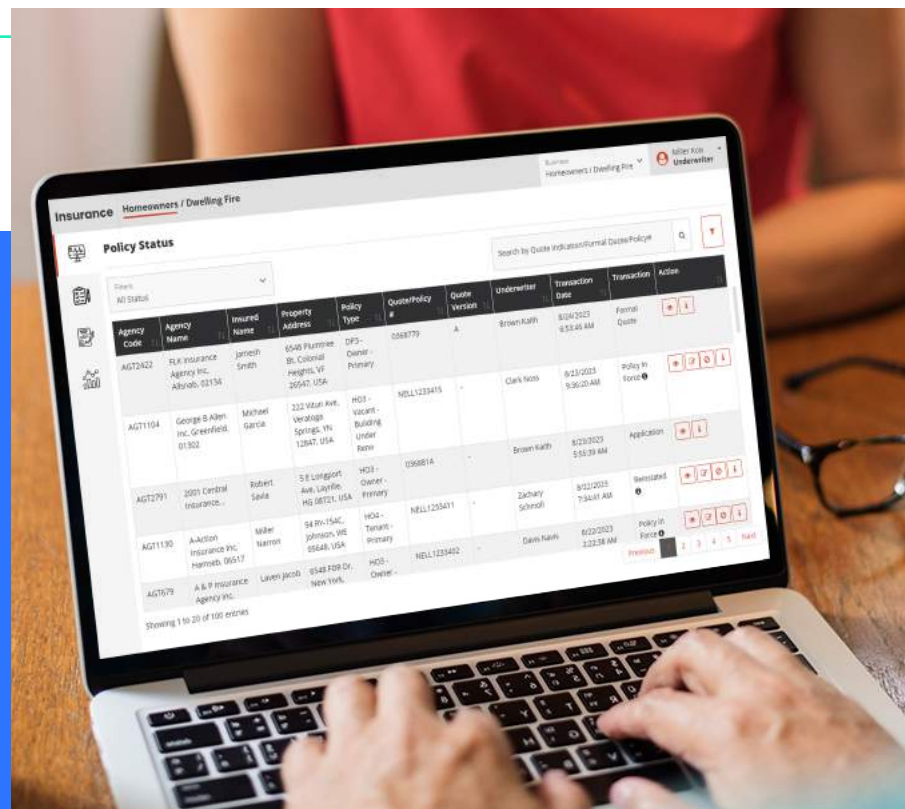




3+ Keys to Proactive Underwriting

Future Ready Intelligent Underwriting with Data & Analytics



Intelligent Underwriting Defined:

Intelligent underwriting is powered by advance data analytics, digital automation technologies and artificial intelligence that help to assess and evaluate risk more accurately and efficiently. It minimizes manual user inputs and aids underwriters with a more accurate risk assessment to reduce premium leakage and mitigate losses.



Introduction

What is the advantage of insurance technology built by insurance people? It has been designed with a passion to solve problems and meet your needs based on real-life experiences by people who have held your roles. Those who have done the job of producer, underwriter, product manager, CFO, and CIO, know firsthand the functions and features that impact speed to market and your ROI at a granular level. Welcome to Cogitate and an introduction to future-ready underwriting on a modern policy administration platform.

The following describes key elements of the intelligent underwriting workbench critical to managing the profitability of your book of business while excelling in the marketplace. We support a new balance between art and science in underwriting with tools to reduce premium leakage, make smarter pricing and selection decisions, and transition to a 'predict and prevent' model in a world of growing risk and uncertainty.



Stop the Premium Leakage & Reduce Loss Frequency

You don't know what you can't see, and you can't always trust what you're told.

That is an unfortunate truth – and why data validation is critical in the elimination of policyholder and agent leakage. The application of third-party data provides you with a source of truth to validate those data points most critical to your underwriting decisions. Real-time data prefill functionality also eliminates input errors and conclusions drawn from outdated information, which can lead to underwriter leakage.

The integration of structured and unstructured data to enable advanced analytics in underwriting - before you accept the exposure - remains a challenge for the industry. The intelligent underwriting workbench solves this with its strong ecosystem of pre-integrated data sources, predictive modeling, and a flexible rules engine to facilitate automated recommendations based on your risk selection criteria and the data you want to rely on most.

The advantage of the API-enabled platform is the ease of integration with API-enabled data partners and best-in-class solutions of your choice. This includes your billing and claims systems, for unified data sharing and 360-degree policyholder risk attributes for true exposure visibility. The extensibility of the platform is critical to future integrations as new data sets and solution providers emerge to further support underwriting risk assessment.

Driver & Vehicle Intelligence in Auto Lines

POV from Confianza

Undisclosed drivers represent a risk you are not being paid to take.

How big is the problem?

John Petricelli, Chief Data Officer at Confianza has engineered the data models that produce 360-degree insights of your existing and potential policyholders to fully evaluate risk and uncover the unknowns - including undisclosed drivers, hidden claim history, uninsured vehicles, and more.

“The first step we take with many insurers is to scan their book for specific unknown risks. We typically find undisclosed drivers account for a minimum of **15% premium leakage**. Non-standard auto can be **upwards of 25%**. On-going book monitoring is extremely important as we **find at least 15% of policies** have a material change every year, which may not be captured at renewal. Undetected, you may be underpricing the risk,” explains Petricelli.

Integration with partners like Confianza streamlines the underwriting process by flagging the high conversion leads, eliminating the early no-goes, and reducing the time with agents on exception handling from an average of **20 minutes to 2-3 minutes**.

Combining fresh data from over 50 sources with 29 conditions, Confianza helps insurers prevent premium leakage, detect fraud, and identify key policyholder motivations and behaviors that rank selection based on your criteria.

For the full interview, read more here.



Automate for Improved Experience & Smart Decisions

The intelligent underwriting platform facilitates automated decision-making based on your risk selection criteria, underwriting rules, and rating engines. Intelligent workflows are designed to automate tasks throughout the policy lifecycle for the optimum experience of your underwriting team.

Streamline tedious tasks and reduce manual input, allowing underwriters to focus on exception handling and priority submissions. Integrate your distribution network into that workflow for the most efficient engagement and information flow.

Benefits

- Premium growth without additional FTEs
- Offer a heuristic approach to your SOPs at submission to drive performance and compliance by both your agents and underwriters
- Straight-through processing/partial processing
- Improve response time and engagement with your distribution network
- Meet expectations of the next-generation digital native workforce

Property Intelligence in Homeowners Lines

POV from e2Value

Integration with property intelligence from e2Value places current, accurate data at the fingertips of underwriters to properly price risks and calculate the replacement cost of homes – a historic problem for the insurance industry exacerbated by today’s inflationary conditions.

How big is the problem?

Skip Coan, SVP of e2Value explains, “As of April of 2023, we’d run tens of millions of policy addresses through our data sets and **on average found at least 50% underinsured based on current replacement values.** Under-valuation has been a problem for decades - but now with rapidly rising building, labor, and shipping costs, the gap is widening dramatically leaving even greater risk of underinsurance.

We urge insurers to run evaluations of their books often enough to clearly understand any gaps in coverage and give homeowners an opportunity to make educated decisions about the level of protection they purchase.

In addition to inflationary impact, additions, alterations, and improvements to homes are unlikely to be reported to insurers. Without third-party data sources to identify material changes, these also contribute to underinsurance.”

Property intelligence data that includes accurate, local replacement costs and current building codes is critical to the quoting process to properly price risks at the outset and eliminate this potential value gap from compounding year over year among your best, long-term customers.

For the full interview, read more here.



Analytics & Insights

Real-time analytics embedded into your underwriting platform empowers proactive operational decision-making about your risks, policies, staff, and distribution network without requiring data to be exported and extracted through an external business intelligence tool.

Your platform should utilize key data and turn it into highly usable and consumable visualizations with drill-down capabilities such as:

Risk Analytics to evaluate your portfolio filtered by any data point to identify meaningful concentrations of policies by LOB, in specific zip codes, written by individual agents, by size of exposure, etc. in order to proactively adjust to market and environmental conditions.

Policy Analytics to monitor your policy counts, retention ratios, and quote-to-bind ratios at the agency or underwriter level. These measures are critical to monitoring the quality and performance of your distribution partners.

Property Analytics to evaluate your policies based on your most important underwriting parameters against individual staff members, agencies, and more. Real-time insight into the quality of policies and the sources they are coming from offer opportunities for performance appraisal or corrective action.

Bind Initiators to keep track of who is binding policies, giving a real-time view of how well agencies are performing with the authority you have granted them.

Underwriter Analytics to understand in real-time the status of every submission and policy across your portfolio, by LOB, state, and individual underwriter. These insights support workflow analysis and workforce performance.

Analytics should not be limited to out-of-the-box reporting! Your flexible underwriting platform will embed reporting and data of your choice to make sure you have the most actionable insights all in one place.

Southern General Insurance

POV on the Transformation Journey

“Intelligent underwriting is at the core of straight-through processing, auto-renewals, auto cancellations, or any variation of automation that benefits your underwriting workflow.

At Southern General, we’re reimagining how to incorporate AI into the entire underwriting process. The goal is to deselect adverse personal auto risks at the point of sale for a fast ‘yes’ and ‘no’. This is accomplished by populating our rating engine and underwriting question set with the integrated third-party data gathered on those individual risks. Then, taking advantage of AI and ML to validate that data against the underwriting rules engine. This approach allows the AI process to become the underwriter to detect those risks we do not want to write. This is designed to speed response time, reduce fraud, premium leakage, and loss frequency.

At Southern General, we’re taking this all the way through to the claims processing so if any fraudulent risks - such as undisclosed drivers - make it through to claims, they are automatically identified and reported back by the Claims system to the PAS for auto-cancellation at renewal and to block future coverage to those drivers.

We’re transforming the entire platform and I intend to share our insights with the industry, every step of the way, because the results are going to be very exciting.”

Jacqueline M. Schaendorf CPCU
President,
Southern General Insurance Company



Proactive Response to the Market

Your intelligent underwriting platform provides you with the tools to make informed decisions. You also need the ability to operationalize those decisions.

The speed of change in the marketplace and ever-evolving risks create opportunities and threats that require an expedient response to manage losses and gain early opportunities. While outside of the 'intelligent underwriting' definition, the inclusion of **no-code** tools for proactive response are essential to modify underwriting workflows, rules, rates, and forms.

Use book analysis tools to visualize and evaluate the impact of a proposed change on your portfolio in seconds, eliminating exhaustive, time-consuming spreadsheet analysis. Whether expanding into new states or reacting to market conditions to control losses, no-code tools offer speed to market, flexibility, and ease of use, making modifications possible in minutes, not weeks. If your risk analytics show you a concentration of policies in the path of a catastrophic storm, use your no-code tools to change rules to temporarily decline new business submissions by zip code and property specification. To seize a market opportunity for growth, use your no-code tools to modify forms for new state entrances, without waiting on IT's support.



Rates, Rules & Forms are the Heart, Soul & Mind of Insurance

"When we started to conceptualize Cogitate, I was very clear about one thing - that rate, rule, and form are the heart, soul, and mind of insurance business and we needed tools to assist product managers to be able to manage these three easily. When I was a product manager at Insurance House, making rate changes, even very small ones, was very cumbersome. It would take two weeks for me to evaluate the impact on our book, and up to six weeks for IT to complete it. That should never be the case when reacting to the market and that's what we rectified with our DigitalEdge ConfigHub."

Arvind Kaushal
Co-Founder & CEO,
Cogitate

Conclusion



What's next? At Cogitate, innovation is centered on data science, predictive modeling, and AI/ML in ways that will harness data from across the unified platform to enhance risk selection, improve product pricing, and policyholder engagement. Enhancing the user experience for all stakeholders remains our foremost priority. We recognize the critical significance of user experience throughout policy, billing, and claims processes and its importance to expanding your business.

Interested in learning more? We love to whiteboard, so reach out and let us know how we can help you discover ways to overcome challenges and achieve your goals. **Contact us today.**

Creating Powerful Insurance User Experience



Cogitate

About Cogitate Technology Solutions®

The Cogitate DigitalEdge Insurance Platform digitalizes the insurance value chain from insurance carriers, MGAs, wholesale brokers, and program managers powering a smooth transition to cloud-native data driven core Underwriting, Policy, Billing and Claim Applications.

Backed by more than 100 years of comprehensive experience and domain knowledge, our products are uniquely designed to meet the needs of insurance businesses of every size. As a trusted technology partner, Cogitate strives to go beyond speed to market and deliver strategic value by improving operational performance for its customers. Cogitate maintains 100% client retention.



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