Increase your strike rate using data-driven analytics from Pega

New solution brings in the objectivity needed to facilitate fact-based, predictable and self-learning decisions for new business CLSAs

- Higher hit ratio, lower loss ratio
- Highly personalized and competitive offers to increase customer satisfaction
- A matured and self-learning data model with real-time feedback
- Data models and Pega decisioning ensure better product offerings for customers
THE FACTS

Underwriters are no longer just responsible for risk selection and pricing, they are now expected to:
• Support Sales function and increase new business
• Significantly decrease the loss ratio
• Increase retention rates of existing customer base

The information used by underwriters can vary widely. Also, underwriting actions are not always truly risk-based, but instead influenced by:
• Market dynamics
• Subjective decision making
• External competition

Other Challenges

• Uniqueness of applicant’s data from a risk assessment standpoint
• Inefficiencies while handling huge datasets related to risk profiles
• Risk selection and competitive pricing to avoid under/over pricing
• Deciding between risk averseness and applicant’s propensity to buy

ANALYST VIEW

Augmenting Underwriting with AI/ML

Of respondents believe that predictive model solutions are amongst the top 3 technological investments for underwriting

Machine Learning is extensively used across the Insurance value chain

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<th>NEW BUSINESS/UNDERWRITING</th>
<th>CLAIMS</th>
<th>PRODUCT DEVELOPMENT</th>
<th>POLICY SERVICING</th>
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Data-driven AI/ML based policy pricing and risk selection help control the Loss Ratio and contribute to Underwriting excellence

Source: EY, CPCU underwriting

>50%

Building Blocks

- Building human intuition with data-driven analytics
- Optimally matching data and models
- Ensuring data quality and bias in outcomes
- Portfolio Steering
- Risk Selection
- Capacity
- Coverage

Critical Enablers

- Strategy
- Technology
- Distribution
- People
- Portfolio and Product Design
- Underwriting Excellence
- Underwriting

Source: EY, CPCU underwriting
INTRODUCING SMART QUOTE, POWERED BY PEGA AI

BUSINESS PROBLEM
It is widely acknowledged within the Insurance industry that data-driven analytics based human judgment would help minimize the subjectivity in Underwriting decisions and significantly improve business efficiency.

Solution Overview
Powered by Pega AI/ML based decisioning models, Smart Quote will augment the Underwriting process by:
- Providing real-time quote acceptance propensity
- Underwriter decision feedback loops into the predictive model
- Customer risk data from D&B and Pitney Bowes
- Data driven Pega Predictive models

Future State/ Strategic Benefits
- Higher hit-ratio, lower loss-ratio with a more mature and self-learned predictive model
- Improved CSAT scores with possibility of offering new and highly relevant product mixes

Differentiators
- Pega predictive and adaptive modeling covering the real-time aspects of business
- Providing a holistic risk assessment of the act to aid better business decisions

ADOPITION OF SMART QUOTE
Scope of Activities
Duration for Discovery (1 week) and Dev: 4 - 5 weeks
- Understanding of AS-IS workflow and business use case
- Extract historic data and create the prediction model
- Create the Pega Decision Strategy and link to data model
- Link Decision Strategy to Underwriter workflow
- Creation of Underwriter UI components

SIT/UAT/Go-Live: Along with next release of the Underwriting application
Team: 1 Business Analyst, 1 Pega Developer, 1 Data Analyst

Pre-requisites
- Pega 7.x or 8.x platform license, Pega Decisioning license
- Datasets with good Data Quality and Quantity of data of at least 1 - 2 years
- Unbiased data which is representative and balanced

Commercials
- Smart Quote framework provided free of charge
- 4-6 week framework customization cost to be provided to the customer as part of consultation process

CUSTOMER ENGAGEMENT
DIGITAL PROCESS AUTOMATION
Coforge is a leading global IT solutions and services organization which believes that real transformation cannot be driven by thinking in technology terms alone. With a mission to “Transform at the Intersect” it aims to bring both deep domain and deep emerging technologies expertise to achieve real-world business impact. A focus on very select industries, a detailed understanding of the underlying processes of those industries and partnerships with leading platforms provides us a distinct vantage. We leverage AI, Cloud and Insight driven technologies, allied with our industry expertise, to transform client businesses into intelligent, high growth enterprises.

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