

REVOLUTION OR EVOLUTION - HOW CAN UNDERWRITING HELP SIMPLIFY THE SALES JOURNEY?



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It's easy to understand why underwriting can be seen as a complex process. After all, our on-line underwriting engine has over 10,000 different types of disclosures, which can be instantly assessed by a bank of more than 2,000 rules. However, if you looked at an application form for a Scottish Widows policy from back in 1812, and compared it to one today, it wouldn't look as different as you'd expect. The types of risk factors assessed remain similar, apart from the 19th century application having exclusions for things such as small pox and piracy on the high seas!

There have, however, been massive technological advances in the protection industry, especially over the last 30 years with the growth in price comparison portals. But providers have been guilty of using this technology to improve existing underwriting processes, rather than looking to transform and improve the service provided.

We may have digitised the current process, but risk assessment hasn't moved on; we still ask about occupations, medical conditions, lifestyle and high risk hobbies (which in the case of our 1812 application was reflected by an exclusion for duelling). However, much of this information can now be evaluated and a decision offered by our rules based engines. So, it's time we harnessed technology to transform the process of underwriting and make purchasing protection as simple as possible for both the advisers and customers.

The recent growth in quotation portals has focussed the market on price as a differentiator, at the expense of underwriting. This has led the industry to focus on:

- **Risk Control** – forcing more emphasis on assessment of risk.
- **Electronic Applications** – developing an intuitive application process to help reduce omission of information.
- **Automated Underwriting** – driving up point of sale decisions and reducing medical evidence.
- **Multi Benefit Products** – allowing the use of one application to offer many products.

But does this approach of offering consistently lower premiums and improved underwriting performance always lead to better outcome for our customers?

Thankfully, we are now seeing a swing back in the other direction. Developments such as the XRAE tool from iPipeline, IRESS partially underwritten quotes and providers' underwriting outcome tools, evidence a growing market trend to bring underwriting further in to the quotation process. These challenge the traditional sales model, providing clear benefits to both advisers and customers by allowing more certainty of underwriting terms and price, much earlier in the process.

Another possible game changer is UnderwriteMe's comparison service, which Scottish Widows have recently joined. Offering a fully underwritten quotation and application process that covers multiple providers, this is a great example of technology being used to make the application process simpler and more straight forward.

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Although UnderwriteMe has been on the radar for a while, 2018 could be when this service comes of age. And why is it a game changer? It's what advisers have been crying out for – one application form, allowing them to get a real-time best price and certainty of underwriting terms for their customers. The adopters of this approach, have the opportunity to transform their sales model and win business in future based on their risk selection and risk appetite, not just on price.

At Scottish Widows we welcome this focus on underwriting both now and in the future; it's something every provider should embrace.

Learn more about our underwriting process, principles and how we can help pre-sale or visit UnderwriteMe to try their Comparison Service now.

<http://www.scottishwidows.co.uk/extranet/products/protection/protection-underwriting>

<https://www.underwriteme.co.uk/>

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