in a much more agile 'test and learn' way enabled by a lot more customer data." Using Unqork, carriers can bring claim and IoT data directly into the product development cycle to enable carriers to hone in on the coverage areas, endorsements, and other factors that can provide a competitive advantage.

"You could say the future-state of the modern insurer is a series of apps that sits on a very powerful data lake," posits Ari. "And that's really where the action is because the technology is doing all the heavy lifting behind the scenes."

Through Unqork's cloud-managed no-code application development platform, you can digitize and orchestrate complex processes while integrating with disparate internal systems. The open architecture ecosystem enables seamless integration with the latest insurtech capabilities to eliminate highly manual and time-consuming data mapping exercises.

In the future, underwriters who were historically burdened by technology will be empowered by it, and their role will evolve as technology removes the friction in the underwriting process. Underwriting will no longer exist in a silo, instead there will be more collaboration across all departments so that carriers can rapidly iterate on the products customers are expecting sooner. With Unqork's no-code capabilities and suite of P&C products and accelerators, carriers can make this future state a reality.

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Enterprise application development, reimagined

Unqork is a no-code application platform that helps large enterprises build complex custom software faster, with higher quality, and lower costs than conventional approaches.

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