

Central Illinois CPCU IDay

November 5, 2020

Agenda

- ▶ Current trends
- ▶ Underwriter of the future
 - ▶ Sales executive
 - ▶ Decision scientist
 - ▶ Customer advocate
 - ▶ Innovator
- ▶ Talent
- ▶ Q&A



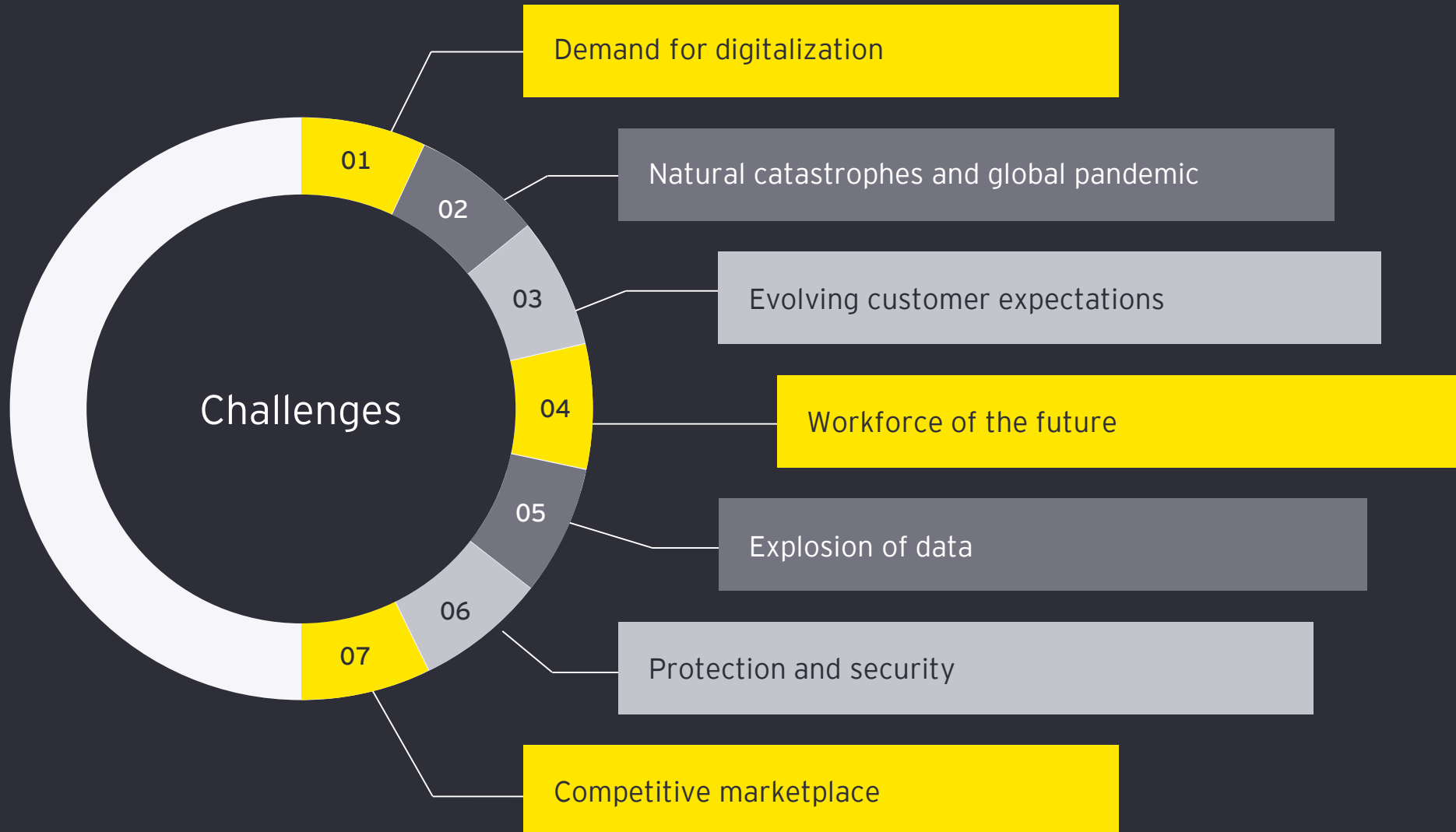
How will insurance and underwriting look different?



Current trends

Trends for insurers

Drivers of disruption or opportunities for growth and positive change



How COVID-19 is transforming the insurance industry

P&C underwriters continue to evaluate and synthesize the key impacts of COVID-19. Some of the implications and changes will define a new normal for the industry as a whole.



The underwriter of the future

[The underwriter of the future is now]

The underwriter of
the future is now



Ernst & Young LLP and CPCU jointly surveyed over 1,000 CPCU members across personal, commercial and specialty lines

The multifaceted nature of the underwriter role is here to stay

More than **75%** of those surveyed in commercial and specialty felt the sales and decision scientist functions are important or highly important, but over **50%** felt their capabilities are only basic or somewhat mature.

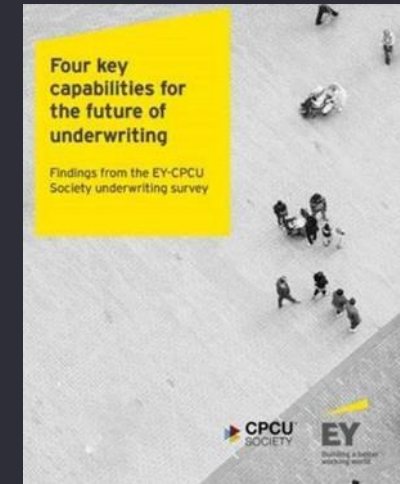
The majority of recruiting efforts will focus on millennials and Generation Y and source from college campuses and other insurers.

Tools are critical

The majority of technology investments are focused on underwriting workstation, agent portal, predictive modeling, policy administration, analytics/reporting and CRM (pipeline management, cross-sell).

The **apprentice model** continues to be valuable, while web-based, classroom and on-the-job training are weighted as equally important.

Training ranks as high as technology in terms of areas of priority investment across all four underwriting profiles.

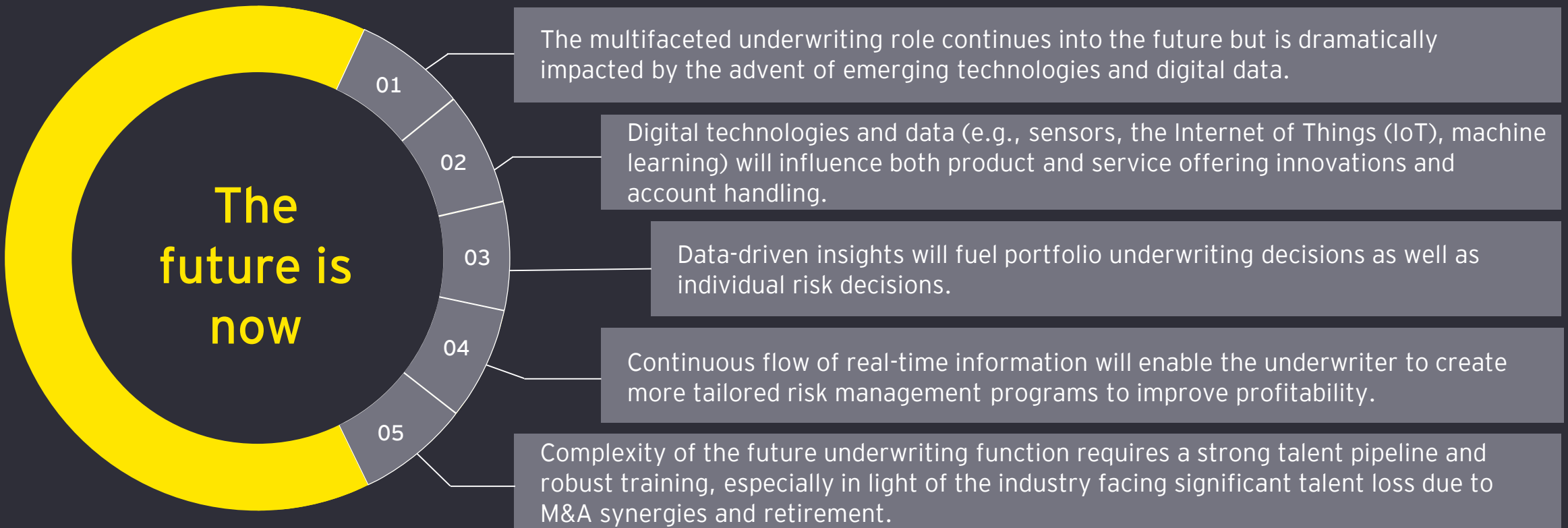


Innovation skills and tools

are a major gap among respondents, with less than 40% feeling that they have mature capabilities to innovate.

Underwriting is one of the areas undergoing radical shifts

Underwriters stand to benefit more than any other function within the insurance organization – but also stand to be most impacted by the digital disruption.



Key findings from the digital underwriting survey

Predictive analytics, *big data*, underwriting trading platforms and geographic information systems (GIS) are the most **mature** technologies.

More than **50%** of those surveyed are in rollout or refinement stage with these technologies.

Robotic process automation (RPA)

has been and will continue to be mostly focused on repetitive data processing.

Blockchain, RPA and sensor-based technologies will be increased areas of future investment.

Artificial intelligence

lacks traction to date; however, over 40% of respondents have future plans for

automated reasoning.

Underwriters are being recruited for multifaceted roles requiring a broad range of skills (“jack of all trades”). Digital technologies will enable the underwriter to master the critical capabilities.

Most respondents indicate **limited** partnership with InsurTech firms.

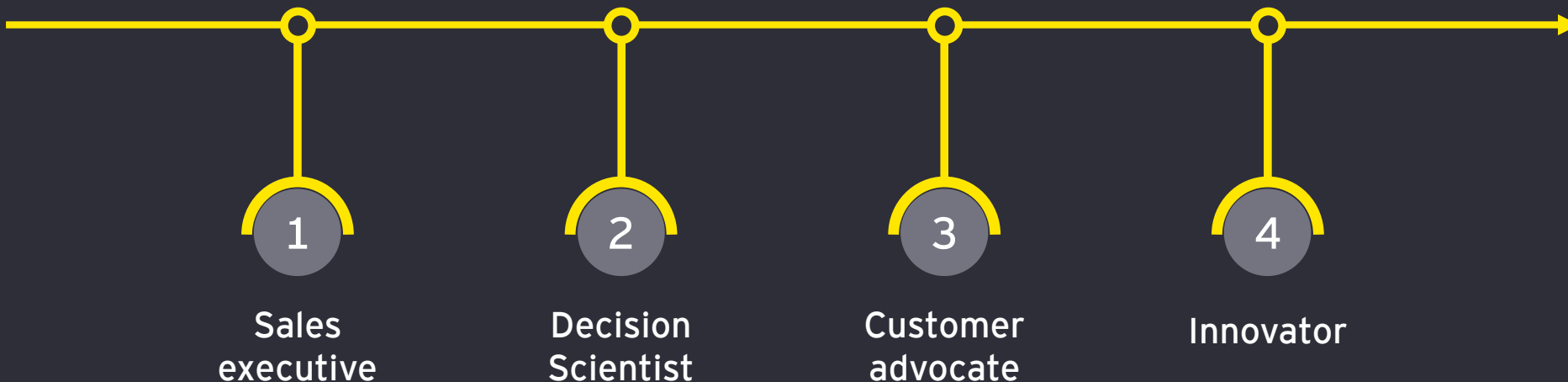
Significant gaps in survey data regarding business benefit realization suggest the need for more monitoring time with the early-stage investments as well as the need for better use cases and more business case rigor.

Underwriting and **pricing** are the two most important capabilities to advance with future technology investments.

The underwriter of the future will be digital

Underwriters stand to benefit more than any other function within the insurance organization – but also stand to be most impacted by the digital disruption

The future is now



- ▶ Shifts in underwriter responsibilities and required skills
- ▶ Personalized brand and connectedness
- ▶ Data-driven decision-making powered by sophisticated rules and models
- ▶ Industrialized product and service innovation
- ▶ Technology convergence complicating underwriting while enabling the underwriter

Rethinking the business of underwriting



Rethinking risk transfer

Will the advent of greater data-driven insights change the risk equation? Stimulate greater use of self-insurance? Open opportunities for nontraditional forms of insurance protection?



Rethinking risk insight and risk decisioning

Can new sources of digital insight improve precision in risk assessment and pricing? How will usage-based and on-demand products change underwriting approaches? How can real-time insights improve account servicing and risk management?



Rethinking communities and connectivity

How will these platforms change the nature of advice and education as connectivity, content and commerce converge?
Can these platforms play a role in optimizing the network of customer, distributor and underwriter relationships and improve delivery?

Communities and platforms

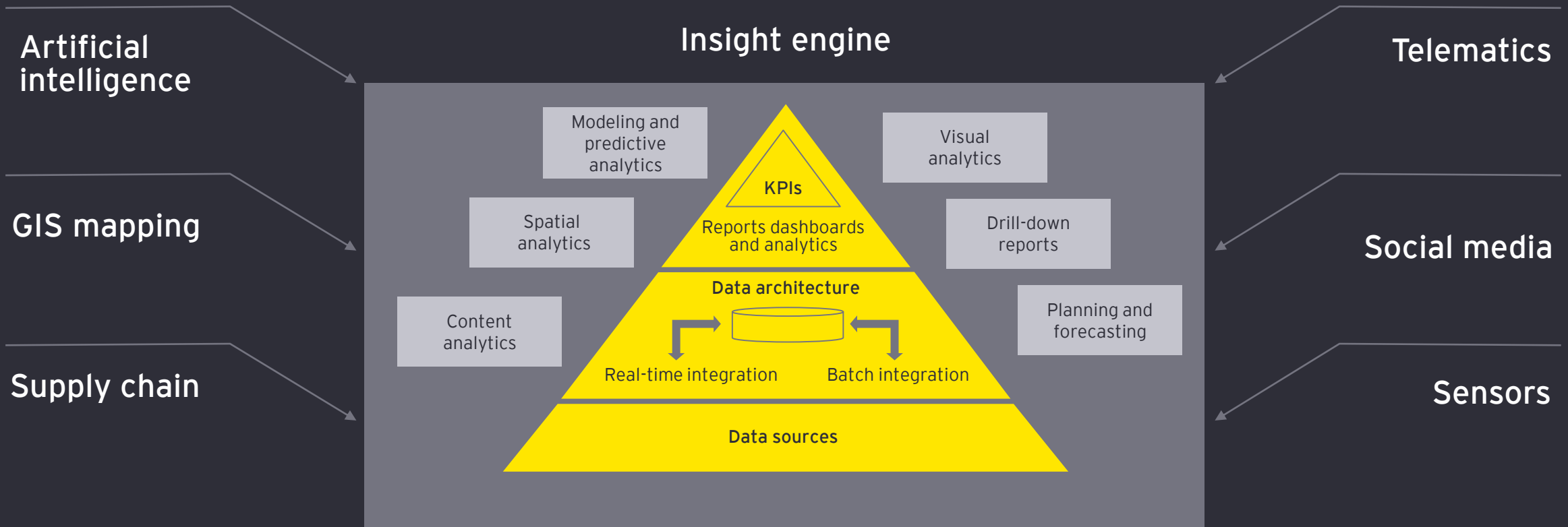


Infrastructure and connectivity



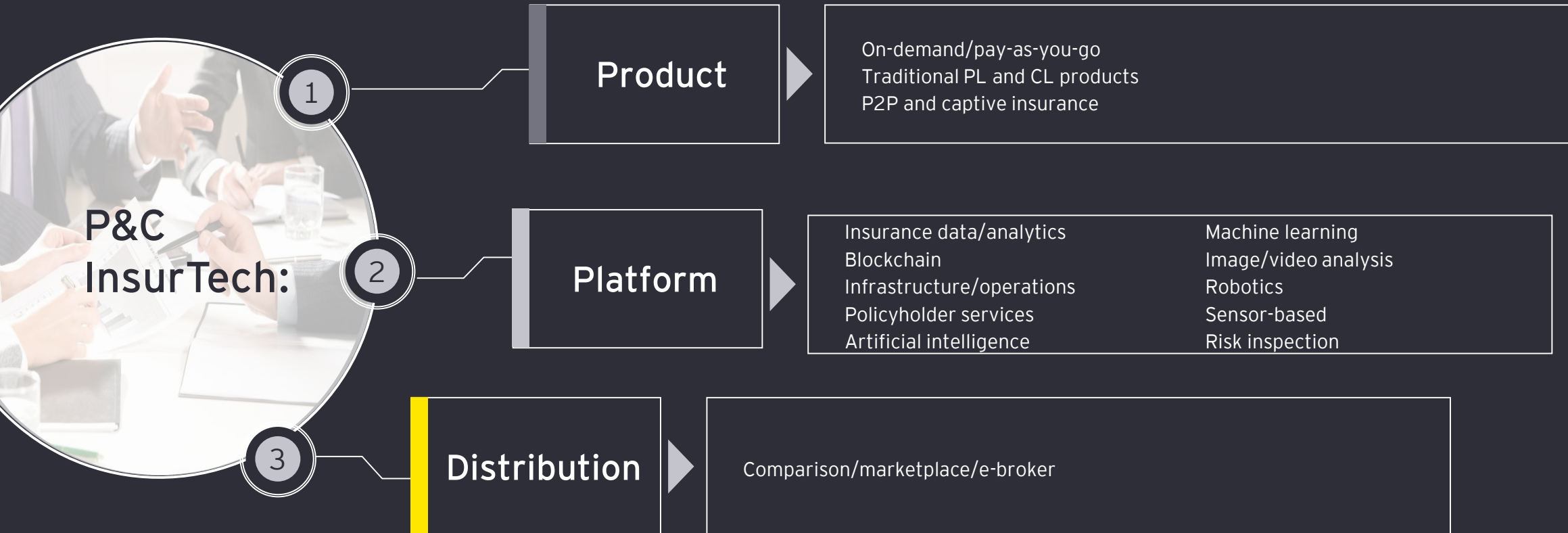
Rethinking data and technology

In this digital age, the digital technologies are creating new forms of digital data and a phenomenon of convergence.



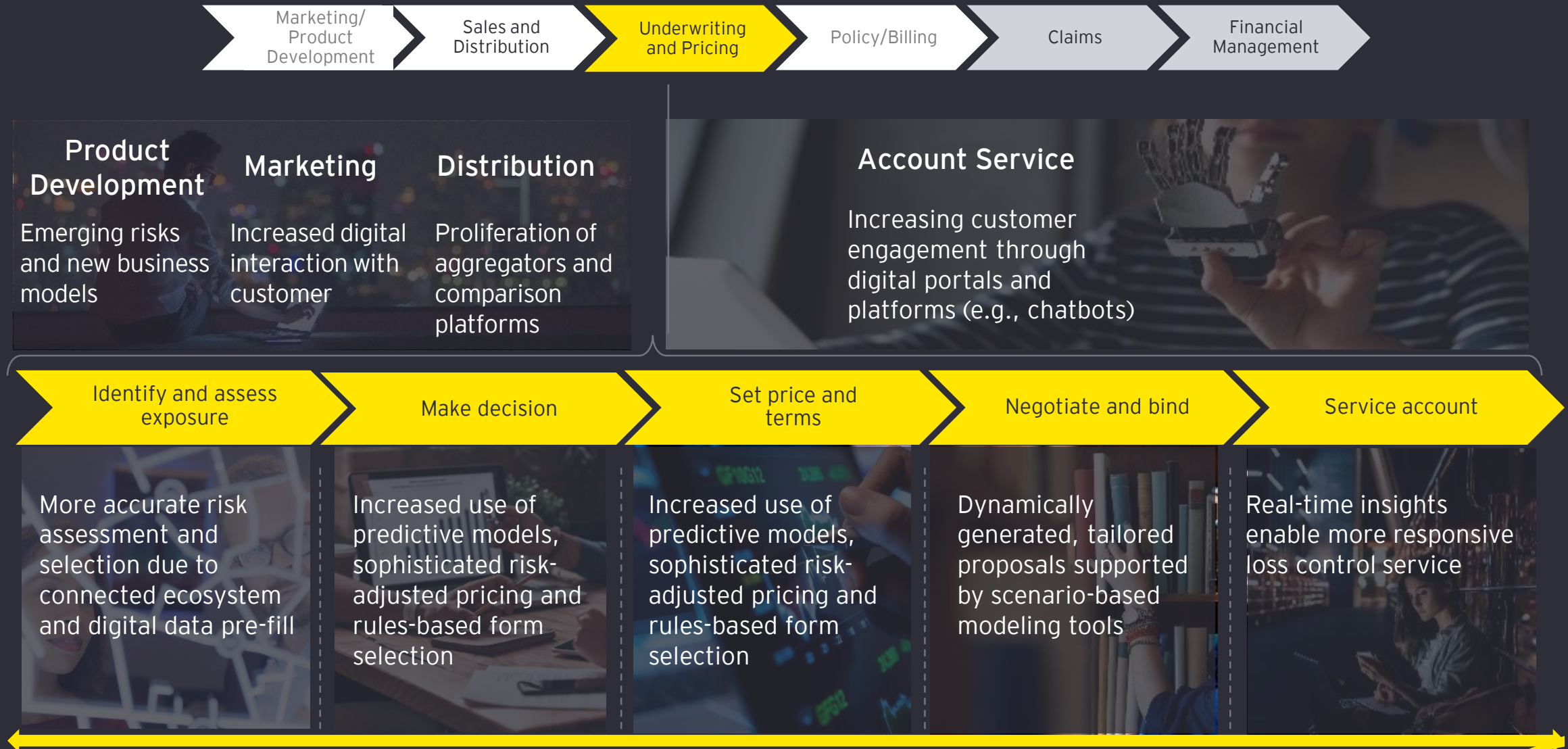
P&C InsurTech: by capability

Do any of these firms present channel opportunities to partner with to provide product ? Can these firms help leapfrog technology capabilities to improve underwriting ?



The new underwriting value chain

For the first time in insurance history, insurers have an opportunity to operate and partner in new ways with the connectedness that technologies and new business models are enabling



Talent



Future of work

The future of work is not a thing of tomorrow but a reality of today



Industry growth pressures are forcing carriers to innovate and differentiate in order to remain competitive



We have four generations in the workforce coexisting together – Traditionalist, boomer, Generation X and millennial



The definition of employee has changed. We now have four: full-time, contingent, remote, robot



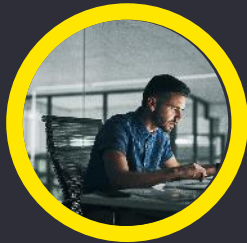
Technology has become a part of our daily lives. Employees are focused on work-life integration over balance



Customers and employees want the same digital experience and customer service they can get at home



The nature of underwriting roles is expected to change as process automation and decision automation increase – creating unique talent strategy challenges



As flexible working has become more accepted, real estate square footage has decreased and virtual collaboration has increased



A new generation of leaders equipped with a higher technology IQ is needed for tomorrow's workforce



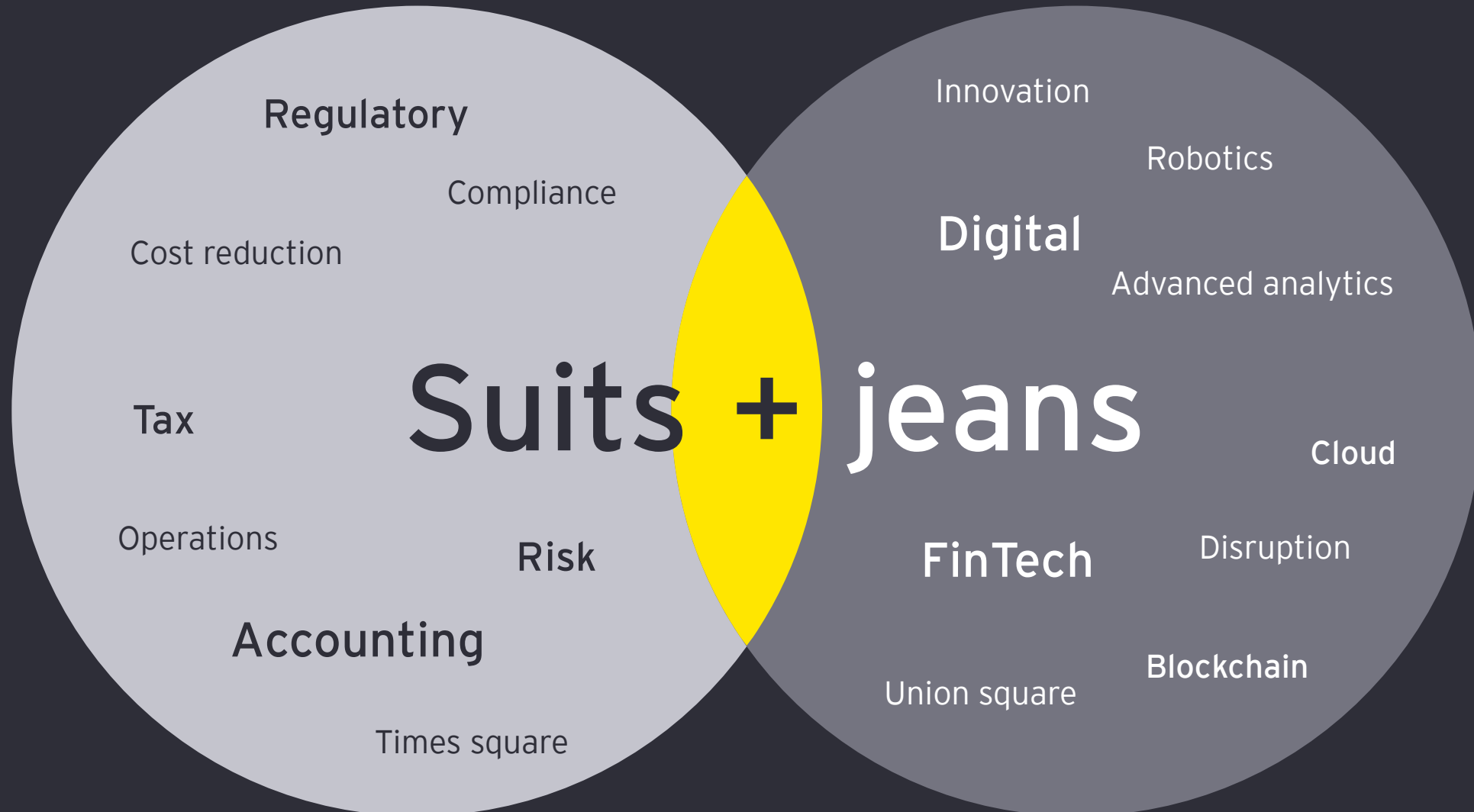
Purpose-driven, socially responsible organizations have become magnets for young talent



A focus on repeatable innovation through continual insight generation favors teams and collaboration over individuals

Underwriters: changing of the guard

Four generations of underwriting talent are faced with changes in mindset, communications, expectations and even work wardrobe



Changes to the underwriting workforce

Underwriter communication/work preferences across four workforce generations are diverse and increasingly virtual

How we
communicate
is changing



Traditionalist
"Write me"



Boomer
"Call me"



Generation X
"Email me"



Millennial
"Text me"

The way we
work and
accomplish
tasks is
changing

From traditional desk employees to "live-as-you-go, work-as-you-live" employees enabled by new technology

Digital technologies present opportunities to redefine how decisioning, processing and customer/broker interactions occur

**More than
17 million**

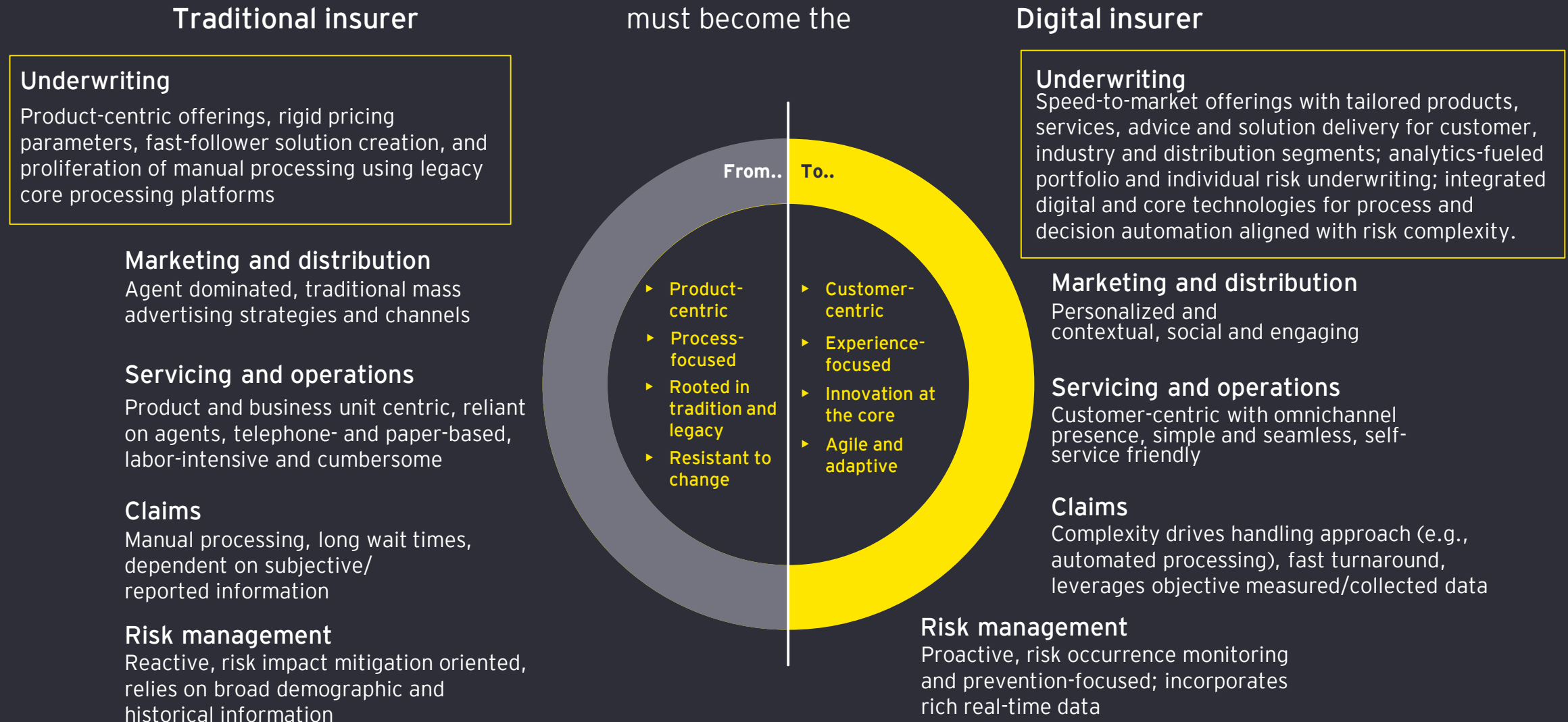
Projected gap in the UW
workforce by 2020

45%

US workers who work from
home some or all of the time

Underwriter workforce transformation

Insurers are starting to define their talent road maps to prepare for the digital underwriter of the future



Questions?

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