The Insurance Insider's
Market Sentiment Report
in association with AdvantageGo
– underwriting excellence and discipline

The Insurance Insider

in association with:

AdvantageGo™

Overview

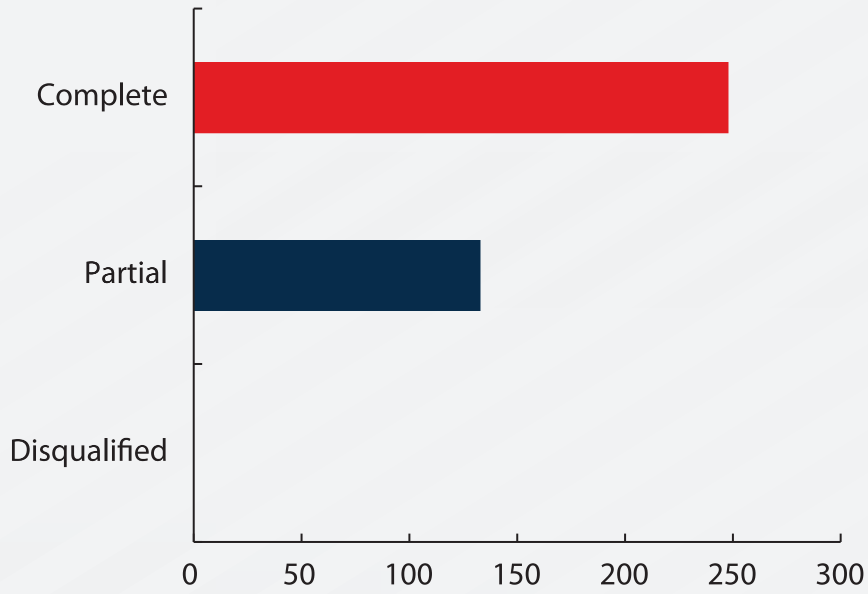
The Insurance Insider's market sentiment survey ran from 25 April through 23 May. It was undertaken by ***The Insurance Insider***'s research team.

Insurance professionals – mainly underwriters and brokers – were invited to participate in the study to gather opinions about the state of global underwriting.

The focus of the research was on underwriting excellence and discipline as well as the effect of technology in the global market.

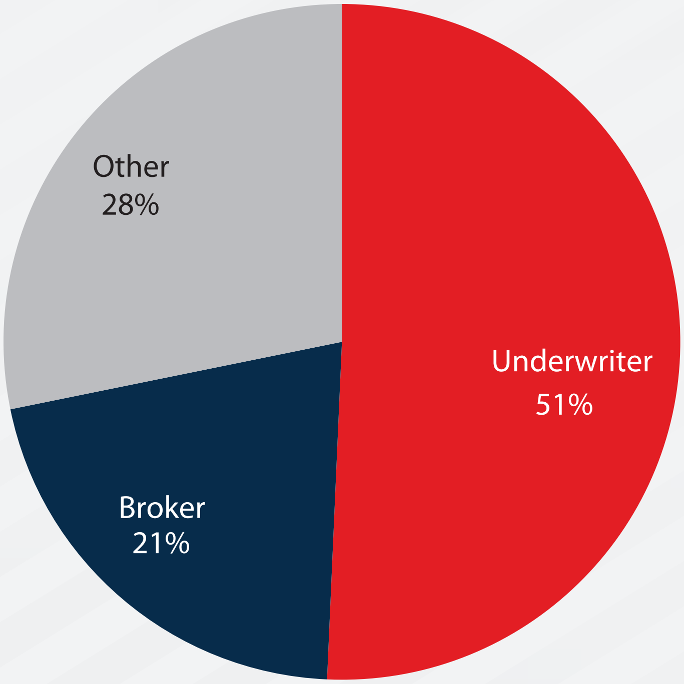
In total, 381 individuals participated in the survey which includes 248 complete submissions. All responses, complete and partial, are included in this report.

Response statistics



	Count	Percent
Complete	248	65.1
Partial	133	34.9
Disqualified	0	0
Totals	381	

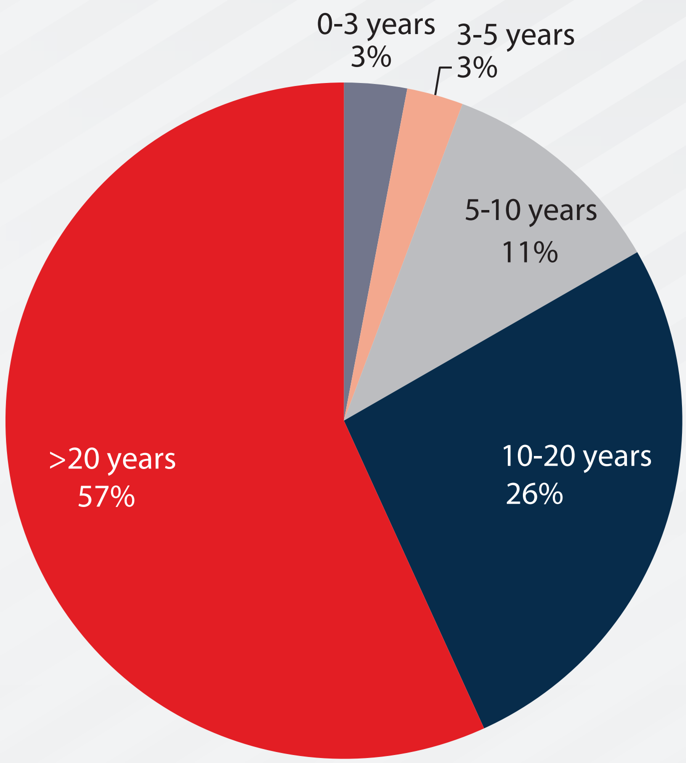
What is your role?



	Percent	Count
Underwriter	50.7%	171
Broker	21.1%	71
Other	28.2%	95
	Totals	337

The majority of respondents were underwriters and brokers. The survey also permitted other professionals who are involved directly, or indirectly, in insurance to take part. Other professionals included lawyers, CEOs, risk managers and claims professionals.

How many years' experience do you have in the (re)insurance market?



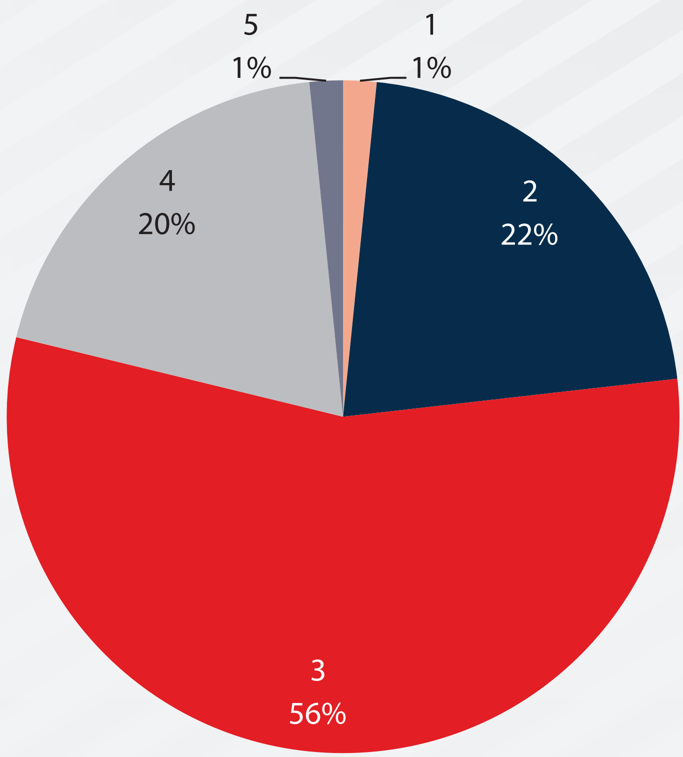
	Percent	Count
0-3 years	3.0%	10
3-5 years	2.7%	9
5-10 years	11.0%	37
10-20 years	26.5%	89
>20 years	56.8%	191
	Totals	336

What line(s) of business do you actively trade in?

Line of business	Count	Percentage
Property & Casualty (P&C)	41	17%
Property	30	12%
All lines	15	6%
Financial/Professional Lines	14	6%
Casualty	12	5%
Marine	12	5%
Reinsurance	11	4%
Aviation	9	4%
Energy	7	3%
Professional Liability	7	3%
All Commercial	6	2%
Marine and Energy	6	2%
Property Cat	6	2%
D&O	5	2%
General Liability	4	2%
Property Reinsurance	4	2%
Cyber	3	1%
Workers' Comp	3	1%
Crisis Management	2	1%
Engineering	2	1%
Political Risk and Structured Credit	2	1%
Political Violence	2	1%
Property and Energy	2	1%
Specie	2	1%
Other	41	17%

Overall, how disciplined is current underwriting in the global market?

1 = NOT AT ALL DISCIPLINED, 5 = EXTREMELY DISCIPLINED



	Percent	Count
1	1.6%	4
2	21.6%	54
3	55.6%	139
4	19.6%	49
5	1.6%	4
	Totals	250

There were mixed responses for this question with the majority choosing a neutral score.

Respondents have noted that underwriting discipline has lacked in the past but has since improved and in some cases will continue to improve as underwriting teams focus on correction action regarding underwriting performance rather than focusing on premium growth.

See respondents' comments on the next page.

Overall, how disciplined is current underwriting in the global market?

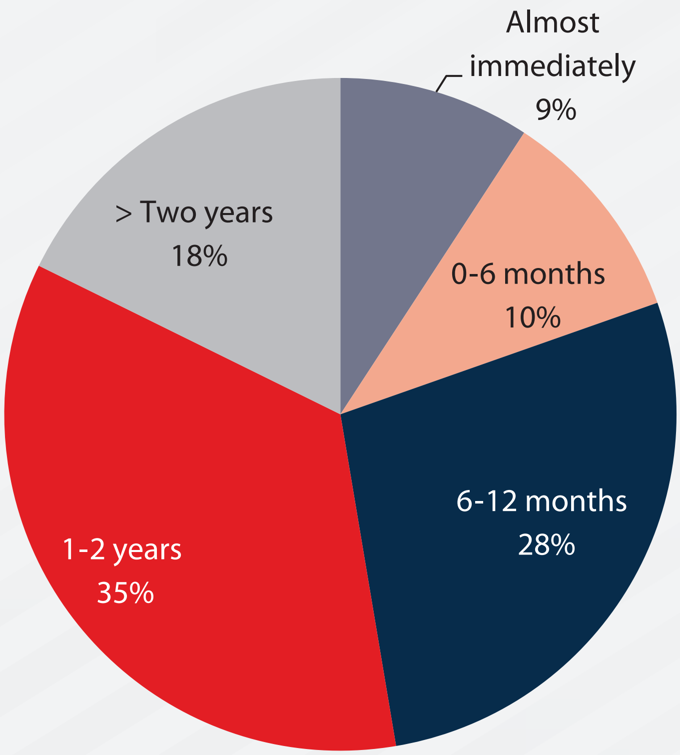
1 = NOT AT ALL DISCIPLINED, 5 = EXTREMELY DISCIPLINED - **COMMENTS**

The global underwriting market is reactionary by nature. Adverse results have led to some increased discipline in a few lines at present but I doubt that will continue in the medium/long term.
We are seeing some pricing discipline returning to the market. Prior years have seen excessive ceding commissions on casualty quota share. Property/ILS markets seem to be learning from Florida loss creep. However, new and naïve capital seems to be coming in the casualty market.
At the bottom of the cycle, it is safe to say we have incumbent leaders who got there through being the cheapest and not necessarily the most experienced. They are currently achieving the lowest terms as the following markets are driving prices up. Few have witnessed a hard market and are scared to say no!
The Lloyd's Market has become very disciplined for cargo since Decile 10 in 2018 and the subsequent restriction in capacity.
Not enough attention is paid to contract wordings. Excess capacity has prevented price corrections although many underwriters will acknowledge prices rises are necessary.
Underwriting is to a large extent disciplined, by the most responsible underwriters. However, they are more often than not pressured by two factors: 1. A huge surplus of capital in the industry chasing a limited amount of business 2. The providers of capital to those underwriters, seeking an enhanced return on capital, putting pressure on underwriters to grow their business in a weak market.
There is discipline throughout the marketplace. We are seeing discipline on both risk selection as well as pricing. Already a handful of markets have become extremely disciplined.
On the basis that various players (from Lloyds to the largest US P&C writers) are doing a significant amount of corrective action at portfolio level, this is clearly a shift to a more underwriting performance driven market from one preoccupied with premium growth and business retention.
Big increase in the past 12 months. Still a lack of knowledge in areas that means the market is not fully disciplined in its approach.
Things are evolving - differentiation between clients for the first time in a while coupled with a more reasonable view of what the actual risk is.
It is becoming much more disciplined as a result of the current re-underwriting of the Lloyd's syndicates.
Whilst there is definitely more discipline in 2019 than in prior years, this is from a low base and needs further correction to get it to acceptable standards to ensure market profitability.

In your opinion which sections of the market have witnessed a pricing upturn in 2019?

Line of business	Count	Percentage
Property	68	14%
D&O	42	8%
Marine	27	5%
Other	23	5%
Aviation	20	4%
Cargo	19	4%
Property Cat exposed lines	19	4%
Auto	18	4%
Energy	18	4%
Professional Indemnity	18	4%
Casualty	17	3%
All Lines	13	3%
Construction	11	2%
Downstream Energy	11	2%
Commercial Auto	10	2%
None	9	2%
Reinsurance	8	2%
Financial Institutions	6	1%
Other	122	24%

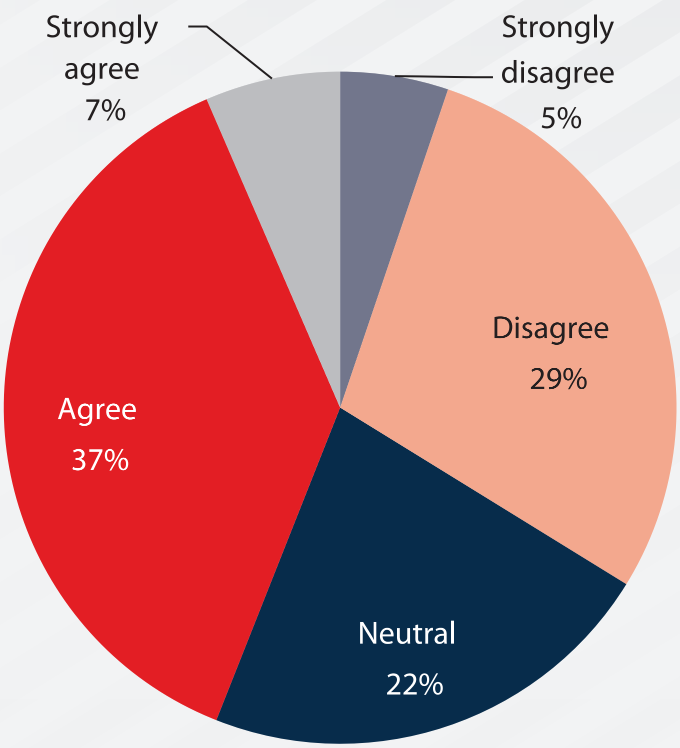
With excess capital still abundant, how soon will competition re-emerge in these classes?



	Percent	Count
Almost immediately	9.2%	23
0-6 months	10.4%	26
6-12 months	27.7%	69
1-2 years	34.9%	87
> Two years	17.7%	44
	Totals	249

Note: Percentages may not total 100 due to rounding.

Is underwriting discipline and other management and regulatory actions solely responsible for hardening rates?



	Percent	Count
Strongly disagree	5.2%	13
Disagree	28.6%	71
Neutral	22.2%	55
Agree	37.5%	93
Strongly agree	6.5%	16
	Totals	248

Overall, respondents believe there is a combination of factors responsible for hardening rates. However, respondents did note that losses over the last few years have made some firms unprofitable and it is this unprofitability that is driving the change towards a hardening market.

Respondents, in general, felt that underwriting discipline and management actions were somewhat responsible for hardening rates but some felt that regulation had a much lesser impact.

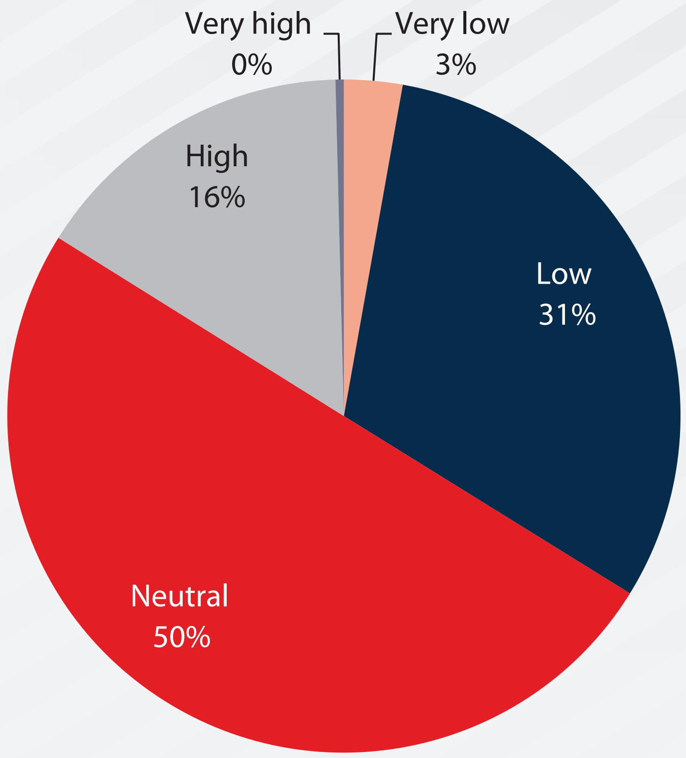
See respondents' comments on the next page.

Is underwriting discipline and other management and regulatory actions solely responsible for hardening rates?

COMMENTS

Losses are driving the hardening that we are seeing. Several large players, especially in the large loss space have exited in the last five years and no real new players in that time. The excess market is getting hit very hard with losses now and we would expect a hardening there and capacity leaving this space.
Unprofitable 2017 and 2018 due to combined natural catastrophes and operational losses, layered on top of five years of significant rate decreases is driving this change.
While underwriting discipline and other management/regulatory actions plays a major role in hardening rates, data analytics has placed increased scrutiny on underwriters and their performance, with that being said, underwriters are more easily held accountable to good practices and profitable results, especially in a soft market environment. Sustainable practices and results are heavily desired by shareholders and stakeholders alike
That is always the driver but there will always be irrational underwriters in the marketplace. It is a matter of minimizing their activity and impact.
Yes for underwriting discipline and management. No for regulatory (I see no impact from regulatory). What you left out is the litigation impact on pricing. While huge settlements get headlines, many claims ($50-$500,000) in the low to mid range are also increasing, settling much higher than previously occurring. I think that is really driving the pricing. It should!!!
Syndicates have been shut down, classes ceased or capacity reduced and underwriters made redundant. These are the result of poor underwriting discipline for too many years. Lloyd's has called time and Managing Agents been told to act. Capacity has reduced primarily due to the actions of Lloyd's.
'Regulatory actions' to a much lesser degree. The credit for discipline must always go to underwriters and management. The regulators only create a framework in which the discipline may be exercised.
Losses! Most of the global property underwriters' results did not yield any profit during the recent years!
I think companies have lost so much money and are under so much review, they now have no choice but to try to instill underwriting discipline.
Agree the underwriting discipline and other management is direct result of hardening but years of unsustainable rates and high attritional losses have contributed to the changing market.
Other reasons include business plans not being approved and increases in job redundancies as companies pull out capacity from the market. Also, with less capacity available in the market, some markets adapt a wait-and-see approach in order to get a higher differential from lead.
It is unfortunate that pricing and selection was permitted to deteriorate to the levels it has. Talking with potential opportunities, I am baffled by how widespread ignoring profit for growth existed. When a broker looks at you advising that their book has "improved" to 65% - 70%, pure and absent any expense or actuarial advisement – something is wrong culturally.
Interest rates and capital supply are also important. Tightening of underwriting discipline driven by historically poor underwriting discipline, the desire for growth and subsequently poor results. Technology and regulation might have moved on but the cycle still remains the same.

How would you categorise the standard of underwriting in the global market?



	Percent	Count
Very low	2.8%	7
Low	31.0%	77
Neutral	50.0%	124
High	15.7%	39
Very High	0.4%	1
	Totals	248

Note: Percentages may not total 100 due to rounding.

As this question was looking at the global market, some respondents felt they could only comment on their relevant section of the market. Half of respondents that answered this question felt that the standard of underwriting was neither high nor low. However, there were a few common themes:

- Underwriting standards can vary as the size of the company differs – some respondents felt that larger organisations are not effective in keeping a consistent level of underwriting while smaller companies are.
- Slow adaptation of technology has limited underwriting standards.
- Persistent soft market conditions and unfavourable broker actions have resulted in a lower standard of underwriting.

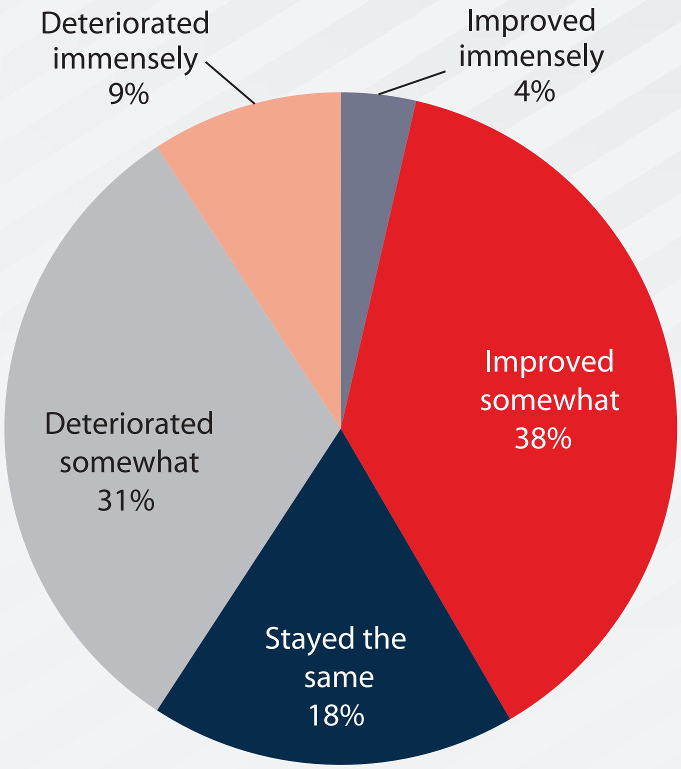
See respondents' comments on the next page.

How would you categorise the standard of underwriting in the global market?

COMMENTS

Too much capacity has spread talent too thin, 15+ years of soft market has left a generation of underwriters who know nothing but soft conditions, excess capital and allowed bad underwriting and set a poor standard.
Definitely seeing pressure from management to improve terms. But how many of the frontline underwriters have seen a market like this? They need oversight from above.
Varies widely by company. Smaller, lean shops can maintain discipline and flexibility but larger organisations are not effective at consistently delivering results, communicating and underwriting.
Too many classes have become commoditised on broker facilities with top-line growth and market share the focal point. Any chump could lead a slip and the rest of the chumps follow blindly. The standard of underwriting today is the lowest I have witnessed in my 32-year career. The broker has ruled the market for the past two decades and I'm astounded the FCA couldn't find any fault with their "pay to play" model.
Slow adoption of technology and additional data sources has prevented the standard increasing. Combined with a lack of investment to support talent in testing new approaches. However, margins have been tight for underwriters and probably driven some of these decisions. Fear or lack of understanding of new ideas by senior leaders will also have contributed.
The standard of underwriting is getting better but data quality - intentional and unintentional - is not looked at as closely as it should be. This distorts the view of risk for cedants as well as reinsurers. Need to increase the focus on those quality companies who collect and use their own data but also develop strategies to augment or enrich with third party data.
Despite a belief otherwise the standard of underwriting has never been very high. Capital still dictates an underwriting appetite and where that is the case the standard of underwriting will always be low. It's only when capital disappears that standards return.
It is good to see the standard increasing as everybody wins from this unless you are purchasing the product for the wrong reasons. Better pricing will come through from quality brokers who have advised their clients to enhance their risk mitigation in order to obtain better terms. Poor quality insureds will continue to receive detrimental pricing.
There are some markets who are charging rates that are closer to technical price which may mean that the rate increases are larger. But there are also markets who are applying a consistent increase in rates on their renewal book, regardless of the risk profile. However, generally on an overall basis, we are seeing markets streamlining the coverage they are offering. Lesser instances of coverage creep that we so often see in soft market conditions.
Neutral is a HUGE negative. The mediocre underwriters far outweigh any excellent underwriters that are out there. Perhaps it is the unwillingness to stand firm against brokers and do what needs to be done, consistently, that makes underwriters mediocre.

How has the standard of underwriting changed in the last five years?



	Percent	Count
Improved immensely	3.6%	9
Improved somewhat	38.0%	95
Stayed the same	17.6%	44
Deteriorated somewhat	31.6%	79
Deteriorated immensely	9.2%	23
	Totals	250

Respondents were fairly split across both sides of the scale. Almost 41 percent of respondents felt that underwriting standards had deteriorated over the last five years while around 42 percent felt that underwriting standards had actually improved.

Some respondents thought that an increased focus on data and analytics has allowed underwriting standards to improve.

Other respondents believed that the persistent soft market conditions and a talent gap has let underwriting standards slip.

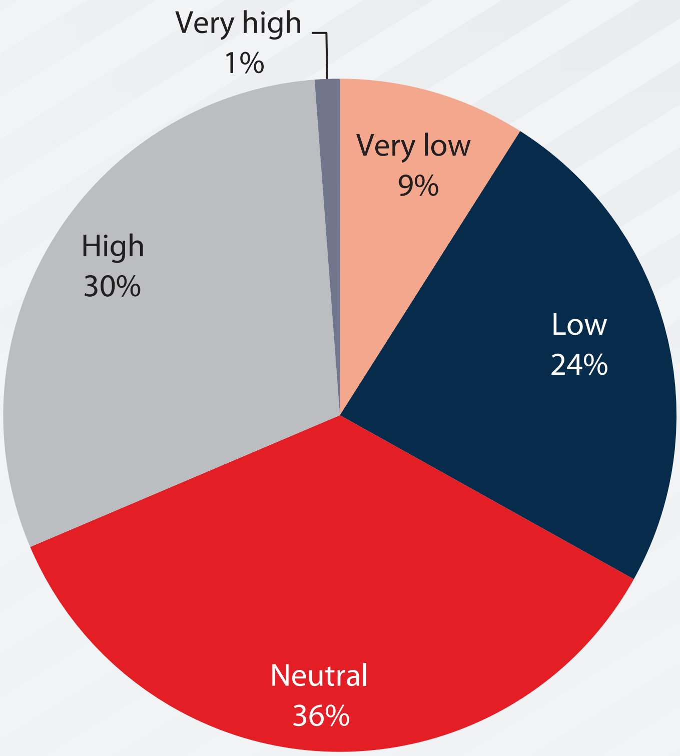
See respondents' comments on the next page.

How has the standard of underwriting changed in the last five years?

COMMENTS

It had declined over the last few years and a correction is happening now.
Corrective action and higher standards are starting to be implemented across the wider insurance landscape.
Better data available on a real time basis and the emphasis on analysis of that data has driven the improvement.
I suspect that increased data capture and conversion into knowledge has contributed to increased underwriting standards.
Companies that can afford analytics will prevail.
Some more discipline has been forced upon the market, but beyond broad rate increases the standard of risk selection or understanding of the real drivers of loss or focus for rate is not apparent, the standard generally is poor, even if being driven to improve.
I think you have to say deteriorated because of general results. As we can see there are good and bad performers. The main problem is the current capital structures and accounting methods slow down or disguise the inevitable.
Getting better – but it has deteriorated on the back of the ILS focus on fees and no differentiation with clients hence data quality issues.
I think that top line growth has dominated the market, no matter what lip service has been paid to profitability. The underwriters with the largest books of business always seem to do what they want whether or not they are even making a profit. It has been this way for so long, that companies really need to determine whether they truly value profit over growth.
There is a general lack of experience in the market for anything other than a soft market so players (both brokers and underwriters) are having to learn new skills.
Too many carriers just look at modelling instead of looking for good risk/opportunities. I think that is why we are seeing the market have an uptick. Carriers trusted computer programs and models more than the mind of the underwriter. Now, it is good to see underwriters having more say in the underwriting, but it is contributing to the rates increasing.
I think there is a large talent gap - the industry has not hired or trained well the past two decades and now as insurance veterans retire, we have few experienced/knowledgeable underwriters to step up.

How much of an impact have new technology-focused underwriting tools made to underwriting quality in the last five years?

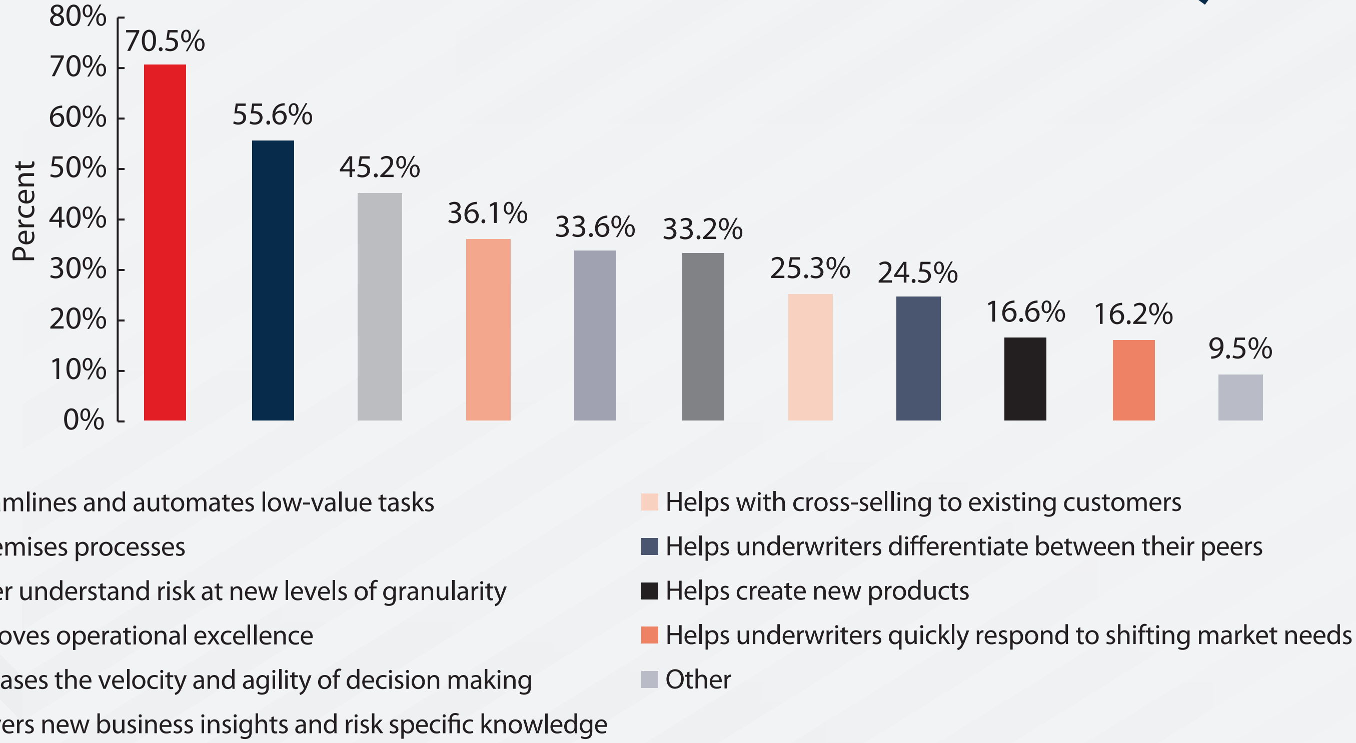


	Percent	Count
Very Low	9.0%	22
Low	24.1%	59
Neutral	35.5%	87
High	30.2%	74
Very High	1.2%	3
	Totals	245

The majority (36 percent) of respondents thought technology-focussed underwriting tools had a neither positive nor negative impact on underwriting quality in the last five years.

However, 30 percent of respondents did feel that technology had a high or very high impact on underwriting quality.

What impact has technology-focused underwriting tools had on the Underwriting Function? - CHOOSE AS MANY THAT APPLY

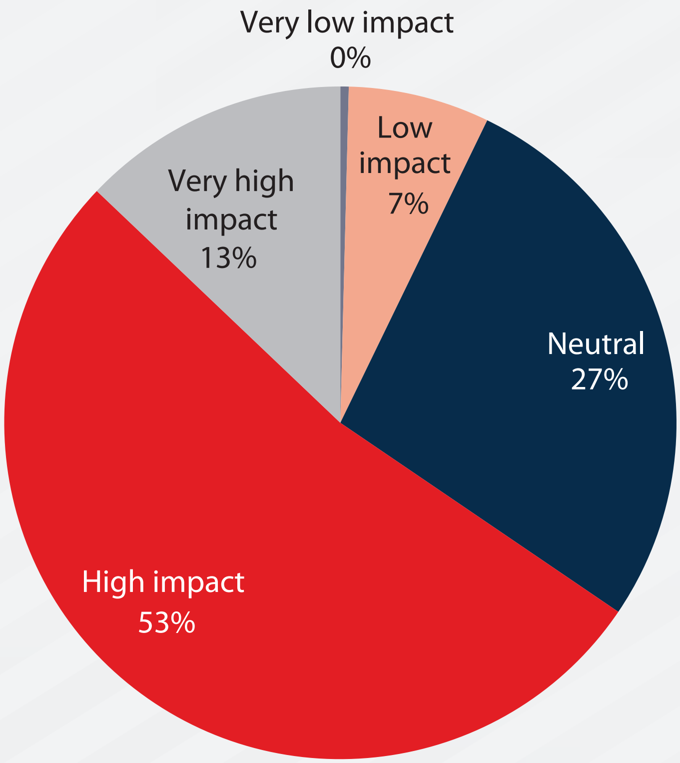


	Percent	Count
Streamlines and automates low-value tasks	70.5%	170
Systemises processes	55.6%	134
Better understand risk at new levels of granularity	45.2%	109
Improves operational excellence	36.1%	87
Increases the velocity and agility of decision making	33.6%	81
Delivers new business insights and risk specific knowledge	33.2%	80
Helps with cross-selling to existing customers	25.3%	61
Helps underwriters differentiate between their peers	24.5%	59
Helps create new products	16.6%	40
Helps underwriters quickly respond to shifting market needs	16.2%	39
Other	9.5%	23

What impact has technology-focused underwriting tools had on the Underwriting Function? - CHOOSE AS MANY THAT APPLY

Other
Better MI.
Claims settlement.
It takes too much underwriting out of the underwriters hands/authority.
Reduce cost base
Reduces information asymmetry.
Sadly most technology on the underwriting front removes the essential "judgement". Underwriters lose their granular and tactile feel on what makes one risk a better risk than another. Many tech efficiency initiatives are placed to India, Philippines and Malaysia. Generally an epic fail as they don't understand the data they are working with.
Underwriters rely too heavily on modelling and not the skills they should have learned over the years of underwriting of what makes sense and what does not.
You still need a brain and instinct.
Quantifies the impact of risk diversification with greater precision.
Reduces staff making client service difficult.

How much of an impact will new technology-focused underwriting tools make to underwriting quality in the next five years?



	Percent	Count
Very low impact	0.4%	1
Low impact	6.8%	17
Neutral	27.3%	68
High impact	52.6%	131
Very high impact	12.9%	32
	Totals	249

Respondents were mostly positive about the impact of technology on underwriting quality in the future. Some 65.5 percent of respondents felt that there would be a positive impact.

Moreover, just 7.2 percent of respondents believe there would a low or very low impact.

How do the following factors influence the development of underwriting standards? (1 = EXTREMELY LOW INFLUENCE, 5 = EXTREMELY HIGH INFLUENCE)

1 = EXTREMELY LOW INFLUENCE, 5 = EXTREMELY HIGH INFLUENCE

	1	2	3	4	5
Management/training	2.0%	4.0%	14.5%	**43.1%**	36.3%
Regulation	4.4%	22.0%	**36.4%**	27.6%	9.6%
Competitive market forces	1.2%	6.8%	19.7%	**41.0%**	31.3%
Client demands	2.0%	13.3%	32.9%	**39.8%**	12.0%
Broker demands	4.4%	15.2%	27.2%	**40.4%**	12.8%
Introduction of innovative technology	7.2%	22.9%	**36.1%**	25.7%	8.0%
Risk mitigation	1.2%	11.6%	**43.0%**	34.9%	9.2%

For this question, participants were required to rate the above factors on a 1 to 5 rating scale. Looking at each row in the above table, bolded text indicates the rating that the majority of respondents chose for that row.

Overall, respondents believed that 'management and training' had the highest influence of the development of underwriting standards, as 79.4 percent of respondents rated this factor as a 4 or 5 (which indicates high or extremely high influence)

'Competitive market forces' was also regarded as having a high influence. Some 72.3 percent of respondents rated this as a 4 or 5.

The majority of participants rated 'regulation', the 'introduction of innovative technology' and 'risk mitigation' as neutral (indicated by a higher percentage for a rating of 3 for these factors).

Around 26 percent of respondents gave 'regulation' a score of 1 or 2 indicating it has minimal influence of the development of underwriting. Meanwhile, just 37 percent of respondents chose a rating of 4 or 5.

The 'introduction of innovative technology' was also rated relatively low. Around 30 percent of participants rated this as a 1 or a 2. Only 33 percent of respondents rated technology as a 4 or a 5.

Rank the top five most valuable attributes of an excellent underwriter

Item	Overall Rank	Rank Distribution	Score	No. of Rankings
Knowledge/Experience	1		1,065	233
Decision making based upon latest insights	2		452	140
Negotiating skills	3		422	144
Communication skills	4		396	148
Consistency	5		309	123
Creativity	6		292	120
Work ethic	7		282	108
Embraces change	8		203	97
Embraces Technology	9		124	56
Visionary	10		63	31

Lowest Rank … Highest Rank

Respondents were given the above list of 10 attributes that an underwriter may possess. They were then required to rank the five attributes they believed to be the most valuable. The attributes scores were generated using a weighted calculation. So, attributes that were ranked first were valued higher than the following ranks.

'Knowledge/experience' was the attribute that ranked the highest, by far.

When slicing the data by the respondents' years of experience in the insurance market, 'knowledge/ experience' still came out as number one for each group of respondents.

Those with 0-3 years' experience ranked 'Embraces technology' as second while those with more than 20 years' experience ranked 'Decision making based upon latest insights' as second.

Meanwhile, those with 10-20 years' experience ranked 'Negotiating skills' as second.

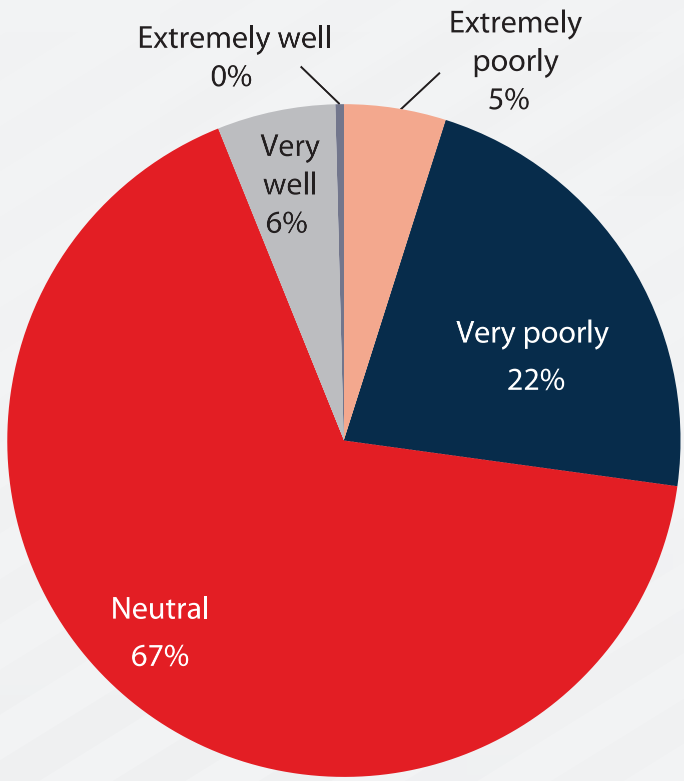
Rank the top five most valuable attributes of an excellent underwriter

'Visionary' and 'Embraces technology' consistently ranked towards the end of the ranking in the 3-5, 5-10, 10-20, and over 20 years' experience cohorts.

See respondents' comments below.

The willingness and ability to say "no" is the most important attribute.
We are at a pivot point in the P&C Industry. Personal lines has embraced the power of data, analytics and modelling, while commercial lines lags behind due to hubris and thin data on large accounts.
An underwriter's ability to amass data and then parse the data to determine the best path to underwriting profitability will be the key.
Understanding the client(s) needs, yet being firm on terms and pricing is key. Knowing the value of one's capacity and not undervaluing the cost of capital. Problem solving for the broker and delivering consistent service (being accessible/available).
I'm pretty old school. An excellent underwriter should be able to underwrite even if their whole IT suite is offline. Knowledge is key with the ability to communicate it simply and clearly.
Danger with experience is the creation of long held and sometimes not factual bias. Need to combine experience with creativity, technical proficiency and willingness to listen to facts and willingness to change thinking.
Technology plays such a small role in the attribute of an excellent underwriter. They may utilise data to help inform their decision but that merely speeds up their response times. Technology is not a crutch underwriters should use to make informed decisions in every class of business.
Too few understand that they need to sell quality products not just react to market pricing

How well do carriers identify and nurture their underwriting talent?



	Percent	Count
Extremely poorly	4.9%	12
Very poorly	22.3%	55
Neutral	66.8%	165
Very well	5.7%	14
Extremely well	0.4%	1
	Totals	247

Note: Percentages may not total 100 due to rounding.

A large majority of respondents, 66.8 percent, believed carriers identify and nurture talent neither well nor poorly.

Just 6.1 percent of participants chose 'very well' or 'extremely well'. Meanwhile, 27.2 percent of respondents chose 'very poorly' or 'extremely poorly'.

A common theme in the comments for this question points to an underinvestment in underwriter training.

See respondents' comments on the next page.

How well do carriers identify and nurture their underwriting talent?

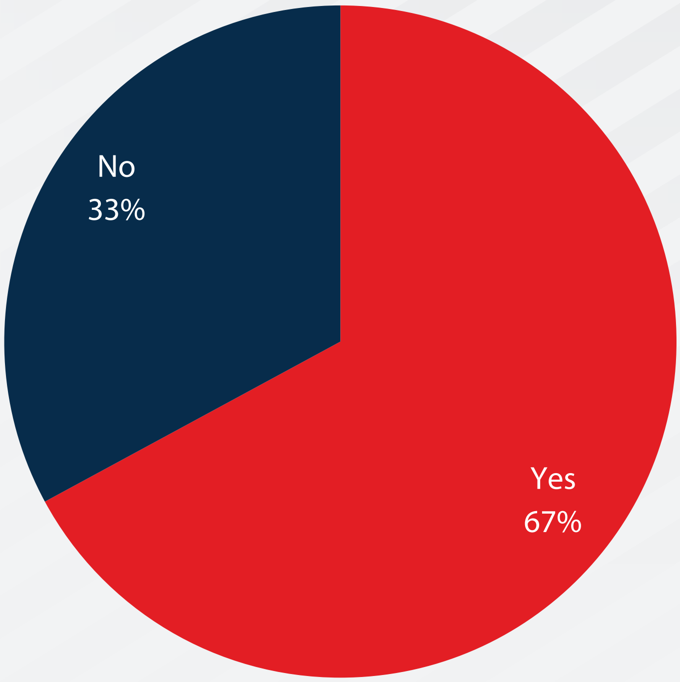
COMMENTS

Underwriting training programs have all, but ceased for a few companies over the last 20 years. Many underwriters have simply become order takers with brokers pricing and making decisions.
Overall, as an industry, we don't compensate the young staff appropriately. They tend to jump around from job to job for raises and that makes training difficult.
Should be doing more to keep young underwriters happy in which they invested their time training them.
Some are very good, others abysmal. Very difficult to make a broad-brush determination. It is incumbent upon distribution partners to identify the former and solidify those relationships.
Carriers have under-invested in training and saddle them with too much admin, they pay to retain rather than pay to merit. Some of the worst underwriters keep getting jobs and with pay increases because they bring a following (often because they are cheap).
It's one of our top focuses and I'm sure it is with others.
Most insurers are seeking a quick return on their talent pool as the costs of underwriters has risen. They also, like any market seek to chase percentile performance which generally means chasing markets like cyber which has all the hallmarks of the 1997-2002 US D&O markets where inexperienced overpriced insurers were allowed to believe they were doing something better than insurance. It always ends badly.
Little training done in the industry these days. Usually underwriters get mostly on-the-job training.
No evidence of proper investment. Lloyd's is particularly poor in trying to allow underwriters to grow their ability to distribute.
All insurers are focussed on expense ratios. Younger talent will begin moving to other sectors.
Most carriers under-invest in training. There are very few good "underwriting schools" at the (re)insurance company level.
Some are better than others. Past ten years nurturing underwriting talent has been less and less common. Insurance is letting sexy deals get in the way of solid real profitable deals. Everyone wants to create new products. However it might be more important to learn to underwrite and price the ones we offer better and put some sparkle on those offerings.

How could carriers best improve underwriting talent?

Free senior experienced people to train juniors. Every senior underwriter should have an apprentice.
Senior underwriters to spend time to impart knowledge formally (e.g. seminars) but also carve out 5 minutes to share key aspects of an account that has just been written/review etc. (i.e. on the job training).
Expose them more regularly to cross-class underwriting. It would build greater knowledge and understanding of the macro environment in which they are often making micro decisions.
Bifurcating managers from top underwriters. Not all great underwriters make great managers. This stifles young underwriters who don't get the guidance and leadership required to achieve their potential. They should identify talent early in careers and structure a clear path to achievement in whatever they are seeking.
Training and understanding of how to differentiate between risks based historical data not just some output from a computer model. Loss potential, risk factors and engineering impact needs to be part of training.
By training them on the fact that both top and bottom lines are important, and one should not take too much precedence upon the other.
I think that there should be more encouragement to get underwriters (particularly young underwriters) together in order to discuss and share ideas around risk. Underwriters should get closer to the original business, where operating in wholesale/reinsurance environment.
Avoiding underwriters being siloed in one area. It's helpful for underwriters to see as many levels of the insurance chain as possible.
Hiring a blend of experienced and "new blood" talent. Create a well-diversified environment based on gender, age/experience and nationality/race.
More women, more ethnic minorities - we are missing out on so much potential talent pool.
Embed data and technology use as compulsory in underwriting decisions more. Human feel and skill is alone not enough
Nurture it, develop it, provide a wider range of experience than just specific lines. Chose an underwriter and help them understand the market dynamics, not just their specific market and their risks. Help them understand loss ratios and how they work. Our workforce, with the development of technology, will need to be more flexible as markets change and we are leaving too many insurers unprepared as their knowledge base of insurance generally is poor.
Training and more experience. In the past a lot of experience was needed before the pen was given to someone. Now it is almost instantaneous. Granted there are better brains in the industry, but experience is imperative absent and decent actuarial data, which there is not in many specialty classes.
Carriers need to re-introduce training programs that all new underwriters must complete. For existing underwriters, continual learning classes to learn about changes to regulation, and market conditions
Expose underwriters to different parts of the business earlier in their careers to inspire more creative thinking.
By equipping staff with training, whether is it on the soft skills or technical skills. To create a culture for the team to learn from each others regardless of what they are based in. It could be going for secondments or have a yearly get together for the team to encourage the team to speak to one other.

Does the market have enough relevant data at its disposal to produce genuinely actionable insights to help underwriters?



	Percent	Count
Yes	67.1%	167
No	32.9%	82
	Totals	249

The majority of respondents believe that the market has enough relevant data to help underwriters.

However, comments left by some participants suggest the following negatives/improvements:

- more data is available in only certain lines of business
- some data is captured in a way that it is not actionable/it is of poor quality
- the data is available but it needs to structured correctly
- risk data should be pooled across different companies to increase efficiency
- data needs to be passed from underwriter to broker to client more efficiently

See respondents' comments on the next page.

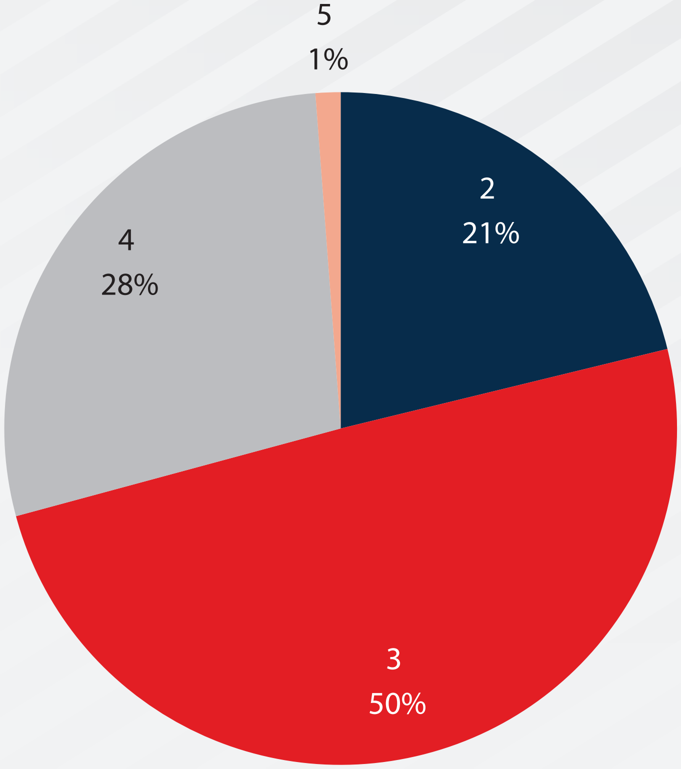
Does the market have enough relevant data at its disposal to produce genuinely actionable insights to help underwriters?

COMMENTS

From a data science perspective - no. The structured data in Lloyd's as elsewhere is in many ways not particularly actionable. And most places lack any semblance of data science talent to unlock insights in unstructured or other sources, never mind developing and instituting a data strategy that would actually succeed.
I think the Lloyd's risk code data is very helpful for looking back but not forward.
But knowing how to use it properly to differentiate between risks is key to good underwriting.
The question is not really the data, but the willingness to make the hard choices knowing the data
The data is there it just has not been captured in a way that one can evaluate and learn from it. This is changing with new underwriting systems that capture data better and predictive modelling techniques to help drive out new learnings.
Data collection is spotty. We are a relatively small MGA but have seven full time software programmers. We have data that our partners simply don't have.
The internet has given us an overage of data. Tools to condense this into a useable form would really drive underwriting improvement.
Is it the place of the market to tell the traders what to charge for their fruit? Or should they just maintain standards? If they all sell the same fruit, they can't all survive - that's become the problem, they have all become homogeneous "diversified" syndicates vying for the same business.
Data is usually 'old' by the time underwriters receive it. Their assessments of risk is made on historical data, which is only indicative of the true risk. New real-time technology (e.g. blockchain) will enable underwriters to access real time data at any time.
Market standards for data exchange is way off the pace. Within carriers the data is there, but no consistent standards to efficiently pass data between brokers, carriers and reinsurers. We are in the dark ages - still!
Yes but that data is held in such a poor manner or has been recorded in a way that frustratingly makes it unusable/untrustworthy.
Yes, but the data is not structured (in files versus in a database) so it's near impossible to corral it all in order to fully benefit us.
Yes, however due to limited resources most underwriters are unable to adequately study and digest all the data in order to make more insightful decisions.

How much of the current workload of an underwriter could be automated by smart technology?

1 = NONE, 5 = ALL



	Percent	Count
2	21.2%	53
3	49.6%	124
4	28.0%	70
5	1.2%	3
	Totals	250

The majority of comments left by respondents for this question indicate that some but not all aspects of the underwriter workload could be automated by technology:

- Respondents believe the administrative and repetitive tasks can most certainly be automated
- Meanwhile, negotiation and communication with broker/clients cannot be automated.
- Automation is easier in specific classes like motor but harder in other classes where there are high-value complex risks.

See respondents' comments on the next page.

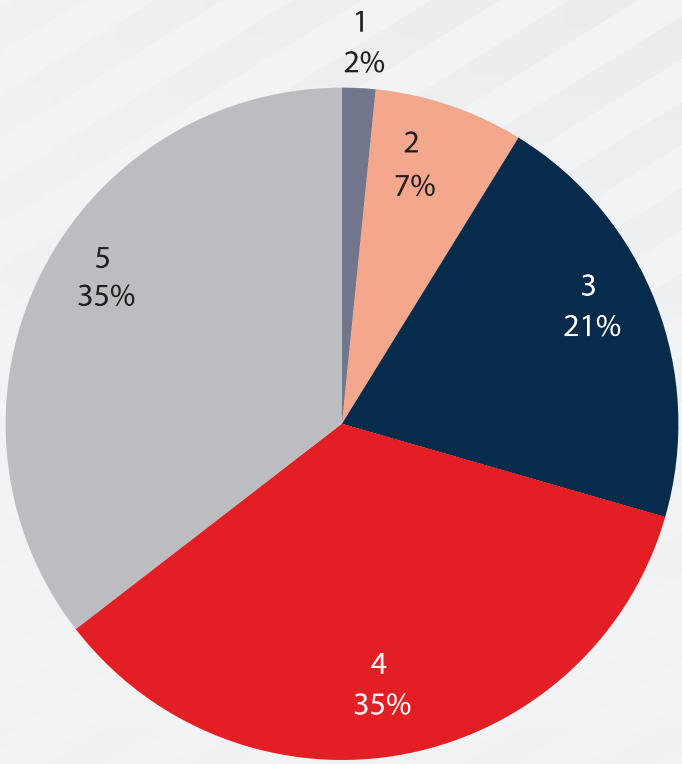
How much of the current workload of an underwriter could be automated by smart technology?

COMMENTS

A decent majority of actions performed by underwriters involve functions that could and should be automated. I do not see that happening though in the near term because companies - I include Lloyd's here - generally lack the technological talent and will (including budget) to implement these changes.
Companies seem to be excited to talk about how involved they are in the latest machine learning or artificial intelligence initiative, but these comments appear to be lip service. And third party providers of these "solutions" are often lacking in knowledge and ability themselves.
On a subscription based placement each underwriter (say 10 on a slip) are all imputing exactly the same data (save line size) and aggs into a system. If this was centralised the workload would be reduced 10 fold for data entry work and so on.
No uniform answer possible, depends on the complexity of risk. Relatively easy in the more commoditized areas, like motor to give an example.
Many of the repeatable pre underwriting decision tasks can be automated.
Underwriting is an inexact science and clients buy coverage for fortuitous rather than inevitable events. If all practitioners used AI to drive their decision making, they would eventually end up writing identically priced business! Flair is still required...
Negotiation, relationship management, and adaptive decisions will be left to underwriters since the world of insurance is constantly changing, but many inputting and processing tasks can be automated.
Smart tech can help with workflow, submission triage, and process management. It can't replace broker, client and management communication.
Most of it. You need the underwriting itself to be dictated at the front end for a limited part of the market but the rest should and could be automated, underwriters just need better access to the necessary data.
All of the administrative functions, and account research can be automated, allowing the underwriter to focus on evaluating the risk and pricing it.
I work in complex high value risks, so I do not expect these will ever be fully automated.

How comfortable are you with the prospect of large volumes of simple underwriting tasks becoming automated in the future?

1 = EXTREMELY UNCOMFORTABLE, 5 = EXTREMELY COMFORTABLE



	Percent	Count
1	1.6%	4
2	7.2%	18
3	20.7%	52
4	35.1%	88
5	35.5%	89
	Totals	251

Note: Percentages may not total 100 due to rounding.

Respondents were generally comfortable with the idea of simple underwriting tasks being automated in the future as the majority chose a value of 4 or 5.

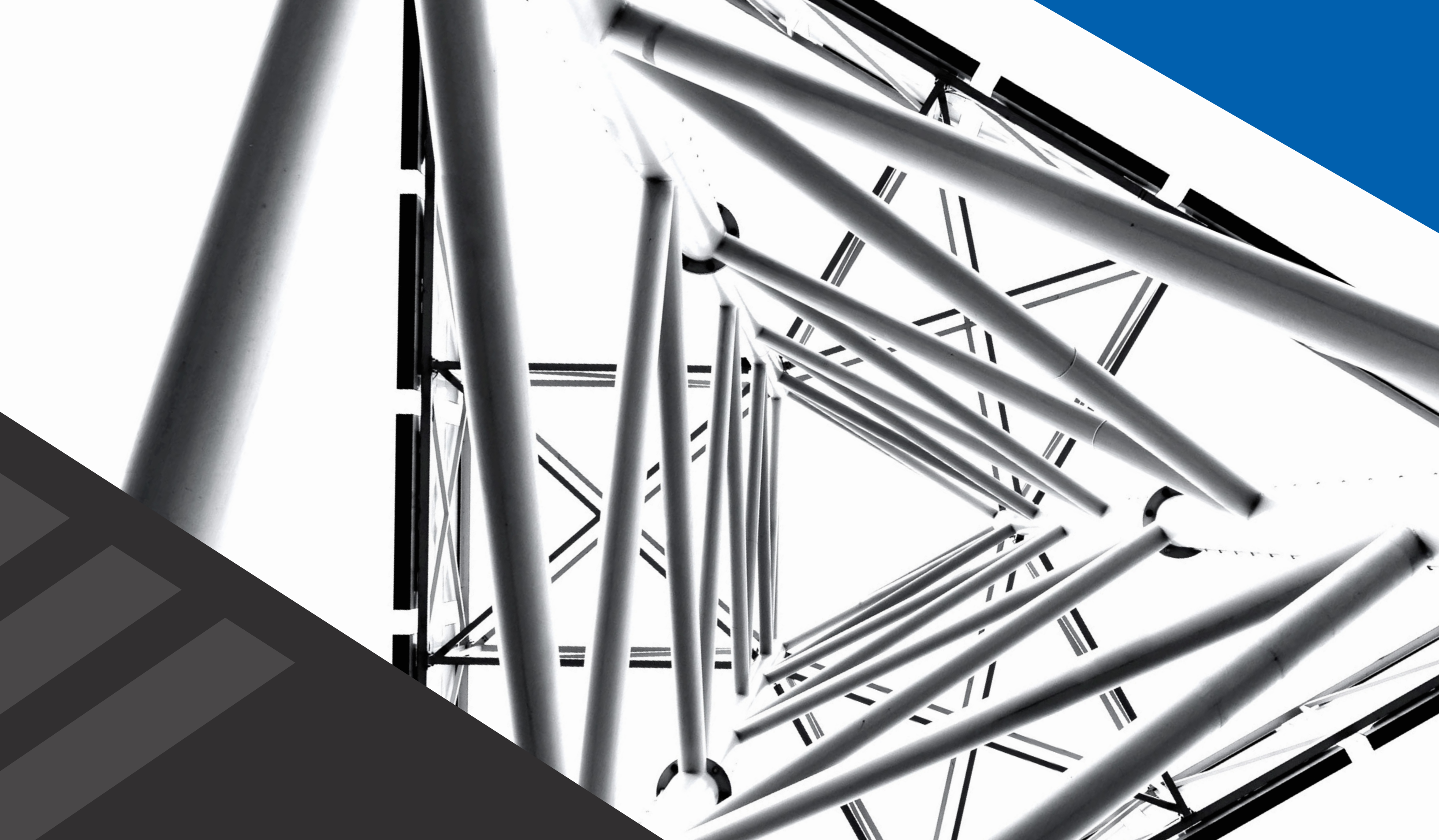
Again, comments suggest that underwriters would welcome the automation of menial tasks but they would not be comfortable with the automation of complex risks.

See respondents' comments on the next page.

How comfortable are you with the prospect of large volumes of simple underwriting tasks becoming automated in the future?

COMMENTS

Automating menial tasks will allow all employees - not just underwriters - to focus on more interesting and challenging tasks that cannot be automated by current technologies.
I think there is an art to underwriting and managing a portfolio and everything that comes with that that cannot be easily replaced by technology. However, there is a huge amount of fairly mindless 'admin' that could and should be automated to reduce expenses.
The human factor is still the most important thing now and in the future knowing how to use all the tools in underwriting tool box are a must.
Underwriters spend too much time manipulating data before and after the underwriting decision point. They should be spending time evaluating data and making decisions and communicating and negotiating with brokers.
As long as "simple" is appropriately defined.
Certain aspects of the book need to be reviewed by an underwriter, not via technology platform.
With good portfolio managers most underwriters could be automated away.
Very, at the end of the day the less human feelings and egos are taken into the market the better the development will be.
Provided decision making is left to the underwriter
I work in complex risks, but would welcome elements of the task becoming automated e.g. consistent schedules of values across the industry.
As long as data processing is concerned it helps, but for complex risks a holistic underwriter-view is still needed and cannot be delegated to automated tools.
It can work for many standard risks, but little that comes across my desk is standard.



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