

Algorithmic underwriting, boosting time and cost efficiency

28 June 2023

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[Artificial intelligence](#), [Chat GPT](#) and [ExxonMobil v National Union Fire Insurance: meaning of 'additional insureds' guidance](#) algorithmic underwriting present exciting opportunities for the insurance market, potentially benefiting insurers. With 25% of insurers already investing in automated underwriting processes, this technological advancement is fast entering the industry.

Algorithmic underwriting, which is used to automate risk assessment, underwriting and pricing processes using technology and detailed data, is set to revolutionise insurance by 2030. The wealth of data available to the algorithms allow for quick factual analysis of the risks. This is done whilst considering whether it aligns with the insurer's specific risk appetite and criteria.

Boosting efficiency

As underwriters rely on quantitative data, when dealing with complex risks, gathering such data can significantly delay decision-making.

By automating manual tasks usually undertaken by underwriters, algorithmic underwriting provides more time to spend on other tasks or speeds up the underwriting process.

Customers and brokers can also benefit from their use as algorithmic underwriting can provide personalised cover by using data to understand risk profiles. This is done whilst speeding up the quotation process and limiting interruptions.

Analysing data

Access to vast quantities of data can allow for better risk analysis, as well as identifying data patterns. Additionally, systems can continue to learn from data to further understand risks. However, to allow the algorithms to reap the benefit of maximum data, insurers must ensure that their information is digitised.

Increasing accessibility

Algorithms may also be able to provide better accessibility to insurance products for small to medium enterprises. This is done by completing quicker risk assessments due to better data availability. The algorithms can assess varying risk levels, from basic to complex.

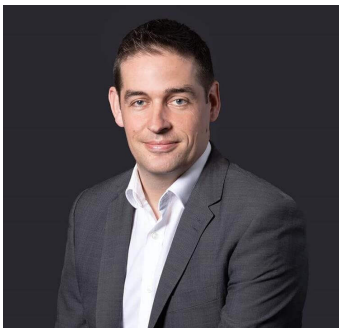
Conclusion

Algorithmic underwriting is gaining traction amongst insurers and the insurance market has generally reacted with excitement to opportunities to improve the underwriting process. We will continue to report on the latest advancements within this evolving area.

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