To Study the Technologies that are used **Underwriting** in 2023 Special Reference to Health Insurance

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SR NO	CONTENTS
1	INTRODUCTION
2	BACKGROUND
3	AIM AND OBJECTIVE
4	LITERATURE REVIEW
5	RESEARCH METHODOLOGY
6	RESULT
7	DISCUSSION
8	CONCLUSION
9	REFERENCES

INTRODUCTION:

- **History of Insurance**

- Insurance is a well-organized economic activity that has existed in several countries throughout history.

- According to records, the first 12-month temporary insurance policy was issued in London on June 18, 1583, AD for the life of William Gibbons, and the policy was sourced from Richard Martin. rice field This policy was created by 16 people for £ 3013s4d with an 8% premium for a total of £ 3836s8d. Within a year of taking out insurance, the insured died on May 25, 1584. The insurance company declined the claim, saying the person had been alive for over 12 lunar months (28 days). The claim was finally paid when the issue was brought to court, and the insured was sentenced in favor.

- In 1705, a "friendly society" was established with varying death benefit payments, and in 1757, a fixed amount. With the invention of life tables, life insurance has become a little more scientific (mortality per 1000 people at all ages up to 100 years). The "Just Society," established in 1762, is based on scientific data.

- **<u>AIM AND OBJECTIVE</u>**

- **Aim-** "To study about the importance of technology in insurance with special reference to insurance underwriting"

- **Objective-**
- 1. To study about Insurance and health insurance.
- 2. To study about insurance underwriting.
- 3. To study about impact of technology on insurance and insurance underwriting
- 4. To study about advance technology available for insurance and insurance underwriting
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ADVANTAGES OF TECHNOLOGY FOR THE INSURANCE INDUSTRY, INSURANCE CUSTOMERS, INSURANCE COMPANIES, AND INSURANCE REGULATORS

- **The Implication of Technology for Benefit of the insurance industry**
- The coverage commercial enterprise will benefit from the adoption of those new technology due to the fact that pre-authorization and claims control can be simplified, in addition to the opposite methods worried. The use of generation withinside the coverage quarter can even assist in lessening fraud, misuse, and waste control. The foremost benefit of generation withinside the coverage enterprise is that the several employees worried withinside the coverage procedure may fit from anywhere.

- **The implication of Technology for the Benefit of the insurance customers**
- Customers may be capable of getting the right of entry to their profiles from everywhere with the assistance of the technologies, which might be stored withinside the cloud and are easy to use. Customers can be enrolled in a coverage plan that covers each their lives and their health. The generation will make the manner of paying coverage rates and receiving the coverage quantity easier.
- **The implication of Technology for the benefit of the insurance companies**
- Businesses will benefit from technology development and adoption. Technology will enable businesses to provide people with risk management, and people in countries without health insurance will be able to access insurance and medical care.

1. **Customer Experience**

- Manual underwriting provides the comfort of a personal touch, which can help you attract more clients. However, it is a lengthy procedure. Underwriting accuracy and speed aren't as trustworthy as they would be in an automated system.
- Customers avoid manual Underwriting because of extensive manual form fills, complex fine print, errors and omissions in Underwriting, long response times, higher premiums, lack of product customisation, and predictive services. Even in the most efficient manual underwriting-based systems, preparing and transmitting commercial insurance quotations to clients can take up to 2-3 days.

- **Pricing and Risk Management**

- Each application introduces a new set of risk variables that are getting increasingly difficult to analyse and account for precisely.
- Manual underwriting suffers from wasteful pricing, poor quality, and the possibility of procedural errors. The loss ratios of the top and bottom quintiles of performers differed by 23-28 percent. In developing risk profiles or calculating the amount of risk required for everyone, manual underwriting is prone to errors.

- Underwriting Efficiency
- For the most high-value customers, the manual underwriting procedure takes weeks to receive a quote post-application, making it one of the most time and resource-intensive operations in the insurance client life cycle. Furthermore, the manual nature of the task has a negative impact on productivity.

- Business Growth

- In comparison to algorithmically generated pricing judgments, manually generated insurance quotations are slow. When clients have to choose between the two, they'll go with the one that takes the least amount of time to process and is available 24*7
- The time-consuming and inconvenient process leads to customer churn, tarnishing the insurer's reputation in the

Automated Underwriting vs Technology used in Underwriting-

1. Customer Experience

    - ¬ AI-based underwriting technology enables insurers to deliver superior customer experiences during the sales process and build customer loyalty from the first touchpoint. Low-complexity steps are automated, allowing insurers to focus on more complex customer interactions. Insurers can then focus on developing long-term customer retention strategies based on customized customer care and profitable pricing models.
    - ¬ Large insurers given the opportunity are already working to upskill their insurers to take on a more challenging role and adapt to the satisfying and labor-saving digital platform.

- **1-Machine learning and advanced analytics**
- On structured data, advanced analytics
- Advanced analytics approaches enable insurers to determine the best portfolio strategy while allowing for quick and accurate pricing. Interpreting data about a candidate policyholder's background is the best approach to price risk. In order to determine the premium for health insurance, insurers can use statistics such as:
- • Applicant's age
- • Smoking cigarettes
- • Consumption of alcohol
- • Dietary regimen
- • Unhealthy fat ratio
- • Medical examination report

Automated Underwriting vsTechnology used in Underw Automated Underwriting vsTechnology used in Underwriting-riting-

1. Pricing and Risk Management

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➢ Artificial Intelligence is used in Automated Underwriting to evaluate an application against billions of data points. Using big data and accompanying algorithms, underwriters gain visibility into the most relevant risk indicators connected with customer profiles.

➢ An AI-powered underwriting solution helps underwriters quantify both unstructured and quantitative data points. In Underwriting, AI-driven automation provides total risk visibility into a case. As a result, it assists underwriters in recommending the best possible premiums and coverage.

1. **Natural Language Processing (NLP)**

- Similar benefits to advanced analytics are provided by NLP, but insurers can also improve pricing using text and speech data.

- NLP is an AI/ML method for understanding text and voice. In the insurance sector, numerous charts and texts need to be evaluated. For instance, when we follow up on a health insurance case, the client completes questionnaires and medical reports, all of which contain textual data. These documents can contain information that NLP systems can extract, categorise, and search for connections between claims and risk factors.

Traditional Advantages of Excel Based Underwriting

AMAZING VERSATILITY

EMAILABLE

VERSIONABLE

SPEED

- **Gains for the Economy**
- • Quick investment
- • Improve Life Quality (New Risk Coverage)
- • Consumer-friendly products will emerge from the competition
- • Large-scale fund mobilisation
- • Major Projects Insurance and Reinsurance Facilities

- **Benefits to Government**
- • Funding for long-term infrastructure; Instruments for long-term debt markets; and More Opportunities for Employment and Compensation
- • Reduction in the financial burden on rural, social, and underprivileged classes
- • Contributions to Disaster Relief (Sharing of Social Responsibilities)

- **Benefits to Industry**
- • Technical expertise transfer
- • New products and pricing options
- • Better Prospects for National Corporations
- • Domestic industry will embrace technology and provide loyal customer service.
- • Customers will benefit the most from a market-driven economy

- **Benefits to Consumer**
- • Higher quality at lower prices
- • More product options
- • World-class customer service
- • Increased Insurance Penetration

- **Benefits to Society**
- •Insurance companies serve as defenders in a variety of ways:
- •Risk coverage for large industry, trade, and property is provided in accordance with the law Environmental risks are reduced
- •Compensations for hits and runs
- •Crop insurance to protect against natural disasters such as poor rainfall.
- •Shared societal responsibilities
- 1.Education
- 2.Medical
- 3.Health

- **Effective underwriting systems:**
- •Underwrite risk at a profit-maximizing price.
- •Ensure appropriate diversification.
- •Operate at customer-acceptable speeds.
- Insurers use underwriting to determine the likelihood of a loss affecting homes, automobiles, businesses, or persons. Then, for losses that meet certain present conditions, insurers sell an insurance policy (i.e., an indemnity guarantee). In other words, by paying a specific sum, policyholders lower their risks. To maximize profit, the underwriting procedure tries to determine this amount as precisely as feasible.
- Effective underwriting, on the other hand, is more than just risk evaluation. The time required to price the risk and a portfolio plan are the other two critical components

- **Impact of technology in underwriting**
- The following were the five areas of underwriting where technology had the greatest impact:
- •Ability to handle larger amounts of business
- •Speed to give quote
- •Ability to access information
- •Workflow simplicity
- •Risk rating and pricing ability
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Thank you