

Adviser Q&A

Star Letter

What impact will new technology have on the future of underwriting?

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With Helen Dick, Scottish Widows

Interesting question. One school of thought is that the art of medical underwriting is dying, with the digital world removing the need for traditional human underwriting. It's a subject that has been written about on numerous occasions – even the BBC has a tongue in cheek

calculator (www.bbc.co.uk/news/technology-34066941) which gives a 66% chance that robots will replace the insurance underwriter within the next 20 years.

Everything in the world outside of insurance suggests this will happen; high street retailers giving way to online stores, for example, and voice recognition systems replacing call centres. Even the traditional people-led environment of banking is seeing a digital revolution.

It's also an area that almost every major life insurer and reinsurer in the UK has invested in to some degree.

At Scottish Widows Protect, we have more than 16 years of live experience with rules engines, and as a result can capture more than 10,000 different types of disclosures which can be instantly assessed by a bank of more than 2,000 rules. These rules cover medical conditions, financial information, lifestyle and occupational risk factors to give as full a decision as we can automatically.

Our own industry has never been so awash with new ideas and technologies. There's a growing trend in the market to bring underwriting further into the quote process with developments such as Underwrite Me and the XRAE tool from iPipeline. These allow advisers to get a clearer view on underwriting decisions and offer more immediate terms to the wider market. This trend will only continue as technology improves and customers and advisers demand transparency throughout the journey.

Technology and data security go hand in hand, and work such as Niche Health's software to produce GP reports electronically is a good example. This meets the NHS



standards of data security whilst speeding up the process to produce and issue a report, meaning that clients can trust the right data is being requested under the Access to Medical Records Act and transmitted securely between the GP and the insurance company. This faster transmission means that more people will get decisions more quickly, providing more cover and helping to close the protection gap which exists in the UK.

Medical exam technology is improving and we're actively engaged in understanding the benefits of less invasive testing and the quality/validity of the tests. This is another example of technology enabling a better customer experience, but we do need to make sure the correct controls are in place to provide accurate results.

So does this spell the end for manual assessment? Are we signing our own death warrant?

In short, no. Technology is here to stay, there's no question about that. It's not something for the underwriter to fear, however, but to embrace, as it's a key enabler of the job.

Our own Scottish Widows Protect launch validates this. We've provided a range of online tools to support the underwriting process, including an interactive outcomes tool which gives advisers indicative decisions for some of the most commonly disclosed medical conditions. And while this is well-

used, we get numerous calls in daily looking to validate and understand a pre-application disclosure and this is where the underwriter's human touch can continue to add value.

While technology and automated underwriting tools remove the routine high volume and sometimes mundane aspects of the underwriting process, it leaves the opportunity for skilled underwriters to really come to the fore and get their teeth into the complex and more technical cases that matter, the ones that give satisfaction when put on risk and cover is in place.

The digitised information also gives great scope to shift what underwriters do. Collaboration with data scientists and actuaries on underwriting data and using underwriters to make sense of the analytics helps design journeys to meet the needs of the evolving digital customer.

From initiation of a potential sale to the production of a policy and any future claim, the combination of a human touch, together with technology and electronic underwriting tools, complement the customer and adviser experience through the entire journey. And for that reason the "human touch" is here to stay.

If you would like more insights, industry and product updates from Scottish Widows, register on: www.scottishwidows.co.uk/protect-signup