



# Matching the PACEMAKER

When it comes to technological development, underwriting management agencies (UMAs) – and many insurers – are generally on the back foot.

**W**hile there is an understanding that we need to be doing something when it comes to putting that something into practice, the industry as a whole is struggling.

## Ahead of the curve

There are however always exceptions. Some companies are ahead of the curve in their approach and ability to innovate and set the pace in a changing world. But these are few and far between.

What is clear is an ever-increasing pressure for UMAs to modernise their digital environments. This pressure is coming from a number of quarters, including:

- **Regulatory and insurer pressure.** This revolves around data accuracy, granularity and integration. It is a mammoth, admin-intensive task, and while significant progress has been made, there is still a long way to go;
- **Consumerisation.** The focus here is to give customers the option of buying a tailored product or service at the click of a button. Brokers and clients are seeing how their interaction with insurers, particularly personal lines insurers, is changing. This has been most prevalent in the motor and health markets globally, where telematics and wearable technologies have enabled consumer customisation on a mass scale;
- **The rise of insurtech.** Insurtech players are motivated by the belief that the insurance industry is ripe for innovation and disruption. This means new entrants to the market, new ways of doing insurance, and new or changing revenue models for insurers and intermediaries; and

- **Artificial intelligence (AI).** AI is on the rise in underwriting and claims handling. Although we are not 100% there, we are seeing a huge shift coming in the way customers make decisions. AI may seem inconceivable to many, but there is no doubt it will soon be a major force in the market, bringing both opportunities and threats into the UMA environment.

## Separation anxiety

Many UMAs are reluctant to spend money on technological infrastructure. Firstly, it is difficult to scope as we don't really know where it will end.

Secondly, many UMAs have already invested in technology, particularly their administration platforms, so reinventing thought processes at this stage would not be cost effective.

## Where to start

So where do we start? We believe the following three themes are crucial in underpinning how UMAs go about modernising their technology environments:

1. Systems will need to have open application programming interface (API) to allow for real time data exchange with insurers and brokers. These interfaces form a go between that enables direct communication between systems. Modern system architectures comprise a mesh of connected APIs that are constantly sharing information. These systems will enable brokers to share policy or claims information with a UMA in real time, and give insurers access to publicly available data, such as weather information, within their own systems. UMA to insurer alignment is key in getting this right, enabling both operational efficiencies and

the opportunity for an improved client experience;

2. Real-time data exchange is wasted if systems do not support a greater degree of automation to ultimately deliver improved efficiencies and customer service; and
3. Systems will need to handle new and unstructured forms of data. These technologies have already disrupted the medical scheme and life insurance industries as insurers seek to change customer behavior using personal health monitors and rewarding clients for meeting exercise goals. Short term insurers are analysing data collected by vehicle telematics and increasing home automation systems to help understand their risks better and provide more personalised products.

The thing about the digital revolution is that it never remains static. Just as we think we have got a handle on it, everything changes again. But UMAs need to keep up in order to ensure their continued survival. Falling behind is simply not an option.



Ian Gately and Doug Laburn  
Lombard Partnerships