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.
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

PROPERTY/CASUALTY
- NEW BUSINESS/UNDERWRITING: 56%
- CLAIMS: 40%
- PRODUCT DEVELOPMENT: 36%
- POLICY SERVICING: 32%
- DISTRIBUTION: 32%
- CUSTOMER EXPERIENCE: 32%

LIFE/ANNUITY
- NEW BUSINESS/UNDERWRITING: 39%
- PRODUCT DEVELOPMENT: 26%
- POLICY SERVICING: 26%
- CLAIMS: 26%

Data-driven AI/ML based policy pricing and risk selection help control the Loss Ratio and contribute to Underwriting excellence

Building Blocks
- UNDERWRITING EXCELLENCE
  - People
  - Technology
  - Distribution
  - Strategy

Critical Enablers
- Portfolio Steering
- Risk Selection
- Capacity
- Coverage
- Pricing
- Technology

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
For more information, contact information@coforge.com

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